

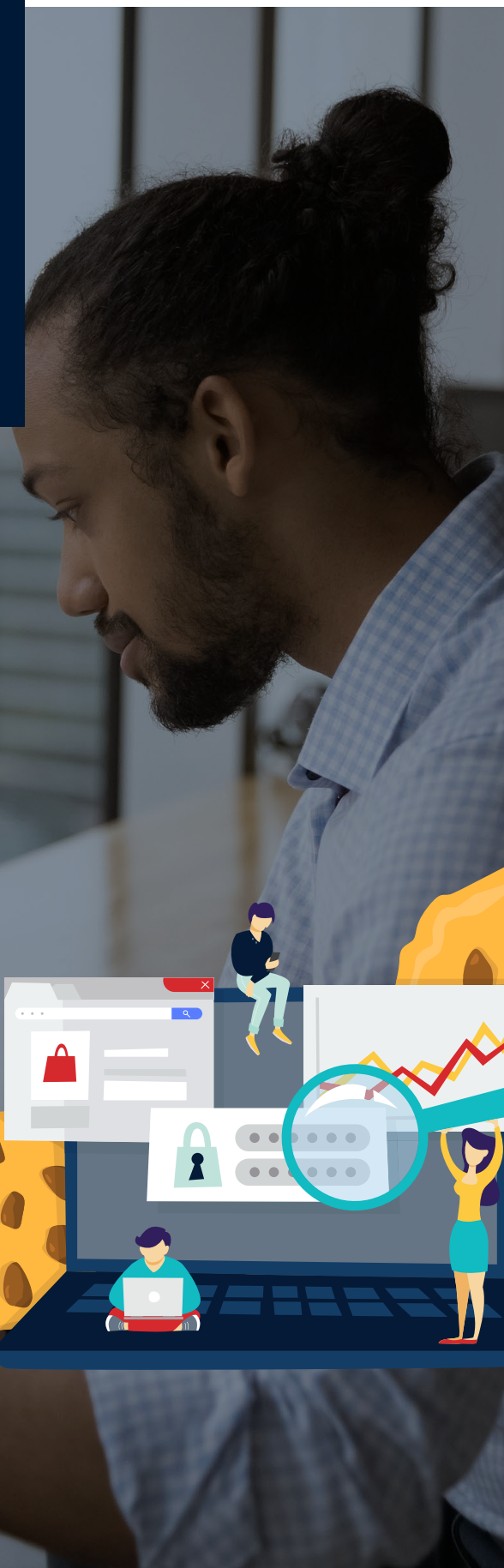
BUILDING A MARKETING & PERSONALIZATION TECH STACK:

PLATFORMS AND TOOLS
DRIVING ACQUISITION
AND RETENTION

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TECH GUIDE





INTRODUCTION

Whether due to economic uncertainty, shifting consumer behaviors, increasing competition or all of the above, retail marketers are under tremendous pressure these days. And that's not to mention the looming specter of data deprecation.

By 2024, all major web browsers will have phased out third-party cookies. In fact, the U.S. ad industry has already lost “approximately **50% to 60%** of the signal fidelity from third-party identifiers,” according to the Interactive Advertising Bureau (IAB). This, combined with **increasing restrictions** on data collection and usage is driving **a fundamental shift in the way brands engage with consumers** and inducing a fair amount of panic among marketers.

Nearly **50%** of senior marketing executives in a recent survey by **Lytics** said they **anticipate a large financial impact on marketing ROI** as a result of the end of third-party cookies, driven in large part by marketers' over-reliance on the tracking tool. In fact, **86%** of marketing decision makers surveyed by Lytics said their current digital marketing and advertising is reliant on third-party cookies, while **52% of retailers** said they were *completely* reliant on them.

This moment of reckoning presents marketers with the chance to course correct back toward their consumer, aided by a vast range of technology solutions now available for that very purpose. Those solutions are becoming increasingly essential to marketers, evidenced by the fact that B2C spending on marketing technology (martech) in the U.S. is estimated to hit **\$14.54 billion** this year, according to **Insider Intelligence**.

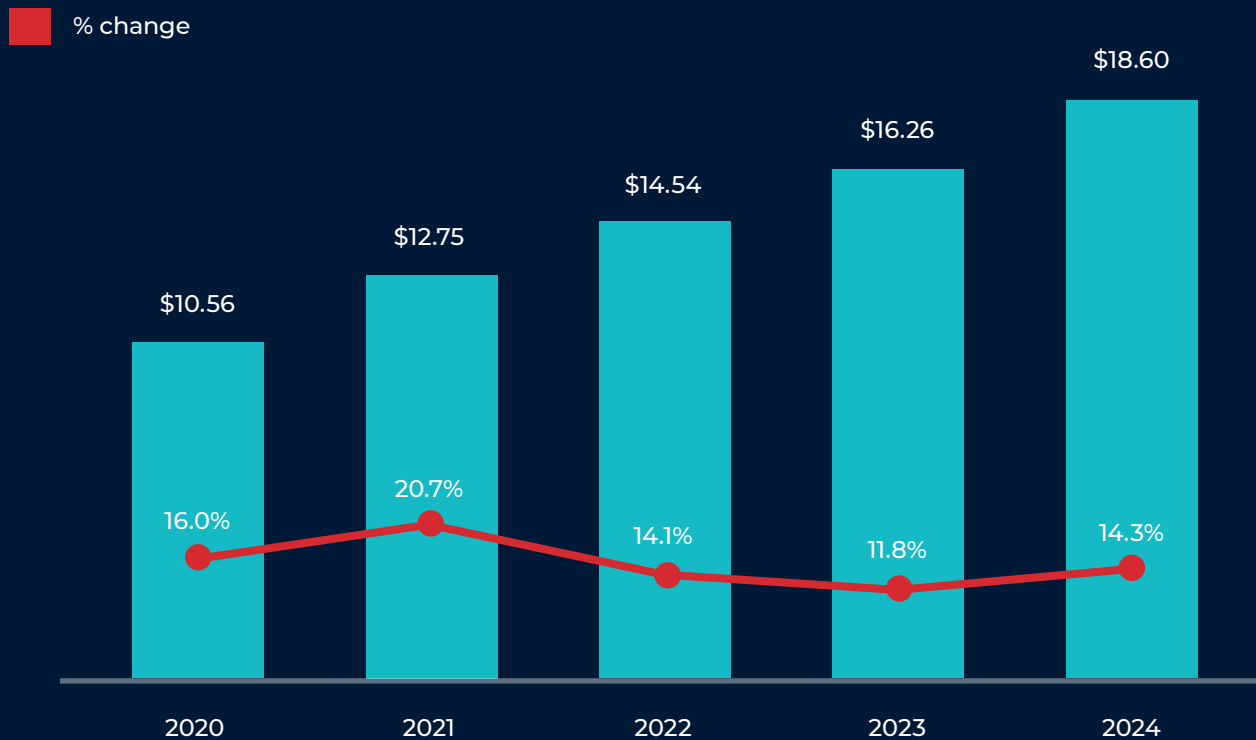
“**Martech has become a strategic investment for organizations**, enabling companies of all shapes and sizes to manage and build relationships with consumers,” said Dave Frankland, Principal Analyst and Marketing Desk Lead at *Insider Intelligence* in a recent [webinar](#). “Consumers expect more from their interactions with brands, and every interaction that a consumer has raises their expectations for the next interaction, whether it’s with [the same] brand or another one. For marketers to keep up with consumers’ expectations requires ongoing investment in customer understanding via data management, analytics, as well as interaction solutions.”

Among the key areas that marketers will be investing money (and time) in as they prepare for this new era of marketing are:

- Tools that enable **data management and effective decisioning**;
- **Enhancing personalization** across all points of the consumer journey; and
- **Post-purchase engagement, retention and reactivation** (also a crucial moment to collect that increasingly important zero- and first-party data).

U.S. B2C Marketing Technology Spending, 2020-2024

In billions

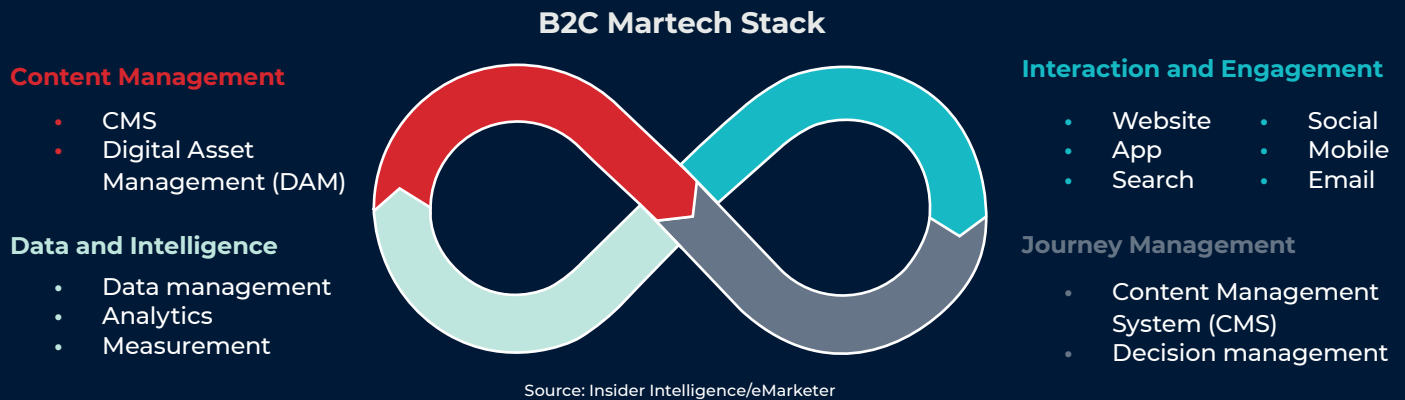


Note: includes spending by companies on software or other technology that enables and facilitates marketing functions; excludes spending on hardware and spending on professional and agency services and consulting

Source: eMarketer, Aug 2022

DATA, DATA EVERYWHERE: LOOKING BEYOND COLLECTION TO MANAGEMENT AND DECISIONING

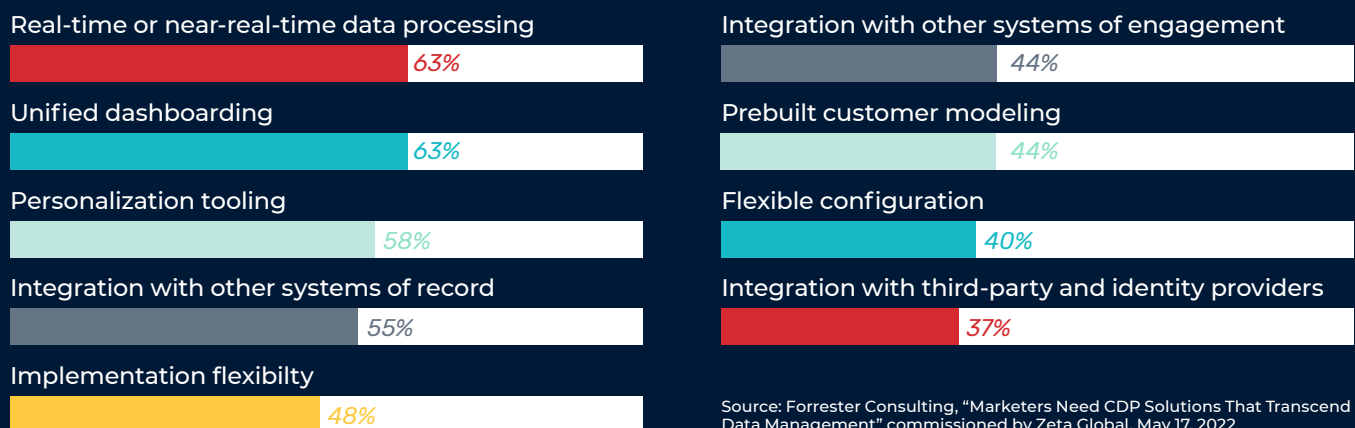
Data is the name of the game these days, and there is more of it to go around than ever before — so much in fact that **managing data quality is one of marketers' biggest challenges today**, according to a recent **Forrester** pulse survey. It should therefore come as no surprise that tools to help manage and use that data are a top area of investment.



“A whole confluence of circumstances has pushed data, and more importantly the insights that they drive, to the core of marketing,” said Frankland. “But data management is extremely difficult and has driven a lot of investment — marketers have to ingest a vast array of data from a very broad range of sources in many different formats, and before they can think about doing anything that’s relevant or personalized for consumers that data has to be compiled into universal profiles.”

For that reason, a **customer data platform (CDP)** has become a critical tool for marketers. Increasingly, AI and machine-learning tools layered on top of that CDP are also becoming key to help marketers make the right decisions about what to do with that data in real time. **“With the increased emphasis on performance and ROI across marketing, the value of making that right decision has never been higher,”** said Frankland.

Customer Data Platform (CPD) Capabilities that are Most Important to Meeting Customer Data Goals, According to U.S. CDP Professionals



“In a world where the costs are going up and there’s more competition in a finite number of channels, if you can’t affect the cost, you have to increase your response rates, your conversion rates, the dollars per conversion and repeat buys — a laser focus on those performance variables is so important right now,” said Tom Zawacki, President of **Axle Agency**, the marketing consultancy arm of data insights firm DataAxle, in an interview with *Retail TouchPoints*. “For instance, if you’re looking at cost per acquisition (CPA), whether the costs are going up or not, if you can increase the performance of your other variables you can still maintain your CPA. **That refinement of how we’re using data and modeling to be smarter is critical.**”

This level of data management and decisioning isn’t possible without a suite of technical solutions, but it is also critical that those solutions are fully integrated with one another so that the left hand knows what the right is doing.

“The importance of integration is near the top of every survey we see and every conversation we’re having with marketers,” said Frankland. “And that’s integration with other enterprise solutions, not just within marketing — working from a single source of customer data with customer care or product or other aspects of the business and having that universal profile of the consumer.”

Taking this critical step to **optimize your tech ecosystem** can have a huge impact on business performance, said Zawacki: “On average our retail clients have about **15** ecosystem partners that make up their world, and they’re activating programs across about **14** different channels,” he said. “Think about the moving pieces of all that. If you’ve got a CDP you’ve got to make sure that the CDP is talking to the CRM [customer relationship management] system, that the CRM is sending the right triggers out to the email service provider [ESP], that the ESP is sending a feedback loop of responders to your DSP [demand-side platform] and so on. **There’s so much low-hanging fruit in just optimizing the existing ecosystem that then leads to eliminating media waste, better response rates and better customer service.**”

All these various solutions can go a long way in helping marketers, and executives across the retail organization, harness the power of their data, but as with any tool they are only as good as the person using them. Lytics’ survey found that **57%** of C-level marketers expect they are going to have to use new systems or software as they move into the post-cookie future.

“It’s kind of like saying I just bought a Lamborghini, but there’s no gas in it, and I don’t have a driver or a mechanic to keep it going,” said Frankland. “The promise to understand your customer and use that to do one-to-one marketing — right message, right time, right channel — is there, but it takes a lot of work to get there, and we can’t underestimate that.”

“Oftentimes it takes a long time to bring tech to life and realize the value,” added Tierney Wilson, SVP at digital marketing consultancy **January Digital** in an interview with *Retail TouchPoints*. “It’s not ‘We use this tech and we see the benefit tomorrow.’ It’s a long-term mindset change in how you run your business and **the benefits will come in six, 12, 18 months** — you have to have the appetite for that amount of time.”



“Let’s go from just being good data collectors to being really proficient in identifying the *right data* and how to bring that data together in a way that gives us that singular and actionable view of the customer.”

— Adam Justis, Adobe

Another streamlining tactic amid the alphabet soup of tech solutions and steady influx of customer data is focusing only on collecting the data that you actually need. With so many rich data sources available it can be hard not to get gluttonous, but that can just make your job harder in the end. Adam Justis, Senior Director of Product Marketing for Digital Experience at **Adobe**, recommends **“collecting data that will give you context** when a customer presents themselves,” he said at a **recent webinar**. “Let’s go from just being good data collectors to being really proficient in identifying the *right data* and how to bring that data together in a way that gives us that singular and actionable view of the customer.”



ENABLING CUSTOMER-CENTRIC, DATA-POWERED PERSONALIZATION

One of the most powerful uses of all that data (especially once it's integrated to create a singular customer profile) is to personalize customer interactions. Personalization technologies are one of the hottest areas of investment among brands and retailers, according to [Forrester's Retail Trailblazers](#) report, driven in part by the fact that the majority of customers (**52%**) now expect offers to always be personalized, according to [Salesforce](#).

There are business benefits beyond meeting consumer expectations as well. An Advanis survey commissioned by Adobe found that organizations that personalize their messaging see an ROI of **20X** for every dollar spent, and personalization has also been found to improve **customer loyalty, retention** and **conversion rates**. But successful personalization at scale is complicated, compounded by the fast pace and always-on nature of today's media environment.

"A big theme of the research I've been writing about recently is **this move that marketers need to make from a 30-second world to an eight-second world**," said Frankland. "That's the attention span of Gen Z. But that requires a change in everything — it's understanding what's in the zeitgeist right now because you can't jump on a meme two days after it blows up. You need to be right in the conversation and [marketers] need technologies that allow them to be more agile."

Some of those technologies include:

- A **content management system (CMS)** that supports a variety of digital assets, from images to video, and optimizes those assets for different screen sizes. Wilson added that solutions that support **dynamic creative** are also key — that is, creative in which the individual elements like specific text or images can be personalized — to become "a first-class personalization brand";
- A **digital asset management (DAM) system**, which supports things like content reviews and approvals; and
- **Automation** facilitated by AI and machine-learning technology to help decide the best creative, timing and placement for a specific customer.

“Artificial intelligence has been around for a long time, and in the world of marketing it’s been used quite a bit for segmentation and analytics, but in the last **18 months** or so it’s starting to really expand beyond that,” said Frankland. “We’re seeing some really interesting work going on in the creative world, for example, you’ve **OpenAI’s DALL-E 2** and other things that are starting to gain a lot of traction.” (DALL-E 2, for reference, uses AI to generate images from natural language descriptions.)

Still, Wilson cautions marketers against relying too much on AI solutions: “I don’t think there’s any replacement for larger brand campaigns and communicating that emotion in a non-machine-learning way,” she said. “**Machine learning is important, but it’s not the reason we fall in love with brands.**”

With all the tools now available to marketers, the sheer variety of potential personalizations can almost be paralyzing, but Zawacki advised marketers to just keep things simple. “I think people overcomplicate personalization in a big way and that makes it really hard,” he said. “There’s [a sweet spot] between insanely complicated, one-to-one personalization and something that’s really effective for the consumer.

“Some of the keys we look for in personalization are, can we present something to somebody that **saves them time or makes them more productive?**,” Zawacki added. “So if you’ve already filled out a form on my website I don’t want to ask you all those questions again. Another is **showing their value** to the organization, so if you’re a platinum customer I want to treat you differently than if you’re a new customer that I don’t know as well. And then there’s **access value**, so can we give somebody access to something that others don’t have because of who they are. More and more consumers are expecting companies to know them, but it doesn’t have to be incredibly complicated to be successful.”





ZEROING IN ON THE POST-PURCHASE CUSTOMER

As the tracking tools and practices that marketers have relied on for years slowly meet their demise, many are shifting their spend to other channels where targeting and tracking is still possible, albeit more limited. Lytics found that **62%** of marketing decision makers plan to increase their spending on platforms such as **Amazon, Facebook, Instagram** and **Google** to hedge against the loss of the third-party cookie. As a result, the cost to advertise on those platforms is **skyrocketing**.

"In Google within programmatic we've seen the cost of advertising year over year is up **75%**, in Meta it's up **61%**, in TikTok it's up **185%**," said Wilson. **"When you see those stats it's clear you have to try something different, because if you just keep doing that same thing it's a race to the bottom.** So that means diversifying the channels that you're advertising in, but also diversifying your total marketing activations and looking at how you can use retention and loyalty differently."



"If you are able to acquire customers at that higher cost, you want to keep them and you want to keep them as brand advocates, not just passive consumers."

— Stephanie Conell, Extend

It's common marketing wisdom that it's infinitely more expensive to acquire new customers than retain the ones you already have, so marketers facing tight budgets and increased pressure are turning a fresh eye on the post-purchase phase of the customer journey. **"Loyalty is more important than ever,"** said Stephanie Conell, Senior Director of Consumer Engagement at post-purchase solution provider **Extend** in an interview with *Retail TouchPoints*. "If you are able to acquire customers at that higher cost, you want to keep them and you want to keep them as brand advocates — not just passive consumers. Brands need to be asking themselves **how to stay relevant in customers' lives once they're using the product, and how to continue to deliver good brand experiences even after a transaction is complete.**"

One of the most common ways to do this is through loyalty programs and memberships, but post-purchase services like the ones that Extend supports can also reduce churn and even increase consumer loyalty. “Retailers are going through a revolution in how they engage with their customers, moving beyond the funnel experience to **create loyalty loops**,” explained Anastasia Fullerton, Director of Marketing at Extend in an interview with *Retail TouchPoints*. “Merchants have kind of languished over the fact that they really only control part of their customer experience, and **so many of the important relationship-strengthening moments with your customers happen after the purchase.**”

Offering add-ons such as **product protection** and **shipping insurance** can not only give customers the peace of mind to make a purchase in the first place, but also allow a brand to intervene and correct issues that might keep them from returning. Post-purchase interactions present the opportunity to “**take these moments of potential churn where you might create a brand detractor and instead turn them into a champion or an advocate**,” said Fullerton. “That just continues to drive your profitability through referrals and repeat purchases.”

Mining your data for past customers that haven’t returned for a while and **reactivating** them can also be a potential gold mine for marketers, according to Zawacki. “When you refocus your lens onto those people who have not purchased from you for say a year, but who have purchased from you in the past, it’s in between that world of acquisition and retention,” he said. “Those people are incredibly high value.”

In the end, so much of what makes marketers successful today comes back to the effective use of data. “Right now a lot of marketers are actually pretty good at collecting data,” said Justis. “The challenge is being a bit more editorial in the data that you truly need, **identifying that signal-rich data that’s going to lead us to be more effective at delivering a relevant and even personalized experience to not one customer, but all of our customers** no matter where they show up.”



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Extend™

Extend, a leading modern Product Protection Platform, enables merchants to easily offer protection plans and deliver an elegant support experience to end customers. Through its AI-driven technology, Extend handles everything from offer merchandising and optimization, to replacement or reimbursement resolutions and delivering seamless end-to-end customer experiences. The company's API-first solution has reinvented the antiquated extended warranty and shipping protection industries by eliminating many of the issues customers face with legacy providers, boosting customer confidence and retention. Extend works with over 800 leading manufacturers and retailers across multiple industries such as electronics, furniture, jewelry, sports and fitness, auto parts, and more. Extend is backed by industry-leading venture capital firms and financial companies including SoftBank Vision Fund 2, Amex Ventures, Meritech Capital Partners, PayPal Ventures, GreatPoint Ventures, Nationwide, Tomales Bay Capital, Launchpad Capital, and 40 North. The company was founded in 2019 and is headquartered in San Francisco, CA.

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Nicole covers the retail industry at large with a focus on ecommerce, looking at digital innovation and the evolution of modern retail.