The State of Customer Data

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A Letter from the Chief Strategy Officer

The role of customer marketing today is fraught with uncertainties, challenges, and stressors.

Don’t get me wrong: at the best of times, working in customer marketing can be creative, thought-provoking and fulfilling. But at the worst of times, it's a real juggling act. With knives. While balancing on a unicycle.

In marketing and Customer Relationship Management (CRM), you’re expected to entice new customers to engage with your brand, deepen relationships with existing customers, scrutinise increasingly complex customer behaviours and fragmented journeys, deliver personalised and relevant experiences, drive revenue, optimise promotional spend, and more – all while proving the value of your team’s work at every turn.

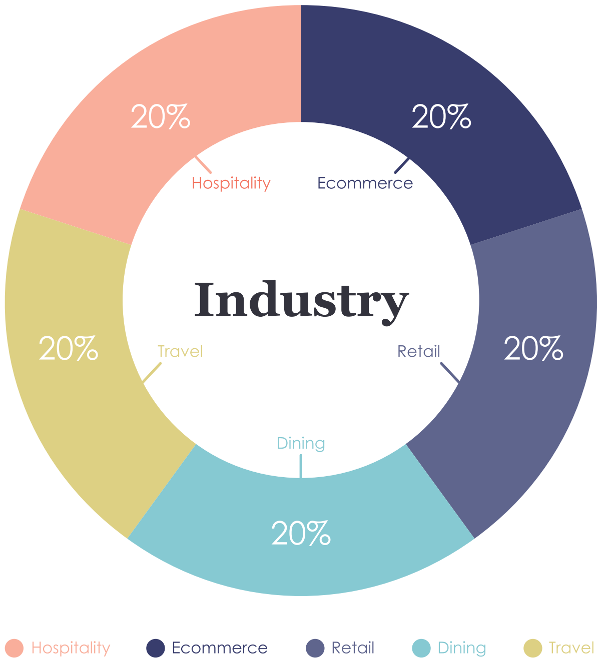
Not to mention, as technology advances and creates new opportunities for groundbreaking marketing strategies, you’re expected to stay ahead of the curve.

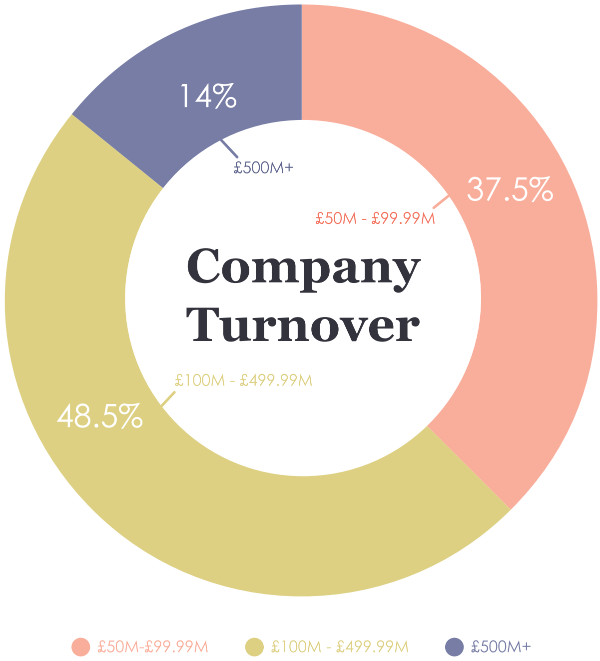
It’s a lot to contend with.

With that in mind, Plinc (formerly Planning-inc) are excited to share our second annual State of Customer Data report. This year, we’re delving into senior marketeers’ aspirations, worries, processes and everyday challenges. I think you’ll find the report is a great tool for benchmarking your team’s performance and sophistication, giving you a better understanding of how your brand stacks up in the market. At the very least, it'll give you some ideas on how to banish those recurring late-night stress spirals, so I feel it’s worth your while.

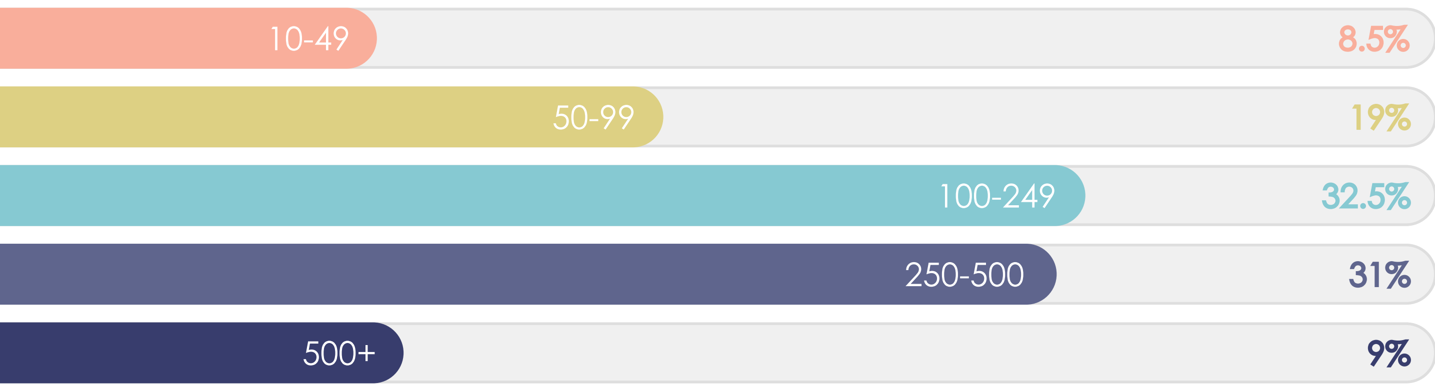
Stuart Russel
Plinc Chief Strategy Officer

Survey Demographics





Company Size



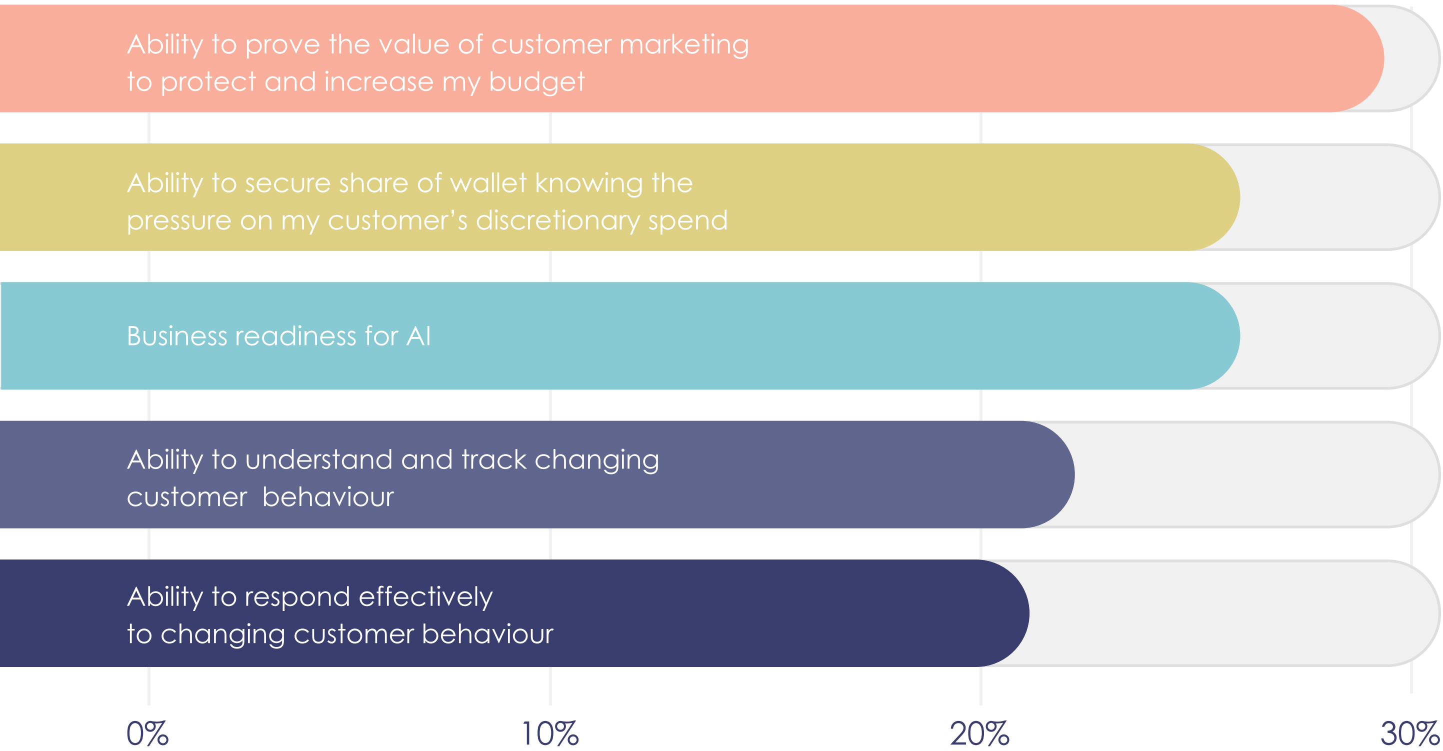
What’s keeping marketers up at night?

Customer marketing and CRM teams play an integral role across B2C businesses. In fact, it's probably more accurate to say they play many integral roles.

With direct ties to nearly every aspect of the business (finance, operations, product and category management, data and technology, strategy...the list goes on), it can be difficult to predict what is top of mind for different customer marketing teams across brands and sectors.

As it turns out, there were a few common threads throughout our findings.

Senior Customer Marketers’ Top 5 Causes of Stress



To better understand each of these pain points, let's look at them one by one.

1 Ability to prove the value of customer marketing to protect and increase my budget

Since the start of the economic downturn, trade outlets abound have reported the toll on marketing budgets. While economic pressures are easing for some industries, marketing budgets are still suffering. In fact, 68% of respondents agreed that the level of resourcing and funding for their department is holding their team back from driving business growth.

To correct course, marketing teams must be able to show the direct impact of marketing activity on the business. This requires accurate measuring frameworks and advanced reporting, and for more complex multichannel programs, it needs careful audience planning to ensure the results are statistically significant. Moreover, the long-term impact of marketing activity needs to be as forensically analysed as short-term revenue and engagement. Yet, many brands are struggling in this arena.

Reporting on the Right Metrics

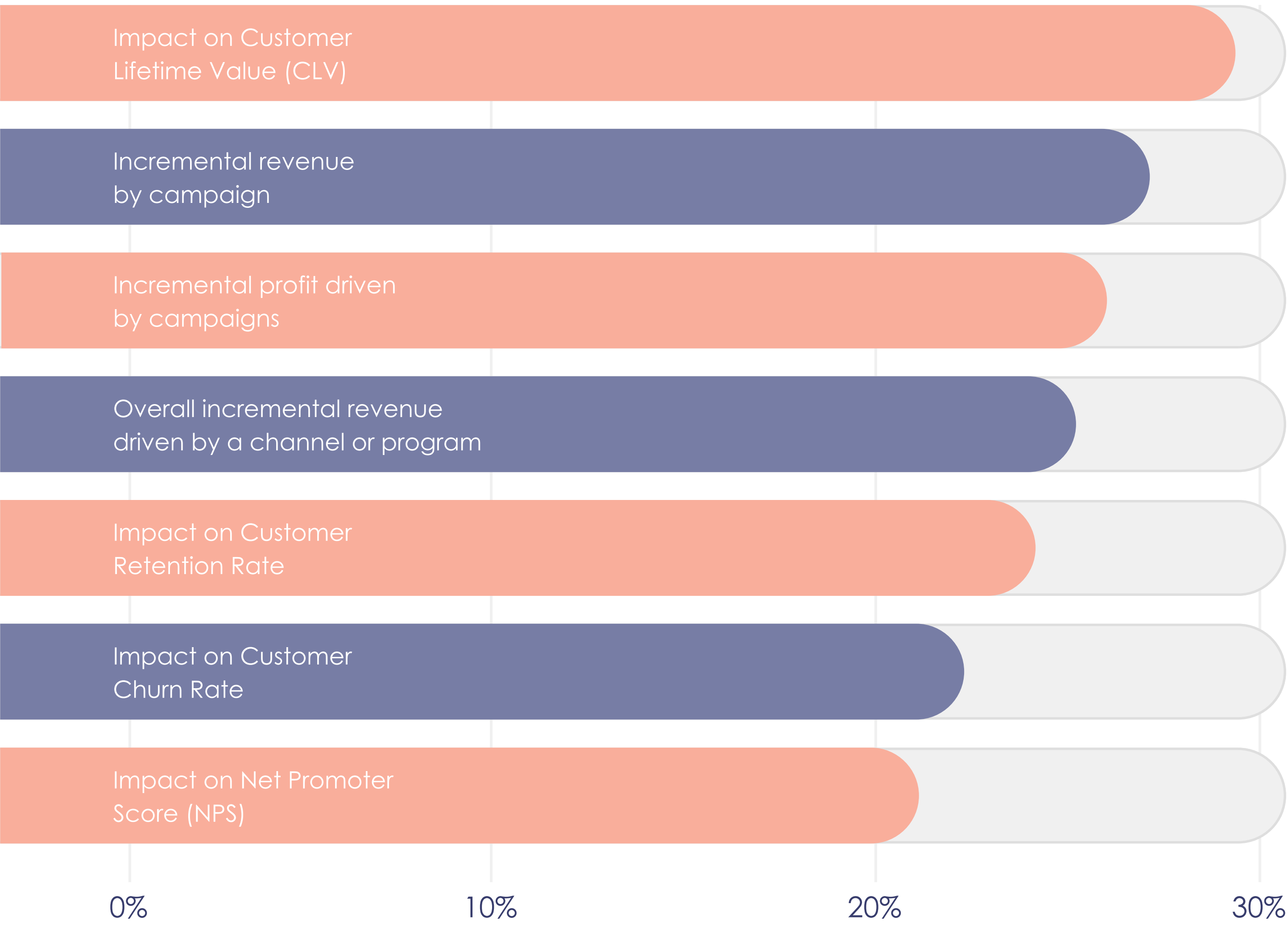
In terms of quantitative measurements, the clearest way to prove the value of a given action is with incrementality.

> **Incrementality measures the direct impact of a given marketing activity.**

However, only 26% of respondents report on incremental revenue by campaign. The hospitality sector outperformed retail, dining, travel and ecommerce with this metric, with 35% of hospitality respondents reporting on incremental revenue, while ecommerce lagged behind with a mere 20% reporting on incremental revenue. Similarly, only 25% are currently reporting on incremental profit driven by campaigns, and 23.5% report on overall incremental revenue driven by a channel or program.

It's not surprising, then, that marketers are feeling the pressure to prove their value – without using incrementality measurements as key performance indicators (KPIs), marketers can't effectively demonstrate their team's worth to the business, making it all the more difficult to advocate for budget allocation.

Which of these metrics, if any, do you use to report on the success of your customer marketing programs? (Select all that apply)



2 Ability to secure share of wallet knowing the pressure on my customers' discretionary spend

Economic uncertainty has also taken a toll on discretionary spending, and while inflation seems to be easing (for the time being, anyway), many sectors are still struggling. Cost per acquisition (CPA) is on the rise, and marketers are feeling the heat.

On the other side of the coin, customer loyalty is declining, and "brand promiscuity" has been exacerbated by these well-documented economic woes. This is front of mind for many marketers, encouraging an ever-intensifying demand to drive customer loyalty.

One outcome of these recent changes has been an increased focus on loyalty initiatives. Whether a brand chooses a more traditional, overt scheme or employs subtle, covert tactics like personalised offers and nudges, it's clear that marketers are on the hunt for better ways to retain their customers.

As a byproduct of the business-critical need to drive customer loyalty, we've seen a philosophical shift across many businesses over the past several years toward a "customer-first" strategy.

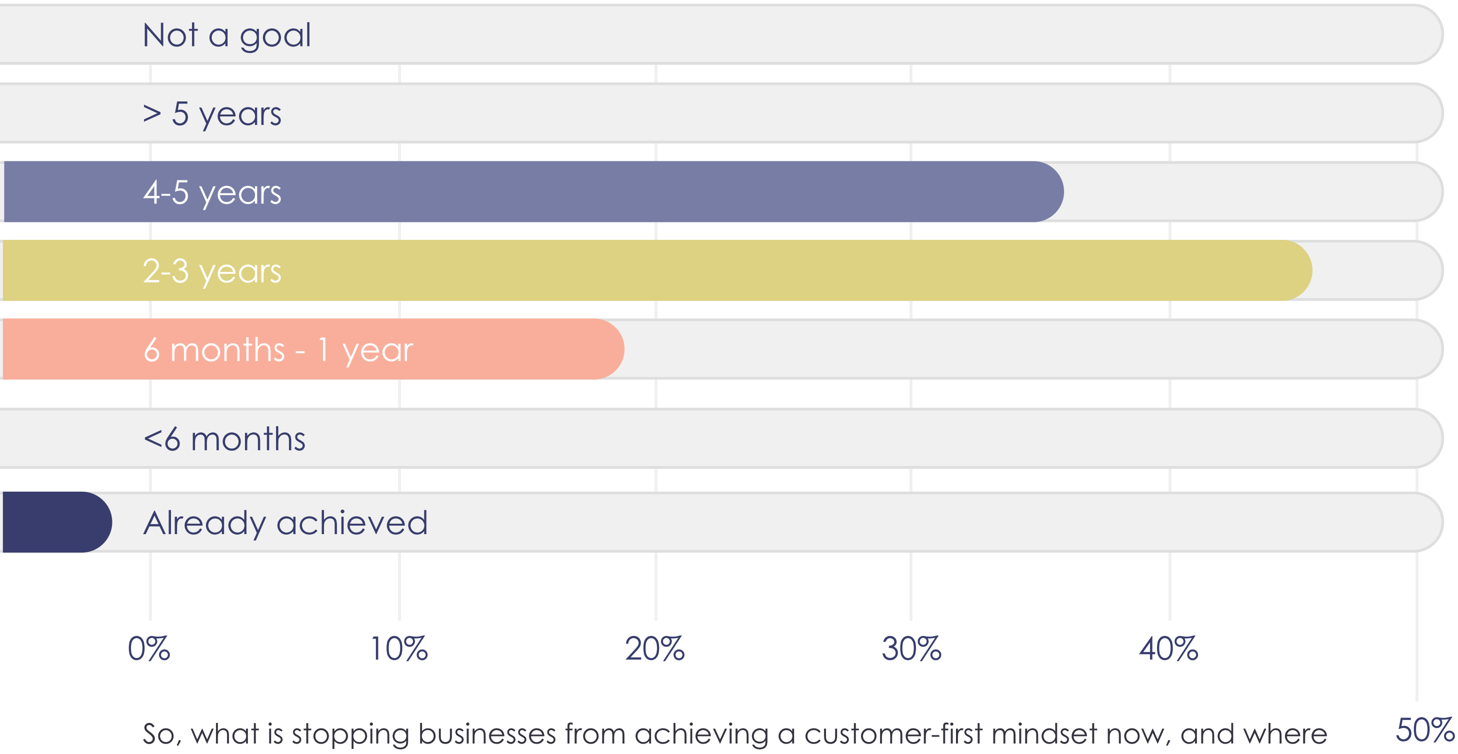
The Shift Toward a Customer-First Approach

> **A "customer-first" strategy is one that puts the customer at the centre of all business and marketing decisions rather than being led by product or business vertical requirements. A customer-first strategy requires strong customer reporting, customer-focused KPIs and advanced personalisation and targeting capabilities.**

In theory, a customer-first approach fosters long-term engagement, loyalty and repeat custom by implementing a company-wide transformation to meet customer desires and needs.

Hearteningly, none of our respondents indicated that achieving a customer-first mentality was "not a goal". However, more than 1/3 of respondents (36%) believe they are still 4-5 years away from actualising it.

How far away do you believe your business is from achieving a true customer-first mentality?



So, what is stopping businesses from achieving a customer-first mindset now, and where does it leave them?

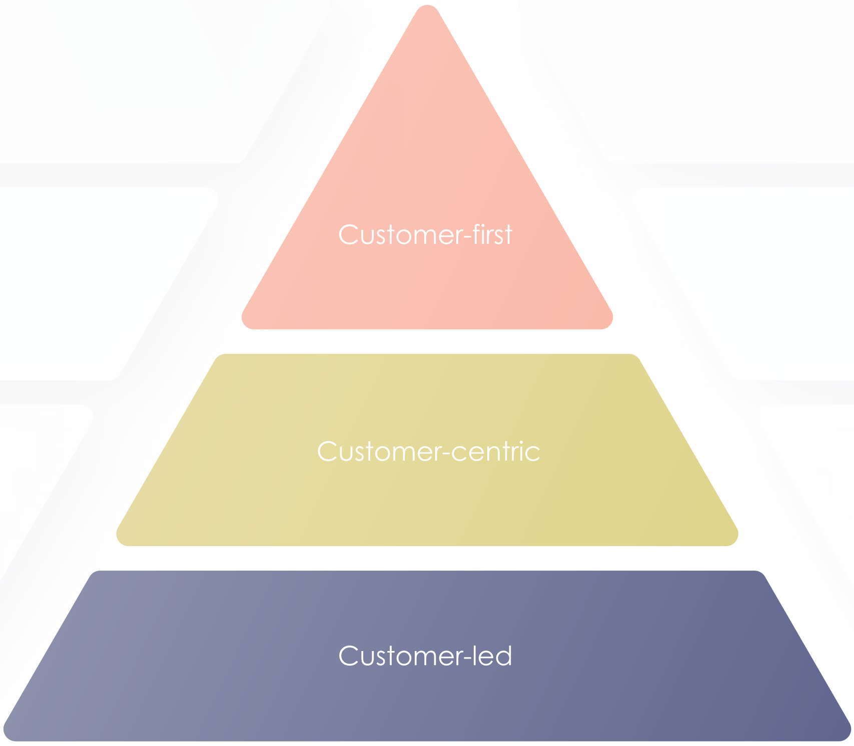
A true customer-first strategy hinges on accessibility of unified data and democratised insights. Even among the respondents that reported having a connected 360° view of the customer (72.5%), it became apparent that most were not using their customer data to make business decisions.

Which of the following decisions, if any, does your business make using customer data in the 360-degree customer view?

Customer experience initiatives	42.76%
Promotion and markdown allocation decisions	40.69%
ESG strategy decisions	35.86%
Product range and stock decisions	35.17%
Store design, experience and location decisions	32.41%
Pricing decisions	27.59%
Other finance decisions	13.10%
None of the above	1.38%

Likely, many of these missed opportunities are due to inefficiencies and gaps in a business's existing Single Customer Views (SCVs). We will discuss these gaps in more detail in the following sections, but setting aside these concerns for now, we can see where businesses are struggling to use data to proactively deliver experiences and business initiatives that ought to be driven by the customer.

Of course, every (good) B2C brand cares about its customers, but that doesn't make them customer-first. Rather, we would argue that most businesses today are customer-led.



The lexicon has become somewhat interchangeable in many businesses, but arguably, there is something of an evolution at play; certainly, we've seen businesses shift focus between these three terms over the past 10 years.

While there is a great deal of nuance to consider, we define these terms as follows:

Customer-led: Businesses whose activities are led by maximising acquisition and retention. Customer-led mentalities are responsible for the notion of "relevancy" in communications, as businesses sought to frame their products and services in ways that were most relevant to their existing or would-be customers.

Customer-centric: Businesses that respond more directly to customer demand and have ambition to deliver strong experiences. Customer-centric businesses are more effective at using data to make better decisions for the customer, though this is often specific to marketing.

Customer-first: Even more in tune with the customer, customer-first businesses have achieved a fundamental business transformation, putting the customer at the heart of every decision made. –These businesses aim to unite teams against key customer KPIs and use data to create customer propositions and experiences.

With a customer-first mindset achieved, a whole host of new key customer team objectives can be unlocked:

1. Democratised data and "citizen analysts" (i.e., empowering stakeholders across the business – technical and non-technical alike – to scrutinise customer data and root their decisions on it)
2. Harmonised marketing team focused on a core customer KPIs
3. Cross-channel personalisation capability
4. Effective diagnostics and measurement
5. Insight to action agility

A true customer-first approach represents the pinnacle of data-driven decisioning, and customer marketing has a pivotal role to play. As custodians of the brand's customer data, CRM and marketing teams should be responsible for disseminating insight throughout the business in an agile way. It's key to democratise data and insight across departments, enabling technical and non-technical folks alike to identify new opportunities for delivering exceptional customer experiences.

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3 Business readiness for AI

It wasn't named Collins' Word of the Year 2023 for nothing...

Artificial intelligence (AI) has been a major talking point in customer marketing for years, but with tremendous strides in Large Language Learning Models (LLMs) recently, the possibilities for AI have never been more tangible.

It's fascinating to see that AI readiness has jumped ahead of "understanding customer behaviour" and "responding to customer behaviour" on the list of marketing worries considering how crucial the latter are to successful customer marketing. Perhaps this speaks to how technological advances can drive business objectives, or maybe there's just a bit of FOMO (fear of missing out) at play, but it's interesting to see this so high on the agenda, nonetheless.

Regardless of its ranking amongst marketing anxieties, it does makes sense that AI is keeping marketeers up at night. This boils down, in our opinion, to two big questions:

1. How will AI impact the role of marketing?
2. What do businesses need to have in place to use AI to its full potential?

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We're not here to ring alarm bells about AI taking over marketeers' jobs. In fact, we agree with the more measured sentiment and analysis of AI's potential – if used properly, it will augment marketing and CRM teams, increasing the speed of insight to action and solving key content challenges. It will change the way businesses understand customers and react to their changing preferences and needs.

Arguably, the adoption of AI will fast-track customer-first and loyalty agendas for these reasons, ultimately industrialising insight and content creation to better deliver relevant experiences and automate the right decisions and journeys for customers. But, before that can be accomplished, there are some fundamental concerns that need to be addressed.

To begin, nearly 1/3 of marketers (30%) noted stress about privacy regulations, making it the biggest challenge for adopting AI amongst our respondents, and 28% are worried about brand governance when using AI. For all the buzz about AI's potential for content automation, hyper-personalisation, advanced targeting and more, marketeers are still wary about how safe it is for their brand.

Next, 24% feel disjointed data stops them from using AI effectively, and 22% feel their data quality is too poor. For AI to be effective, businesses need to have an abundance of centralised customer data that can be identified and matched quickly.

Finally, 26% of respondents cited lack of enabling technology as a reason for ineffective AI adoption, and 22% noted that they were unable to integrate AI with legacy systems. Marketers need to be armed with the right technology to activate effective AI strategies.

In the end, AI is only as good as the data its trained on, and it seems many marketers still don't have the right data foundations in place to make it as effective as it can be.

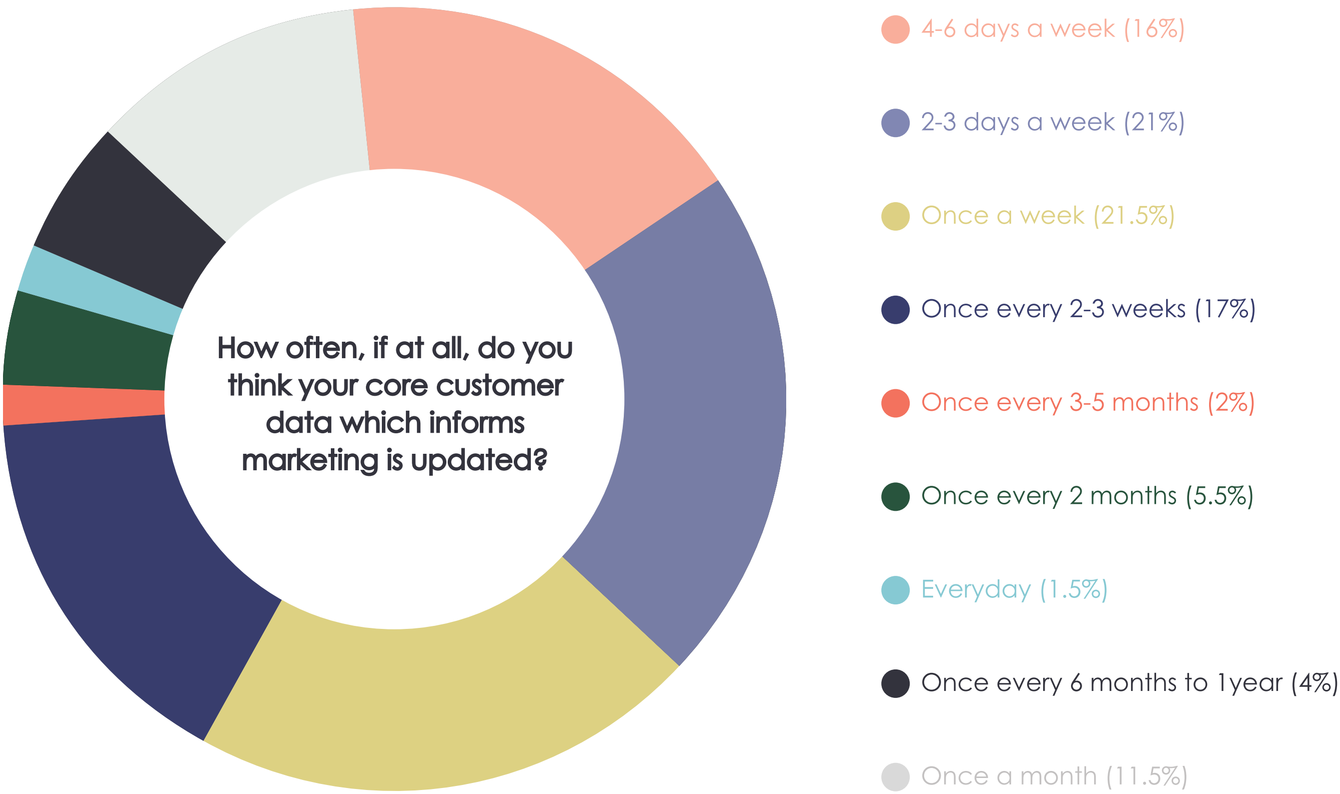
4 Ability to understand and track changing customer behaviour

Understanding customer behaviour and creating campaigns that proactively deliver the messages, products and offers that customers truly want to see is at the heart of a customer-first mentality. Yet, just over a quarter of senior marketers cite the ability to understand and track customer behaviour as a major pain point in their role.

Of course, without having access to real-time, unified customer data, marketers will never be able to get a true understanding of customer behaviour. Still, it seems many brands are lagging when it comes to data connectivity and accessibility, and it's leading to an insight deficit. In fact:

1. Only 20.5% felt fully confident that their team can access and analyse real-time customer data when they need it.
2. Only 30% felt fully confident that their SCV gives them a full 360-degree view of individual customers.

Even if an SCV contained the right data and was easily accessible, most businesses' data isn't timely enough to effectively influence customer behaviour. When asked how frequently the core customer data that informs their marketing is updated, 61.5% revealed that it's updated once per week or less frequently. It's unsurprising, then, that respondents felt frequency of update for analysis was the #1 limiting factor of their SCV, with 20.9% citing it as an issue.



Without accessible and up-to-date data, customer marketers will never be able to effectively track and understand changing customer behaviour.

5 Ability to respond effectively to changing customer behaviour

Of course, insights and analyses are only valuable if they lead to timely and effective action to improve campaigns and programs. In fact, this is a hallmark of customer-first strategies, because data-driven actions lead to better customer experiences that build brand loyalty and drive revenue. However, the gap between insight and action is yet another cause of stress amongst customer marketers.

Most respondents (81.5%) admitted that it takes four or more days to act on an insight to optimise future communications once a behavioural trend has been identified. The average amount of time to act is on an insight 5.19 days.

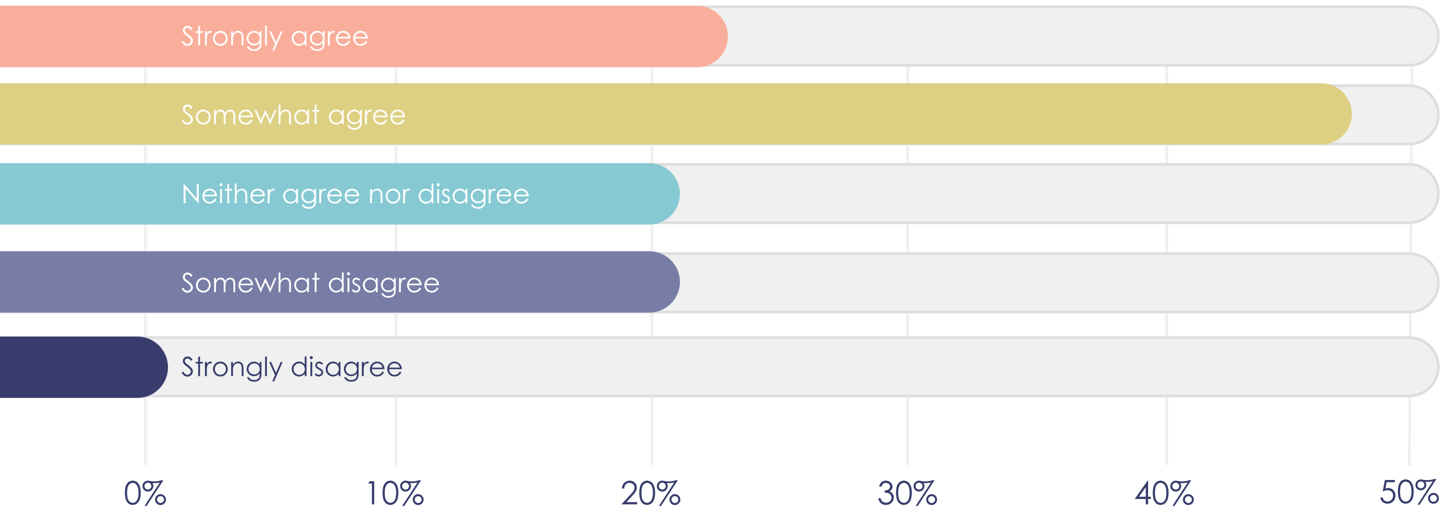
Once you have identified a behavioural trend within your customer data, how long does it take to act on that insight to optimise future communications?

The Impact

Customer marketing and CRM teams are clearly facing a myriad of challenges with their customer data, and the cracks are beginning to show even more as the possibilities in marketing become increasingly advanced.

Perhaps that's why most marketers are not fully satisfied with the impact their marketing technology has on business growth. In fact, only 23% strongly agree that their martech drives business growth, indicating that the majority feel there's room for improvement.

How strongly do you agree or disagree with the following statement 'My marketing technology is successful in driving business growth'?



To better understand the cause of this dissatisfaction, let's take a closer look at one crucial area of customer marketing: personalisation.

Currently, 43.5% feel their personalisation efforts are unsophisticated, which is unchanged from our previous report.

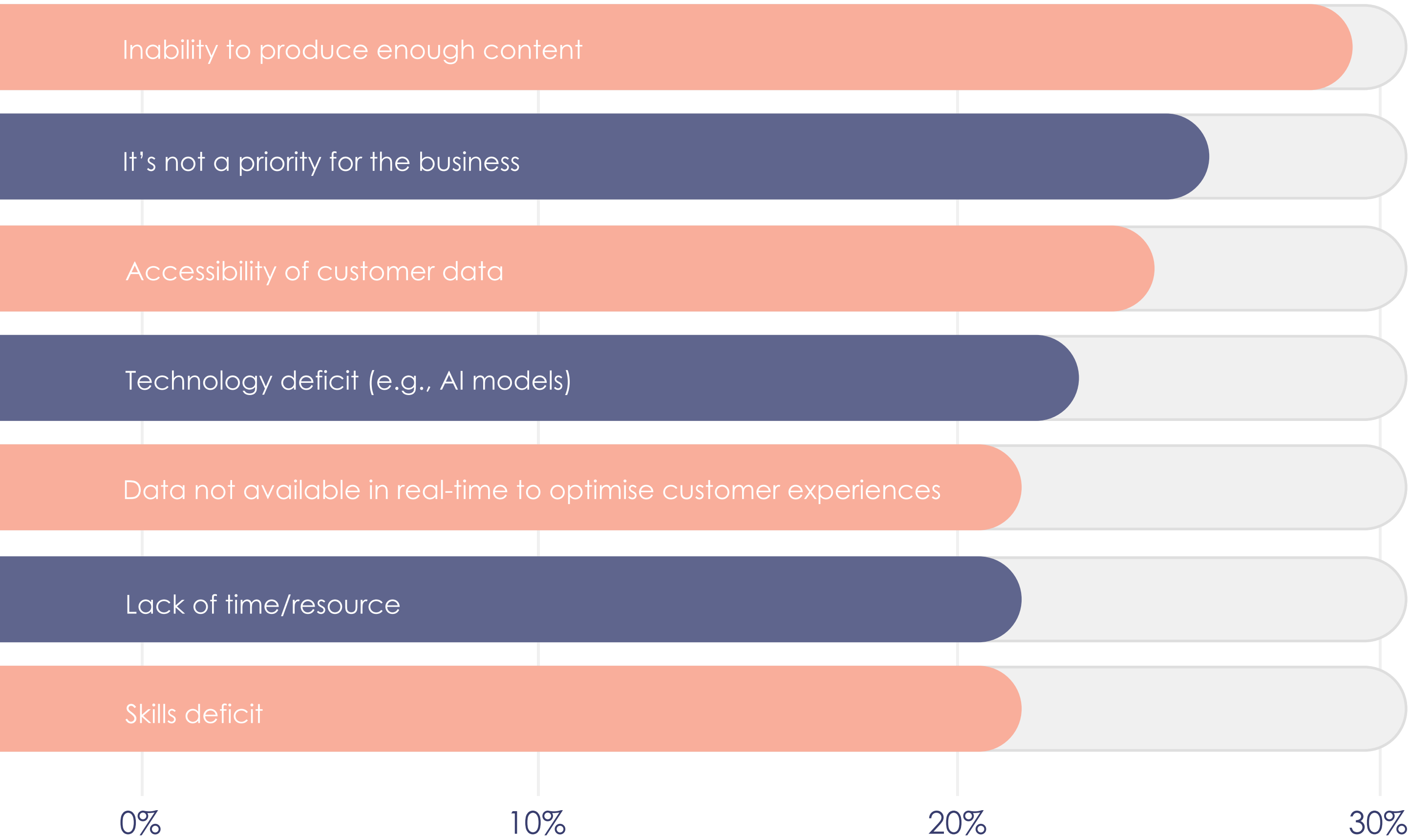
How sophisticated, if at all, would you say personalisation is in your customer marketing?

	Sophisticated	Unsophisticated
Ecommerce	57.5%	42.5%
Hospitality	70%	30%
Retail	50%	50%
Dining	52.5%	47.5%
Travel	47.5%	52.5%

It's shocking, in our opinion, that personalisation is still so rudimentary. The results of effective personalisation speak for themselves: it's been proven to increase engagement, basket sizes, lifetime value, loyalty, breadth of shop and more. If that's the case, then why aren't more marketers acutely focused on achieving more effective personalisation?

As it turns out, there are many factors at play.

Which of the following factors, if any, are preventing you from delivering more effective personalisation at scale? (Select all that apply)



Beyond this, to deliver personalisation that is optimised to influence customer behaviour, marketers need to be able to tap into real-time data. Crucially, 81.5% of respondents say they don't have all of their customer data easily available to target and personalise customer campaigns, and only 24.3% of those with SCVs have access to real-time behavioural data and intent signals in it.

In theory, AI could resolve several of these personalisation challenges, enabling marketers to deliver a greater level of personalisation at an unprecedented scale. But, as covered in our previous section on AI, marketers are still on the fence about its efficacy thanks in large part to issues within their data systems.

Fixing the Foundations

There are many ways to interpret the findings in this report, but ultimately, they all boil down to one fundamental truth: to be effective in their role, customer marketing teams need a connected and accessible core data foundation.

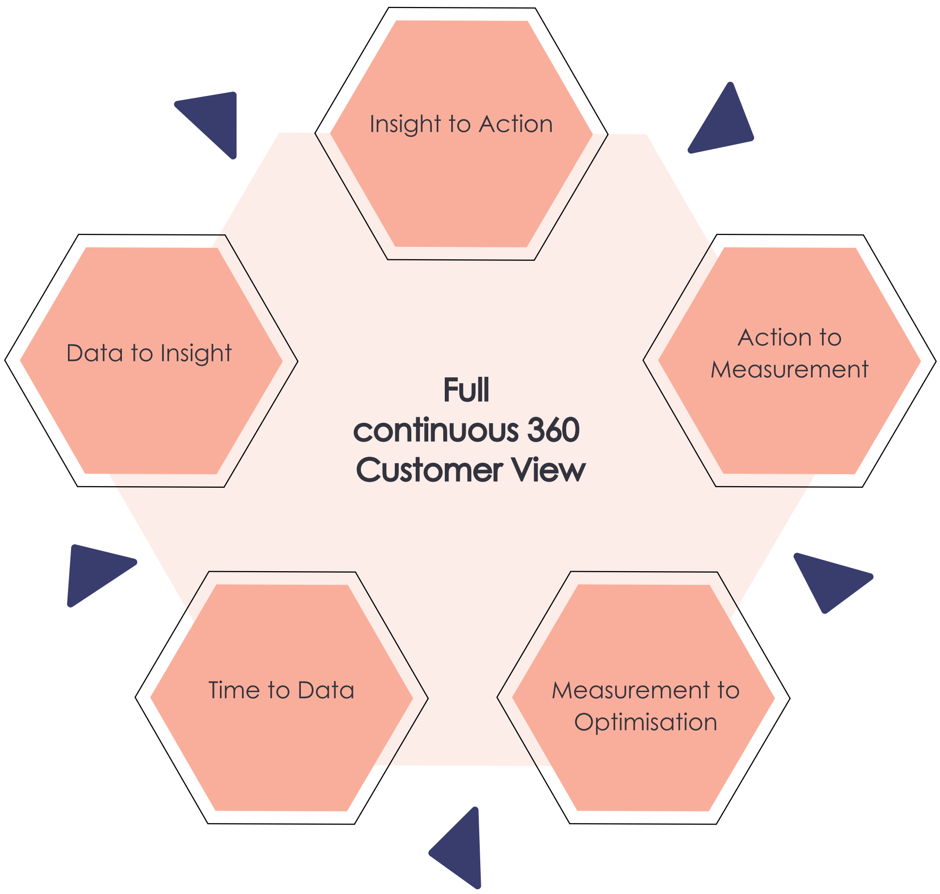
Without a fully functional, up-to-date data foundation, marketers won't be able to truly prove the value of their programs to the business; they won't be able to achieve effective personalisation; they won't get the most out of their martech; and they certainly won't be able to lead their brand in achieving a customer-first mindset.

Even with the exponential advancements of martech over the past decade, we still have not addressed the root cause of customer marketers' problems. Continuous SCVs are not universal: we can see from the research that fit-for-purpose, continuously updated SCVs just aren't a reality for most businesses.

Today's SCVs are simply not meeting marketers' needs. There are too many key data holes, and they're not updated frequently enough. Not to mention, they're not easily accessible, leaving marketers unable to run analysis in a timely fashion or turn those insights into action quickly.

A Potential Approach

To address the many pressures that customer marketers are juggling, we looked at the hallmarks of businesses who are already on the customer-first path to see what they have in common.Successful businesses assess and then look to improve their capability across five key areas:



- Time to data: How quickly does your business harvest data, how much of it is stored, and how easily can you access it for insight and activation?
- Data to insight: How easily can you extract the level of customer insight and create relevant marketing programs? How easy is it for you to share across teams to inform business decisions?
- Insight to action: How frictionless is your capacity to turn that insight into live customer experiences?
- Action to measurement: How quickly can you measure the true impact of your activity, using KPIs that matter to the business?
- Measurement to optimisation: How easily can you react to program results, tweaking activity and messages based on insights into what is working and for which customer segments?

To start to alleviate those niggling concerns keeping you up at night – and simultaneously gain a better understanding of your brand's preparedness for a customer-first world – you'll need to assess your capability against each of these areas, thinking about the people needed in each role, the process for delivery and the enabling technology required. We refer to this as People, Process and Technology. If there are gaps or inefficiencies in these areas, now is the time to address them.

While evaluating your People, Process and Technology structures, we recommend taking a use case focused approach to prioritise your next steps. Assess the value of each use case to the business, weighing the potential upside in terms of revenue, operational efficiency and impact on customer experience.

Bear in mind: if you are looking to achieve a customer-first approach, the onus should be on enabling agility. Identifying valuable insights and acting on them quickly to optimise your programs is the only way to deliver truly data-driven marketing.

As noted, the key here is the data foundation: it must be a fully realised, low-latency 360° view that provides a full view of customer history, can be drawn on to drive insight democratisation, and can be fully activated for targeting and personalisation. With the right approach and technology, this in and of itself can be built up use case by use case with key data assets being prioritised and built up to unlock additional value and use cases.

Our view of the market shows that many brands are years from achieving a truly customer-first state; accelerating your activity and transformation in a measured way will help steal a march.

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Not sure where to begin your brand's transformation to a customer-first approach?

Get in touch. Our solutions experts are on hand to walk you through the process.

Contact Us

Plinc (formerly Planning-inc) helps brands get more relevance, resonance and revenue from their customer data. We do it with Unilyze, the AI-optimised, real-time data platform, connecting millions of customers and billions of interactions. It's built for both insight and activation, and is flexibly engineered to suit your brand's unique strengths.

From data-driven personalisation and campaign targeting through to self-serve analysis and insight, Unilyze's modular customer marketing solutions enable you to deepen customer loyalty and optimise experiences across channels. It's all backed by expert marketing services, helping you do even more with your data.

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