

A person is shown from the chest down, wearing a dark blue long-sleeved shirt. They are holding a gold credit card in their right hand, which is positioned over a laptop. Their left hand is on the laptop keyboard. The background is a blurred indoor setting with a window and a chair. A horizontal bar with orange, blue, and grey segments is positioned above the text.

# The New Retail Revenue Equation

How the end of third-party cookies can catapult retail profits

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Retail marketing is on the cusp of a profound market shift. By 2022, third-party cookies will be no more, killing off much of the intel retailers have relied on to sway buyers to click, register and buy. Retailers now have an opportunity to deepen customer relationships and inject analytical sophistication into their marketing formula.

One ingredient makes that possible: first-party customer data.

Now is the time to reimagine how you're collecting and using customer data, reports Deloitte.<sup>1</sup> By fully leveraging first-party data to improve areas such as customer targeting and marketing personalization, brands can foster contextually sensitive, emotionally resonant experiences that compel buyers to pull out their credit cards and come back for more.



# The Opportunity (and What's at Stake)

Living in the age of Apple, Netflix and Amazon has had quite an effect on customer expectations. Today's buyers increasingly crave highly personalized, friction-free experiences. Give them instant gratification and make them feel known and revered or they'll jump ship to a competing brand.

According to McKinsey, retailers' post-pandemic recovery hinges on satisfying those demands.<sup>2</sup> So does long-term market share. To remain competitive, brands must also raise their "metabolic rate," as McKinsey puts it: the speed at which they process customer data and develop new offerings.

"It's worth noting that third-party cookies were never all that reliable," said Shawn Phillips, chief technology officer at Heart of the Customer, a firm specializing in customer journey mapping. Retailers have made assumptions on ad personalization and performance since the first cookie dropped 20 years ago, Phillips said. "What ended up happening is, conversions were low because the data you were collecting was bad. Most third-party cookie data is lost between cookie syncs," he explained.

This is why first-party customer data is quickly becoming one of the most vital assets your business can own, writes Deloitte. The offshoots are:

- ✓ Richer customer insights leading to more compelling experiences and greater customer spend.
- ✓ More accurate predictions of buying behaviors so you're not wasting time and money on irrelevant campaigns.
- ✓ Less guesswork and easier decision-making as evidence replaces hunches.

Altogether, only first-party customer data can deliver the level of personalization buyers crave, at the speed and scale retailers need to keep up with evolving market demands. More important, it's an opportunity to rebuild trust with buyers, Phillips said. "Retailers have an opportunity to do better. If they don't, their competition will."

# Poorly Managed Data Puts the Customer Experience at Risk

Phillips and his team at Heart of the Customer have a term for marketing decisions made without actionable customer data: hypothesis mapping. “Marketers talk to everyone internally and go, ‘Hey, I think customers will like this or that’ without actually getting feedback from customers,” he said. Unsurprisingly, emails go unopened, offers flop and customers reach for the delete key faster than you can say “buy now.”

One challenge to making those data-drive decisions is the fact that it’s often difficult for marketers to see a complete picture of their customer data, and extrapolate trends, anomalies and behaviors out of it. Whether it’s because the data is spread across disparate systems, or it’s in a system that marketers can’t use to access and activate for campaigns, poor data management can quickly start to have a negative impact throughout the business.

For example, conflicting messages, difficulty applying an electronic coupon in-store or receiving different offers in your Gmail and Yahoo accounts are some of the ways disconnected data can hurt the customer and brand experience. Tom Winchell, vice president of growth at QuickPivot, the premier customer data platform for multichannel brands, offered another common scenario. “Let’s say my order is late, incorrect or defective and I have a pending support ticket. Receiving a promo offer for the same product is just rubbing salt in the wound,” he added.

**“Anywhere where the consumer is making a decision about your brand, if they’re having to make extra clicks, take extra time or effort, it degrades their perception of your brand. Having reliable, first-party customer data in one place and making it accessible at any customer interaction point is how you eliminate friction, because those interactions are informed by the truest sense of who the customer is and their history with the brand.”**

Tom Winchell

Vice President of Growth at QuickPivot

# 4 Real-Life Use Cases:

Uncovering opportunities with first-party customer data

## ① Online + in-store concierge experience

When the pandemic hit, one apparel retailer found its buy online, pick up curbside customer experience had tremendous potential for basket expansion. Armed with first-party data, store associates would call customers, thank them for their purchase and make a relevant recommendation: “Here’s something else available we think you’d look amazing in. Would you like me to add it to your order?”

As pandemic restrictions lifted, the retailer expanded that experience to customers picking up orders in-store.

“You can only do that when you understand who the customer is, their interests and behaviors,” Winchell said. “That’s only possible when you have customer data that’s clean and actionable.”

## ② Lower spend, greater lifetime value

A housewares retailer had a couple of product lines, one at a higher price point than the other. Reasonably, they focused on acquiring customers for the higher-dollar product. The retailer believed a \$200+ purchase was indicative of their ideal customer, and that’s whom they prioritized.

“Once we got their data organized and they looked at lifetime value for those customers, they found there were lower-dollar products that actually triggered a lot more activity,” said Jake Hall, vice president of solutions consulting at QuickPivot.

Though order values were lower, those customers returned much more often to buy additional products. The retailer reoriented its onboarding program around that discovery to promote higher lifetime value product lines for customer acquisition.



### ③ Boosting conversions

An electronics supplier struggled to onboard electricians to their platform so they could resell the brand's products. Only 4% of electricians completed the sign-up. After centralizing first-party data, the retailer pinpointed where electricians were dropping out and sent a link at just the right moment, prompting them to finish registration. Adoption rose to 28%.

"A 28% adoption rate isn't where the retailer wants to be, but it's a lot better than 4%. And the result was millions and millions of dollars," Phillips said. "It's all because we collected first-party data and were able to act on it."

### ④ Moving past the first purchase

One hurdle many retailers face is moving customers past the first purchase. Clean, unified customer data can illuminate trends and the best path to a second buy. Is it moving product categories? Focusing on a particular marketing channel?

One home-goods retailer found driving a second purchase within 22 days would dramatically accelerate customer lifetime value. By using first-party data, the retailer identified motivators for each customer and mapped buying paths on an individual basis to make a second sale within the target time frame.

**When managed properly, first-party customer data replaces guesses with evidence so you're delivering exactly what customers want when they want it.**



# Privacy as a Launchpad for Trust

While concern around emerging data privacy and security regulations is growing, astute marketers know a bigger prize is at stake: customer trust. The good news is that the two initiatives work hand-in-hand. When retail marketers prioritize the responsible stewardship of customer data, regulatory compliance naturally falls into place.

Retailers should strive for clarity and transparency by making data privacy policies easy for all customers to understand, not just those fluent in legalese, reports the Harvard Business Review.<sup>3</sup> There are hard dollars at risk. You're going to alienate customers if they don't feel like you are treating their data with respect and using it to provide value back to them," Winchell said.

To manage that well, owning first-party data (versus leaving it in the hands of outside vendors or agencies) will be essential. "Getting there means investing in the right consent management solutions and in an advanced customer data platform," writes Deloitte.<sup>4</sup>

# A Solution to Break Down Data Silos

When it comes to creating stand-out and profitable customer experiences, the greatest missed opportunities don't come from a lack of data, according to Phillips. Rather, they stem from having disconnected data in different silos.

When customer data is scattered in separate e-commerce platforms (point-of-sale systems, email and loyalty systems, etc.), it's nearly impossible to obtain a unified view of your customers. Without this complete view of who your customers are, you risk making decisions based on broken data that's fraught with assumptions.

You can't tell, for instance, that Jan Smith is the same as Janet Smith, who uses two or three email addresses in different channels. Not only is Jan getting a disconnected experience with your brand, but your lifetime value metrics are off because Jan and Janet are counted as separate individuals in your reporting.

Thinking of acquisition programs, you want to be completely confident that your program is working to acquire net-new customers and not being put in front of

existing customers. "As a customer, I want to be recognized. That's hard to do if the data isn't right and if business fields and logic are driven by disparate systems," Winchell said. Retailers risk confusing, or worse, angering customers if they're unable to segment on purchase history and behavior.

So what's the answer? "You need a customer data platform (CDP) to put all this information in," Phillips said. Unlike conventional data warehouses, which house data from multiple departments, CDPs are built to manage the data that matters to marketers and serves the data up in a way that's easy to analyze and gain insights from. Ease of use is another differentiator: Data warehouses tend to be difficult for non-IT staff to use, while the leading CDPs are designed specifically for marketers.

"I worked on a data warehouse project with a large retailer who had 600+ success metrics. You can't run a business on that," explained Phillips. "Your customer metrics need to be separate and focused. Once that data is unified, you can use analytical models to detect churn, discern who's stalled, who should be left behind and the next best action.



# Discerning the Right Tools

## CLARIFY GOALS, USE CASES

The first step in identifying the right CDP is a clear set of goals and use cases. Where do you want to drive value for your customers? Out of those goals come your use cases. Without clarity on what you want to accomplish, you're more susceptible to making the wrong decision and getting swayed by a shiny object that's not a great fit.

## INVENTORY EXISTING CUSTOMER DATA

Next, it's important to take stock of all sources of customer data you have. If your data is scattered among various systems and tools, inventory what you have and decide the most important pieces you can bring into the CDP, and at what stage, Hall said.

## KEY CDP CRITERIA

At a minimum, your CDP should meet five essential needs:

- 1 Consumer identity management**  
Without adequate customer identification mechanisms, you won't be able to unify records for a customer who goes by different names or email addresses. Your CDP should be able to identify the same ID across systems using probabilistic matching and create a golden record that combines data from multiple attributes.

- 2 Clear, actionable analytics**  
You'll want to manage and analyze your customer data in the same place. Your CDP should enable your team to use its customer data to make strategic decisions, rather than spending time wrangling data.
- 3 Campaign deployment**  
Your CDP should reduce complexity while enabling sophistication. Look for a platform that enables you to deploy campaigns across multiple channels without having to log in to separate systems.
- 4 Easy access**  
Your CDP won't do you much good if only one or two people in the company can navigate it or answer questions about your data. Information should be easily accessible, and reporting should be clear and actionable.
- 5 Vendor experience in retail**  
Retail is a different beast. What works in pharma, financial services or other industries may not work for retail. Your CDP provider should know retail like the back of their hands.

How do your peers choose their CDP? Surveyed marketers rate their most important capabilities and benefits.

## LEADING CDP CAPABILITIES

- 1 Collect data from all sources (80% of surveyed marketers)
- 2 Powerful identity matching and management (57%)
- 3 Nontechnical users can extract customer segments (43%)
- 4 Deliver customer profiles to other systems in real time (41%)
- 5 Coordinate customer treatments across channels (40%)
- 6 Support compliance with privacy regulations (30%)
- 7 Retain full detail of all collected data (28%)
- 8 Deliver offer/product recommendations in real time (27%)
- 9 Nontechnical users can create predictive models (19%)

## LEADING CDP BENEFITS

- 1 Unified customer view (79% of surveyed marketers)
- 2 Improved data analysis and segmentation (64%)
- 3 Improved orchestration of customer treatments across channels (52%)
- 4 Improved message selection and personalization (46%)
- 5 Improved predictive modeling and recommendations (45%)
- 6 Less time spent on data management (31%)
- 7 Access to otherwise unavailable data (27%)
- 8 Faster response to changing data management needs (23%)
- 9 Less reliance on IT resources (21%)
- 10 Improved message delivery (15%)

State of Customer Data Management (September 2020), Customer Data Platform Institute

Each stat indicates the percentage of surveyed participants that identified each specific capability and benefit as important.



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## Your Turn

In today's crowded retail and direct-to-consumer market, businesses need to deliver exceptional customer experiences, or else they risk losing the customer for good. In the end, it all boils down to honoring individual preferences and behaviors — something marketers can't do with limited access to customer data and scattershot campaign approaches.

Reasonably, you can't do that at scale without the adequate tools. With that in mind, investing in a customer data platform to collect, manage and extract value from first-party customer data is the next best step that a retail organization can take to withstand the changing marketing landscape as third-party cookies phase out.

**As you honor each and every customer, they'll honor you back with their dollars. No third-party cookies required.**





# Sources

- 1 Goodbye third-party cookies. Hello human experience. — Deloitte Digital
- 2 Adapting to the next normal in retail: The customer experience imperative — McKinsey
- 3 Have Your Privacy Policies Kept Up with Your Digital Transformation? — Harvard Business Review
- 4 Goodbye third-party cookies. Hello human experience. — Deloitte Digital





# QuickPivot™

QuickPivot, a **Vericast** business, is the premier customer data platform for brands looking to know, target and engage their customers. Our technology empowers marketers to rapidly make data-driven decisions and develop advanced cross-channel campaigns that drive timely, relevant customer experiences. QuickPivot allows brands to consolidate, cleanse, match and enrich all of their first party data and activate it to any endpoint to support strategic marketing campaigns. The QuickPivot platform is backed up by a services team laser-focused on client success. The team works side-by-side with clients to get them up-and-running and continuously helps them optimize and scale. Learn more about the QuickPivot CDP at [www.quickpivot.com](http://www.quickpivot.com).



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