



Simple not easy:

3 Fundamentals of Data-Driven Retail Marketing

How retailers win the ever-evolving
game of omnichannel marketing

acxiom[®]

Why is data-driven marketing still hard in Retail?

Retail marketers have invested in and leveraged data-driven marketing for decades. But it's still a challenge for most. The key question is: Why?

We partnered with Savanta and interviewed senior marketers, data influencers and decision-makers on the state of data-driven marketing across different industries including Retail, Consumer Packaged Goods, Travel, Entertainment, Sports, Auto, Financial Services, Insurance and Healthcare. We asked B2C and B2B companies, working online and offline (and both), about their challenges, priorities and use of data. We sliced and diced the data in many ways, and we drilled into what the research has to say about the retail industry. The bottom line: The world has changed, and data matters more than ever.

The results of our Retail survey came through loud and clear. Data Still Matters.

90%

of marketers and data influencers in the retail industry agreed that the data they hold on their customers is very important.

94%

said that businesses that capitalize on data are more likely to be successful.

92%

of senior managers recognize data as a key investment area.

81%

believe their business couldn't operate without data.

Introduction



Data matters. That's hardly surprising when we consider the trends and research. Emarketer forecasts retail sales to grow **3.3%** to **\$5.529** trillion in 2019, and ecommerce sales are expected to account for about **45%** of sales¹. According to our research across industries, data is considered absolutely critical to the success of businesses, with **85%** saying that data is the most important factor in delivering a positive customer experience, and a top marketing priority across industries. Additionally, the respondents to this survey said that even in an economic downturn, data-driven marketing initiatives and optimizing customer experiences remain key priorities along with increasing internal efficiencies.

We're all sold on the vision of relevant marketing – with **95%** believing relevant, people-based marketing is important to generate a positive customer experience. Not just sold, in fact – actively committed to making it happen. Smooth, personalized experiences aimed at real people, not device IDs. Seamless interactions, wherever your customers are. Predictions that truly anticipate your customers' needs. All powered by data.

And businesses are feeling confident about this future. In fact, when asked about their priorities two to three years from now, the retailers we surveyed said the following:

96% saw real-time personalization as critical to marketing success

91% believed data will be central to strategic decision-making

87% agreed complex technology-driven marketing and advertising platforms will be unified

86% agreed online and offline experiences will be seamless

And yet, retail brands still struggle to make sense of the petabytes of data pouring into their systems. Marketing silos make it difficult to get a unified view of the customer across touch points. And consumers still need confidence in matters of data privacy.

1. <https://www.emarketer.com/content/the-future-of-retail-in-2019>

Introduction

So why are we still struggling to deliver on the promise of data-driven marketing?

Given the fact that retailers have been utilizing data to drive marketing efforts for at least three decades, being data-driven is not a shiny new trend. In fact, **92%** of retailers surveyed have established a data strategy, and **26%** created their strategy in the last one to three years. Yet, the results suggest it's because marketers focus on short-term outcomes but not enough on the key fundamentals to deliver improved outcomes over time. Our perspective is that data-driven marketing is about getting three core fundamentals right in the short and long term.

To win in today's market, and deliver a relevant and impactful omnichannel customer experience, retailers must focus on the fundamentals:

1. Get the right data.
2. Get the data right.
3. Use it in the right way.

Because the volume, variety and velocity of data has increased, these fundamentals are even more important today than ever.

In this eBook, we look at why you actually need to tackle all three and deliver the data-driven marketing your customers expect and deserve.

Let's dive in.



The First Fundamental: Get the Right Data

It's very likely all your marketing and operational data will eventually be useful as you adopt machine learning and artificial intelligence. But is the data you're collecting actually helping you move the needle right now? And are you collecting and curating the right data for your needs in the near future?

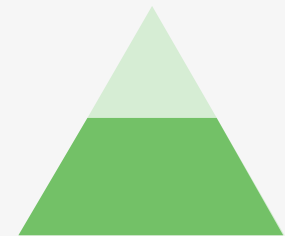
The truth is that today data is abundant, but not all data is created equal. It's not just about quantity, but quality as well. Most businesses in the retail industry already recognize this, as **65%** of businesses see improving the quality of their data as a top priority, with only **36%** focused on simply getting more data.

Getting the right data has its own challenges... people, process, technology, and of course, regulations. Consider: **46%** of retail marketers worry about having the staff capacity and skills to effectively leverage new technologies to their fullest potential, **38%** struggle with maintaining and validating data, and **36%** worry about securing present and future data usage.

In starting with the basics, think about your goals as a business – what data will help you achieve them? Which data sets will give you a unique edge in converting your customers? Is it open data – freely available to anyone, like some government data? Is it digital or offline data you can acquire or collect? Do you already have it, or do you need to get it? It's good to know that the top areas where businesses across industries say they would benefit from having more data are: customer service information (**36%**), behavioral data (**36%**), social network activity (**35%**), and measurement and analytics data (**33%**). What's your need? What are your use cases?

65%

of businesses see improving the quality of their data as a top priority.



What's the Edge You're Missing?

First-party data

That's your own, proprietary data, obtained when your customers interacted with you either in person or online, on your website or a mobile app, for example. It's usually transactional or customer service-related. But are you getting the most from it?

Too often your own data is siloed in different platforms or even in different departments. For instance, your customer service agents may not know as much about a prospect as your marketing automation tool. Or your point-of-sale system does not have all the intelligence about the customer you've carefully curated in your CRM or loyalty system.

Ask yourself: Are your functional teams and platforms sharing the right data with each other? And how much more powerful could that data be if combined with other data sources like second- and third-party data?

Second-party data

This is someone else's first-party data, shared in a privacy-conscious way. In other words, insight into how your customers are interacting with other brands.

Say you're a big department store, for example. Second-party purchase data from the brands you stock might help you guide your product selection. And the brands themselves might be interested in personalizing their own advertising according to the products you've sold.

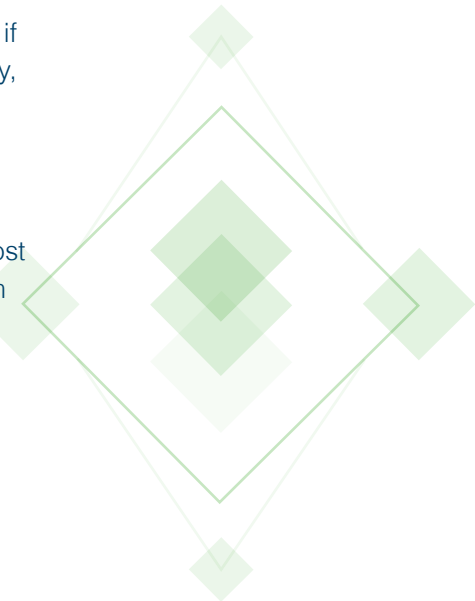
Ask yourself: Could your business benefit from another business' first-party data, or alternatively, could your data benefit someone else?

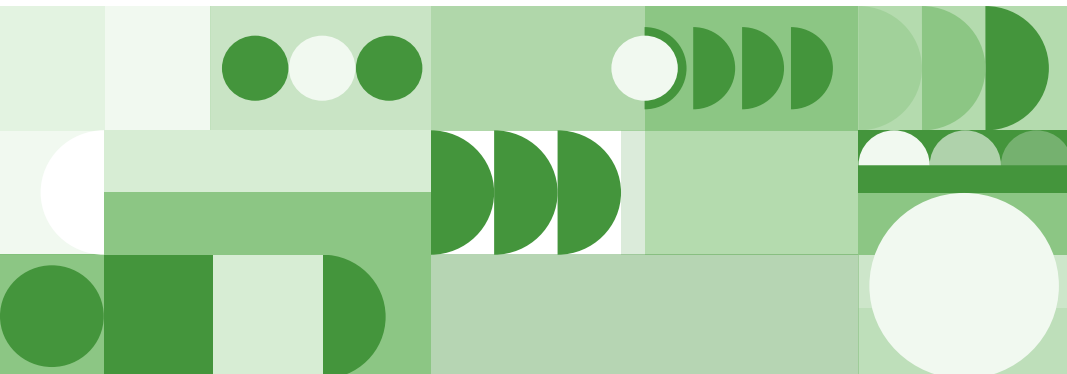
Third-party data

This is data owned by third-party providers, usually covering attitudinal, behavioral or demographic insights. Third-party data provides insights about people you don't know well so you can get a better idea of why they might want to know you.

Third-party data might help you target relevant products better – for example, if you knew someone had just had a baby, you could send special offers on products aimed at new parents.

Ask yourself: What data about your customers and prospects would be most important in better understanding them and delivering a relevant experience?





Our study shows that across industries, most businesses are still primarily relying on first-party data, but most actually expect their use of second- and third-party data to increase in the next 12 months.

Of the retailers we surveyed, half said they plan to invest more in second-party data, and one-third plan to invest more in third-party data.

Second- and third- party data could be your opportunity to validate and augment your own data to get a fuller picture of your customers, delivering more personalized and relevant experiences.

If you're a sportswear retailer or sports nutrition company, you might benefit from second-party data from the companies organizing sporting events like the Boston or New York marathons.

If you're selling cosmetics online, third-party social media data could help you zero-in on customers who've previously shown an interest in make-up or industry influencers, or consumers who shop with your competitors.

The important thing is to be able to make that data actionable.

That's the key: A list of everybody who wants to buy exactly what you're selling is not going to help if you don't have a way to reach them, whether that's online or offline.

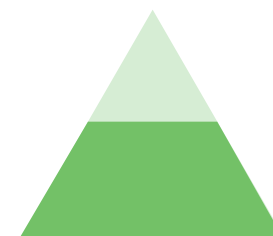
To make the most of any data, you need to be able to activate it across channels and platforms, and always, of course, in a privacy-compliant and ethical way.

While it's tempting to handle everything in-house, if you're considering using a partner, or increasing how much of your data you're outsourcing, you're not alone as **82% of retailers believe they need to work with partners to get the most value out of their data – and wider data, too (78%)**

This becomes even more relevant as you consider the challenges we face in our second fundamental, so read on.

88%

of companies use their proprietary data.



The Second Fundamental: Get the Data Right

For retail marketers, the key data challenges are making data usable (54%), personalizing marketing while respecting consumer privacy (44%), recognizing customers across channels (40%) and maintaining and validating data (38%).

As we all have experienced first-hand, the customer journey is increasingly fragmented across devices and channels. And to keep on top of the changes in consumer behavior across channels and non-linear, multi-channel journeys, marketers are also using more platforms, applications and tools than ever (on average, 91 cloud services alone).²

Every new device, every new customer touch point and every new technology is a new data source. If you're able to link them all via a unified data layer and keep track of your customer

across that journey, that's incredibly powerful data that could give you a real edge over your competitors. Otherwise, it's just one more opportunity to lose them.

It's not like there's some deep, dark secret to data unification. It's that reconciling all those channels, all those platforms, all those devices – all those identities – is really difficult. **But not impossible.** And the payoff in terms of delivering a relevant and impactful customer experience is substantial.

2. <https://chiefmartec.com/2017/06/average-enterprise-uses-91-marketing-cloud-services>

Section 3

The “holy grail” remains the elusive single customer view. To build it realistically, you need an identity solution – the ability to connect data at the identity level without exposing any personally identifiable information (PII) in the digital space.

Only when you can bring together all the data from those disparate sources into a single, whole view, can you actually get at the heart of what an individual customer actually cares about.

Most brands have been on the path toward creating a single customer view for some time, yet most are still struggling to achieve it. In part, that’s because there’s often a disconnect between what we say we want and what we’re able to accomplish. Surprisingly, while **95%** of retail marketers agree that data helps them stay close to customers in a highly fragmented buying process, only **40%** say that centralizing the data is a key priority, and **40%** of retail senior marketers cite recognizing customers across channels as a data challenge. This is a significant disconnect, and part of the reason why returning to the fundamentals is essential.

For most companies, a successful unified data layer can only be achieved through what we call the “open garden”

principle. Most of the global consumer platforms out there are so-called “walled gardens,” or they offer many benefits for consumers and businesses alike, but the data stays on the platform. The issue is that most brands don’t want to work solely with one platform; rather, they want to work across digital and traditional channels.

If we truly want to put the customer first, then we can’t keep their data in walled silos. We need to focus on unifying the data regardless of source, technology or platform. It’s a philosophy and framework that, when realized, creates a connected, collaborative ecosystem – which can then deliver the personalized, relevant and consistent experiences customers expect, and which so far have eluded most brands.

This approach is absolutely vital to delivering great customer experiences and winning in the market.

Learn more about the benefits of a unified data layer

Retail marketers’ biggest challenges when it comes to getting the data right.

54%

Making data useable.

46%

Having the staff capacity and skills to effectively leverage new technologies to their fullest potential.

44%

Personalizing marketing while respecting consumer privacy.

40%

Recognizing customers across channels.

39%

Integrating new marketing technologies into your marketing stack.

38%

Maintaining and validating data e.g. keeping data up to date.

The Third Fundamental: Use the Data in the Right Way

Data Ethics

You hardly need reminding that data privacy is important. But, interestingly, in our study only **52%** of retail marketers consider establishing trust with privacy, transparency and ethical data governance as one of their most relevant marketing priorities. With the General Data Protection Regulation (GDPR) in full swing in the European Union, the California Consumer Privacy Act (CCPA) right around the corner, and dozens of other regulations being considered, we think data privacy and ethics should be a top priority for all companies.

Across industries, **92%** of marketers agree that customers share their data in exchange for a better experience – one that doesn't involve

compromising their privacy. It's up to us to prove to them that data improves their experience, thereby earning their trust.

So, when we talk about leveraging second- and third- party data it goes without saying that this only works when that data is kept safe, secure and anonymized as necessary regulations require. The same applies to creating a unified data layer that supports your customers across the whole customer journey or indeed any other data-driven marketing initiative.

Ethical data use protects your customers and your brand – and allows you to build long-lasting customer relationships. Don't lose it and don't

misuse it; ensure you have the right permissions and use the data to drive value to your customers first, and your brand second.

93% of retail professionals surveyed said they are more confident handling customer data now compared to 12 months ago. That is an excellent springboard to start leveraging second- and third-party data, if you're not doing so already. Once the right data set-up is in place, it is much easier to drive people-based marketing forward.

This is where a sound data strategy focused on providing a better customer experience is helpful. Our study found that across industries, **95%** of businesses have a data strategy,

though for most (**78%**) this has been developed only within the last three years. **In fact, we'd go so far as to say that if your data strategy hasn't been created or refreshed within this calendar year, it is out of date.**

A partner can help with data strategies, best practices and industry-specific guidance, while keeping an eye on upcoming trends and any changes in legislation – all concerns that were raised in our research.

Listen to the "Getting Retail Ready for CCPA" podcast to learn more

Data-driven Strategy

Making sense of all this data is an art as well as a real science. Your business needs to be able to truly understand who your customer is from attitudinal, behavioral, demographic and lifestyle perspectives. Only then can data be used effectively to shape the marketing strategy – a top priority for half of retail marketers surveyed. No single data source can fulfill this objective.

The philosophy of “using data the right way” inevitably starts with putting data

at the heart of everything you do. To achieve this, it's important to combine all customer data, including first-, second- and third-party data and overlay the research and collection of data. You can then begin to understand your customers better by identifying their needs, pain points, levels of service and product usage, etc.

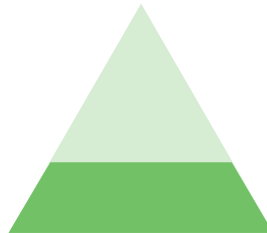
This provides an opportunity for all parts of the business to establish a clear direction on how specific

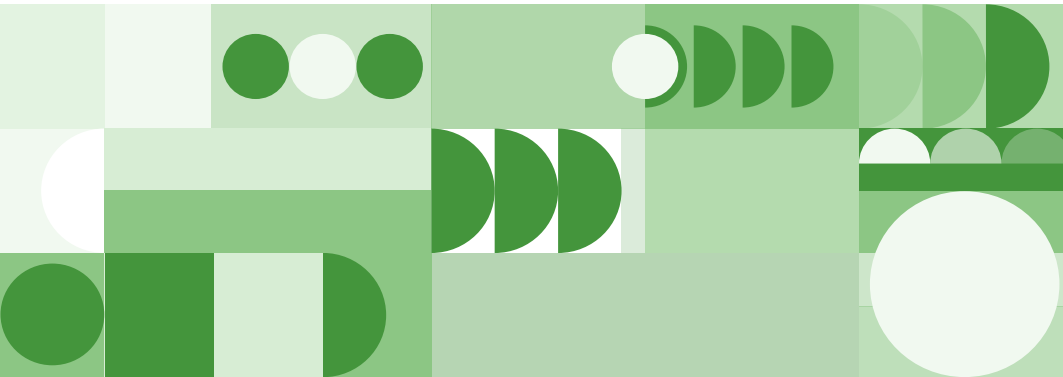
customers should be treated at each stage of their journey, rather than a one-size-fits-all-strategy. It's the first step to building a customer experience strategy, providing a unified vision for delivering frictionless and personalized experiences across all the touch points in your customers' journey with you.



1 out of 2

retail marketers
consider shaping their
data a top priority.





Analytics

However, with customers becoming more selective about what marketing they engage with, it has never been more important to make sure your message stands out. **54% of retailers agreed that making data usable was a key data challenge.** Advanced Analytics give you the opportunity to analyze customer behavior and identify key opportunities to target customers at certain stages in the relationship with your business. The result? Reduced churn, increased upsell and cross-sell opportunities and defined next best action (NBA) product recommendations.

Once again, it's the data and analytics that drive and support the delivery of impactful experiences. The ability to

design data-first contact strategies enables brands to develop a single snapshot of their future omnichannel strategy, covering a range of offline and online channels. These strategies allow you to react to customer behaviors to deliver timely, tailored communications and increase your customers' lifetime value (LTV).

Digital activation is a critical part of any contemporary marketing strategy. Having brought all the right data in, having gotten it right and turned it into insights, making sure it makes a difference to the customer is fundamental.

There are so many digital marketing and publishing platforms, and many offer further data points, often "in the

moment/real time." These can be factored in to make all the difference to the people seeing the marketing, whenever and wherever they choose to interact with you.

Additionally, understanding your impact and ROI is essential to the continued optimization of your strategy. By providing closed-loop reporting, you move away from assigning revenue to the final step in the conversion. You can rely on an attribution model instead, understanding the impact each of your messages has on your customers as the journey culminates in a transaction.

This lets you enhance their experience by focusing on channels that had

greater impact, further optimizing your marketing spend.

By using your data in the right way, you can focus on becoming more customer-centric, allowing you to deliver on people's expectations and when they decide to make that relationship with your brand. This way, you can ensure your marketing brings real value and return, not only to your customer but to your business as well.

The promise of data-driven marketing has been obvious to all of us for years. There's no question that more personalized, relevant and seamless customer experiences benefit both customers and brands.

The steps sound simple – get the right data, get the data right and use it in the right way. But until now, the execution has been harder than it should be. We've been hampered by silos and data fragmentation, by changing privacy legislation, differing data sets and innumerable new technologies in our pursuit of delivering the perfect customer experiences.

By focusing on the fundamentals and getting the basics right, we can create effective customer journeys, informed by data.

By collecting the right data, creating a unified data layer across the entire organization and

working with partners to leverage and activate the right second- and third-party data safely and securely, marketers can pull this off.

You can deliver on-point personalization, accurate targeting and optimize your measurement across channels. And ultimately, you will drive customer satisfaction, revenue growth and improve your margin. Everybody wins.

But there's no big trend you need to capitalize on to do it. You just need to focus on the fundamentals.

The Ideal Customer Experience is Within Reach.

About Us

We're Acxiom. We commissioned our 2019 state of data-driven marketing research from Savanta to dig into what marketers and data influencers in the Retail, Consumer Packaged Goods, Automotive, Financial Services, Travel, Insurance, Health, and Sports, Entertainment and Gaming industries were struggling with when it came to data. This eBook addresses the retail insights that came out of that.

We've been helping the world's best marketers and advertisers get more out of their data and technology for 50 years. We deliver data foundations through data products, identity management, marketing solutions and services, helping clients create the seamless, relevant and meaningful customer experiences marketers dream of.

Let's talk. Email us at info@acxiom.com