



HOW A SMALL COMPANY USED BIG DATA TO INCREASE ITS SALES

AN AUSTRALIAN POOL COMPANY MINED CUSTOMER INSIGHTS ON A
BUDGET AND TURNED ITS TIDES

By IMD Professor John Walsh

IMD
Chemin de Bellerive 23
PO Box 915,
CH-1001 Lausanne
Switzerland

Tel: +41 21 618 01 11
Fax: +41 21 618 07 07
info@imd.org
www.imd.org

Narellan Pools, an Australian-based swimming pool builder, leveraged big data to glean customer insights. The resulting marketing campaign generated a ratio of revenue to expenditure of 54:1.

Australia's climate generates demand for swimming pools. However, recently, higher house prices have left heavily-indebted Australian home-purchasers with little money to add a pool. Also, higher prices have resulted in a shift away from houses and towards apartment living. This, combined with an influx of new competitors, caused Narellan Pools' revenue to decline approximately 25% from 2007 to 2013.

The swimming pool business is a bit like running funeral home – most customers don't come back a second time. This makes some marketing activities more important than others. Narellan had focused on building brand awareness using traditional channels like television and print media, with a little bit of keyword purchasing in search media, so when people would make a decision to buy a pool, there was a reasonable chance Narellan would be in the consideration set.

In 2013 Narellan turned to Affinity, a marketing services firm, to create a digitally-led marketing strategy. The objective was to reverse the decline in sales with a budget of only AUD 495,000 for media spend. Affinity started by analyzing sales data. While, unsurprisingly, sales were higher in hotter months, Affinity noticed a huge, and initially unexplained, variance in the conversion of customer leads to sales: on some days customer leads converted to sales at up to 800% of the norm. The spike in conversion rates would last for about half a week then revert to the average.

Affinity assembled seven terabytes of data, over 100 million rows in total, covering five years. Narellan's proprietary data (including website traffic, site visit duration, visit to enquiry ratios as well as advertising and promotional spend and plans) was combined with third-party data (such as consumer confidence, inflation, interest rates, building approvals, online pool-related keyword searches and more). After much analysis, the hard work paid off with a precious customer insight. While temperature obviously drives interest and purchases of pools, the huge increase in conversion from interest to purchase was explained by a very particular climatic feature. When the current temperature, in a given locale, was higher than the mean rolling monthly average for two days or more, it was only then the high conversion of leads to sales occurred. So, absolute high temperature was less important than the temperature relative to the recent past, at least in moving customers from interest to purchase. The duration of the higher conversion rate lasted four days, including the second day of higher than average temperature.

Armed with the answer to "when", the analysts searched for the "what". In-depth interviews with customers revealed that the thought of the first dive into one's own pool was the imagery that resonated most with potential customers; it was this vision that drove people through to the end of the path to purchase. Affinity determined that this would be the content of the online marketing campaign, which included search media (by buying keywords, for instance) and social media (with banner and video ads).

In each of the 49 regions of Australia where Narellan operated, the decision to turn on or keep off the online campaign would be determined by the comparison of current temperature with the 30-day rolling average. Specifically, if the forecast for the present day's temperature exceeded the 30-day rolling average and the previous day's temperature did also, then the online campaign was turned on for a period of four days. At any given time, one region might be alight with Narellan advertising while another completely silent. The system was automated and the online campaign would come to life in this predefined way.

The results were impressive. In 2015, leads increased by 11%, and sales increased by 23%, compared to 2014. And, only 70% of the AUD 495,000 media budget was spent. The revenue return for every dollar of marketing expenditure was AUD 54.

The age of online marketing has been dominated by stories of huge sums being spent by many people employed by large firms. This tale from the Antipodes reminds us that smart people in small firms can create big impact using small sums. Clever analysis of the vast amounts of data that is being generated these days can deliver real and useful insights about customers. And, advances in technology mean that these insights can be leveraged to great effect, by firms big and small. As with the world offline also, determining where on the customer's path to purchase you wish to focus and being single-minded in the objective, remains as important today as ever before. The tools have changed and the marketing levers have expanded, but competent analysis delivering insights that inform well-chosen marketing actions is as useful as ever.

[John Walsh](#) is Professor of Marketing at IMD.

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