The New Playbook For Data-Driven Retail:
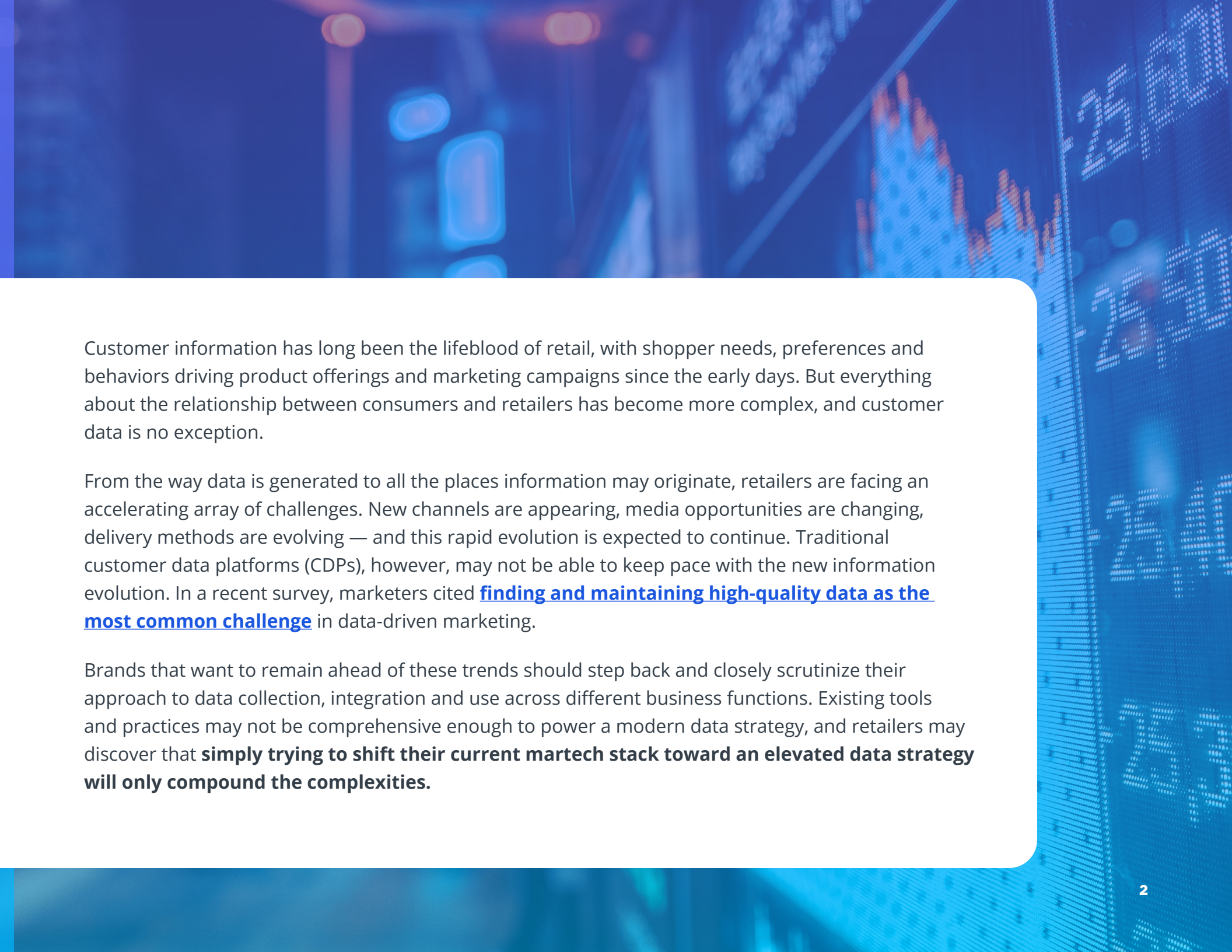
ARE THERE GAPS IN YOUR DATA STRATEGY?

TREASURE DATA

retail TouchPoints®

Customer information has long been the lifeblood of retail, with shopper needs, preferences and behaviors driving product offerings and marketing campaigns since the early days. But everything about the relationship between consumers and retailers has become more complex, and customer data is no exception.

From the way data is generated to all the places information may originate, retailers are facing an accelerating array of challenges. New channels are appearing, media opportunities are changing, delivery methods are evolving — and this rapid evolution is expected to continue. Traditional customer data platforms (CDPs), however, may not be able to keep pace with the new information evolution. In a recent survey, marketers cited **finding and maintaining high-quality data as the most common challenge** in data-driven marketing.

Brands that want to remain ahead of these trends should step back and closely scrutinize their approach to data collection, integration and use across different business functions. Existing tools and practices may not be comprehensive enough to power a modern data strategy, and retailers may discover that **simply trying to shift their current martech stack toward an elevated data strategy will only compound the complexities.**

Instead, an enterprise CDP solution designed to enable easy data integration, conduct deep data analysis and deliver timely insight is key to connecting internal teams through a shared strategy and delivering a unified customer experience.

In this e-book, we'll explore some of the factors influencing the need for a data reset. We'll also evaluate the broad application of data within retail organizations and offer actions brands should take right now to bridge their data gaps. You'll have the insight you need to create a data strategy that powers exceptional customer experiences and supports the expanded needs of tomorrow's retail operations.

Emergence Of Disparate, Disconnected Data Streams Drives New Urgency

The growing complexities within today's customer journeys have rendered yesterday's data strategies less effective. Just as many retailers augmented their initial portfolio of brick-and-mortar stores with an ecommerce presence as online buying took hold, new selling channels continue to emerge today and grow in popularity. From marketplaces and resale platforms to social commerce and livestreaming, customers have a vast selection of buying options.

But managing the buying stage isn't the only challenge for retailers. The variety of locations where shoppers find products has also ballooned. Product discovery is increasingly dynamic, with social media influencers, streaming platforms and even virtual reality gaming platforms now offering product promotion opportunities. That gives you more opportunities to connect with your target audience early in the shopping journey, but only if you have the data insight to create a compelling customer experience at each step.

The proliferation of walled gardens wooing shoppers is another element retailers must factor into their data transformation strategies. Amazon, with its Prime tier and range of offerings, is

one popular example. Customers can access so much content and so many products through the Amazon platform — streaming movies and a vast library of e-books coupled with a huge array of third-party sellers — that some no longer bother looking elsewhere for the items they want. The Amazon ecosystem is incredibly robust, and the temptations of convenience create another layer of challenge for brands vying for the attention of these captured audiences.

Customers discover products, research, buy and even post reviews of their transactions through a wider array of channels.

The result is an environment where brands need the ability to leverage data from a long list of disparate touch points, platforms and systems, with varying degrees of quality and validation. Tracking your customers across this growing field of engagement paths is inherently more difficult, with multiple data streams flowing from disconnected components across the retail landscape. **A modern CDP will let you consolidate these data streams with ease, and give you real-time, actionable insights to design and deliver relevant experiences** within a complex journey.

The New Playbook For Data-Driven Retail: Are There Gaps In Your Data Strategy?

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Shifting Consumer Pressures Add To Data Strategy Importance

A flow of customer-side worries further drives the need for better, richer and more comprehensive data. Heightened inflationary concerns are front and center for many consumers. That's why information gathering aimed at price-sensitive shoppers, for example, can enable brands to compete in an increasingly crowded (and discriminating) market.

In a recent survey, **92% of consumers** report that even slight price increases will prompt them to change their shopping behaviors.

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But worries about rising prices are just the beginning. Retailers also wonder:

- How will ongoing supply chain disruptions continue to influence consumers' buying habits?

- How can new, potentially untested channels, such as gaming presence and livestream, help influence the shopper journey?

- Do digital services such as virtual consultations hold additional revenue opportunities?

- Can crossover sales with a brand partner be optimized?

- Are there new ways to interact with customers through emerging trends like non-fungible tokens (NFTs) or indirect experiences (volunteering, reselling, recycling, etc.)?

Price increases, uneven product availability issues and expectations for less friction within the buying journey are just a few of the factors influencing how people browse, shop and buy. **Responding to these shifts** — and learning how to anticipate them as the customer journey continues to evolve — **requires holistic, accurate and timely data**. The right CDP enables you to leverage robust datasets, delivering the insight you need to quickly pivot as customers react to changing elements within their own environments.

Data: It's Not Just For Marketers Anymore

Just as the shopper journey has grown in complexity, consumers' evolving expectations are creating the need for new, more intricate actions across the business. Retailers must gain access to rich, accurate customer data as they work to meet the new needs of various functional areas within the organization. From marketing to customer service, in-store associates to online reps, **it's imperative that everyone in your organization has the information they need to engage customers from a position of knowledge.**

Developing a comprehensive customer profile is a top priority. When a shopper enters a store, you don't want an associate to miss opportunities to personalize their visit. It may seem like a home run to welcome a customer by offering shirts from the latest collection — in the shopper's size and preferred color, no less! But that approach is sure to fall flat if the customer

purchased the same product during a livestream hosted by your brand the previous evening. Such a glaring data gap could result not only in a missed sale; it could also damage your relationship with your most important customers.

You need the insight to engage in the most relevant contacts with customers, whether it's through a sales associate in-store or product recommendations on your website. Instead of showing a shopper the same shirts they bought last night, a CDP with advanced capabilities enables you to show your customer cuff links to go with those shirts, or trendy pants that will help complete their look. You can empower your service experts with information on the customer's transaction history and give online support team members key data about shoppers' preferences. You'll shift from losing a sale to driving LTV.

Develop A Lifecycle Strategy Built For Your Entire Customer Journey

A successful lifecycle strategy that spans a multitude of functional areas calls for rich, up-to-the-minute data. Monitoring key metrics and identifying engagement moments requires a CDP that can constantly update the customer profile to reflect new purchases and accommodate changing behaviors.

When a shopper buys a product, for example, or adds new colors of a popular item to their collection, that data should not only be available — it must also be easy to ingest and leverage as part of your optimization efforts throughout the post-transaction journey.

The right CDP will not only let you devise smart engagement moments based on data insights but will also make it easy for you to collect and utilize data gained from those moments. Examples of engagement opportunities include:

- Provide product recommendations based on a customer's complete history of interactions. It's a quick win that keeps shoppers on your site and increases order frequency.

- Dangle an attractive offer, such as a free shipping upgrade to price-sensitive shoppers, for those who are less likely to convert. You'll add to customers' LTV and boost conversions.

- Ask livestream attendees if they enjoyed the session and invite them to share their feedback with other shoppers. This builds community and demonstrates the value of your brand's events.

- Offer a discount on the customer's next shopping trip if they write a review for their most recent purchase. Peer reviews are incredibly powerful influencers and help other shoppers feel confident enough to try the product themselves.

- Provide a link where customers can upload real-world photos of their new products. You can drive user-generated content by asking shoppers to show off their look with their new purchase.

Just as the buying journey today covers more channels and touch points, the universe of customer actions, such as writing reviews or sharing, has also expanded. This affects the way brands set their presence and implement functionalities in these new environments. A well-designed CDP facilitates the growing realm of engagement points and contact efforts.

Map Your Data Sources And Management Techniques

Changes in shoppers' expectations around personalization will continue to have big impacts on the way retailers leverage customer data. Baseline actions, such as a basic marketing strategy, are no longer enough. Brands that want to rise above the crowd and connect with customers in a meaningful and influential way need to rethink where they are, what they stand for and how they compete. Determining your position (and positioning) will drive your marketing, communication and lead generation strategies forward.

With your competitive plan and positioning in place, it's critical to begin mapping your data. It's a granular exercise designed to establish core components of your data strategy. Ask yourself:

- Which systems interact with customers?

- Which data **is** collected now? Do all of our systems contribute to our data repository?

- What data **should be** collected? How does that list compare to our current collection practices?

- What data **can be** collected? Are there datasets out there that would be useful but might be difficult to get?

- How is data transferred across systems and presented to the end user?

- What transformations and enhancements are made to data in transit and within systems?

McKinsey reports that fashion companies able to personalize shoppers' ecommerce experiences by leveraging the power of data have grown their digital sales between 30% and 50%.

As part of the data mapping exercise, be mindful about looking for gaps in your existing data collection techniques, watch for the validation of your processes, and flag opportunities to bring data together in new and innovative ways. Think about what your data management setup should be. Consider how to integrate and onboard new data sources and bring them into process flows to deepen consumer understanding.

You want to be able to talk with your audience more effectively — with highly relevant messaging in their preferred channel at the perfect time — as well as respond better to inquiries and requests. **The right data mapping enables you to build a brand interaction that goes beyond the product** and drives a higher probability that shoppers will continue to return to you for new purchases.

Map Your Data Environment And Use

The journey to a modern data management strategy also includes a comprehensive data mapping exercise. You need to have a deep understanding of what your data environment looks like today. Many organizations already have process maps for their technology stack — systems integrations such as how the POS connects to the order management platform, for example — but rarely do they similarly map the actual data used to drive business decisions. But that's the first exercise retailers should do, because it's the best way to spot gaps and weaknesses in your data strategy.

What Role Will The End of Third-Party Cookies Play In Our Data Strategy?

Though the depreciation of third-party cookies is top-of-mind for retailers, what the migration from first- to third-party data truly represents is an additional escalation in the complexity faced by marketers. The transition away from third-party cookies will make it harder to do everything, but it also will push retailers and brands to collect more first-party data simply due to the fact that they can no longer effectively leverage third-party data. It's certainly a big factor — and brands need to prepare for it — but it's only one component in a much larger data modernization strategy.

Along with considering new ways to maximize the use of first-party data, retailers should also focus on developing their positioning strategy. This is particularly important as consumers move into a post-pandemic mindset and businesses hone their supply chain and product management roles.

Consider first **why** *customers should buy from you.* It used to be price, product and location, but those factors are less influential today. Instead, they've been replaced with how (and how well) your brand aligns with customers' values and fits within their virtual social activity.

Your **why** then drives additional questions.

- Who are we?

- What are we all about?

- What do we offer that our competitors don't (or that we do better than anyone else?)

The right CDP delivers this insight in an actionable way. You can then use it as the core to develop a data strategy that suits your customers' expectations and is relevant across their engagement preferences, all while enabling the kind of data collection and analysis that drives your business forward.

# Deliver The Right Messaging At The Right Time And Place

In the pandemic's early days, customers tested the waters on a wide range of new shopping behaviors. Some who had previously opted for in-store transactions moved their purchases online. Others took advantage of the convenience and social distancing offered by curbside pickup and home delivery. And while a portion of those behaviors will be sticky enough to become habits, shoppers also discovered which brands truly resonated for them based on their needs and their values.

It's time to broaden your scope, so you can reach customers with the right message at the right time and in the right channel. **Retailers should look closely at the elements that keep customers coming back, and a robust CDP can help you do that in a way that uncovers actionable insights.**

Messaging tailored to build and nurture connections with your target audience will be increasingly important as competition for consumer dollars continues to increase and the number of options around products, convenience and cost grows.
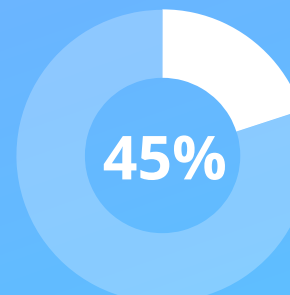
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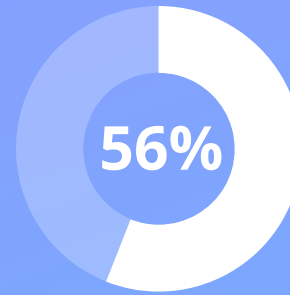
A study revealed that **56%** of consumers **tried a new retailer during the pandemic**.

66%
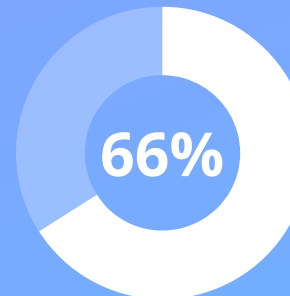
Survey data shows that **66%** of consumers **buy online more now than they did pre-COVID**.

20%
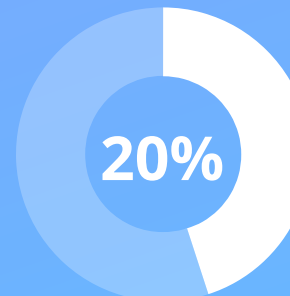
Research found consumers' **use of face-to-face channels to contact brands dropped 20%** during the pandemic, and

45%

45% of customers anticipate leveraging digital channels as the primary method of contacting brands going forward.

Bridge Your Data Gaps

Brands simply can't rely on entrenched data strategies in today's hypercompetitive retail landscape. What worked just a few years ago is now outmoded and out of touch. What you think you knew about your customers 18 months ago likely isn't true now, and a modern data strategy is needed to keep pace with your swiftly evolving consumer base.

By transforming your data strategy to better suit today's retail environment and shoppers' changing expectations, retailers have the potential to gain tremendous benefits:

- More sales and bigger baskets

- Higher LTV/CAC ratios

- Increased retention

- Expanded (and more fruitful) engagement opportunities

- A broader range of touch points to elevate product discovery and loyalty, and further drive higher AOVs

The way people think, behave, work, shop, learn and socialize is nothing like it was a few years ago. A small segment of your customers may be engaging in the same ways and through the same touch points and activities they used previously, but the majority have changed, and the rest are increasingly incorporating similar shifts into their lifestyle every day. **A CDP designed for data integration, deep analysis and flexible activation gives you insight** into these changes across your customer base, enabling you to meet shoppers where they are **right now**.

How Different Does Your Customer Journey Look Today?

Think back to where your 25-year-old, technology-savvy, female Gen Z shopper was **just a few years ago**. You could usually count on her being in the office during the workday and enjoying entertainment and hospitality venues on the weekends. Her browsing and purchasing behaviors were driven by more frequent in-person trips to her favorite stores and a blossoming sphere of digital and social influence.

But **today**?

She's more likely to work from home. In her free time, she may be sampling new wines purchased online through home delivery and entertaining with a small group of friends. She also uses a delivery service to order her lunchtime meals in the morning. She expects orders she placed for other items, such as apparel and home décor, to arrive within a day or two, and she probably prefers curbside pickup for everything else. She also likely spends more time in front of several screens — smartphones, tablets, computers and television — with a multitude of streaming services, social commerce channels and influencers on deck.

Reap The Rewards Of A Transformed Data Strategy

Customer data has become both more complex and more valuable. The right data strategy and a robust CDP empowers your business with the tools to harness that value.

With the flexibility to bring disparate data points into your ecosystem and the capabilities to link key datasets, **a modern CDP positions you to utilize powerful analytics that will turn insights into action**. You'll better understand how to maintain alignment with your current customers and how to grow market share as competitors continue to enhance their own engagement efforts. Your team will have the right information at their fingertips to find and connect with customers where they are, providing them with personalized and highly relevant experiences that drive spend and retention.

TREASURE DATA

Treasure Data is a best-of-breed enterprise customer data platform (CDP) that powers the entire business to shape customer-centricity in the age of the digital customer. We do this by connecting all data into one smart customer data platform, uniting teams and systems to power purposeful engagements that drive value and protect privacy for every customer, every time. Trusted by leading companies around the world, Treasure Data customers span the Fortune 500 and Global 2000 enterprises. **To learn more, visit www.treasuredata.com.**

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