CDP USE CASES FOR RETAIL

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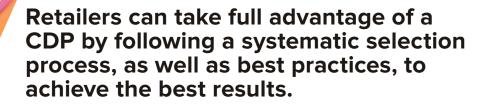
INTRODUCTION

Retail has undergone a revolution in the past thirty years, from barely knowing customer names to potentially tracking every mouse twitch and product glance. For consumers, the result is high expectations for seamless, personalized experience at every stage of the relationship. For marketers, the result is pressure to apply the right technology to meet customer needs in an efficient, profitable fashion.

But picking technology isn't something most marketers are trained to do. At best, the result is frustration, anxiety, wasted money, and missed opportunity. At worst, careers and companies can be destroyed. Learning to manage technology is now as essential to retail success as learning to pick locations, select merchandise, and set prices.

Retailers can take full advantage of a CDP by following a systematic selection process, as well as best practices, to achieve the best results.

Picking technology doesn't have to be stressful. It can be reduced to a systematic process that requires work but faces minimal uncertainty. In simplest terms, it boils down to three steps: deciding what you want to do; deciding what capabilities you need to do it; and finding the best technology to deliver those capabilities.

Selecting a CDP is no different from selecting any other technology. CDPs support every stage of the customer relationship, from acquisition through retention. But knowing this isn't enough: buyers need to know what value a CDP will add to their company. In other words, what will be possible with a CDP that isn't possible without one? The value of those added activities is the value of the CDP.

CUSTOMER DATA PLATFORM INSTITUTE

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CDP Use Cases:

– Acquisition
– Growth
– Retention
– Optimization

CDP Best Practices:

– Planning
– Technology
– Organization

CDP USE CASES

Exactly what activities the CDP will add depends on what capabilities your firm already has in place. Because most firms lack a unified customer database, making unified data available is nearly always part of the CDP's incremental value. CDPs also often make it easier to deploy analytical, personalization, or orchestration features that use the unified data. Each of those enhancements adds value of its own.

These activities made possible by the CDP extend across all types of marketing programs.

1. Acquisition

Ad Targeting
Analyzing the current customer base as stored in the CDP gives insights into the company's best customers. These insights can help to target new advertising through look-alike campaigns (finding prospects similar to customers selected from the CDP), geotargeting (finding prospects in areas where current customers are concentrated), and expected value (using predictive models based on current customer data to estimate the future value of possible ad targets).

Reaching Anonymous Customers
The CDP can enable programs that make anonymous prospects reachable for future promotions. Such programs may include matching the company's own Web browser cookies against advertising network cookies; linking email addresses to the devices where email is read; running programs to capture email addresses such as online contests or offers to email purchase receipts; and linking known customer IDs with history collected when those customers were still anonymous.

Adding New Audiences
The CDP provides a platform for audience extension programs such as second party data promotions (comparing customer lists between two companies and making a special offer to customers who are not already shared) and friends and family promotions (giving current customers a special offer to share with people they know).

2. Growth

Segmentation
The CDP can define customer segments based on spending level, product categories purchased, estimated future value, demographics, appending external data, channels used, pages visited, and other data it has captured. Messages can then be tailored to each segment and deployed in any channel that connects with the CDP system: email, Web site, mobile app, call center, point of sale display, clienteling systems, and more.

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Personalization
CDP data and analytics can move beyond segmentation to personalize messages at the individual level. Applications include recommending products, suggesting pages to browse, offering home delivery only where available, sending birthday greetings, presenting personalized discounts, and identifying the best product categories to cross-sell.

Traffic Generation
The CDP can combine data from multiple sources to find each customer's closest store and build a history of store visits. It can use this data to make special offers to online customers who have never visited a store, to promote in-store events, to offer ship-to-store options, to highlight amenities such as free wifi, to track participation in in-store promotions, and to offer rewards based on the anniversary of the customer's first store visit or making a second in-store purchase.

3. Retention

Retargeting
The CDP can transfer information about customer behaviors from one system to another, enabling retargeting across channels. Typical examples include Web display ads following a Web site visit; email messages after an abandoned shopping cart; and, social media ads following a store visit. The CDP can also measure the results of these programs by tracking subsequent visits and purchases.

Customer Service
The CDP can give call center agents a complete view of each customer's history, including data not stored in the call center system itself. Analytical features can recommend next best actions to call center agents and in-store sales associates. The CDP can also generate lists of top customers by store for outreach by store managers, personal shoppers, or sales associates.

Churn Reduction
The CDP's complete view of customer history across channels enables marketers to distinguish customers who have stopped shopping from those who have simply switched channels or stores. The CDP can also flag behaviors that indicate high churn risk, such as complaints, abandoned chat sessions, excessive returns, reduced store or Web site visits, cashing out of loyalty points, and unopened emails. Having all this data in one place lets the CDP analyze combined signals from multiple sources, enabling it to identify churn risk sooner than systems that view data from each channel separately.

4. Optimization

Marketing Optimization
CDP data and analytics can help marketers get the best value from their spending. CDP data can connect acquisition source to subsequent purchases, so program evaluation is based on value of new customers as well as the number acquired. Advanced analytics lets marketers estimate which customers are likely to purchase without a discount or to renew without an incentive, so unnecessary offers can be avoided. Other analytics can determine the optimal communication frequency for each individual, enabling the company to send more revenue-generating messages to people who want them without annoying those who don't.

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BEST PRACTICES

Most retailers have no problem coming up with CDP use cases. It's harder to know where to start and how to get the most value. Here are some best practices that others have found useful in managing their projects:

1. Planning

Put Customer Value First
Customers are willing to share data in exchange for things they value, including convenience and savings. They are rarely enthusiastic about receiving targeted advertising, even though they often respond to it in practice. Avoid personalization that lacks a clear customer benefit. In most cases, it's better to quietly provide targeted treatments without explicitly stating that offers have been tailored based on the customers' personal data. When you do use personal data, be sure to give customers control over what's collected and how it's used.

Define Needs Based on Goals
When selecting CDP use cases, start with programs that are consistent with over-all business strategy and that offer the highest value. Then define the specific capabilities needed to execute those use cases, determine where the gaps are in your existing resources, and look for a CDP that fills those gaps. This will ensure you end up with a CDP that fits your needs, not simply one that has the most over-all features, the most appealing interface, or the best sales team.

Deploy Incrementally
Carefully plan the sequence of CDP projects. Most companies start with analytic programsthat involve limited data from a handful of sources, such as customer journey analysis. These can be expanded over time in all dimensions: more sources, more data elements from current sources, and more demanding applications. A common sequence is predictive modeling followed by outbound campaigns followed by real time interactions. Your sequence will depend on what's currently available in your organization.

2. Technology

Check Source Data
Make sure your source systems collect the data you need, that the quality is adequate, and that they can make it available to the CDP in suitable formats and as quickly as required. Older systems and custom-built systems in particular may impose limits on what they can do and how easily they can be modified to meet new requirements. Real-time access is especially likely to be a problem, so look very carefully if your use cases require it. Data quality is often the biggest obstacle to initial CDP deployment, so take a close look at your existing data early in your process. Check for completeness, currency, accuracy, and consistency. Recognize that different use cases need different data, so don't assume you can't deploy the CDP unless your data is perfect.

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Check Delivery Systems
Make sure that delivery systems will be able to connect to your CDP to take advantage of its contents. Again, older and custom systems may not have been designed with this in mind. Find whether delivery systems need the data to be presented in specific formats and add those to your CDP requirement list. If you have a real-time use case, make sure the delivery systems can ingest and activate CDP data in real time. Note that even systems which are designed for real time interactions may not support real time data ingestion.

3. Organization

Address Organizational Issues
Many CDP use cases require new levels of cooperation across channels and departments. Work with those groups to make sure they are ready to collaborate when the CDP is ready. Also consider other organizational issues such as budgets, staff skills, and management support.

Measure Against Long-Term Metrics
CDPs allow retailers to move beyond immediate metrics such as click rates and store traffic to long-term measures such as lifetime value by customer. Managing to optimize those metrics enables retailers to optimize the effectiveness of their marketing investments, ensuring they get the most value from the CDP program.

Look for Vendor Fit
Some CDP vendors are retail specialists. These firms will have connectors to common retail systems, data models tailored to retail applications, reports and metrics for retail analytics, prebuilt campaigns for retail use cases, and staff that understands the retail industry. While general purpose CDPs are often applied successfully in retail, a specialist may smooth your path to success.

SUMMARY

Complete, accessible customer data is essential for success in today's retail industry. Customer Data Platforms are an important tool for developing and deploying such data. But there are many types of CDPs and choosing the right one is essential. Retailers who want to take advantage of a CDP should follow a careful, systematic process to ensure they select a system that fits their needs and should follow best practices to deliver the best results.

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