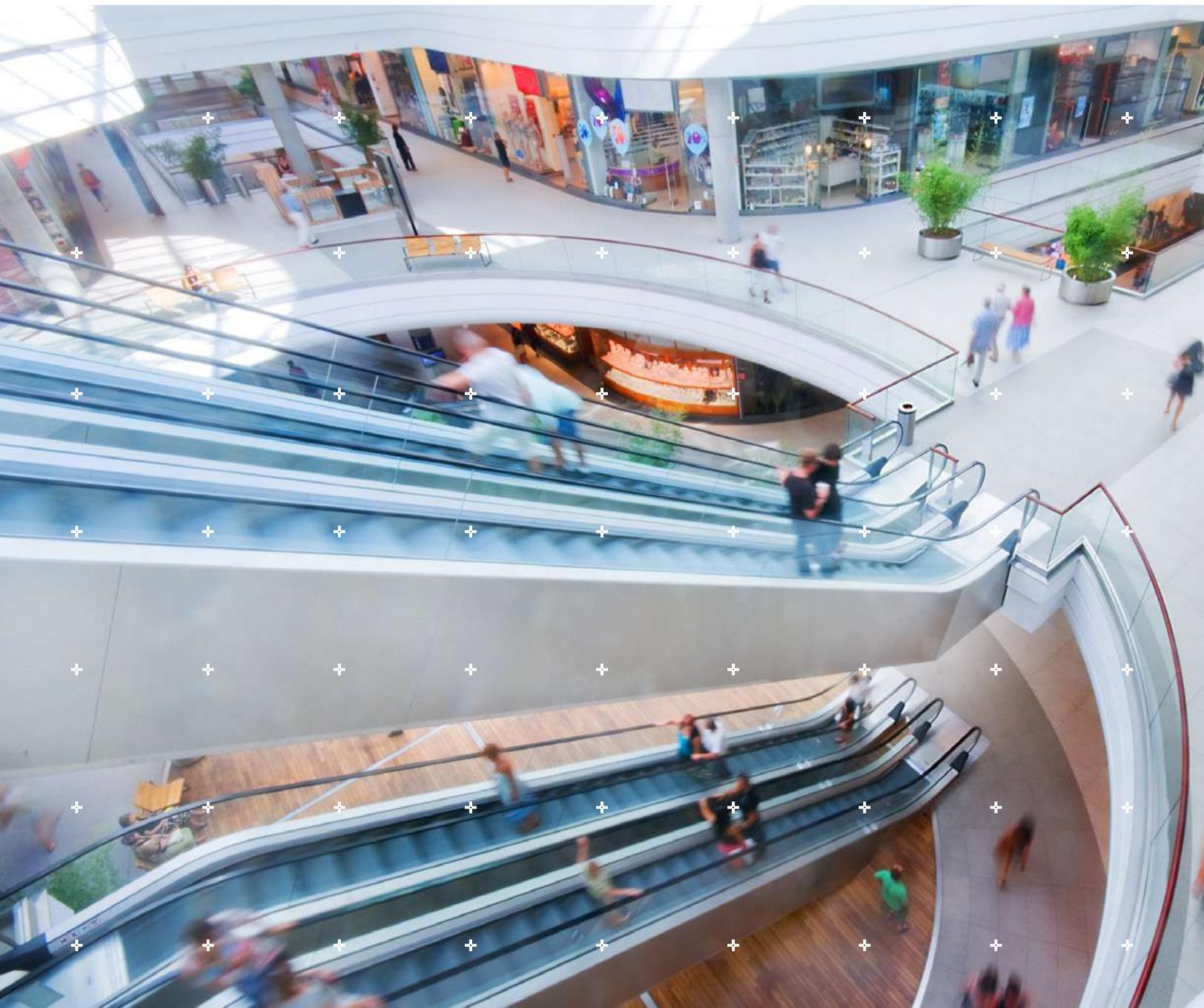# Will a CDP Help Retailers Compete?
5 Questions for CIOs and CMOs

Will A CDP Help Us Compete?

5 Questions For CIOs And CMOs

Customer centricity has replaced products as the lynchpin of a successful retail strategy. According to **BRP**, "the key to winning is to map out a comprehensive customer-centric strategy, understanding that a new model is necessary to succeed, and the new model requires an agility that has not traditionally been a part of this environment."

Building a more intimate customer relationship requires refocusing the entire organization around access to customer data. Retail leaders are leveraging these essentials to get there:

✦ Enterprise-wide access to a single source of data about customers;
✦ A focus on amassing more first-party customer data; and
✦ A commitment to being transparent and trustworthy with the personal information customers reveal to them.

But retailers are traditionally siloed organizations, with the IT infrastructure to match. The data they need to focus on customer intimacy is often spread across separate systems, and much of it comes from third parties. Savvy retailers are embracing a customer data platform (CDP) as a fast, flexible and efficient way to achieve not only a single source of customer data, but also an individual view of every shopper, to support their customer-centricity goals.

Retail marketing and IT leaders should use these five key questions to determine if they can benefit from a CDP.

1.   How has our competition changed?

Insight for CMOs/CIOs:

New market entrants such as Glossier, Quip and Warby Parker are disrupting traditional retail categories with innovative go-to-market strategies. Retailers must look well past their typical competitive data set to understand who is targeting their markets and how they are attracting and retaining customers. Often, these upstarts' prime strength is their ability to leverage data to understand and segment customers, and use those insights to develop well-orchestrated, highly personalized relationships across touch points.

Competing on this new playing field means developing skills in communicating with customers on their own terms. A retailer must speak with one voice across every customer encounter with the brand.

2.   Do we have an end-to-end, holistic view of the customer?

Insight for CMOs:

Digital channels have radically changed the path to purchase. To better understand today's omnichannel customer, retailers must be able to leverage everything they know about the customer's preferences, history and behavior, at just the right moment. **BRP** calls modern technology and a holistic view of the customer journey essential tools to allow retailers to adapt to continuously evolving consumer expectations. Retailers unable to leverage their data in this way will be at a competitive disadvantage.

Insight for CIOs:

Often retailers have lots of data about a given customer — physical address, online activity, VIP status, etc. — spread across separate data sources. To compete in today's analytics-driven marketplace, they must continuously unite the fresh data these systems generate onto a single platform, dynamically segment those customer profiles using artificial intelligence (AI), and automate activation programs for individual consumers. It's also important to unify identities across data sources to reduce marketing waste and improve the customer experience.

3. Are we equipped to personalize the customer experience across the journey, especially in-store?

Insight for CMOs:

Personalization is widely considered the secret to winning customer attention. In 2018, for example, food, drug and mass merchant retailers that personalized their customers' journeys saw 55% higher sales growth than their competitors, according to **IHL**. Achieving meaningful personalization requires retrieving and leveraging data in a timely way as shoppers navigate among channels. Global beauty brand **Shiseido**, for example, boosted in-store revenue by 20% per loyalty program member by using an Arm Treasure Data enterprise CDP to combine disparate first- and third-party data sources, then assessing each customer's behavior to deliver personalized communications.

Insight for CIOs:

Effective personalization requires being nimble with data. CDPs must be adaptable and flexible enough to make optimal, dynamic use of customer data without the tool limiting the types of data marketers can bring in or the way they can use it because of the organizational hierarchies some tools impose. Dynamic segmentation enables retailers to identify customer groups in myriad ways — demographics, buying history, recent behaviors, past attendance at events and so on. Built-in AI-based predictive modeling also becomes more important as the data set continues to grow. Being able to offer relevant recommendations based on real-time customer data can be the difference between an upsell and a lost sale. It's also essential that the CDP is accessible across the enterprise and is easy to use without technical intervention.

4. How can we most efficiently leverage our current IT resources to achieve our customer experience goals?
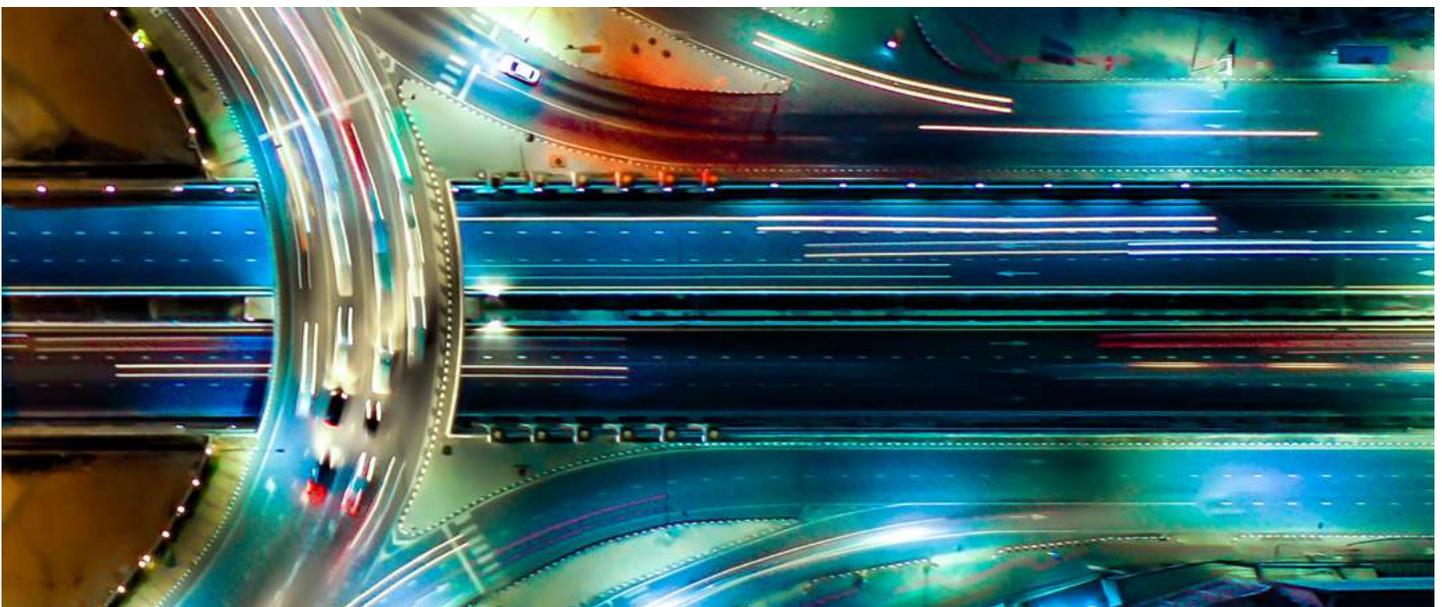
Insight for CMOs:

Timeliness is an essential part of leveraging customer data: Insights that come well after the moment of purchase-intent mean those opportunities go to a competitor. Retailers need a solution that can not only quickly and continuously unify data from disparate data sources, but also intelligently triggers activation programs so they can seize opportunities to deliver personalized messaging and offers on the right channel when interest is high.

Insight for CIOs:

Retailers have two main options to unify their customer data. The first is to invest in a big data platform, write connectors among disparate marketing databases and hire talent to manage and maintain this complex infrastructure. This is commonly the approach of mega-retailers with significant IT resources. The second option is to outsource this responsibility to a partner providing an enterprise CDP as a service. This establishes an open ecosystem of customer data, provides access to top analytical talent offering expertise in how to best ingest, unify, analyze and activate the data, and enables retailers to compete with the industry's biggest names.

According to **Gartner**, key elements of a CDP are the ability to ingest first-party, individual-level customer data from multiple sources in real time, as well as to unify customer profiles, deliver segmentation capabilities and activate that data via connected systems.

5. How much of our data do we own and control?

Insight for CMOs:

The introduction of regulations such as GDPR and the California Consumer Privacy Act (CCPA) reflect a growing concern among consumers that they have lost control over their personal information. But this is the same data that businesses need to meet consumer expectations for a bespoke, curated experience. Retailers can solve this conundrum with good data governance: Being transparent and trustworthy about what data is collected and then ensuring it's used properly. And the best way to ensure this is to work toward generating more first-party data to reduce dependence on data retailers can't control. Knowing where your data are and how they are being utilized by various teams within the organization is also critical.

Insight for CIOs:

Compliance with regulations such as GDPR and CCPA is only the beginning when it comes to securing the critical consumer data that drives retail in the 21st century. A sound data strategy needs a strong platform as the foundation. When you have all customer data in one place, have unified user IDs across data sources, and have clear visibility on where and how that data is being used, compliance becomes much easier. Good governance must also be explicitly demonstrated to the consumer. Wherever possible, touch points should state explicitly what data is collected, how it will be used and protected, and what value the shopper will receive in return, including how it may be used by partners or services, such as **Target's Roundel** ad agency for brands.

The future of retail belongs to those who can win the precious attention of the customer, and that means mastering the collection, integration, analysis and activation of customer data — as soon as possible. For many retailers, outsourcing these functions to a vendor offering a well-designed enterprise CDP is the fastest and most efficient way to leverage data to meet critical customer-centricity goals.

Want to make sure you're following best practices when it comes to CDP?
Check out this Step-by-Step CDP Readiness Guide.

Get the Guide

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