

A pyme
comercio

Improve your customer strategy through data

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1. Introduction

How to improve my strategy with customers is a question that practically all SMEs ask themselves, if not all of them. What if I told you that you can improve the strategy with customers in your SME through the use of the data you have, and that you probably don't even know how much profit you can get from them? Making use of the **different data available to any SME** brings with it many advantages, the most important of which are: customer loyalty, product customization, better customer relations, or greater productivity and immediacy of service.

In the current socio-economic context, **digital data generated by any type of daily action is becoming increasingly important**, and it is different data that we all generate without even realizing it. According to IDC, Seagate and Statista, a worldwide data volume of 180 zetabytes is expected to be generated by 2025, predicting an average annual growth of almost 40% more than in 2020. It is in this context that it is important to ask: where does all this data come from and how can it be of use if you have a small or even a medium-sized business? [REF-01]

The answer to this question is not unique, as **there are different sources for data extraction**. Thus, for example, a generally powerful source of data are the existing forms in the web pages of any company, because they launch questions to their users, usually to know the satisfaction of the customer or even the workers themselves. This data can also be extracted from different surveys conducted to find out the perception of customers about a certain product or service. Additionally, social networks are another great source of information to extract different data, which allow to better understand the market and to know better the preferences of the target audience.

The website of any company contains numerous data that allow to know the performance of the same and the interest and visibility of any of the products offered, thus helping to detect areas for improvement of the website itself and the elements on which to focus the marketing strategy to attract the target audience. Data can even be extracted from the navigation through a website. If you have a CRM system, you can extract important data about the characteristics and behaviors of your customers, allowing you to focus your strategy on personalized attention and resource optimization. It is true that big data is more implemented in large companies (29%), while only 18% in medium-sized companies and 9% in small companies; however, this number is increasing because the use of data is a great ally when it comes to making business decisions [REF-02].

Faced with this universe of opportunities, and the possibilities derived from data exploitation, a reality arises; and that is that, today, especially in the self-employed and SMEs, it is not common to carry out a process of data extraction and decision making based on them. There is not enough awareness of its importance and the great possibilities that derive from its correct use.

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When it comes to data, the spectrum is very broad. Therefore, **any SME wishing to exploit the data it has access to must first understand what it wants to achieve with that data.**

It does not make sense to exploit all the data available, since there is usually a large volume of data that provides information that is not relevant to the factor being analyzed. Therefore, you must first clearly **define the answers you want to obtain** by exploiting the data, because only then will it be possible to identify the types of data you need to obtain to answer these questions.



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2. Know your potential customer and better capture them with data

Having an accurate and specific profile of a company's target customer makes it **possible to better meet their needs and guarantee success**. To have this knowledge, it is necessary to have a clear understanding of the customer's life cycle and the role played by the product or service offered in that cycle.

Knowledge of the complete life cycle **makes it possible to know the details of the customer's needs**, to know what prompted the purchase, to know at what **point** they stopped buying our products and what the reasons were, etc. It can even allow you to identify new customers and recover those customers who have ceased to be customers. It will also make it possible to **determine** whether their buying habits and demand for services are known, whether there is knowledge of their degree of satisfaction with the offer, whether the offer is appropriate and whether it is made at the right time and for the right price.

Once you have a clear view of the customer life cycle, you can begin to identify and analyze the data that can help you in this process, mainly by **answering two questions**: are you getting the best possible return from your marketing campaigns and, in addition, are you working on customer retention and, if so, are the techniques appropriate?

The **sources** that can help in this process **are diverse**: information from interactions with digital channels, profile information and activities as a customer, or information from commercial and marketing actions that have been carried out or are being executed at the moment.

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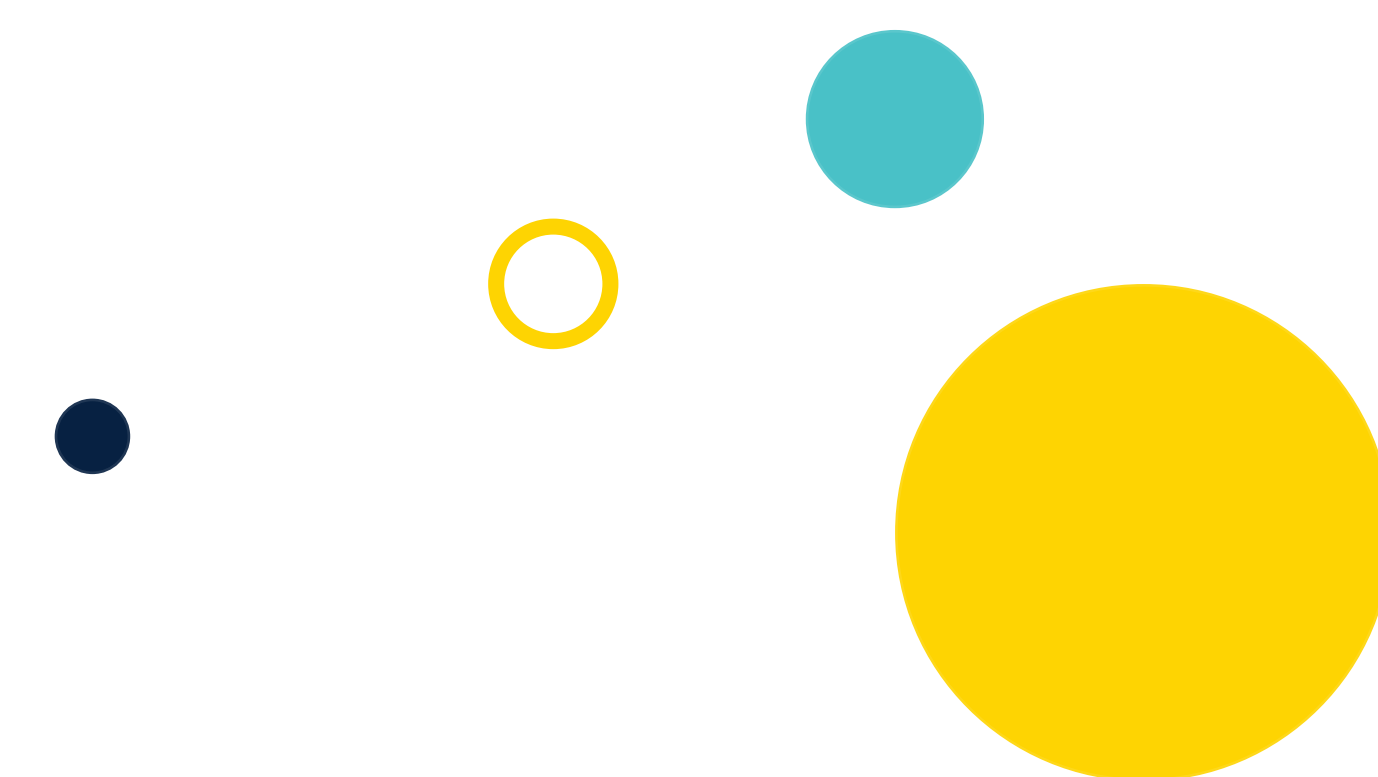
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After that, the variables that characterize the target customer of each company are identified, as well as the customer most likely to be recruited (again). Thanks to this, it is also possible to identify different patterns and trends that allow us to classify customers; so that, if we are carrying out customer acquisition campaigns, it is possible to work on them and improve them, narrowing the scope of customers, areas and target, while reducing efforts, time and costs.

In some cases, if we have the necessary data, we can even improve the selection of customers to attract, analyzing the type of customer that is most profitable for the business, thus being able to prioritize and streamline the process. However, in order to carry out a segmented strategy, it is necessary to have data from previous commercial actions to know what has worked.

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3. Improve your web presence thanks to data

One of the **main methods** for attracting new customers is to **improve your web presence**. But how to do it?, is it possible to rely on any metric? The website is an element that allows, as mentioned in previous lines, access to a lot of data and information to enhance the business itself. Its use is essential and you should not miss it.

According to the INE's "ICT in companies" **survey** for the first quarter of 2022, only **31.83%** of the self-employed and companies with less than 10 employees have an Internet connection and a website [REF-03]. In contrast, in companies with 10 to 49 employees this figure rises to **75.87%** [REF-04]. As can be seen, the percentage increases significantly as the size of the SME increases, since those that are larger generally have a web page that they can use as a tool for extracting different data.

Given this possibility, it is useful to know what data can be extracted and analyzed from the website. **There are two main groups:**

- On the one hand, **there are data** that can be used to **characterize users and learn about their behavior** throughout the browsing and purchasing process. These data can be extracted by analyzing the products that a web user consults the most, the time they spend looking at them, the filters they use, etc.
- On the other hand, **data can also be used to know the performance of digital marketing actions and advertising campaigns**. In this sense, if a campaign has been developed to drive traffic to a site, you can see where that traffic comes from, or where the ad of a campaign is seen and from which device. In case the campaign is for a product to be purchased and links to the product itself, but the purchase is not successful, you can see where in the sales funnel users fall off. It is also possible to know the performance of an ad to know if the investment is profitable or not.

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As mentioned above, prior to data extraction, it is essential to define the questions that we want to be answered through the data analysis to be carried out. For example, if we want to increase our sales, **we must ask ourselves questions such as:** How many people come to the website, what products have attracted their attention, do they make a purchase or not, how many sales has this action generated for me?

Precisely in the case of web analytics, it is necessary to establish KPIs (Key Performance Indicators) to **measure the performance and the achievement of the established objectives.** In this way, it is possible to rectify errors, redefine actions and identify new opportunities to improve the return of your business.



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4. How can I avoid losing customers and build customer loyalty with data?

Is it possible to avoid customer churn thanks to data? When a customer decides to stop buying products or services, it is very difficult to retain or win them back. This is why it is important to anticipate this situation.

It is possible to **build a series of analytical models** that allow early detection of customer churn, making it possible to proactively prevent churn before it occurs.

The steps are as follows:

- First, **using absconding and non-escaped customers**, analytical techniques are applied to detect differential behavioral patterns.
- After that, **the relevance of the different customer behaviors** is studied to determine those that have characteristics that incite a higher propensity to stop buying the products or requesting the services offered.
- Once this is done, **the detected patterns are extrapolated to the rest of the current customer portfolio** for the early detection of leakage, considerably improving the capacity for customer retention and loyalty.

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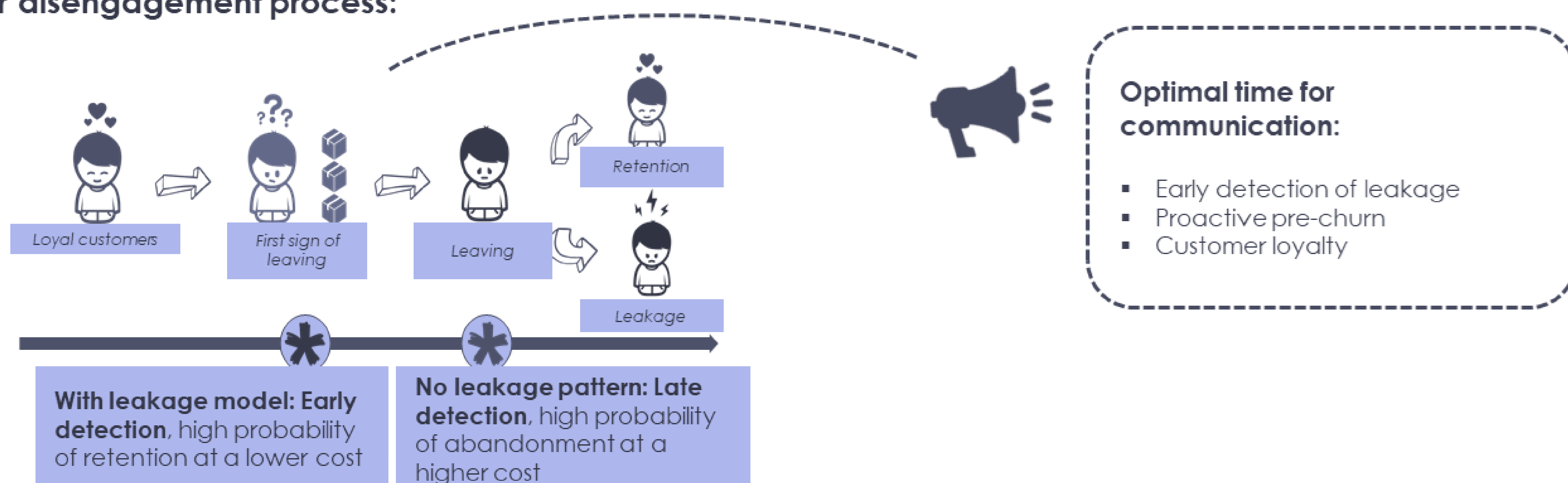
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Customer disengagement process:



Having built this leakage model, it is possible to **improve and enhance leakage marketing initiatives**, detect early on customers' abandonment intentions and thus reduce the costs necessary to avoid it. It also makes it possible to prioritize the customers to be retained according to whether their loyalty is of interest to the company. In this way, through the data, it is possible to carry out a correct distribution of commercial efforts, thus anticipating the commercial visits of competitors and generating greater engagement with current and potential customers.

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5. How can I optimize my marketing campaign investments with data?

Data provides information in all cases, but is especially meaningful in the case of marketing campaigns, as there are a number of ways in which SMEs and freelancers can exploit the data at their fingertips:

- **Identify which marketing channels are most effective:** By analyzing data on the performance of different marketing channels (such as social media, email marketing and paid advertising), SMEs can identify which channels are generating the most leads and conversions and allocate more of their budget to those channels.
- **Segment your audience:** By examining data about your target audience (such as demographics, interests and behaviors), SMBs can create more targeted marketing campaigns that are more likely to resonate with specific segments of their audience. This can help improve the effectiveness of their marketing efforts. For campaigns to be optimal, you need to know the geographies of (potential) customers, their language, their interests, what channels they are on, etc. In this way, you can refine the target audience of a campaign, generating more interest from users, without wasting resources.
- **Optimize your marketing messages:** By analyzing data on which marketing messages and headlines are most effective, freelancers and SMEs can optimize their marketing copy to better engage their audience. This can be done, for example, by looking at the number of clicks a link receives depending on the wording of the text.

- **Using data to allocate budget:** By looking at data on the return on investment (ROI) of different marketing activities, SMEs can make more informed decisions on how to allocate their marketing budget.

Another way that is available to SMEs and freelancers is to **test hypotheses** through data, testing and making more informed decisions based on the results. For example, you can test different marketing strategies to see which one works best and collect the results of these tests to make decisions.

Another way to test a hypothesis would be: Instagram is a very visual social network, we hypothesize that a video works best. That's why we test posting a video and then review the data. If it has good reach and engagement, then we can determine that it worked.

Overall, **by collecting and analyzing data on their marketing efforts**, SMEs can optimize their investments and get the most out of their marketing campaigns.



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6. How can I optimize the prices and promotions of my business thanks to data?

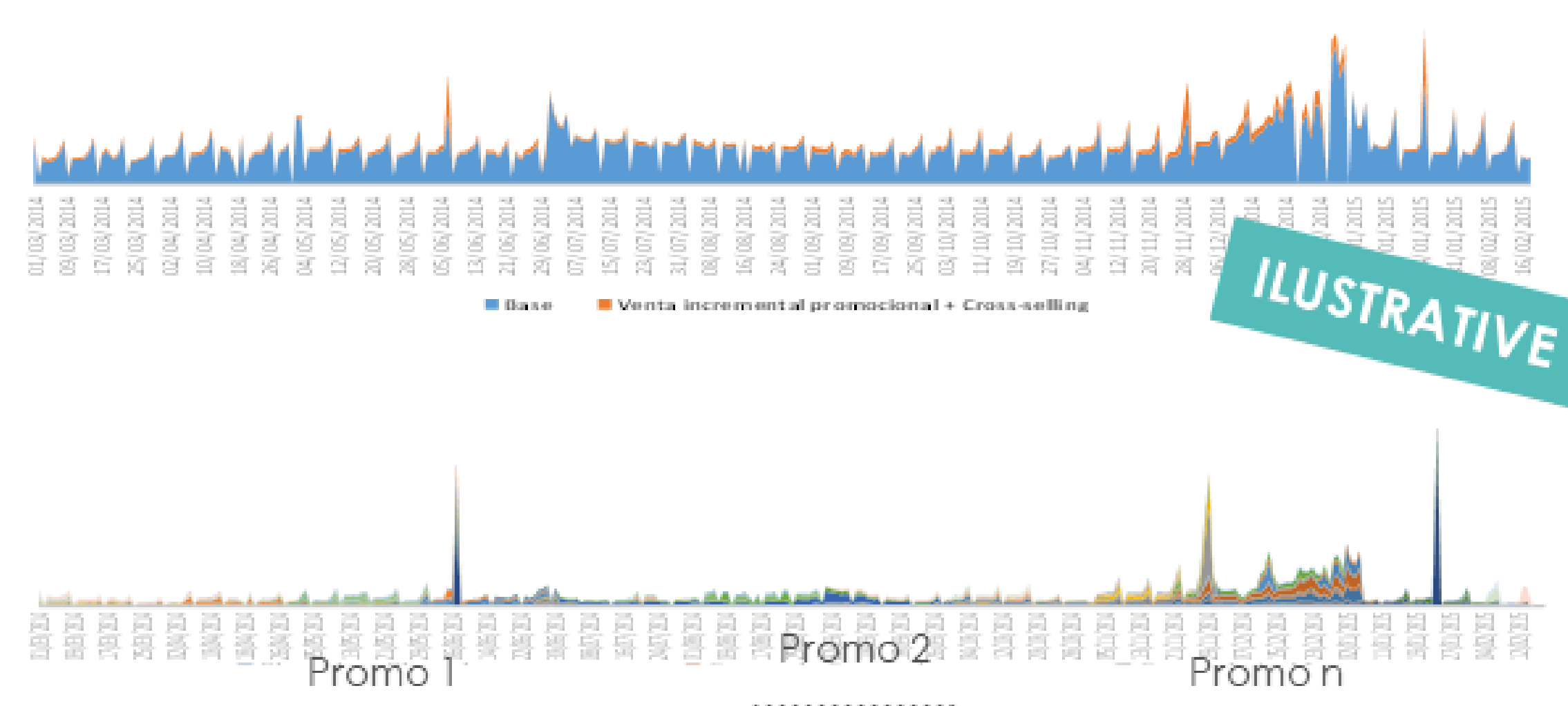
Optimizing the pricing strategy through data is a possibility to **orientate the best strategies towards customer acquisition and loyalty**. Although it has many advantages, there are times when SMEs and freelancers do not have a price optimization allocation strategy. This may be because they do not have the resources and knowledge to implement it using data.

However, by **developing a dynamic price optimization system**, it is possible to optimize sales volume, improve margins and reduce stock based on demand.

1
Analysis of information sources and selection of variables



2
Demand forecasting



3
Price optimisation



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The steps to follow are as follows:

1. First, **analyze the information coming from different sources and typologies**: on the one hand, external factors, such as environmental data, calendar or economic data; and on the other hand, internal factors, such as campaign and promotion prices.
2. Secondly, using demand analysis and forecasting models, **consumption per point of sale is predicted**, making use of the variables considered in the previous information analysis phase.
3. Finally, once the demand forecast and an adjusted calculation of price elasticity have been obtained, the optimal **price value that maximizes profits** without losing sales can be sought.

Once these three steps have been followed, and through the use of price and promotion optimization models, it is possible to define and establish in each case the price that maximizes sales and optimizes profits.



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There are additional ways in which freelancers and SMEs can optimize their pricing and promotions:

- **Customer data analysis:** By collecting and analyzing customer demographics, buying habits and preferences, companies can identify trends and patterns to inform their pricing and promotional strategies. For example, if an SME discovers that a certain group of customers is particularly price-sensitive, it can consider offering promotions or discounts to that group.
- **Test different pricing and promotional strategies:** By conducting controlled experiments, SMEs and freelancers can test different pricing and promotional strategies to see which are most effective. For example, different prices or types of promotions (such as discounts or free shipping) can be tested to see which ones increase conversion and thus generate more sales.
- **Monitoring competitors' prices and promotions:** By tracking the prices offered by competitors and the promotions they have in place at any given time, SMEs can better understand the competitive landscape and adjust their own prices and promotions accordingly.
- **Using data to segment customers:** By segmenting customers based on factors such as demographics, purchase history and preferences, it becomes possible to tailor pricing and promotional strategies for different customer groups. For example, an SME or freelancer can offer different prices or promotions to loyal customers than the rates offered to new customers.

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- Using data to optimize the promotional calendar: By analyzing data on customer behavior, companies can identify the best times to run promotions. For example, it may be found that promotions run on weekdays are more effective than those run on weekends.

Overall, using data to inform pricing and promotional strategies can help both SMEs and the self-employed optimize their pricing and promotions to drive sales and increase customer loyalty.



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7. What are the benefits of having a data-driven customer strategy?

There are many benefits to having a data-driven customer strategy. But when is it possible to say that a business has a data-driven customer strategy? Well, there is no standard that affirms that such a strategy exists, but rather that it relies, to a greater or lesser extent, on the use of data itself, with its corresponding extraction, analysis and consequent action. It is at that moment, when decisions are made based on data and when this guides the way a company acts, that a data-driven customer strategy is in place.

This type of strategy makes it possible to generate a greater impact in less time, adopting greater flexibility and reducing the existing risk with respect to other situations in which information is not available. It allows business decisions to be made based on existing data and results.

The main benefits, in summary, are as follows:

- **Decision making** based on future predictions to anticipate opportunities and changes in market behavior, as well as identified trends, patterns and relationships.
- **Inventory and distribution management** to respond to the market, with the objective of reducing inventory shrinkage and costs, without penalizing the level of service.
- **Increased productivity** by identifying and resolving inefficiencies in workflows.
- **Real-time decision making** to improve efficiency.
- **Improved customer satisfaction** by adapting processes to customer behavior.

8. Tools

Defining your data strategy can be easy if you get the **right tool for your needs**. There are a number of tools and software platforms available for this purpose for use by freelancers and SMEs. These tools have different functionalities, among them the possibility of creating reports, dashboards and other visualizations that facilitate the quick understanding of the data, and decision making based on them.

The following are, on the one hand, tools for **web analytics** and, on the other hand, tools for **data visualization**.

In the first block, regarding web analytics, on the Gartner website and, specifically in the Web, Product and Digital Experience Analytics category, users can choose their preferred applications and tools [REF-05].



Google Analytics has both a free and a paid version. The free version already has functionalities that allow you to extract enough data from the web for the analysis that small businesses may require: number of visits, users, type, time and origin of interactions, monetization and visualization of all this data at a geographical level, among many other things.

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Adobe
Analytics

Adobe Analytics allows you to **view detailed information** about visits, users, interactions and monetization. It allows integration with your own CRM, as well as with the online store, so that all the information can be accessed in one place; resulting in personalized visualizations of the data. In addition, it offers predictive analytics through the use of Artificial Intelligence and machine learning, allowing the user to identify hidden opportunities and answers. It is a paid tool and focuses on the management and analysis of large volumes of data.



For the analysis of data from social media, **Hootsuite** is the tool of choice. This social media management platform offers a number of free tools for **analyzing and tracking customer data on social media platforms**. It allows you to track social media metrics such as "likes", "comments" and "shares", as well as identify influencers and key trends.

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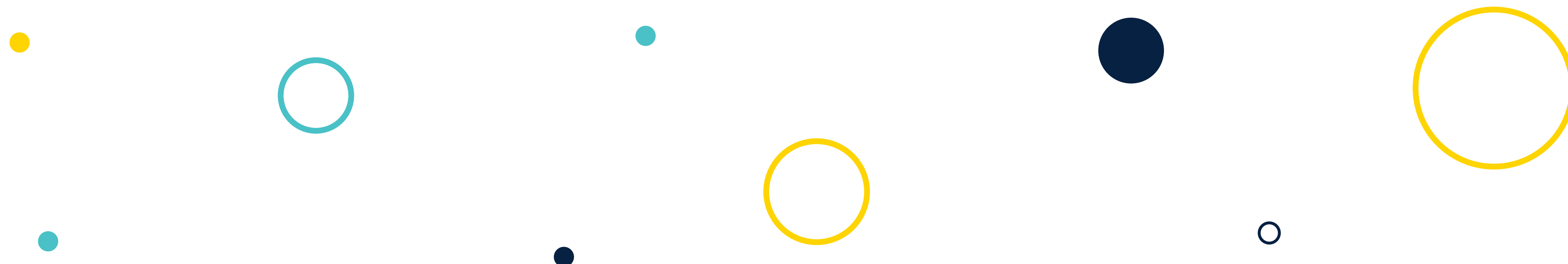
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In the second block, in terms of data visualization, there are different tools, both paid and free, ranging from **Excel or Google Sheets**, for smaller volumes of data, to more ambitious options.

When the volume of data increases, there are options with **Microsoft Power BI**, **Salesforce's Tableau** (allows you to create interactive charts, maps and graphs to visualize customer data; and offers a number of templates and tutorials to help SMBs get started with data visualization), or **Looker Studio** (formerly known as Google Data Studio). These tools have both paid and free versions.

For a more customized visualization, you can use programming languages such as **R, Python or Javascript** (especially suitable for more interactive and creative data visualization). However, it requires advanced programming skills and a time investment that may not be worth it for smaller businesses, which generally have a low volume of data.

In addition to these free resources, there are also a variety of **low-cost or free online courses and tutorials** that can help SMEs develop the skills needed to analyze and use data in their customer strategy.



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9. Conclusions

All self-employed and SMEs, regardless of their size, have **at their fingertips a large volume of data** of which they are generally not even aware. All this data can be exploited and analyzed to implement an effective data-driven customer strategy.

Having an optimized data-driven customer strategy can benefit your SMB in a number of ways, including:

- **Improve decision making:** Analyzing data and making objective, informed decisions allows you to better match customer needs, thereby increasing your chances of success.
- **Increased efficiency:** Identifying patterns and trends allows to delimit activities being carried out that may be inefficient and, as a consequence, implement improvements that streamline processes and save time and resources.
- **Improve customer satisfaction:** Analyzing and understanding customer needs and preferences allows you to adapt your strategy to better meet their requirements, thereby increasing customer satisfaction and loyalty.
- **Increased profitability:** Identifying upselling and cross-selling opportunities can increase business revenue and profitability.

Overall, a data-driven customer strategy is a **solid foundation that enables any organization to make better-informed decisions**, increasing efficiency, improving customer satisfaction and increasing the profitability of a business.

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