UNDERSTANDING YOUR CUSTOMERS

HOW YOUR TRANSACTIONAL DATA MAY HELP YOUR BUSINESS THRIVE

In business nothing stays still. Markets change, laws change, competitors change and most importantly, your customers change. Keeping on top of their evolving needs and expectations is a challenge all businesses need to solve to stay relevant. Your business's transactional data holds insights that may help.

External factors change how consumers behave, for example the sudden impact of COVID or the steadily growing demand for sustainable products and services. Keeping on top of these shifts means responding to change by continually reviewing your business strategy.

For businesses, tangible insights into your customers' behaviour and preferences may be easier to access than you think.

Most New Zealand consumers pay for things digitally. According to the Reserve Bank of New Zealand, electronic card transactions via debit and credit cards are the main payment method of choice for Kiwis[1]. Analysing the data from these digital transactions may provide valuable insights into the behaviour of your customers[2].

ANZ can provide Merchant Intelligence Reports for business customers who use ANZ merchant payment services[3]. These reports illustrate customer trends across a range of key metrics which businesses can use to understand where, when and how customer groups are transacting. Your transaction data can help you to find out:

Who your customers[4] are – aggregated age and gender statistics, including whether they're new or returning customers.

When customers are buying – transactions on different days of the week and different times of the day.

Where your customers are predominantly from[4] – including the ability to analyse your data by different sites if you have more than one location.

How they are spending – average transaction size, card type used and payment channel.

As with any data, how you use it will depend on your business and your specific drivers.

[1] RBNZ Cash and Payments Data Update, Covid-19 Special (June 21) Main Method of Payment, Credit & Debit / EFTPOS Card Transactions = 89.8% (2019) , 72.2% (2020).
[2] Individual cardholder data is de-identified for privacy and all insights are provided at an aggregated level, and only relates to ANZ cardholder activity.
[3] Eligibility criteria, terms and conditions and fees apply to ANZ merchant payment services
[4] Age, gender and domestic location charts are based on ANZ issued cards only.

ANZ

MARKETING INSIGHTS

Understanding how your customers purchase may help you tailor your strategy for a specific target market, identify new opportunities, and increase the effectiveness of your marketing spend.

SOCIAL MEDIA TARGETING

Businesses often use transaction data to help fine tune social media marketing. By collecting data on spending patterns of specific demographic profiles businesses can create targeted promotions.

EXAMPLE – AVERAGE TRANSACTION SIZE BY AGE AND GENDER

Source: ANZ Merchant Intelligence
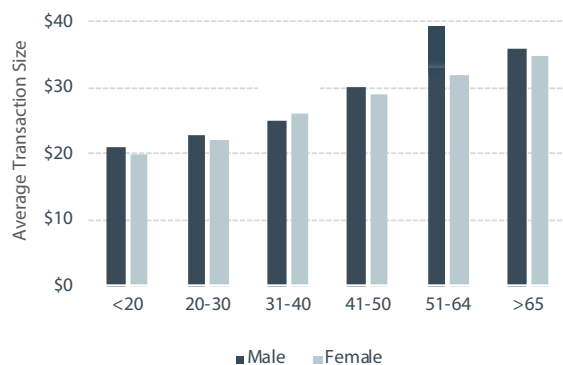
BROADENING YOUR CUSTOMER BASE

Analysis of sales transactions may reveal that customers are more geographically diverse than expected, especially for businesses operating in seasonal holiday destinations.

CUSTOMER RETENTION

Retail businesses may use transaction data to design loyalty programs for specific customer groups, through tailoring discounts and other incentives to increase repeat business. Campaign success can be measured by transaction data which shows the number of new versus returning customers[5].

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[5] A new customer is any cardholder that has only used their card once over the period measured. A returning customer is any cardholder that has used their card 2 or more times over the period measured.

STRATEGIC INSIGHTS

Transaction data may yield insights into consumer preferences and characteristics which can help inform strategic decisions you need to make about your business.

REORIENTING YOUR BUSINESS

Due to the challenging environment over the past few years, many businesses were forced to consider their viability. Analysis of transactional data can be key for businesses grappling with difficult decisions such as temporary closures for a period, or readjusting resourcing to focus on different markets.

EXAMPLE – INTERNATIONAL CARD TRANSACTIONS – COUNTRY OF ORIGIN

Source: ANZ Merchant Intelligence

- Australia
- China
- Germany
- Japan
- United Kingdom
- United States
- Other Countries
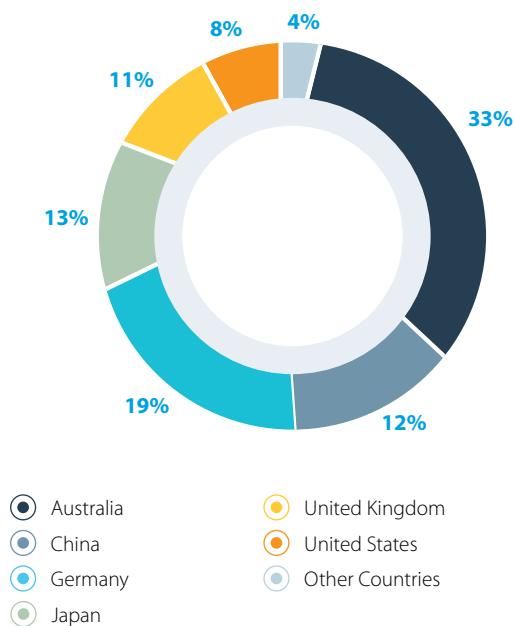
MEETING THE NEEDS OF YOUR MOST IMPORTANT CUSTOMERS

Transactional data can provide useful insights on the success or otherwise of new customer propositions. Businesses introducing new product options can analyse transaction data to understand whether they appeal more to new or existing customers – with sometimes surprising results.

EXAMPLE – NEW CUSTOMERS VS RETURNING CUSTOMERS

Source: ANZ Merchant Intelligence
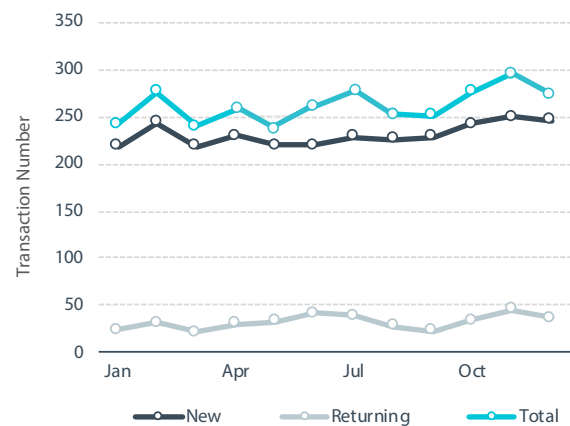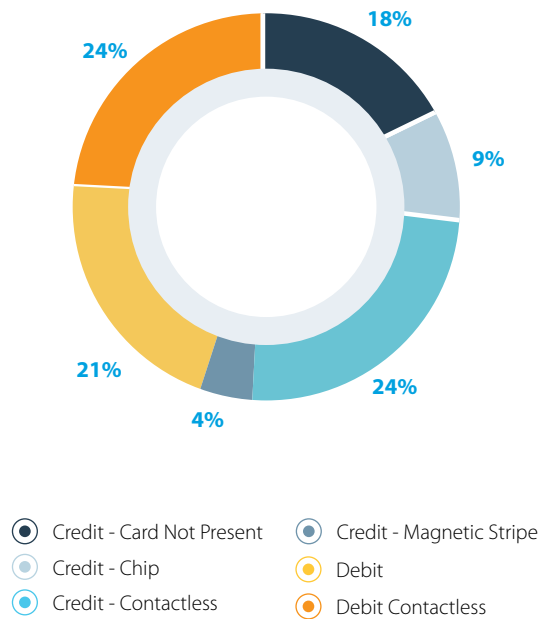
CHANNEL STRATEGY

The COVID pandemic has accelerated the move toward contactless acceptance and seen many businesses expanding their online or mobile channels to reach their customers. However, during normal business conditions striking the right balance between 'bricks and mortar' store locations and online can be challenging.

Some retail businesses have used transaction data to help understand what channels their customers are using and how they are choosing to pay. In some instances businesses have seen clear demographic differences between customers of physical premises versus online channels[6]. This has helped with decisions on what stock to have in each channel. For example some businesses have seen a preference from older age demographics to visit stores. These insights have also helped to fine-tune product ranges online, targeting dominant customer demographics.

Transaction data on the volume of business split between physical stores and online channels can be a valuable insight for informing investment in the future geographic footprint of a business and to monitor how customers are adopting payment technologies like contactless acceptance.

EXAMPLE – PAYMENT METHOD

Source: ANZ Merchant Intelligence

- ◉ Credit - Card Not Present
- ◉ Credit - Chip
- ◉ Credit - Contactless
- ◉ Credit - Magnetic Stripe
- ◉ Debit
- ◉ Debit Contactless

[6] Separate reports are required and can be requested for each channel to compare online versus 'bricks and mortar'.

OPERATIONAL INSIGHTS

Knowing where your customers are from, and when they buy, may help you improve the efficiency and effectiveness of your business operations.

FINE-TUNING BUSINESS PROCESSES

Transaction data can be used to help businesses adapt to a new normal, for example, illustrating how higher domestic customer numbers creates different patterns of trade (i.e. seasonal summer peaks have not been as high, but there's been less of a drop-off during winter).

These insights can help refine aspects of the business's operations, including recruitment strategy and staff rostering.

EXAMPLE – DEBIT & CREDIT CARD TRANSACTION NUMBERS BY MONTH

Source: ANZ Merchant Intelligence
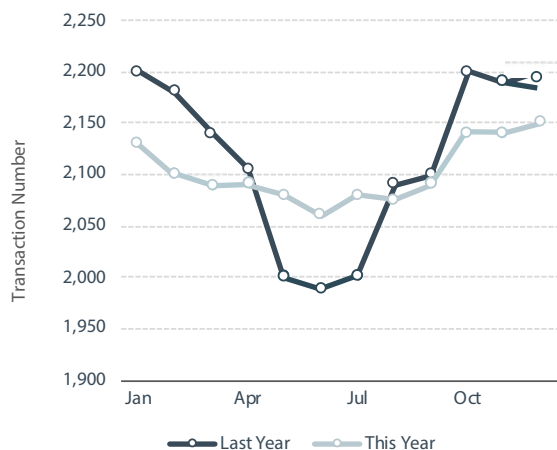
MANAGING STOCK AND STAFFING LEVELS

Retailers require staffing and stock levels to be optimised to ensure customer needs are met and to provide a consistent experience. Transaction data can be used to understand sales volumes on different days of the week and times of the day to ensure the business has the appropriate resourcing.

EXAMPLE – CARD TRANSACTIONS BY DAY OF WEEK

Source: ANZ Merchant Intelligence
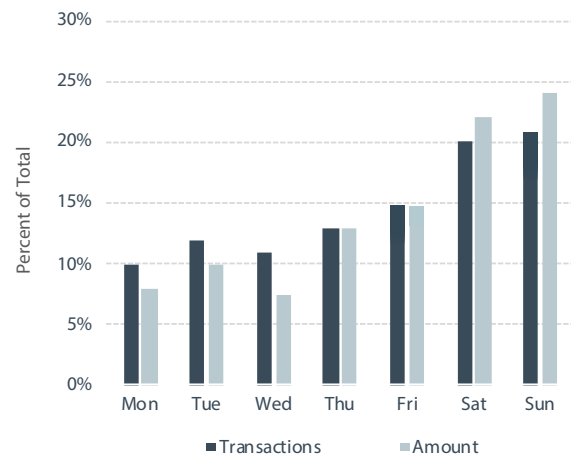
PRODUCT AND SERVICE INSIGHTS

Transaction data may help you tailor your offering to customers more effectively, as well as identifying and evaluating potential new offerings.

CATERING TO NEW MARKET SEGMENTS

Transactional data can be used to look at spending patterns of regular or returning customers and how they compare with new customers. This data can help to inform loyalty programmes or marketing spend to target new customer acquisition.

IDENTIFYING NEW CUSTOMERS

Data can help identify where initiatives can help attract new groups of customers while retaining existing ones. In some cases these insights have helped avoid introducing a potentially unprofitable offering, where patronage from the target market was not as large as first thought.

EXAMPLE – NUMBERS OF TRANSACTIONS BY AGE AND GENDER

Source: ANZ Merchant Intelligence
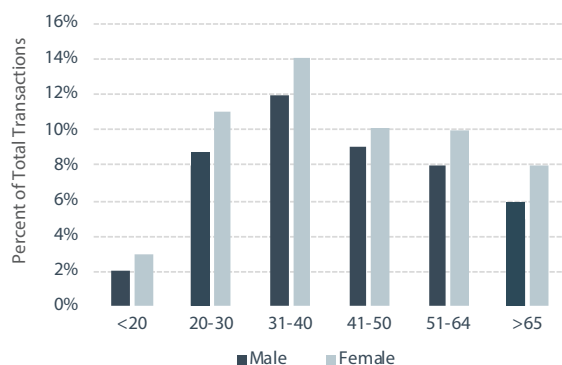
EXAMPLE – AVERAGE TRANSACTION SIZE BY AGE AND GENDER

Source: ANZ Merchant Intelligence
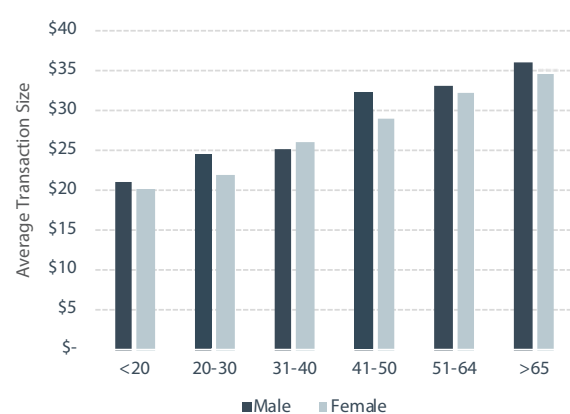
FIND OUT MORE

Your transactional data could be a rich source of information and insights to help inform your business strategy and support key business decisions. To find out more about ANZ Merchant Intelligence Reports, contact your ANZ Relationship Manager or Business Banker, or MerchantInsights@anz.com.