Customer Data Collection: A framework to identify and manage customer data
April 2024
Nick Antoniades and Meghan Mori

The ability to provide personalized and relevant experience hinges on capturing, managing and utilizing customer data. A previous article covered the entirety of the customer data journey. This article serves to further hone in on the first and critical component, what customer data needs to be captured and how. Included is a framework for organizations to identify not only the right customer data to collect but also how to measure the effectiveness of their experiences with the customers as they work to personalize engagements in a meaningful and trusted way.

Most of us share an extraordinary amount of personal information online, including places we frequent, our tastes, and our digital journeys, without really recognizing the amount of data we are creating. Depending on sources, the volume of data currently generated is estimated at around 90 zetabytes, growing at roughly 30% YoY and expected to reach over 150 zetabytes (that's trillions of GB) by the end of this year. This is an incredible amount of data to collect, understand, and steward.

Despite the growing amount of data created, consumer sentiment on sharing data is changing, and people are beginning to limit the information that they consent to share with sites, mostly driven by concerns about privacy and the use of that data without consent. Depending on which research you read, 90+% of consumers do not want companies to capture, store, and use their data, reflected by privacy-related legislation, which is on the rise.

To further complicate things, some research has found that 80-90% of consumers expect companies to provide them with personalized experiences and cater to their specific needs.

So, how do we balance the consumer's demand for personalization with the rise in data proliferation, the increasing regulatory landscape, and the customer's desire to reduce or control data collection?

We must be intentional about data capture with a focus on what data is critical to delivering a personalized experience. How do we uncover what data is most critical to collect and how? Where does it get generated and how will it be used to support great engagements between consumer and brand?

The answers to these important questions begins as far away from data as possible. It resides within the mission and strategic positioning of an organization. And that is the first step in determining what data should be captured within the Customer Data Journey. The next step is to translate the mission and positioning of an organization into a value proposition for the customer. What value do customers get by interacting or buying from an organization compared to all other options? This may vary from product uniqueness (e.g. Tee Public, Etsy), the emotional value from owning the product (e.g. Rolex, Louis Vuitton) or buying from a brand (e.g.

Target), "incremental" benefits (e.g. Amazon prime content), price and convenience (e.g. Walmart) and so on.

This value proposition will define what experiences customers will have in order to realize that value. Both emotional and physical. This may cover the experience of finding the product (e.g. unique Tee that reflects my likes and preferences in Tee Public), the experience of purchasing it (e.g. ease and price for Walmart and Amazon), the value of using it (e.g. Hoka, Aldo, vitamins, cosmetics) or the emotional "high" of ownership (e.g. Tiffany, Ferrari, etc).

These experiences will then define the KPIs the company should track to understand if consumers realize that value and continue to do so. Some may be straight forward like customer tenure, repeat purchasing or even last mile delivery time. However, as the value proposition gets infused into the entire ecosystem of the organization, more and more KPIs will emerge that will neither be straight forward to identify nor measure.

The last step is to translate the KPIs into customer data that need to be measured, not only for KPI reporting but also to be used in personalized reach campaigns, retention content for CRM channels, SEO and of course, to measure the effectiveness as A/B testing happens across communication tactics and channels.

In summary, the framework is comprised of the six areas as discussed above. The rest of the article will focus on each section in depth.

1. **<u>Vision and Mission Statement</u>**

Most organizations have a mission statement, a vision, goals and values. These define what the organization does and its objectives. In essence, why it exists and how it is supposed to act/behave.

There is extensive research into what makes for a successful vision and mission statement. There is equally extensive research on bad examples! In general, though, a vision and mission statements need to be inspiring and specific for anyone to understand why an organization exists and how it competes.

Let's look at Patagonia as a great example -
Mission: We're in business to save our home planet.
Vision: A love of wild and beautiful places demands participation in the fight to save them and to help reverse the steep decline in the overall environmental health of our planet.

2. Customer Value Proposition

Buried within the mission and vision of any organization should be the actual value proposition of the organization. Why us and not anyone else who has the same/similar product that serves the same purpose or can satisfy the need/want the product is addressing? What reason does an individual have to purchase a product from this specific organization? Why buy a book from Amazon or Walmart or Barnes and Nobles? Each of these companies should have a clear answer to that question.

The process is to “translate” the organization’s mission and vision into a value proposition TO the customer. What value does the mission and vision offer to the customer experience? How does the vision of the organization get realized into a competitive advantage that motivates consumers to interact and purchase with the company? How is that mission then communicated back to the customer?

These are critical questions to migrate a company’s mission from what tends to be an abstraction and a nebulous north star into something actionable and measurable. This exercise will inevitably raise difficult questions, especially regarding whether the value offered is differentiated enough, meaningful enough, and whether alternatives are good enough.

For a lot of retail chains, location, good merchandise and accessibility (or lack thereof) of competitive pricing were enough to sustain an organization. At least, until ecommerce became prevalent and the retail graveyard started filling with brands that had no actual value proposition to the customer. As mall traffic and main street traffic began to decrease, the fate of a lot of these retailers was sealed.

When buying a T-shirt, it is still a T-shirt irrespective of the brand. But it is not! Beyond the product, an organization like Patagonia is delivering so much more.

An understanding of your company's unique value proposition and competitive advantage is central to building a relevant contact strategy. It is key to understand -

- What do you offer customers?
- What sets you apart? How does that translate to what you do?
- When do you delight your customers? How can you create and promote more of those moments?
- What KPIs are you measured against?

The value proposition needs to be clearly defined and communicated across the organization. It is the raison d’etre of the organization from the customers’ perspective, a perspective that needs to be central to the organization's thinking and DNA. It must be infused from the C-Suite to the campaign executioners, from the product organization to the call center. For marketers, it must be the central theme when building consumer relationships.

In the Patagonia example, the mission and vision are inspiring and a value proposition is easy to identify and is differentiating. Let's revisit -

Mission: We're in business to save our home planet.
Vision: A love of wild and beautiful places demands participation in the fight to save them and to help reverse the steep decline in the overall environmental health of our planet.

Based on the above mission and vision, what would be Patagonia's value proposition? For this article, let's use a hypothetical value proposition based on their mission, vision and values, *"Helping customers participate in safeguarding the environment. Providing high-quality, sustainable clothing and equipment."*

This mission, vision, and value proposition are infused into the organization's DNA. For example, in operations, Patagonia has the largest clothing repair facility in North America and a truck that repairs clothing throughout the United States. In customer service, resources are provided to help consumers identify if their article can be repaired or recycled. Patagonia Action works was created to help consumers connect and engage around environmental causes within their community. Within finance and accounting, the 1% for the Planet is their self-imposed tax. It's the percent of sales that they donate to the preservation and restoration of natural environments.

3. Value Proposition to Customer Experiences

Knowing what the value proposition is to the customer does not shed any more light on the customer data the organization needs. Nor does it provide any insights on how to use that data to improve relevancy within the contact strategy.

The next step is to translate the value proposition into customer experiences or perceptions. Based on how the value proposition is realized/perceived, what experiences should consumers have associated with it?

This is best articulated through examples -

If speed and convenience are central to the value proposition, the customer's experiences may be fast in-home delivery, a quick and easy way to repurchase, a fast site with very intuitive site navigation to efficiently find products, and ease of interaction across channels.

If the value proposition is the uniqueness, prestige, and brand value of the product, then this will be key. The in-store experience, from the layout to the employee interactions, needs to reflect the experience associated with purchasing a luxury item. Post-purchase, the call center and ancillary services (e.g., repair/cleaning, etc.) must ensure product quality and that the luxury association remains unblemished. Scarcity as well as manufacturing processes are also common elements of luxury brands.

Once the value proposition begins being infused into the consumer experience, KPIs that track it, are critical in understanding how the brand is performing against this value proposition, how it is communicated to customers, and how consumers are experiencing it.

4. <u>Translating Customer Experiences to KPIs</u>

An organization must translate the value proposition and customer experiences already defined into measurable KPIs. The KPIs need to be defined to measure the impact on the customer, not necessarily the action itself.

This should be a cross functional exercise of open discussion and ideation on how to measure the interactions of customers with the brand in a way that captures the value proposition of the organization. Key participants in this exercise are the representatives that have direct interaction with customers. These will include store associates and managers, call center agents as well as marketeers and digital U/X team. Market research teams if available, should be included as well as teams managing reviews and Q&A sections of sites. These teams have a clearer understanding of how customers interact with the brand and the real pain points as defined by the customer, NOT the organization. And these teams should not be overwhelmed by executive teams and/or IT process limitations.

It can not be stressed enough that this exercise needs to be system and process-agnostic. It needs to be a “clean slate” activity with only the value proposition and the previously defined customer experiences as the north star. The end result of this exercise should be a set of metrics that best define customer interactions. They must be well-defined for the organization to incorporate into standard reporting; they must also be tracked longitudinally to capture changes over time.

There are cases where the KPIs may be straightforward. Perceived brand equity to the customer may be a KPI, either through a price premium or brand sentiment/tracking. Most luxury brands have metrics to that effect.

Customer ease of use may seem straightforward and be reflected in a repeat purchasing metric. However, it may be more complex as the timeframe to track repeat purchasing will vary, and organizations will need to be very thoughtful in defining that time frame. Consumables tend to have an advantage as the time frame is already predetermined. Most supplements' SKUs include “days supply” data, which can be used to identify replenishment time frames. Luxury goods potentially have a longer time span, while food will have a much shorter one. For groceries or household basics, it may be down to a few days. While the KPIs remain the same across these examples, each organization will have targets that are specific to its vertical, product, and overall consumer experience.

If creating memorable moments with the brand is a KPI, this may not be as straightforward as order value or repeat purchasing. Depending on the industry, it may need to be more accurately measured by share of wallet, friends' referrals, positive social posts, etc.

An interesting case may be speed if it is a foundational component of the value proposition. For example, last mile delivery companies (e.g. FedEx, UPS) or food delivery companies (e.g. DoorDash, GrubHub). These KPIs need to revolve around the speed experienced by the customer. This may include clear KPIs like "Place order > in home" (note it's the entire end to end to delivery from the customer's perspective, irrespective of how many steps or vendors are involved). It may also though, include other KPIs which may not be as clear. For example, how efficient/fast is the replenishment funnel, how fast to pick up/hand off an item (UPS/FedEx), site speed, order tracking tools accuracy, site navigation KPIs to measure the effectiveness of the site's UX and presence and speed of subscription services for auto delivery. It may be the average number of pages to get to an add to cart, or, in order to track speed of finding products on site, an organization may need to capture site navigation metrics (search, nav, recommendation containers). Even metrics related to the speed of navigating a store (related to store layouts and shelf space) will be critical to make speed KPIs the central tenet of customers' experiences measurement.

Across all of these examples and KPIs, the key consideration is how the customer perceives the organization's value proposition. Collecting data to measure against these KPIs is the next critical step in continued measurement of the KPIs and infusing them into a brand's communication and personalization strategy.

5. Identify Customer Data from Established KPIs

Tech operations, analytics and data enablement will be critical in helping capture and measure the KPIs that are most critical to the organization's value proposition and the customer experience.

It is important to start with where the customer is realizing the value proposition and then identifying the collection systems or interaction points related to that experience. Some likely sources include -

1. In-store or physical interactions & transactions which would be captured in POS or order processing systems
2. Online or digital interactions which would be captured in web analytics tools, website UX metrics, etc.
3. Product related metadata that provides insights into what consumers are buying, styles, preferences, etc.
4. Call center data which will capture direct interactions relating to the experience or product

5. Supply chain systems which will shed light on the time to process orders, replenishment information, sustainability metrics, etc.
6. Usage and feedback data which can be collected through loyalty programs or surveys
7. Customer engagement channels which could include referral systems, enthusiast communities, and more

In addition, companies may need to collect customer data from outside sources. These may include information relating to sentiment and brand awareness, usage details, exit surveys, last mile tracking, product disposal metrics, share of wallet, share of category, third-party demographic and psychographic information, etc.

All of this information is critical to understanding the engagement with the brand and to help support KPI measurement. However, this data is only actionable when it is connected to an individual and their consumer journey.

Customer Management

Understanding and actioning on personalization tied to the value proposition of the brand can only be achieved if there is an accurate and actionable view of an individual and their journey.

A consumer could be represented by a loyalty number, a username or email login on a website or app, an anonymous visitor to a website or a detailed transaction at a POS. Depending on the collection system, there will be varying degrees of data capture and customer willingness to share. The most common personal identifiable information (PII) elements captured include an email address, physical address and phone number (phone generally having the lowest capture rate). Even at this basic level, complexities and challenges arise that need to be addressed.

Human data is inherently messy. People move. They change names. Most consumers have multiple emails. Households tend to share emails or login accounts. Companies may have multiple brands with shared logins across brands. This creates a herculean challenge and a critical need to create an accurate customer profile with robust identity resolution at its core.

The most common approaches to identity resolution are deterministic and probabilistic. The former requires at least one identifiable variable to be the same (e.g. email or phone). Probabilistic assigns probabilities and usually fuzzy logic to identify if the accounts are common enough to indicate it’s the same individual. The complexity of the consumer journey (cross-channel, shared loyalty numbers, B2B2C engagement models, etc.) will influence the brand’s identity resolution needs.

A key outcome of identity resolution is the deduplication of profiles. This is critical to ensure proper understanding of the entire activity of an individual (account) and all the data this account is generating both for delivering personalized experiences and for driving marketing efficiencies for the brand.

Identity resolution is also critical in preference management or helping consumers establish and honor their communication preferences with the brand. This is critical not only because it is a legal requirement but because it creates trust with consumers. This would include easy to sign up, easy to opt out. Processes and locations (both physical and digital) to sign up and unsubscribe should be unobtrusive, however, they should be as visible and appear throughout the user journey.

Now that the company's value proposition is understood, measurable KPIs have been established, engagement channels that provide data are identified and identity resolution solutions are in place to link an individual to an actionable consumer journey, it is important to begin a data collection audit.

6. Customer Data Collection

The data needed to measure and act on the KPIs uncovered in the discussions above typically sit in siloed systems and are owned by different teams. A cross-functional data audit is important to identify data systems, owners, and data elements that will be critical in delivering against the organization’s value proposition throughout the consumer journey.

Not all data collected will be influenced by marketing; however, strides across the organization toward the core value proposition should enable relevant customer data to be collected, benchmarked, and woven back into engagement with consumers.

Let’s return to the Patagonia example and look at the data elements they may consider. By default, like all DTC companies, Patagonia will need to collect foundational PII information (like name, address, contactability, loyalty ID etc.) as well as transactional data and site activity. In addition though, their value proposition warrants looking beyond the foundational elements and collecting data that would not be typical financial KPIs. They would be critical to their ability to measure the value proposition. Example may include the below:

Value Proposition: Helping customers participate in safeguarding the environment. Providing high-quality, sustainable clothing and equipment.

Data Collection Point	**KPIs**	**Key Data Elements**
Manufacturing/ Supply Chain	Carbon footprint	CO2 Emission Targets
Delivery Ecosystem	Carbon footprint	CO2 Emission Targets
Product Engagement	Reusable materials - (eg. Worn Wear)	SKU level engagement
In-Store Experience	On-prem sustainability, in-store environmental engagement	POS, SKU

Web & App	Community involvement - (eg. Take Action). Site activity	Page Engagement, Product Engagement
Call Center	Sustainability (eg. Repair - DIY guides - Trade it In)	Key Words
NPS/Survey	Feedback related to saving home planet	Key Words

Considerations throughout the data collection process include what elements within the data will most impact the personalization strategy.

All data elements captured should be evaluated with consumer sentiment and consent as the framework's foundation. Once this data is identified and collected, it can be put into action across the organization's targeting and personalization strategy.

7. Summary/Conclusions

As mentioned in the introduction, the ability to provide personalized and relevant experience hinges on capturing, managing and utilizing customer data. This article serves to further hone in on the first and critical component, what customer data needs to be captured and how. This article is a guide to answer those questions. It begins with the strategic positioning of an organization to understand the value proposition it offers customers. This value proposition drives the understanding of how customers realize and experience that value, through their interactions with the organization. This in turn, defines the KPIs by which an organization will measure its impact on the customers' lives. Lastly, these KPIs will be used to identify what customer data will need to be captured and from which sources and systems. This article builds on the previous Customer Data Journey article to help guide teams as they collect the right customer data and determine meaningful KPIs to personalize and create meaningful experiences with the brand.

Nick Antoniades is an accomplished strategic marketer and analytics leader with over 20 years' experience in direct to consumer and retail spanning several sectors including home goods, fashion, supplements and food. He has an extensive track record in driving growth and optimizing marketing campaigns and customer lifetime value through strategy, analytics and operational excellence. He has utilized A/B testing, segmentation, and personalization to significantly improve performance and has implemented CDP, personalization engines, and analytics tools.

Meghan Mori is a marketing and data technologist with over 10 years' experience focused on identity resolution and data to enable clients' marketing and media strategies. She has worked across industries to help drive identity resolution, data collaboration, customer data platform (CDP), activation and analytics solutions with the continuous goal of helping increase engagement and efficiencies through personalized consumer experiences.