

Segments of one: Getting to know your customers as individuals

The keys are “skip for now” and looping back

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“Young Russian women are interested in meeting older men like you!” or so one would believe if you looked at my Facebook homepage. Of course, anyone who knows me would know that the financial entanglements and immigration annoyances of a new bride are exactly the last things I would want in my golden years. This misplaced advertisement is all the more surprising as Mark Zuckerberg knows everything about me. Even LinkedIn, which manages to serve up articles that really interest me on its Pulse feature, shows me ads enticing me to get a graduate degree in education. It’s a bit late for that.

It’s not the social media sites that are making the mistake here, it’s advertisers who are going after a market segment, rather than an individual. I suppose that in general university lecturers in their seventh decade are good prospects for Russian marriage brokers, and people who work in education are good targets for third-tier educational institutions trying to boost enrollment in their graduate programs.

Knowing your customers as individuals:

1. Pay them for information
2. Don’t ask for too much information at once
3. Build trust by disclosing how information will be used
4. Use the “foot in the door” technique—save the sensitive questions for later
5. Allow people to “skip for now”
6. Loop back when the customer has more time to answer

More than a decade ago, a Harvard Business Review article asked managers whether they were ready for one-to-one marketing. While I’m not ready to pronounce the era of market segmentation to be dead, it’s clear that the most successful Internet companies are those that know the individual tastes and preferences of their customers. Netflix is the master of this within the limited sphere of recommending movies (based on movies you’ve watched before) and Amazon does a pretty good job with its product suggestions, although these are based more on simple correlations of what other people have bought in the past, rather than knowing me as an individual. The holy grail here is a website that knows not only that I like classical music but that Anton Bruckner is my favorite composer, that I like opera but I can’t stand Wagner, and that I’m fiscally conservative but socially liberal. None of these interests and preferences are particularly private and I happy to share them with anyone I meet.

Almost all Internet business would like to know more about their members and customers as individuals. But how do you get that information? In class I get people to figure out the answer to this question by repeatedly asking: “What would it take to get you to wash my car?” Eventually someone comes up with the right answer: “Pay me!” Well, the same is true for customer information. “We’d like to know a little more about you for our files,” as the song goes. So if your site will work better if you know a lot about your customers, you should think about what reward you want to give customers for completing a “Tell us about yourself” survey. For example, a site that is selling things can offer customers free shipping or expedited shipping if they complete a survey.

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One technique to reward people is to show them how their responses match or don't match compared to averages by revealing the results. Although this is common for newspaper opinion surveys it violates good scientific method if other intended respondents might happen to see the survey results. But that should not prevent the survey design from being fun and engaging. For example, short questions with choices between graphic images are likely to get a high response rate.

A good website avoids asking for too much information at once. A casual visitor to a website is usually simply looking for more information and is not ready for a commitment. Allow people to poke around before even asking them to register with a user name and password. Then, design an information gathering scheme that will build a profile over time. Trip Advisor is a good example of this. It will allow you to post a quick review and be done, but on the way, it'll see if you have time to answer more questions about restaurants and local attractions. Some websites ask one or two questions each time a member comes back.

A key to gaining information is to build trust. A "best practice" is to disclose exactly what you are going to do with the information. The explanation should be more specific than: "Helps us better serve our customers." An inquiry that begins with the respondent's behavior: "We've noticed that you've . . ." is more engaging. For example, begin by saying: "We've noticed that you always turn back your subscription tickets to Wagner operas," and I'd be happy to tell you that I find the plots inane, the singing terrifying and the length beyond my forbearance.

Survey designers know to leave the sensitive questions such as "How much money do you make?" until last. It's an example of the well-known "Foot in the door technique" that salespeople use. If you ask a big question up front, "Are you prepared to pay \$63,000 for a new car today?" it's easy for the customer to say "No," and take a walk.

Any site that asks customers for information should allow them simply not to answer. For example, many people would never give their household income to any survey. My employer asked me to fill out a "wellness profile." I wasn't much interested as there wasn't any reward offered and my life was not going to be different one way or the other if I complied. However, to fill time while waiting for an appointment, I clicked the link and happily reported that I exercise regularly and don't smoke. Six pages into the questionnaire I came to a series of inquiries about sexual practices, sexually transmitted diseases and so on. As I was taking the survey on my work computer I had no intention of sharing such information with my employer and I tried to skip. The site would not allow me to go to the next page and wouldn't take a non-response as an answer. I abandoned the task and have never completed the wellness profile. Any good information-gathering should have a "skip for now" option. Continue to keep the customer engaged and get some other information while you can. An annoying survey will not only lead to abandonment at this time, it'll impose a heavy cost as the customer will likely not click on any future survey links.

Lastly, the very best sites will have a mechanism to loop the customer back. While there will always be some information that a customer is unwilling to disclose, most often, people have limited time available and won't complete a survey at one sitting. When the customer comes back to your site, see if they have time to give you more information now. Understand the difference between information they are permanently unwilling to give and when they simply have run out of time. Construct a survey that takes these two situations into account.

Knowing customers as individuals means that you won't serve them up offers that are of no interest. When a website can narrowly target its members it can get a much higher yield from the ads that it does show and in turn, it can substantially reduce clutter by eliminating all the ads that are completely off-target for an individual. In a world with hundreds of competing websites, the race will be won by the firms that get to know their customers as individuals. ❖