



# Working With Customer Data: From Collection to Activation



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Companies today are swimming in customer data. This data is critical for both creating engaging customer experiences and delivering substantial results from marketing efforts.

Despite the sheer quantity of data companies have on hand, many struggle to transform that data into insights and actions that accomplish actual business goals.

In this e-book, we will describe in detail the four phases of customer data management – **collection, unification, analysis and activation** – and how companies should approach them. Along the way we provide concrete recommendations on getting the most out of your customer data.





# Harnessing Customer Data:

## The Four Stages

# Stage 1: Collection

The first step in working with customer data, naturally, is to collect it. The customer data you collect will fall into three categories:

## Profile data

**Profile data**, in its most basic form, consists of customer names and contact information. Of course, based on the type of business you're in, there may be other relevant data you want to include as part of a customer profile — job title/function, age, marital status, geography, product preferences, response rates and so on. Profile data can also include customer service information, such as complaint and query data or feedback on products and service. Organizations may also pull in other types of data to continuously update and expand a customer profile.

## Engagement data

**Engagement data**, sometimes called behavioral or event data, consists of events initiated by the customer. This data includes:

**Website and mobile app interactions** such as site visits, pages browsed, app use, traffic sources, store visits, most frequently viewed pages and app features the customer has used.

**Social media engagement** such as likes, shares and replies. This would also include email engagement, which consists of opens, forwards, click-throughs and other actions taken.

## Transaction Data

**Transaction data** includes conversion data, purchase history, favorite channels of purchase, average order value and customer lifetime value. This data may also include details from customer loyalty programs and subscriptions.

**These three types of data are all first-party data because companies collect it from sources they own: websites, apps, POS terminals and so forth. It can also be collected by employees in contact centers or retail locations.**

Data collection is an ongoing activity, which means that the quantity of data collected steadily grows. But no matter how much data you collect, you can't analyze or use it until you have cleaned it up.

**We call the process for doing that “unification.”**



# Stage 2: Unification



**Data silos are the reason that data must be unified.** Any platform or solution that you use to collect data – your e-commerce platform, your marketing automation platform, your call center platform – can become a data silo if there is no easy way to share that data across solutions. This is additionally harmful because of the risk of duplicate identities, which causes marketers to be unable to get clear insight regarding the size of their marketing database, accurate customer segments or information regarding transactions. This hinders the effectiveness of any marketing that relies on this data.

**Creating a single view of the customer in a persistent, continuously updated database functioning as a master customer record is the goal of data unification.** This is one reason that data unification effectively results in the elimination of data silos.



# What is a CDP?

A CDP (Customer Data Platform) is a marketer-controlled system that unifies data into a single customer view.

Traditionally, CDPs are geared to large, omnichannel brands in need of a platform with advanced capabilities to meet their

complex needs and help marketers get the most out of their first-party data. While there are B2B use cases for CDPs, this technology was first built for the B2C world. The term “Customer Data Platform” was coined in 2013 by David Raab, who later founded the CDP Institute.



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A CDP enables you to combine structured and unstructured data to deliver a unified customer view.

Unifying the data in order to make it usable involves several steps, all of which a robust customer data platform can perform.

### 1: Cleanse and Validate the Data

**Systematically cleansing data** means that users can rely on it as a single source of truth without worrying about its validity. Data cleansing can include standardizing contact records, genderizing names, validating postal addresses, checking emails for proper syntax and ensuring phone numbers are standardized and corrected to U.S. or other geographical formats.

### 2: Stitch and Enrich the Data

**Once you have standardized and validated the data**, you need to start connecting the dots, a process called “stitching.” Part of stitching involves bringing different types of data together into a single customer record, including attaching third-party data to customer records. Once third-party data is connected to the master customer record, you should be able to use all the record’s attributes (name, email, address, etc.) for reporting and segmentation. The stitching step leverages data to pick the best value for various attributes. For example, if a contact has five emails, this step will eliminate the emails that are invalid or unsubscribed, selecting the most recent subscription or the email that opens the most, based on a company’s preference.

### 3: Dedupe the Data

**As mentioned, duplicates can and will** show up in your database. In the interest of operational efficiency and a better customer experience, these duplicates need to be identified and removed.

Ideally, your CDP will support multiple methods of deduplication and be capable of both deterministic and probabilistic deduplication, using exact and fuzzy matching on combinations of customer attributes that support a variety of match algorithms. This latter capability ensures a full and accurate view of customer activities, even if there is initially only a partial profile match.



# Stage 3: Analyzing Data



Once your data has been unified, you can begin mining it for the insights you need for effective marketing activation. There are a number of things that data analysis should tell you about your customers both on the individual level and at the aggregate level.

The following are goals that effective data analysis should help you achieve:

- Improving marketing ROI
- Boosting return on ad spend (ROAS)
- Decreasing call center time on calls
- Improving upsells through the call center
- Improving sales margins and profitability
- Improving customer retention, loyalty and conversion
- Improving customer lifetime value (LTV)
- Moving single-channel customers to multichannel (which creates higher LTV)





**Data analysis helps you achieve these goals by providing answers to the following questions:**

- Who are my most valuable customers? What are their specific attributes? What other customers resemble these customers but are not yet as engaged with my brand as they should be?
- Which customers are most likely to churn? What offers or other actions have effectively prevented churn?
- How likely is a particular customer to buy? Which customers need a targeted offer to drive conversion?
- How can I reactivate non-buyers? How can I reverse shopping cart abandonment?
- How can I most effectively segment customers to ensure the success of offers and campaigns?



To provide just one more example of the impact data analysis can have, consider this. Clarks, a customer of Acquia CDP and major shoe retailer, wondered how much online advertising influenced in-store traffic.

**By connecting the dots between online activity and offline behavior, Clarks was able to attribute 15% more revenue to online advertising than previously assumed.**

Analyzing data to unlock insights like this might sound challenging, but you don't have to be a data scientist to do it. In fact, all of this can be done in-house using a robust customer data platform (CDP).



## CDP Capabilities: BI, machine learning and data sharing

When it comes to the tools you can use for data analysis, there are a number of options, from standalone BI tools to analytical capabilities built into your customer data platform.

For companies with data science teams or expertise, **an enterprise-grade CDP uniquely provides the ability to directly query data and share it with external BI tools**, allowing data scientists to move between applications both quickly and easily.

The most powerful technology currently at the disposal of data scientists, marketers and others who analyze customer data is **machine learning**, a unique component of artificial intelligence particularly suited for pattern recognition and behavior prediction. A robust CDP allows for the building of custom machine learning models on top of cleansed, deduped and processed data.

The results of these custom models can also be fed back into the CDP and used in campaigns, reports and dashboards. A capable CDP also provides out of the box clusters and models that can be leveraged from day one.

A great benefit of machine learning is that **it can provide insights** without solely relying on historical data. An example of this is the creation of category-based clusters.





While marketers traditionally had to rely on historical transaction data to get an accurate prediction of what customers might buy next, with machine learning, you can intelligently cluster based on their complete profile. By comparing the behaviors of customers who have bought certain products with the behaviors of customers who share their attributes, you can identify a broader range of customers than possible based on historical data alone.

**Thanks to its ability to work with large amounts of data and pattern-recognition powers, machine learning can reveal:**

- Who is likely to become one of the very best customers
- Customers most likely to churn
- More accurate segments
- Product affinities
- Where to place your next store or which neighborhoods you should consider investing in

Utilizing this technology, the CDP makes predictions around likelihood to engage, buy and convert, creates personas around product clusters, category clusters, seasonal clusters and behavioral clusters, and drives improved personalization around next best product, next best action and optimized send time for promotional emails.

Another unique tool found in an enterprise CDP is the ability to segment customers granularly and analyze the same group of customers over time — both of these tools help marketers get answers about their customers, fast.

# Stage 4: Activating Data



Of course, marketers are not in the business of **collecting, unifying and analyzing data**. They are in the business of driving revenue and growth. For this reason, all of the activities just described must culminate in data-driven action.

Broadly speaking, **activation of data supports hundreds of use cases across digital advertising, customer experience and outbound marketing scenarios.**

**Two benefits brands experience when using data to support these use cases are:**

1. More effective personalization
2. Increased operational efficiency



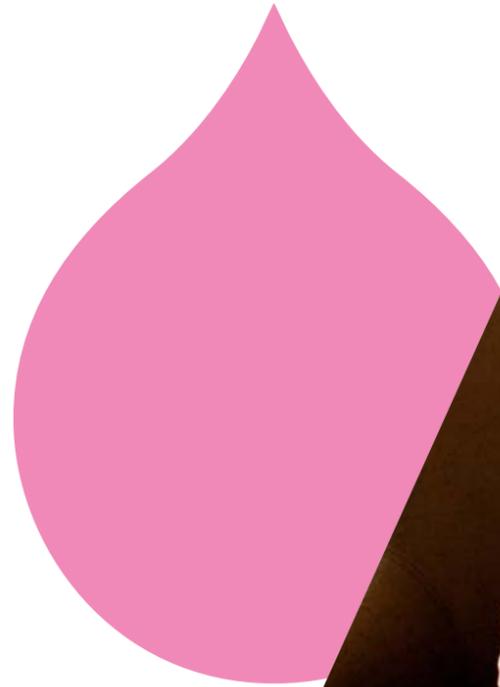
# More Effective Personalization

**The three key elements you can personalize in your marketing communications are messaging, content and offers.**

Consumers tend to associate personalization with the web experience – welcoming a return visitor by name, providing status updates on orders, content or product recommendations based on past behavior – but personalization should happen across all channels: email, SMS, direct mail, advertising and so on.

Such personalization plays a critical role in customer service contexts. For example, customer service reps need to know as much as they can about the person they are speaking with.

- **Are they a high value customer?**
- **Are they a member of the loyalty program?**
- **Have they had issues with other products or specific stores?**
- **Have they been trying to resolve an issue using a different channel for the last few hours?**





A strong CDP can help customer service representatives better serve the customer by answering these questions. Additionally, machine learning can and should help in customer service interactions by suggesting “next best actions” for service reps based on the customer’s issue and their specific profile.

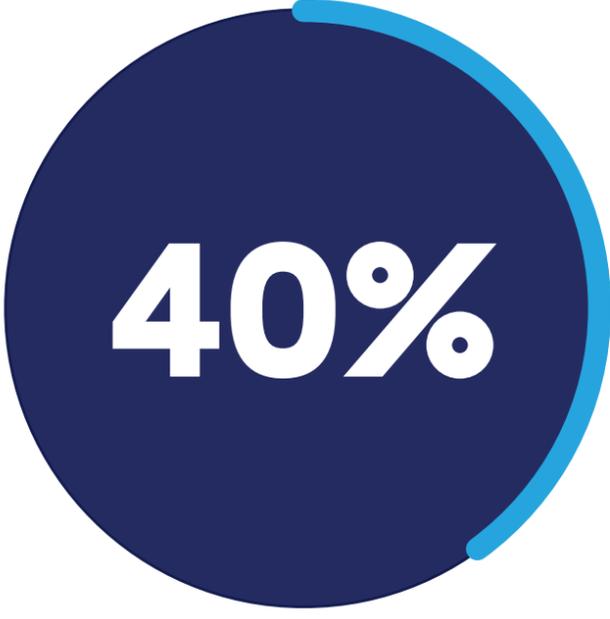
**Personalization can also fuel improved marketing performance.**

Consider the personalization of offers; 53% of retailers say that the “always on” culture of discounting negatively impacts profits and 40% of consumers say constant discounts make the brand seem cheap and unfashionable. Focusing on likelihood to buy based on machine learning-aided data analysis, you can withhold offers from those who will purchase anyway, offer a small discount to those who are already likely to convert and offer full discounts to those likely to churn.

Personalization is about more than calling someone by name. Personalization by cluster segment, personalization by geography or personalization by store preference can all drive meaningful results for marketers.



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## Improving margins and increasing revenues with personalization

Moosejaw.com, an outdoor retailer, has been able to raise email revenue by **9%**, decrease customer acquisition costs by **10%** and improve margins **30%** by personalizing offers. They are now able to utilize lifetime value, personalization, segmentation and customer profiles to bring their brand personality seamlessly into their customer journey.





# Increased Operational Efficiency



**There are a number of ways that the proper collection, unification and analysis of data can improve operational efficiency, from the more efficient discounting we just described to a reduction in direct mail spend through effective deduping and clustering.**

The greatest gain in efficiency provided by a CDP, involves the dramatically reduced time it takes to perform typical marketing functions, such as pulling lists to support marketing campaigns. Before running a Facebook or email re-engagement campaign, for example, a marketing team without a CDP has to reach out to IT, an agency or a third party to pull a list of customers likely to churn. It can take an external team weeks to pull that list,

wasting time creating a list that will inevitably be outdated. With a CDP, the marketing team can **pull the list itself and execute the campaign as quickly as it wishes.**

With direct marketing access to unified data, **you can deploy campaigns in a matter of minutes rather than days.** No more asking internal teams to pull lists, allowing everyone to spend more time doing what they do best.





# Continue Your Customer Data Journey

## Proper management and activation of customer data is essential for effective marketing.

Collecting data, which most companies do by default today, is not enough. That data needs to be unified so it can be analyzed, and analyzed so that it can be put into action.

Understanding and activating data is an ongoing marketing imperative. Using the right tools, such as a sophisticated and ML-powered CDP, makes the process of bringing your data to life easier and the results sustainable.

**To continue on your journey, complete the checklist on the next page.**



## 5 Key Questions to Ask About Your Data

Marketing performance and effectiveness depend on data. To ensure that you understand your data and can truly unleash its potential, ask yourself these questions:

- Is all your data in one place?
- Is your data always accurate and up-to-date?
- Can you easily access data when you need it?
- Can you identify your very best customers?
- Does your data help you improve customer experiences and drive revenue growth?

If you answered “No” to any of these questions, find out how utilizing a robust CDP can help you turn things around with a [free demo](#).



# Acquia

ACQUIA.COM

## About Acquia

Acquia empowers the world's most ambitious brands to create digital customer experiences that matter.

With open source Drupal at its core, the Acquia Digital Experience Platform (DXP) enables marketers, developers and IT operations teams at thousands of global organizations to rapidly compose and deploy digital products and services that engage customers, enhance conversions and help businesses stand out.

