

Best Practices in Personalized Marketing

SINGLE CUSTOMER IDENTIFICATION



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EXECUTIVE SUMMARY

Today's customers are more plugged-in than ever. Whether browsing a website on their smartphones or engaging with social media content on their tablets, customers are connecting with brands in ways unimaginable just a few years ago. And with that increasing connectivity comes increasing demands on marketers to deliver consistently engaging content across all channels and across all devices. Furthermore, customers have come to expect brands to treat them as human beings rather than numbers in a spreadsheet, which means marketers must personalize their content if they want to successfully engage with their audience. However, many companies are still struggling to personalize effectively, often because they lack the tools for single customer identification.

Effective personalization requires that a company have single customer identities in its databases. Businesses with single customer identities can track individual customers across all channels and all devices, seamlessly compiling this data into customer profiles that include customer interests, preferences, and history. Data challenges lie at the heart of companies' struggles to construct a single customer identity. These challenges include incomplete, outdated, duplicative, and inaccurate data. The outcome of these data issues can be costly.

Much of the data in this report is segmented by "Highly Effective Marketers," defined as those respondents who report being "very effective" at personalizing and "very confident" in their single customer identification; and "Less Effective Marketers," which includes all other respondents. In analyzing the different strategies employed by Highly Effective Marketers compared with Less Effective Marketers, some best practices emerge.

Highly Effective Marketers are more likely to:

- Address cross-device tracking by investing in new technology and leaning on internal tools
- Address cross-channel tracking by investing in new technology, leaning on internal tools, using third-party vendors, and creating content internally
- Partner with third-party vendors for data solutions
- Place a high value on regulatory compliance in selecting third-party vendors

The research results point to key strategies that marketers can employ in order to effectively target and personalize their customer interactions and drive conversions.

INTRODUCTION

Given the abundance of customer devices and marketing channels, today's marketers face significant challenges creating a single customer identity for targeting and personalizing marketing content. NAPCO Research surveyed readers of Target Marketing (NAPCO is the parent company of Target Marketing) to uncover:

- How effective marketers are at achieving personalization and single customer identification
- How marketers are addressing the challenge of achieving personalization and single customer identification
- How marketers are addressing the challenge of tracking customers across devices and across channels
- How marketers are addressing the challenge of data security
- Whether marketers are making use of third-party data vendors

RESEARCH METHODOLOGY

NAPCO Research (NAPCO Media is the parent company of Target Marketing) conducted an online survey of marketers using the subscriber database of Target Marketing. Survey responses were collected in July 2019. The total number of

respondents was 101 marketers from companies that personalize content and have at least \$5 million in annual revenue. Figure 1 shows a breakdown of respondents by job function, Figure 2 provides a breakdown of respondents by industry, and Figure 3 provides a breakdown of respondent company by sales type.

JOB FUNCTION	NUMBER	PERCENT
CEO	25	25%
C-Suite, Non-CMO	2	2%
CMO	7	7%
VP of Marketing	4	4%
Marketing Director	18	18%
Brand Manager	10	10%
Product Manager	13	13%
Creative Director	4	4%
Marketing Manager	6	6%
Media Buyer	0	0%
Marketing Assistant	2	2%
Other	8	8%

Figure 1
Q18: What is your job function?
n = 99

PRIMARY BUSINESS	NUMBER	PERCENT
Automotive	5	5%
Computing Products/ Consumer Electronics	6	6%
Consumer Package Goods/ Consumer Products	9	9%
Creative Services/Agencies	7	7%
Financial Services (Banking, Credit Cards, Investments)	13	13%
Healthcare	9	9%
Insurance	3	3%
Manufacturer	14	14%
Media/Entertainment	3	3%
Nonprofit (Charities, Education, Associations)	4	4%
Pharma	1	1%
Publishing	0	0%
Real Estate	5	5%
Retailer/Etailer	11	11%
Software	4	4%
Travel/Hospitality	4	4%
Telecommunications	2	2%

Figure 2
Q: What is the primary business of your organization?
(Choose one)
n = 100

COMPANY SALES TYPE

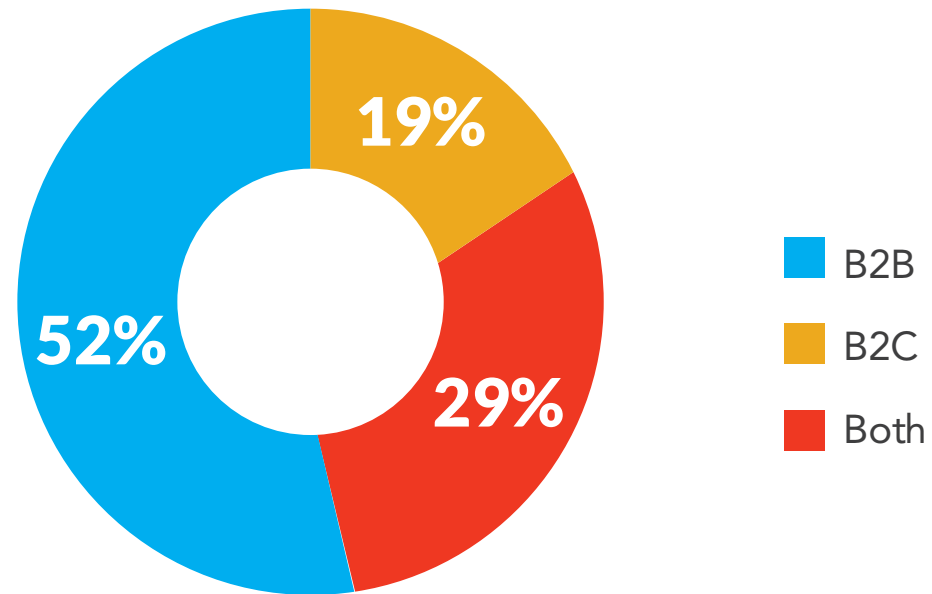


Figure 3
Q16: Would you describe your company's business activity as primarily:
n = 100

THE IMPORTANCE OF PERSONALIZATION

Personalization has become a strategic imperative in the world of marketing. Customers have come to expect that the brands they interact with will know their preferences and interests. A 2018 report from Salesforce Research highlighted that 84% of

customers say it is "very important" that companies treat them as individuals rather than a number. Most companies understand this as well, with 77% reporting that personalization is "very important" (Figure 4).

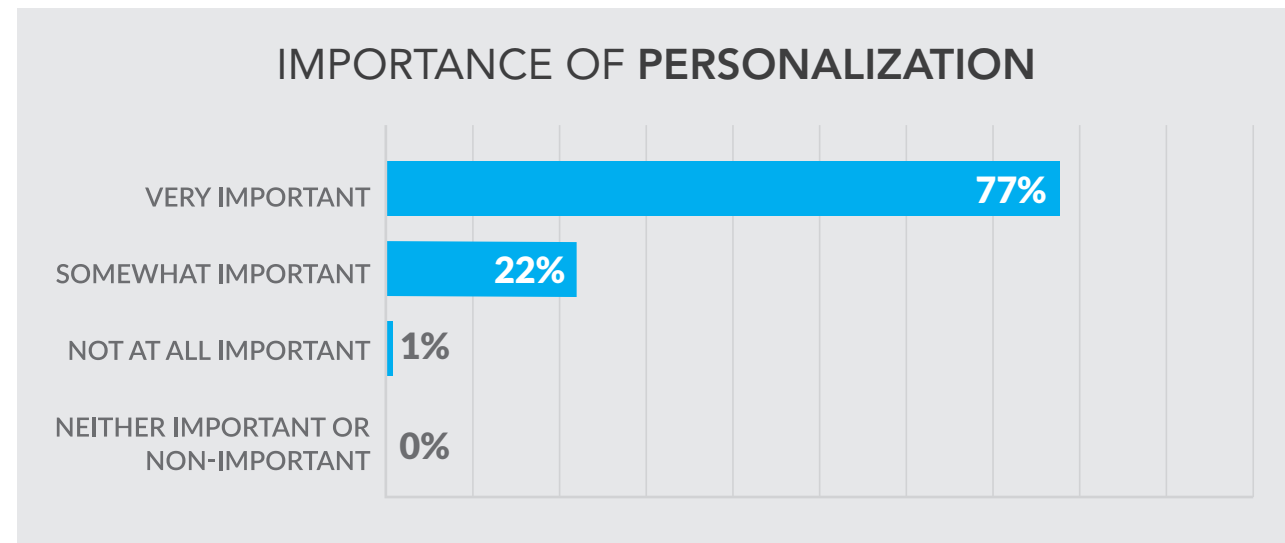


Figure 4
Q: How important is it for you to personalize your customers' experiences? (e.g. personalized website experiences and email content...)
n = 100

¹ Salesforce Research. (2018). Second Edition State of the Connected Customer. Retrieved from https://c1.sfdcstatic.com/content/dam/web/en_us/www/documents/e-books/state-of-the-connected-customer-report-second-edition2018.pdf

However, many companies are still struggling to personalize effectively. Only 62% of companies are "very confident" that they have been effective at personalizing the customer experience (Figure 5).

This means that more than a third of the companies surveyed believe that they could be doing a better job of tailoring their message to individual customers.

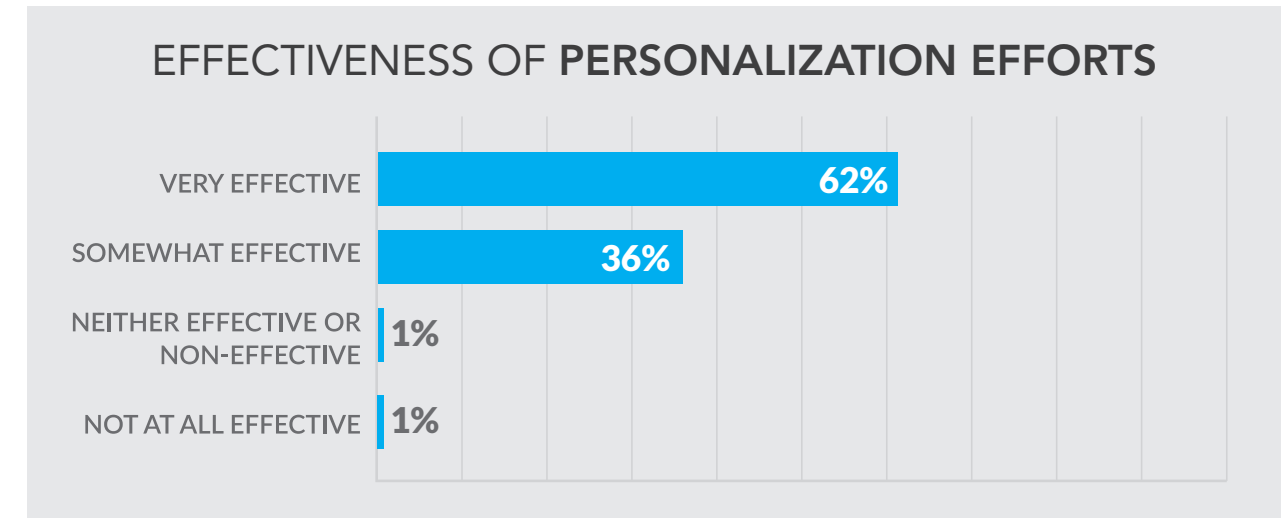


Figure 5
Q: How effective do you think your organization has been at personalizing the customer experience?
n = 101

When asked about their biggest hurdles in increasing the personalization of content, companies revealed that "hiring skilled staff" was their most common challenge (Figure 6). This was closely followed by a host of challenges related to technology and data

issues. The message here is that companies not only understand the importance of finding and retaining talented employees, they also understand that effectively leveraging their data is essential to their personalization efforts.



Figure 6
Q: What are the top three biggest challenges you have encountered in your efforts to increase personalization to your audience? (Select UP TO three)
n = 101



SINGLE CUSTOMER IDENTIFICATION IS ESSENTIAL FOR EFFECTIVE PERSONALIZATION

Respondents were asked to elaborate on the biggest challenges they have encountered in their efforts to increase personalization to their audience. The following responses shed further light on these issues:

"Finding good reliable skilled staff"

"Keeping personal information secure"

"Data governance and inconsistencies among systems"

"Cutting through the deluge of information clients receive to initiate client interaction"

"Management's opinion is 'if it ain't broke, don't fix it' --our company needs to get beyond this mindset"

A common theme among these responses revolves around data issues: integration, management, security, and investment. Many of these respondents recognize that personalizing effectively starts with using data effectively, even if management is slow to come around. Indeed, many brands are sitting on vast amounts of customer data but are unable to leverage it for marketing purposes. The key to personalization is the ability to use this data to create a view onto individual customers. How else are marketers going to target and tailor their interactions to each customer, unless they can tell who their customers are? Marketers must have a robust strategy and the right tools in place to integrate customer data from all digital touchpoints, as well as off-line points of contact, and turn this flood of data into a single customer identity for each customer.

The connection between single customer identification and personalization becomes clear when comparing the confidence companies have in both areas. 87% of companies reporting that they are "very confident" in their single customer identification also report that they are "very effective" at personalizing the customer experience. Of the companies that are less than "very confident" in their single customer identification, only 35% report that they are "very effective" at personalization (Figure 7). In order to personalize effectively, it is essential to be able to track customers across channels and devices to create a single customer identity.

EFFECTIVENESS OF PERSONALIZATION EFFORTS BY CONFIDENCE WITH SINGLE CUSTOMER IDENTIFICATION

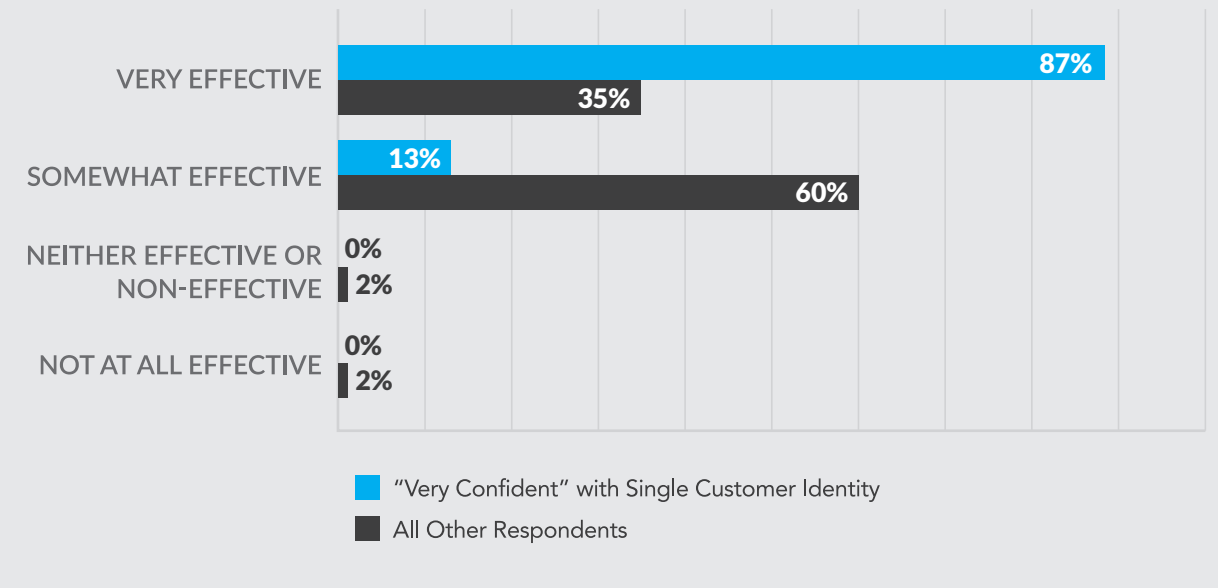


Figure 7

Q: How effective do you think your organization has been at personalizing the customer experience?
n = 101

DATA CHALLENGES IN THE IMPLEMENTATION OF SINGLE CUSTOMER IDENTIFICATION

Most companies understand the importance of pursuing single customer identification, with 71% reporting that they have created a single customer identity. However, only 52% of companies say that they are "very confident" that their data is accurate

and organized in such a way to effectively leverage their single customer identities (Figure 8). This indicates that nearly half of companies have an enormous opportunity to make better use of their attribution data and drive conversions. So, what is holding them back?

CONFIDENCE WITH SINGLE CUSTOMER IDENTITY

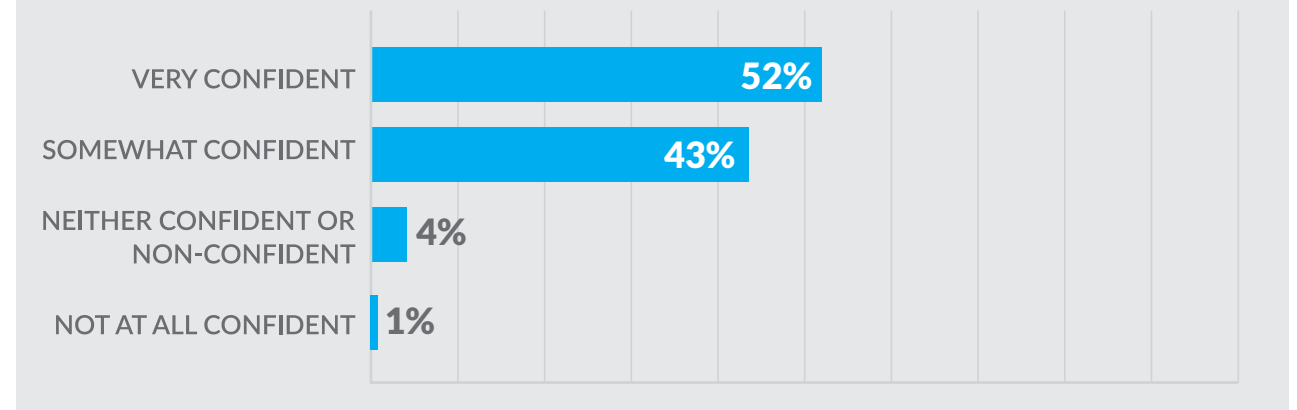


Figure 8

Q: Is your data accurate and organized in such a way that you have confidence you've created a view into individual customers and a single customer identity for data-driven insights?
n = 101

Again, the answer returns to data. Figure 9 shows some of the most common data challenges involved in creating single customer identities. The top challenges include data that is incomplete, outdated, duplicative, and inaccurate. When a customer moves to a new address, the address a company has on file becomes outdated. When a customer misspells or

omits personal information on a brand's platform, that brand is left with inaccurate or incomplete data. And when a company's data management efforts are insufficient, data from an individual customer can appear to be fragments of data from different customers.

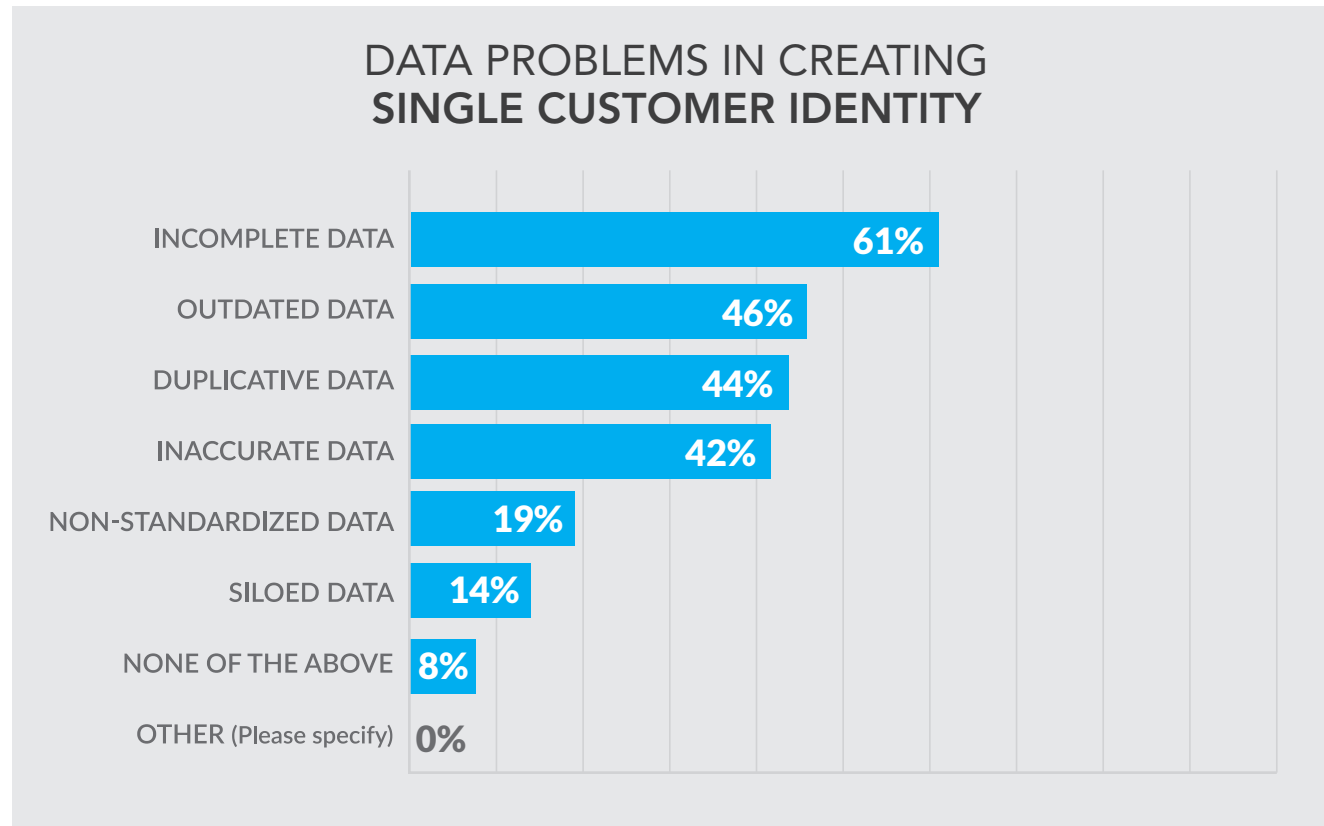


Figure 9
Q: What kind of data problems have you encountered in creating a single customer identity? (Choose all that apply)
n = 72

OVERCOMING DATA CHALLENGES

These data issues and the resulting lack of a robust single customer identification can mean missed opportunities for targeting and personalization of marketing content, a lack of insights into customer behavior, misdirected marketing strategies, and the inability to accurately assess the impact and ROI of marketing efforts. In order to determine how industry-leading marketers are handling their data challenges, respondents were asked about their strategies for tracking customers across channels and devices. Responses are segmented by "Highly Effective Marketers," defined as those respondents who reported being "very effective" at personalizing and "very confident" in their single customer

Identification; and "Less Effective Marketers," which includes all other respondents.

In their efforts to track customers across devices, Highly Effective Marketers are more likely to report leaning on internal tools and significantly more likely to report investing in new technology than Less Effective Marketers (Figure 10). Similarly, when it comes to tracking customers across channels, Highly Effective Marketers are more likely to report investing in internal tools, new technology, third-party vendors, and internal content creation (Figure 11). These numbers indicate that the most successful marketers are looking both internally for technology and content solutions, as well as partnering with external vendors to handle data management needs.

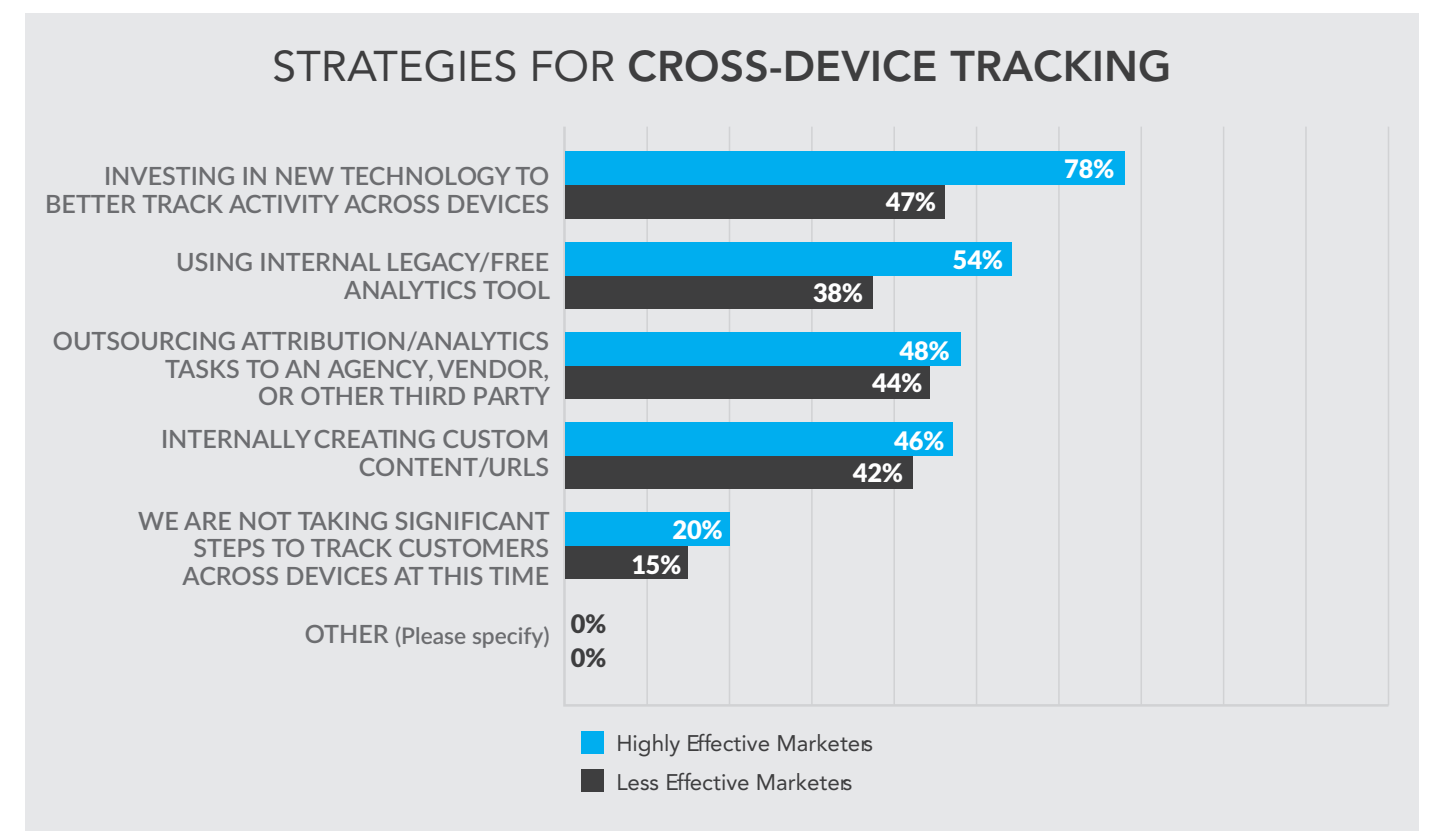


Figure 10
Q: How are you addressing the challenge of CROSS-DEVICE customer tracking? (e.g. tracking customer activity across various devices and tying information back together to a single customer database) (Choose all that apply)
n = 101

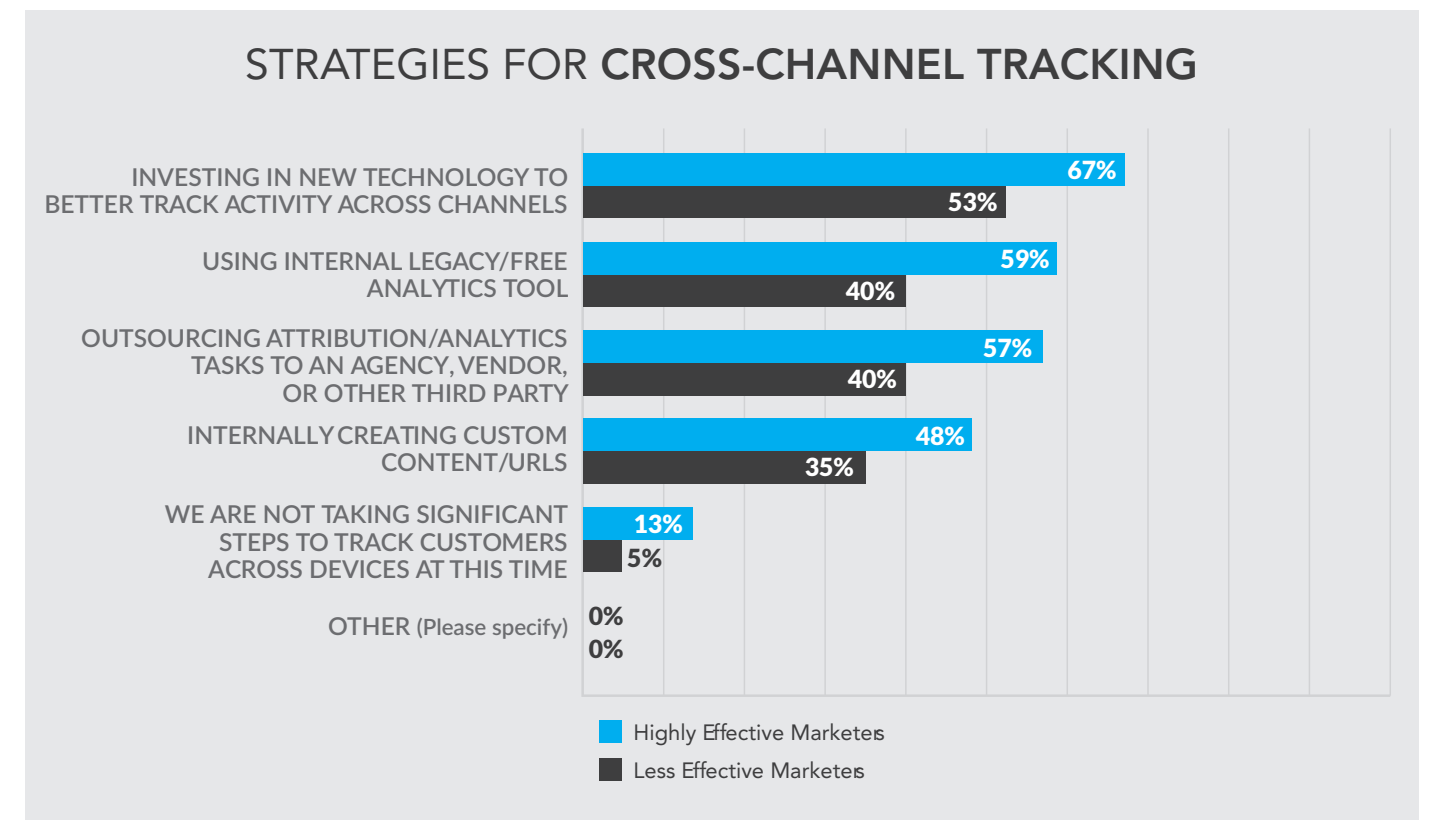


Figure 11
Q: How are you addressing the challenge of tracking customer activity across CHANNELS? (Choose all that apply)
n = 101

INDUSTRY LEADERS ARE PARTNERING WITH THIRD-PARTY VENDORS FOR SINGLE CUSTOMER IDENTIFICATION

Third-party vendors can be essential in the creation of a robust single customer identity, helping brands flesh out raw data into people data. The services that third-party vendors can provide include improving data quality, providing the software and solutions necessary for omni-channel and cross-device

attribution and targeting, and ensuring customer data is handled responsibly and securely.

While almost all companies surveyed are aware of external vendors, the most successful marketers are significantly more likely to be investing in their services. 83% of Highly Effective Marketers report that they currently use third-party vendors, compared with just 44% of Less Effective Marketers (Figure 12).

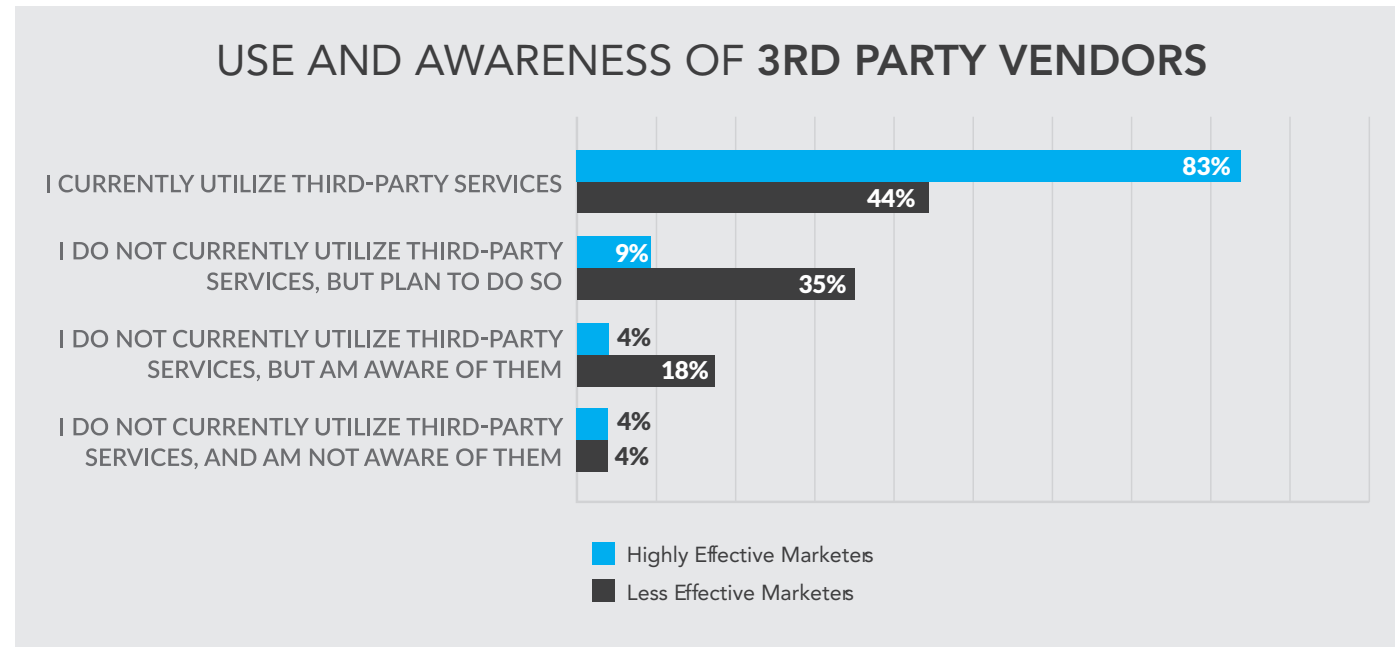


Figure 12
Q13: Which of the statements below best describe your awareness/use of third-party data companies/services to aggregate customer identity?
n = 101

THIRD-PARTY VENDORS CAN ASSIST WITH REGULATORY COMPLIANCE

The emergence of privacy regulations in Europe and the U.S. highlight the need for businesses to handle their data responsibly and securely. The General Data Protection Regulation (GDPR), which was recently adopted in Europe, gives individuals the right to know what data a company has about them. Furthermore, it gives individuals the right to demand that a company erase all such information from their records. Failure to comply with GDPR can trigger massive fines. The California Consumer Privacy Act (CCPA), which will become effective on Jan. 1, 2020, grants similar privacy rights to California residents. There is reason to believe that this type of legislation might become more widespread in the U.S. According to a 2018 study by Akamai Research,

66% of U.S. consumers would like to see GDPR-style privacy regulations adopted in the U.S.

It is no wonder that industry-leading marketers place a high importance on regulatory compliance among the vendors with whom they choose to partner. In fact, 93% of Highly Effective Marketers say that third-party compliance is “very important” in selecting a vendor, compared with just 51% of Less Effective Marketers (Figure 13). Data security is not only a matter of avoiding fines, it is also an ethical imperative. Remember, marketers and the brands they represent hold vast amounts of personal information on their customers — customers who have placed their trust in these companies. And betraying that customer trust is not only irresponsible, it can be very bad for business.

² Akamai Research. (2018). *Consumer Attitudes Toward Data Privacy Survey, 2018*. Retrieved from <https://www.akamai.com/us/en/multimedia/documents/report/akamai-research-consumer-attitudes-toward-data-privacy.pdf>

IMPORTANCE OF REGULATORY COMPLIANCE WITH DATA PROVIDERS

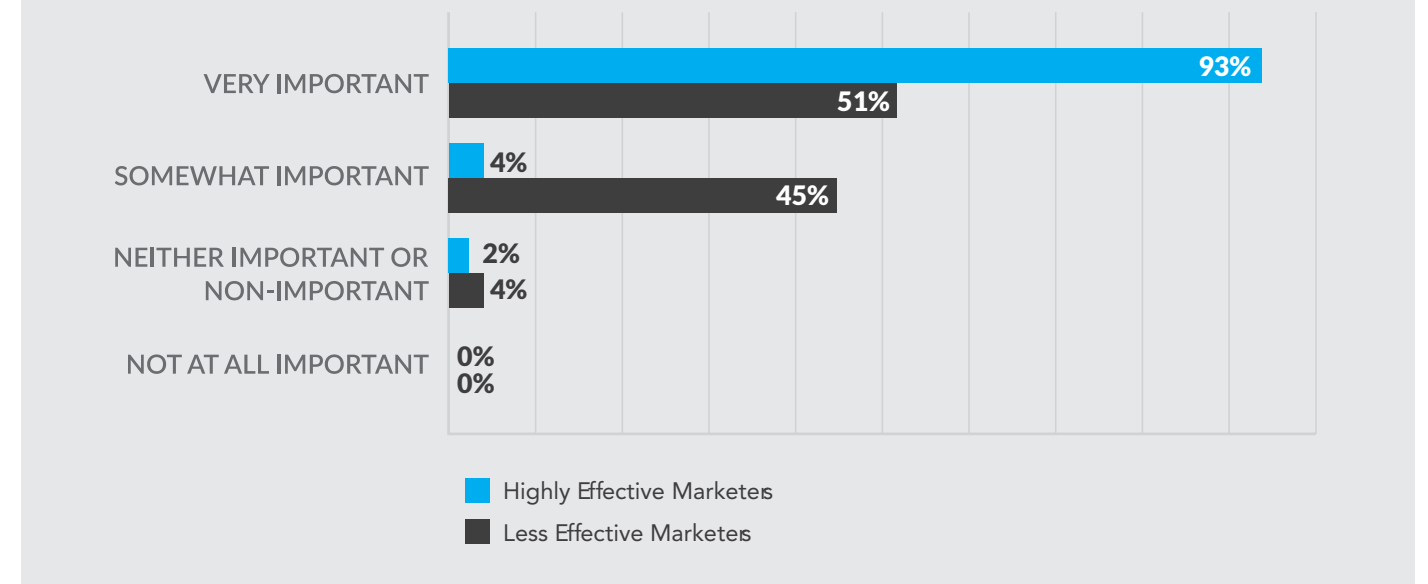


Figure 13
Q: How important is regulatory third-party compliance in selecting a data provider? (e.g. GDPR, ISO, SOC, CCPA)
n = 100

CONCLUSION

Marketing these days is as much about data as it is about content. Even the best marketing campaign will fall flat if it does not reach the right audience. With customers producing more digital footprints than ever, it is essential for marketers to manage their data properly to allow for a view onto individual customers across devices and across channels. Single customer identification enables marketers to target and personalize content to the right audience, track the customer journey, convert customers more effectively, and determine the ROI of marketing efforts with more precision. To achieve single customer identification, companies must not

only invest in their own internal staff, technology, and data solutions, they must also partner with the right data vendor. For leading marketers, this means not only choosing a vendor that provides effective data management solutions, but one that also places an emphasis on data security and regulatory compliance. And, hiring skilled staff in data management and hygiene and developing the proper internal procedures to ensure data procedures are followed can be critical to success. Taking these steps can help businesses achieve effective single customer identification, giving their brands a distinct edge in the highly competitive world of marketing.



ABOUT MELISSA

Since 1985, Melissa has specialized in global intelligence solutions to help organizations unlock accurate data for a more compelling customer view. Our breadth of data and flexible API technology integrates with numerous third-party platforms, so it works for you and makes sense for your business. More than 10,000 clients worldwide in key industries like insurance, finance, healthcare, retail, education, and government, rely on Melissa for full spectrum data quality and identity verification software, including data profiling, cleansing, matching, and enhancement services, to gain critical insight and drive meaningful customer relationships.

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