

Customer profiling – how would you do yours?

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About the authors

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Preface

Housing providers are increasingly using customer profiling to gain an insight into their tenants' and applicants' needs. But obtaining comprehensive and accurate customer profiling data, across all of the diversity strands, can be challenging

This briefing paper looks at why customer profiling is so important, and offers some best practice tips. It is intended to provide advice and guidance for organisations which are undertaking a customer profiling exercise for the first time, but will also be useful for those that have started along the journey of customer profiling, but are unsure about what to do next.

Key points

Customer profiling is:

- Using data about customers to better understand their needs and expectations
- Applying this understanding to help in the design and delivery of services.

Customer profiling is not just:

- Collecting or purchasing data – data often exists already and only needs synthesising into useful forms
- Undertaking demographic segmentation – it takes a broader range of data, tools and techniques to generate a rich understanding of the customer
- A one-off activity – it is an ongoing journey.

Effective use of customer profiling can help you to:

- Deliver efficient and effective tailored services
- Target resources according to priorities
- Develop responsive services that encourage and reflect customer engagement
- Enhance customer service and improve satisfaction.

Introduction

The best organisations are those that engage positively with their tenants and offer responsive services tailored to individual and community needs. Customer focus, customer engagement and customer experience are very topical at the moment: the Tenant Services Authority (TSA) is encouraging registered providers to use customer profiling to help adapt their services to customers' wants and needs.

A service that is truly 'customer-focussed' recognises that a 'one-size-fits-all' approach does not work for either the service provider or the consumer. Successful customer profiling enables you to provide tailored services and can help ensure that your workforce is representative of the communities that you serve. It can also help customers, staff and partners gain a better understanding of equality and diversity promoting good relations between communities.

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Planning and delivering your campaign

Planning a customer profiling campaign can be daunting but there are some simple ways to maximise your chances of engaging with your customers and gathering the information you need.

People and skills

Think about what skills you will need to conduct a successful campaign – this may include a mix of:

- Consultation
- Research
- Customer service skills.

You may also need people who can:

- Analyse and manipulate data
- Present and use data to inform strategy and policy
- Understand and use market research techniques and methods
- Communicate the results of customer insight analysis in a way that makes an impact on the audience
- Enthuse others and engage effectively with staff members throughout the organisation.
- Demonstrate strong leadership.

If other local housing providers have carried out their own customer profiling, it could be worth consulting with them. Wulvern learned ‘on the job’, as our near neighbours had not yet embarked on their own customer profiling. We did, however, do some study visits to other organisations such as Flagship Homes.

Getting started

- 1 Identify the objectives for using customer profiling.
- 2 Work out how better understanding your customers will help you.

- 3 Undertake an audit to establish what people, processes and data you already have, the data you need and where to get it. This includes identifying the tools you will use.
- 4 Develop a model for customer profiling in your organisation and a plan for achieving it.
- 5 Undertake a pilot to help build skills and stimulate interest.

Top tip: Appoint a senior director with responsibility for actively driving your campaign and ensure that you demonstrate the benefits of customer profiling to the chief executive.

Staff engagement

Your frontline staff are the first point of contact. They are also an invaluable source of information about your customers. Ensure you keep them informed about what you are doing. We found that forming a project team from across the organisation was beneficial. This group was not only responsible for planning the project, but also for ensuring that it was communicated throughout the organisation.

Top tip: Engage your staff.

Communications and collection methods

Once upon a time, there was print, and the telephone. Now, customer relationships must be managed over an increasingly diverse range of communication channels, with mobile internet and social media being the latest additions.

As with any form of communication, a multi-channel approach will get better results. We emailed our customer profiling survey to customers, signposted them to complete an online form, used face-to-face surveys when they visited our offices and followed up with telephone surveys for non-respondents.

Top tip: Use multi-channel communications and collection methods.

Incentives – what’s in it for me?

"People respond to incentives. The rest is commentary." *The Armchair Economist: Economics And Everyday Life* By Steven E. Landsburg

We decided to offer an incentive to customers for completing our survey: if you are expecting customers to spend time helping you, make it worth their while. By offering incentives, we had a staggering 85% response rate following the initial postal and online surveys alone.

Top tip: The use of incentives may help increase the response rate. But remember to make sure that the incentives offered are relevant to the target group. Through consultation we found that our customers preferred items for the home such as TVs, sofas, laptops, and washing machines.

Designed to get results

The aesthetics of your postal and online surveys should persuade the reader to fill them in. Bright, positive, engaging colours can be used to attract attention. Make your survey stand out and look exciting; use graphics and images which your customers can relate to. Ensure that the questions flow and that it is easy to navigate with minimum effort.

Top tip: If you are using incentives make sure that the offer is clearly displayed in a prominent position.

It’s not what you say, it’s how you say it

Your customers are bombarded with forms and information on a regular basis. Capture the hearts and minds of your target audience to ensure a good response.

Explain in plain English why you are asking the questions, how you will use the data and where the information will be stored. Avoid housing terminology or technical language, keep it simple and use words that your customers will understand. Include a glossary to explain terminology such as ‘heterosexual’.

If your target population has been surveyed more than once in recent months they may become less likely to respond with each additional survey they receive. Be aware of this when designing your approach and try to establish whether anyone else has surveyed your population recently so that you can be prepared for the effects of survey fatigue.

Top tip: Beware of survey fatigue.

Consult

Once you have designed your survey it is vital that you pilot it so that problems can be identified and resolved prior to rolling it out. Wulvern's process involved sending a pilot questionnaire to a random sample of customers, then inviting respondents to a focus group. We found that our customers highlighted ways to improve the process, including identifying areas of confusion regarding the order and wording of questions, and over terminology. We were also able to explain why we needed information about certain issues which customers considered private, such as sexuality.

Piloting the questionnaire enabled us to improve the final version (see attached at appendix one and two), making it more user-friendly. It also broadened the discussion about why we were profiling tenants, and gave us some real-life examples of why we needed the information.

If you are going to offer incentives, you can also use this as an opportunity to ask your customers what would incentivise them.

Top tip: Involve your customers in the pilot.

Budget beware!

When planning your campaign ensure that you have sufficient resources, including both people and money! Your budget should include the design and delivery of the survey and also any associated costs that arise from the results. Our customer profiling project uncovered over 500 unreported repairs which resulted in £35,000 of unbudgeted costs.

Top tip: Don't try and do this job on the cheap!

Manage your reputation and the media

We believe that reputation is defined by three things: what you say, what you do and what others say about you. The strongest reputations are enjoyed when these co-exist.

Make sure you have a clear communication and media management strategy in place before you start your profiling exercise. Remember to include multi-channel communications and social media.

Within one week of our launch we made the front page of our local paper with the headline *Wulvern Tenants in Sex Quiz*. On the back of this headline our response rates went through the roof!

Top tip: Manage the media and keep them informed of what you are doing and the benefits for customers. By getting your story out there first, you are likely to reduce the impact of any disgruntled customers going to the press with a negative story.

Customer profiling and data protection

Because customer profiling often involves sharing and manipulating personal data, it is subject to data protection laws.

Data protection laws do not stop organisations holding or sharing data about people, but you need to be specific about its use, and take care over, how you handle the information you collect. Sharing of personal information should be supported by a sound business case and preferably accompanied by a privacy impact assessment. These should identify what data you will collect or use, the intended benefits of collecting the data, and show that you have identified and addressed any risks to data subjects (the people whose data you are using).

For the purposes of the Data Protection Act, a registered provider is a single organisation and sharing information between departments is not a disclosure of personal information as such. However, if a department is using information for a different purpose than that for which it is given, this is considered a secondary use. When you collect the personal data, normally you must tell the customer (technically known as a 'data subject') about how you will use it, secondary uses etc, via a 'fair processing notice'. Each department that uses the data must comply with the notice and the data protection principles.

In effect you need to get data subjects' permission, and stay within it. This is because of the first and second principles of the Act, which require that personal information is dealt with fairly and lawfully, and processed only for stated purposes. See http://www.ico.gov.uk/what_we_cover/data_protection/the_basics.aspx.

Where data is being shared between organisations, including your group companies, the same two data protection principles apply. Developing an information-sharing protocol can help you and your partners work through what can and can't be shared and start to set up the flow of information. If you want to disclose data you must have a contract with the recipient, by law. It's wise to get the contract/protocol approved by an expert. Both partners should then adhere to this protocol and staff should be trained in applying it.

There are six other principles under the Data Protection Act, and special rules that apply to unsolicited texts/phone calls, and to monitoring questions about racial origin, health, sexual orientation and religion. We live in a society where people are increasingly protective over their personal information. We hear stories of identity fraud, personal information being shared, and scandals where data has been sold, lost or stolen. You are

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dealing with sensitive information, so ensure that your staff are prepared to answer difficult questions and that they recognise when customers are trying to exercise statutory rights. Explain the benefits of you having the data, how it will be stored, how you will use it, and the restrictions. Keep the data really secure: is it encrypted, is it need-to-know access only? Don't ask for more data than you need, or keep it for too long. Customers **will** ask. The regulator **will** take the customers' side, and can impose £500,000 penalties.

Normally compliance is simple to deliver if you plan how to do it upfront. It's a case of 'yes, you can do it like this' rather than 'no way'. There are also opportunities to keep it simple. The wider benefits are that it encourages departments to talk to and help each other, and might unlock some efficiencies. If you don't plan, we all know that the problems that can arise are a costly nightmare to sort out. It's wise to involve an expert early on, so you can build compliance into your activities, and pursue them with confidence.

Top tip: It is important that the data you collect is held and used in the correct way. Prepare a 'fair processing notice' for customers. Make sure that you have clear policies on 'data protection' and 'data disclosure' and that all staff understand them, and ensure that you only use personal data for the purposes for which you have collected it. Make sure you have contracts in place where necessary. Worry the most about keeping the data secure.

How are you using the data?

Once you have collected your profiling information, both customers and regulators are interested in how you are using it. Here are some examples of how to use the data to improve your services and ensure you are meeting the diverse needs of your customers.

“Customer profiling helps to ensure that your services are accessible to all”

Housing

The data should inform your development plans to ensure that your future housing stock reflects the needs of your customers. Religion, age, disability and family arrangements all affect the type of housing customers need.

Improvement programmes for your existing homes should address the needs identified. For example, when fitting a new kitchen, a Jewish family may require two sinks, or a wheelchair-user may need a lower worktop.

Accessibility

Customer profiling helps to ensure that your services are accessible to all. When collected properly, the data can help you provide appropriate support such as offering translated formats, Braille, audio CD, Typetalk, sign language, hearing loops and Browsealoud to those customers who need it.

Following our profiling results, we carried out an accessibility review to investigate how accessible our services are. Using the profiling data we were able to involve customers across the diversity strands.

Tailored services – challenges and opportunities

From our profiling exercise we learned that there was a huge unmet demand amongst our customer base for aids and adaptations. This resulted in another £40,000 of unbudgeted costs. Armed with this information we were able to convince our local authority partner to part-fund a new full-time occupational therapist to deal with the increased workload.

Top tip: Leave a space on your survey to ask: “Is there anything else you want to tell us?” We learned so much from gathering this qualitative information.

Customer engagement

Your customer engagement activity should be representative of your customer base and accessible to all. Consider barriers that may exist for some customer groups and take a targeted approach to involvement. We created a 'rising stars' academy to engage with our younger customers to directly address the inequalities in the age profile of customer involvement groups. We have used different methods of communication with this group such as utilising social networking sites and other new media.

Top tip: Involve younger customers.

Equality impact assessments

Equality impact assessments (EIAs) can be as dry as dust when they are nothing better than a tick-box exercise. A good approach to EIAs is to use the process as a 'real time' involvement and improvement tool right across your service areas. Use your customer profiling data to make your EIAs come alive.

Top tip: Conduct EIAs in the work. Following customer profiling, we recently conducted an EIA on our voids process. We walked customers and staff through the letting of one of our properties (from viewing to completion) to a man who was coping with several disabilities. We showed how, using his customer profiling information, we were able to provide a property and support package that he wanted.

Recruitment

Having a representative workforce ensures that your staff can relate to and communicate with a diverse mix of customers. Customers identify and feel more at ease with staff who are similar to them. We found, for instance, that the second preferred language of our customers was Polish. By recruiting a Polish Customer Services Advisor, communication with our Polish tenants has increased dramatically. They now feel confident and comfortable visiting us or calling in, and their overall customer service experience has been significantly improved.

Top tip: Staff and customer profiling can help with effective recruitment strategies for all levels of the organisation from entry level to senior posts.

Partnerships

The profiling information has helped inform our approach to partnerships. Our data showed us that we had a significant emerging Polish community. We were able to attract external funding for a migrant worker support project that was recognised as best practice.

Suppliers and contractors

Get the information in the hands of those who need it most! Your trades team's suppliers and contractors will deliver a better service if they are well informed of your customers' needs. Hold training events with them. Make sure they sign a data-sharing agreement.

Communications

Use the profiling information to ensure you communicate with your customers in a way they prefer. If someone has told you they have a visual impairment, don't send them a letter – find out how they would prefer to be communicated with and ensure all teams have access to and use this information.

Seek out alternative channels to contact some of your hard-to-reach customers. Mobile networks, social media and Bluetooth are some of the communication channels we have used.

Conclusion and recommendations

Customer profiling is not an easy task: it requires commitment and significant investment. However, it is vital to enable you to understand your customers' needs and ensure that your staff, services and policies are tailored to customer demand. There are a number of things you can do to ensure you succeed!

- **Ensure your organisation is ready**
- **Answer the 'why' question**
- **Get your message right**
- **Budget beware!**
- **Manage your reputation**
- **Finally – keep it going**
 - Once you've collected the data, don't stop. Customers' profiles are fluid and their needs are changing all the time
 - Customer profiling is not a one-off activity – it is an ongoing journey to genuine customer insight.

For further information please contact Ceris or Rob on Tel: 01270 506200 or by email

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