How CPG Giant Lion Corp. Uses CDP to Detect Shifting Consumer 'Unspoken Needs'

CDP Customer Spotlight

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To the C-suite execs at many consumer packaged goods (CPG) firms, the challenges faced by Lion Corp. will seem very familiar. Conventional mass-communication models such as bulk email and broadcast have been showing declining impact for years. And younger generations value experience and company values more highly than their parents and grandparents, making digital transformation an important objective for consumer goods manufacturers, which have traditionally used retail stores such as supermarkets and drugstores as powerful touchpoints for marketing and sales promotion.

Should CPG Companies Rethink How They Use Data? Lion Has

What's less common is the way that Lion Corp.'s leadership has tackled the challenge with customer data-driven marketing and insights. They've rethought many worn-out assumptions about marketing and how to use customer data. And the work they've done to better understand their consumers has not only yielded some surprising, profitable information, but it's put Lion in a position to understand everything from shifting attitudes toward sustainability to how customers will change their behavior in the face of Covid

Mr. Toru Hiruma, Director of the Digital Communications Development Team at Lion Corporation's Business Development Center, opened up recently about the company's innovative approach, in a presentation titled "Exploring Insights through Data."

According to Mr. Hiruma, Lion's current catchphrase for its marketing communications strategy is "experience value," based on a saying made popular more than 50 years ago: "What people who buy drills want is not a drill, but a hole." Lion's idea is to aim for communication that approaches the insights and unspoken desires of the consumer.

So why is consumer goods manufacturer Lion pursuing a communication strategy based on using customer data to increase customer experience value? Changes in the marketing environment are driving the new tactics.

Three Reasons to Toss Out Old Strategies for Customer Data Platforms

Until recently, the theory has been that consumer goods are mass-market items, mass-produced with mass advertising to gain recognition, and then sold in large quantities at touchpoints such as retail outlets and supermarkets. However, Mr. Hiruma says that approach is becoming more difficult for three reasons.

The first is the declining marketing efficiency due to the explosive increase in the amount of information coursing through the world. With the advent of the Internet, the amount of information has increased by a factor of at least 500. However, the amount of information that can be ingested has only increased by a factor of 65, says Mr. Hiruma.

Also, Internet users' aversion to banner ads and the ad-blocking function of browsers, which is becoming more prevalent among millennials and Gen Z, is making it harder to generate advertising results. Mr. Hiruma explains that one of the reasons why conventional theories are no longer valid is that the new product development competition among companies has matured, resulting in the commoditization of products and making it more challenging to differentiate them.

Mr. Hiruma says, "The traditional funnel communication of recognition, interest, consideration, and conversion is reaching its limits. That's why Lion's strategy is to "communicate the value of the experience."

It's an approach that could also put Lion in a better position to market CPG products to Millennials and Gen Z, two post-"Mad Men" generations that studies have repeatedly shown to be more influenced by positive brand experiences than by typical mass-market ads.

Lion Uses CDP to Unify Data Streams and Derive New Consumer Insights

In the past, Lion sought to understand the needs of consumers through surveys and user interviews. In the future, however, in addition to conventional methods, the company will promote the challenge of discovering user insights to realize experience value from customer data.

The framework for data utilization is a basic approach that integrates a variety of data, such as browsing data, behavioral data, SNS data, and IoT data, into the Treasure Data Customer Data Platform (CDP), and extracts insights that serve as a marketing compass by analyzing them. However, there is a twist that only a lion can pull off.

What's particularly impressive is the analytics framework. According to Hiruma, Lion uses a combination of online data such as search keywords and contact media, offline data such as spending trends and purchasing data, and preference data such as demographics, hobbies, and frequent places visited. The Treasure Data CDP helps to extract and unify fragmented facts such as daily shopping behavior, distinctive living behaviors, and inferred personalities. From there, Lion's data scientists and marketers imagine the lifestyles and scenarios of people's lives, using the insights they gain in their marketing strategies.

Using this technique, Lion has determined that most of its customers can be divided into three segments: a group that buys at least ten products, another group that churns quickly, so they're lost to Lion, and the "in-betweens." Lion is experimenting with ways to appeal to each group, as well as to minimize churn and foster customer loyalty in the rest.

What approaches can be implemented to understand consumer insights and provide the kinds of customer journeys that provide higher experience value?

"We need to figure out what people do in their daily lives and come up with a strategy for our target audience," says Hiruma. After stating his basic stance that "we will practice based on data," he explains exactly how he uses customer data.

"The future of communication is not about the amount of reach, but about accurately reaching the target audience, penetrating the message and empathizing with the product concept. We aim to deliver the right content, at the right time, to the right target, in the right way."

—Toru Hiruma, Director of the Digital Communications Development Team at Lion Corporation's Business Development Center

CDP's Customer Data Analytics Help You Understand Consumer Behavior

"The company also takes a personalized approach, analyzing the purchasing behavior of each person to deepen its understanding of the specific needs of the individual user. For example, we conducted an N1 approach to the analysis of each user by clustering them into three categories: those who have purchased a particular product of a company ten times in a row, those who have shifted from other companies' products, and those who have changed to other companies' products. By tracking purchasing behavior, we can visualize user preferences and lifestyles from the products and services they buy."

How does Lion extract the most salient facts and critical consumer touchpoints? Mr. Hiruma says that Lion has two approaches to data analysis: a macro approach that looks at data from a bird's-eye view, and a targeted-personalization approach that uses an individual's data for targeted messages and experiences.

"In the macro approach, we extract some behavioral characteristics from the data of the purchasers and add interpretations to them to extract consumer scenarios, or create possible daily life patterns from the data of purchasers clustered based on their attributes," explains Hiruma. He also introduced a project to map the personalities of buyers to find out what kind of personalities find Lion products attractive and how Lion products are perceived as different from competitors.

Hiruma emphasizes that using a CDP to help sort through customer data is a great start in getting to understand its customers psychology. Big Data analytics and marketing automation are important, but Lion's data analysts, marketers, and computer scientists still have a role to play.

The N1 analysis of purchasing history makes it possible to map the user base of your products and those of your competitors. Such analysis also helps to identify the target audience that you want to promote your brand switch.

"Being able to visualize user personas and behaviors helps us to come up with a more solid targeting strategy," says Hiruma.

And the ability to detect and analyze changing consumer sentiment is a core competency that can now be applied to a number of pressing problems. For example, the company has long been interested in sustainability issues and was quick to introduce phosphate-free detergents decades ago. Understanding current consumer attitudes could serve as the basis for new sustainability products and campaigns.

Similarly, with its CDP in place and its marketers primed to detect behavioral changes in its customer data, the company is better poised to detect and understand many changing consumer attitudes, both toward shopping in general, and toward health and cleaning products in the time of COVID.

Creativity is Critical to Using Customer Data Profitably

Mr. Hiruma points out that no matter how precious the data is, the important thing is creativity, both in brainstorming and in the hypothesis generation that connects data to data, and facts to facts.

And it's an approach that's gained recognition and traction for its innovation. In 2020, Lion Corp. won the sought-after PR Gold Award in Asia in the Best Consumer Launch category for its highly creative and popular "Saving Laundry From Zombie Odors" campaign.

"I feel it is important to have the ability to think about how broad a hypothesis can be tested using data and which interpretation is the most reliable," says Mr. Hiruma.

"Fragmentary data on its own cannot capture deep consumer insights," Mr. Hiruma adds. "But by combining them and repeating a variety of analytical trials and errors, the facts about people's lives can be discovered. From there, we can derive lifestyle behaviors, customer journeys, and target strategies that can be used in brand communication."

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