What is Customer Profiling?

Before you can get started on customer profiling in esd-toolkit you probably need to know a little more about it. This first 'training pack' aims to explain:

- What 'customer profiling' means in the context of esd-toolkit
- Why you might want to consider customer profiling in your authority
- Customer segmentation
- Where does the segmentation data come from
- What you can do in esd-toolkit (in summary. Detailed guidance is provided in later training packs). See Training pack 1.2

What is customer profiling?

Customer profiling is all about understanding who lives in your local authority area, which of your services they need or choose to use and how they prefer to contact you. You can also look at customer profiles alongside other information such as costs and marketing strategies to help you provide your services in the most cost efficient way whilst meeting the needs of your customers.

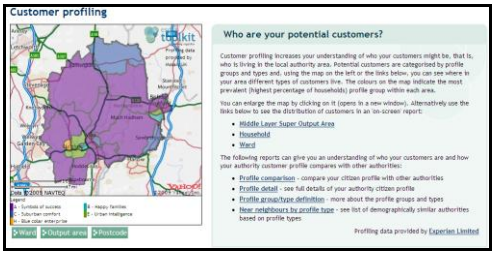
Why profile your customers?

Analysing why customers use / don't use certain services, based upon their need, their preferences and their behavior patterns from data collected utilising over 400 data variables feeds into channel optimisation and leads to meaningful measurement of customer satisfaction, service quality and strategic outcomes

Customer segmentation

Customer insight information can be gained by segmenting the customer base into groups that share distinguishing characteristics. These segments can be defined by different criteria such as:

- Need or benefit sought
- Geography - e.g. postcode, region, city
- Demographics - e.g. age, sex, income, occupation
- Psychographics - e.g. lifestyle, personality
- Behaviours - e.g. usage, loyalty
- Access methods- e.g. Internet channel, face-to-face, mail, telephone



Customer segmentation, or customer profiling, has been used successfully in the private sector for many years. It is relatively new in the public sector but has huge support from CLG, LGA, and the Local eGovernment Standards Body (LeGSB). Please see Training Pack 12 "More Information" for links to reports and quotations. You can view the different attributes or characteristics that each type within the group displays with regard to their preferences to use a particular channel or the types of media message that they are most likely to be receptive to in various esd-toolkit reports (when run as a csv file).

esd-toolkit is supplier independent and is able to work with any segmentation data if is provided in a format compatible with the existing esd-toolkit structure. For the purpose of this training we are referring to (and using examples based on) Experian's Mosaic data (see below). esd-toolkit has worked with Experian on various projects over the last 4 years (including CPP phases 1 and 2, the Greater Manchester Project and now CPP Phase 3). All UK local authorities have access through esd-toolkit to ward level Mosaic (and CACI Acorn) profiling data and to post code level ethnicity maps.

Mosaic UK Public Sector (2009) is a generic area classification system developed and owned by Experian Ltd. It is used across many areas of the public sector including health, education and policing and most areas of the private sector. The clustering is developed by Experian using over 440 data variables, which have been selected as inputs to the classification on the basis of their volume, quality, consistency and sustainability.

Mosaic classifies households in the United Kingdom by allocating them to one of 15 groups. Throughout esd-toolkit the standard Mosaic colour coding is used to denote the different groups. Groups are as follows:

Group	Description	Population %	Household %
A	Residents of isolated rural communities	4.72%	4.40%
B	Residents of small and mid-sized towns with strong local roots	8.89%	8.75%
C	Wealthy people living in the most sought after neighbourhoods	4.22%	3.54%
D	Successful professionals living in suburban or semi-rural homes	9.32%	8.23%
E	Middle income families living in moderate suburban semis	11.39%	11.18%
F	Couples with young children in comfortable modern housing	5.59%	5.79%
G	Young, well-educated city dwellers	8.18%	8.48%
H	Couples and young singles in small modern starter homes	4.01%	5.91%
I	Lower income workers in urban terraces in often diverse areas	6.84%	7.02%
J	Owner occupiers in older-style housing in ex-industrial areas	7.32%	7.40%
K	Residents with sufficient incomes in right-to-buy social housing	11.07%	8.67%
L	Active elderly people living in pleasant retirement locations	3.10%	4.34%
M	Elderly people reliant on state support	3.84%	5.96%
N	Young people renting flats in high density social housing	4.46%	5.18%
O	Families in low-rise social housing with high levels of benefit need	5.05%	5.16%

Each of the groups can be further broken down into several of the 69 types defined in the Mosaic classifications. Details of each of the types can be found on the esd-toolkit Web site (see the profile type definition report).

Where does the data come from?

The new 2009 version of Mosaic Public Sector is refreshed twice a year. 62% of the data comes from a combination of Experian Consumer Dynamic Database and other data elements which include; Electoral roll / Council Tax property valuations / British Crime Survey / Hospital episodes stats / Index of Multiple Deprivation

The data provides a common currency that enables the same citizen to be viewed in the same way by all public bodies, thereby assisting joined-up government and partnership working. Additionally data is derived from House sale prices / Self reported life style surveys / ONS annual expenditure family survey / University of Essex British House hold panel survey (BHPS) / ResearchNow Online panel of 350,000 consumers and their demographics and media consumption / YouGov's specialist survey of 66,000 consumers and their financial behaviour / GfK NOPs Financial Research Survey of 60,000 consumers and their financial characteristics / Experian Hitwise online analysis of 8 million internet users / Higher Education Statistics Authority