CAMPAIGN INTELLIGENCE

How Retail Marketers Use Customer-Focused ID Management to Increase Satisfaction & Profitability

A 2019 eTail Special Report

eTail INSIGHTS Worldwide Business Research

Sponsored by: ID.me

Introduction

Advanced personalization and ID management technologies are enabling retailers to pinpoint who their best customers are, then tailor marketing opportunities for them in more innovative ways. Using 'campaign intelligence,' marketers can establish a cohesive customer identity across digital and physical environments. This enables them to proactively engage customers—with greater relevancy, better product recommendations, more engaging content, and other advantages.

While campaign intelligence success hinges on the technical execution of customer engagement, its purpose lies in improving retailers' understanding of and closeness with their customers. When retailers can identify customers based on associations, memberships, or affinity, they can do more to improve their experiences, optimize pricing, and even develop custom products for those specific customer groups. ID management tools may help retailers prevent instances of fraud as well.

In our 2019 survey of retail professionals, respondents claim they are already specially designing products for customers with unique lifestyles; enhancing experiences for specific customer age groups; and providing targeted incentives that align with customers' formal associations, among other methods.

Still, retailers can build this foundation only with insights from unique data collection methods and analyses. This report highlights this "offensive strategy of data" and how the resurfacing of customer-focused ID management helps retailers increase customer engagement, satisfaction, and profitability.

"Based on data collected, first responders are entitled to special privileges across all our stores and can even sign up for emergency vehicle breakdown response."

eCommerce professional, hardware, electronics, and appliances

Key findings from the study include:

58% of retailers are currently using or developing ID management technologies; among them, most prioritize gating group discount options (**59%**) and tailoring marketing opportunities to customers in innovative ways (**55%**).

However, most can only identify a prospect or customer if that person makes a purchase (**26%**); or, they have no identity resolution strategy at all (**34%**).

A plurality of retailers (**38%**) claim they struggle to build a better understanding of their customers and prospects because their technologies do not integrate in a way that facilitates first-party data integration and enrichment.

Among retailers onboarding offline CRM data as part of their ID management, most will use the data for customer insights and predictive modeling (**51%**), and for website personalization (**51%**).

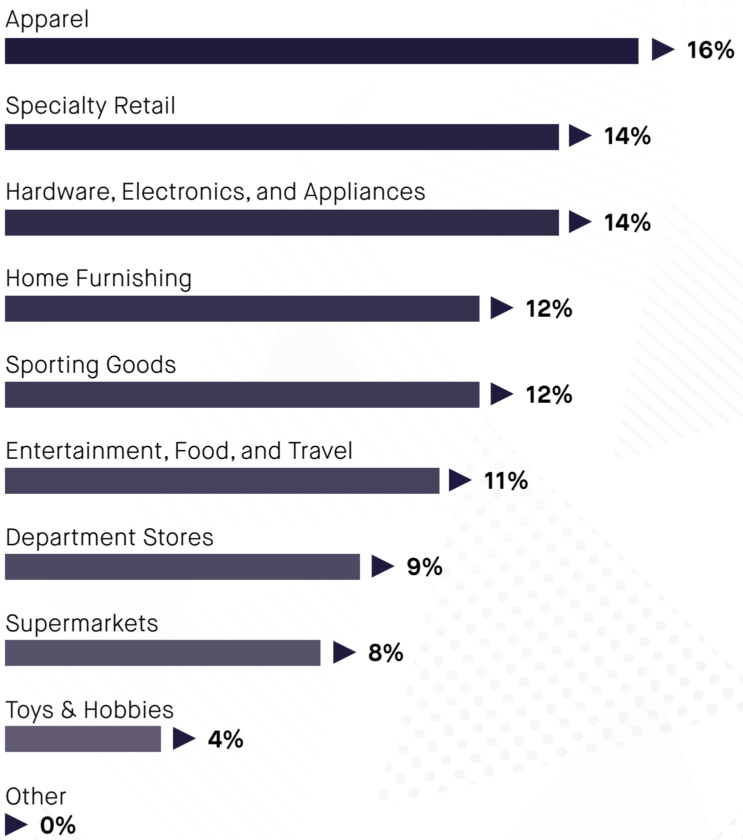
Nearly half of retailers (**48%**) are realistically prioritizing the adoption of deep learning that develops its own expertise of their marketing methods, expectations, and goals by 2020.

About the Study

The eTail event team partnered with the WBR Insights research group to conduct a survey of 100 U.S. retail professionals in multiple roles and retail verticals. Each respondent represents a different enterprise retail company. Respondents come from all levels of their organizations—they are predominantly managers, senior managers, directors, and department heads; but also include vice presidents and C-Suite executives.

Most survey respondents represent apparel (16%), specialty (14%), hardware, electronics, and appliances (14%), or home furnishing (12%) retailers. Twelve percent represent sporting goods retailers, and 11% represent entertainment, food, and travel retailers.

Which retail sector are you in?

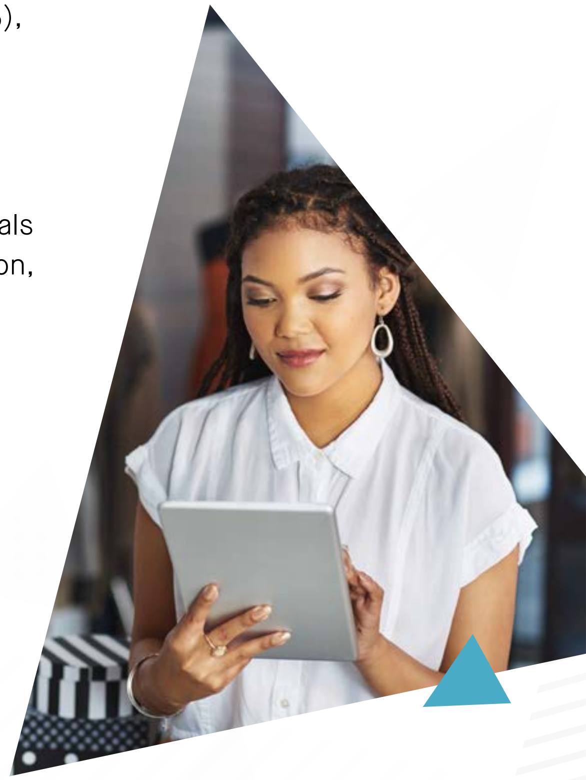


> **"Through our data collection system, we try and help new adventure enthusiasts to undergo or visit our training sites so that they learn from the best."**
>
> Marketing professional, sporting goods

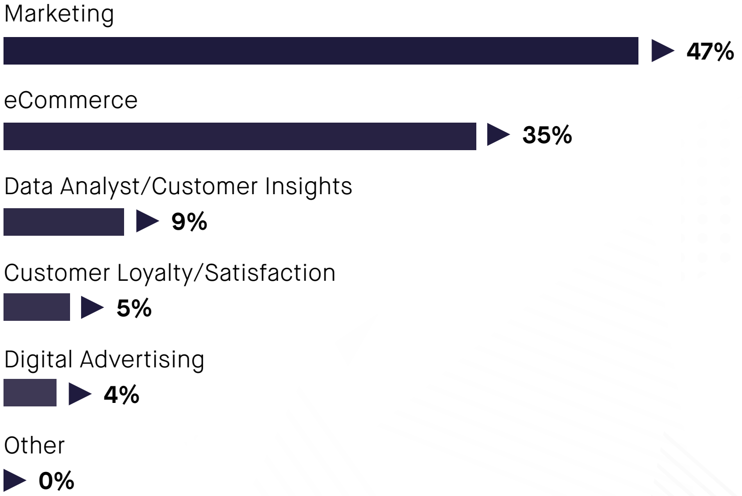
Fewer respondents represent department stores (9%), supermarkets (8%), and toys & hobbies retailers (4%).

Nearly half of respondents have marketing roles (47%). Most remaining respondents (35%) have eCommerce roles.

Fewer respondents work as data analysts or customer insights professionals (9%). Five percent of respondents work in customer loyalty and satisfaction, and 4% work in digital advertising.



What is your role?



ID Management Technology Adoption is On the Rise and Performing

In retail, 'personalization' has been a central strategy to customer engagement and retention for years. But while product recommendation engines, personalized notifications, and other automated processes are widely adopted, data technologies that help retailers understand who their customers truly are—and act upon those insights consistently, across environments—represent new opportunities for most retailers, even those with some digital strategy in place.

Already, the vast majority of organizations in the study (78%) offer at least one form of group or affinity discount to their customers. Only 22% of organizations in the study do not.

Do you currently offer group or affinity discounts for your customers?

SALE **78%** Yes

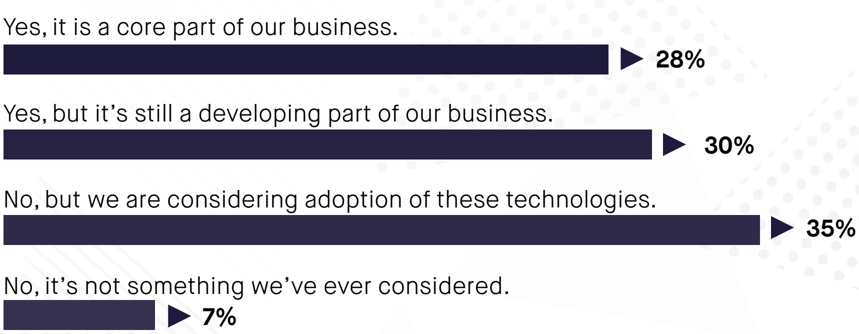
22% No

What's more, most retailers have adopted or are in the process of adopting some form of ID management technology. Over half of respondents (58%) use ID management technologies to improve personalization and/or better understand their target customers—either as a core part of their business (28%) or as a developing part of their business (30%).

The remaining respondents claim their organizations do not use ID management technologies—they are either considering adoption of these technologies (35%) or they have not considered them at all (7%).

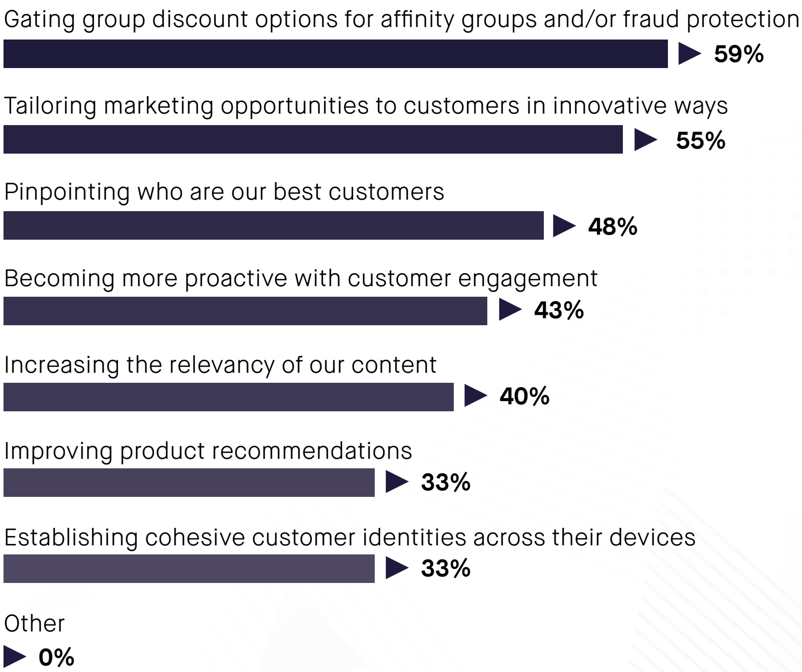
Researchers asked a follow-up question to only those respondents who are using or developing an ID management capacity—those who responded 'Yes' to the previous question. These respondents were asked to name some benefits they are realizing or anticipating as a result of their use of ID management technologies.

Do you use ID management technologies to improve personalization and/or better understand or target your customers?



Among only this group of respondents, most gate or will gate group discount options for affinity groups and/or fraud protection (59%). Most of these respondents tailor or will tailor marketing opportunities to customers in innovative ways as well (55%).

Since you said yes, what are some benefits you're realizing or anticipating as a result of ID management technologies?



> **"Using behavioral tracking through digital and social media trends, we have been able to market our products better to customers who are seeking new and sustainable accommodation."**
>
> Marketing professional, home furnishing

Reach new audiences. Grow your brand. Repeat.

Who doesn't love group discounts? Customers get great deals. Retailers reach new shoppers and build loyalty. The only trick is keeping fraudulent resellers at bay.

14 million reasons to join our network.

ID.me is a network of retail brands and millions of shoppers who belong to special groups. Through ID.me, retailers can reach groups such as military, students, teachers and custom audiences with exclusive offers.

Keep exclusive offers exclusive.

The ID.me widget enables brands to verify a customer's eligibility to receive exclusive offers. When shopping at your brand's website, customers simply log in to their ID.me account and apply your current offers to their order. Sales representatives can also seamlessly apply the same offers in-store or through your brand's call center.

Zippy single sign-on joy.

It's an easy process for new and returning customers. Shoppers simply verify their affiliation with a group one time. After that, they can access exclusive offers across the entire ID.me network of brands. It just takes two clicks.

Streamline, streamline, streamline.

Obstacles do not make happy customers. So we've removed them. The ID.me widget streamlines the checkout process, reducing cart abandonment and increasing conversion rates by up to 4X. It also encourages customer loyalty and repeat purchases.

Marketing with proven results

ID.me enables brands to reach new customer segments through placements on shop.id.me, targeted emails, and social media.

Integrating is easy

ID.me can be easily integrated into the online checkout process via hosted or a full integration. The hosted solution requires a minimal amount of development work. The full integration requires some development work and uses OAUTH framework, similar to Facebook and Paypal.

Learn More at **https://www.id.me/business/group-affiliation**
or Call **703-942-5610** for a demo.

ID.me

Nearly half of respondents in this group (48%) are pinpointing or expect to pinpoint their best customers using these technologies. Forty-three percent are becoming or will become more proactive with customer engagement using these technologies, and 40% are increasing or will increase the relevancy of their content.

In each case, about one-third of respondents in this group are improving or will improve product recommendations (33%) as well. And most notably, about one-third are establishing or will establish cohesive customer identities across their devices (33%).

Retailers are clearly aligning their ID management technology investments with customer segmentation, personalization, and affinity discounting. Also among only this group of respondents, 52% claim price discounts—those with a dollar amount marked off—have been highly successful; and 72% claim percent discounts—those with a percentage of the price of products marked off—are most successful as part of their personalization efforts.

Which of the following types of offers do you find are most successful?

52%
Price discounts ("$ off")

72%
Percent discounts ("% off")

> **"School and college athletes are given certain discounts if they possess their IDs at the time of purchase. We are working on bulk supply deals to certain institutions."**
>
> Marketing professional, sporting goods

Deepening Customer Connections

As retailers improve their abilities to understand and identify unique customers, their personalization strategies are taking on new forms. Survey respondents shared in their own words how product customization and their accommodation of sensitive customer groups are changing their approaches to engagement.

Putting Product Development in the Hands of Unique Customers

"Our focus is mainly on students—Gen-Z and millennials who can grab certain discounts based on the region where our stores are located. Personalization will be taken up a notch by allowing customers to customize certain products that we have [to] offer."

Marketing professional, sporting goods

"Kids with special conditions are given extra freedom in stores. We are working on providing these kids with new and specific products designed just for them."

Digital advertising professional, toys & hobbies

"K-12 students get additional discounts and are allowed to customize certain products. We also run customization for para-athletes."

eCommerce professional, sporting goods

Finding Purpose with New Insights into Sensitive Customer Groups

"Supporting customers from the [LGTBQ community], we have been able to create forward thinking labels and products for these customers."

eCommerce professional, department store

"Gracefully targeting customers from the plus size category to provide them with a stronger guarantee of our products has helped us attain better customer experience points."

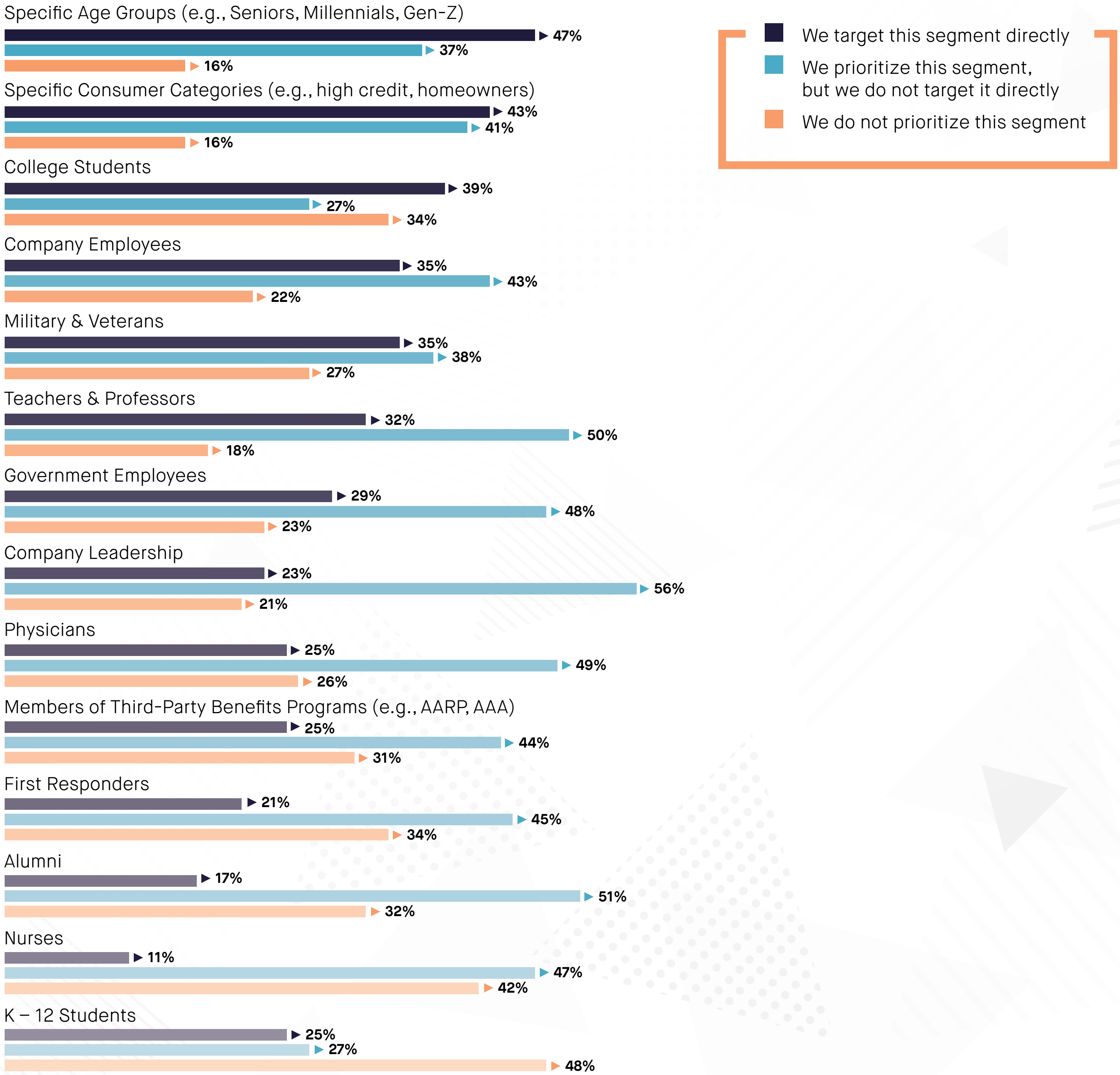
Marketing professional, department store

"Pet owners who are disabled and are under rehabilitation are presented with reminders and free products to stock up from us."

Marketing professional, entertainment, food, and travel

Identifying Customers with the Greatest Impact

Which customer segments do you prioritize as part of your marketing strategy, and which do you target directly?



Researchers took a broad approach in identifying customer groups on which they assign the greatest attention. Respondents selected from a range of common consumer segments, identifying those which they prioritize as part of their marketing strategies; and among them, those they engage directly as part of their ID management, affinity, discounting, or other personalization initiatives.

Nearly half of respondents (47%) target specific age groups directly, which may include seniors, millennials, Gen-Z, or some other age group. Over one-third (37%) prioritize this segment, but do not target any of these groups directly. Only 16% do not prioritize specific age groups. Similarly, over one-third of respondents (39%) target college students directly; 27% prioritize this segment, but do not target them directly. Thirty-four percent do not prioritize this segment.

How Retailers Align Age Groups with Affinity Benefits

Identifying customers by age group is one of the most popular ID management initiatives among retailers. Here's what retailers are saying about their unique strategies, across generations:

Gen-Z

"We need to build future customers and build a stronger, sustainable future for them. Supporting kid-friendly foods is our new motto, for now and the future."

Marketing professional, supermarket

"Installing smarter applications in stores to attract customers from the Gen-Z category is our method of personalizing shopping experiences. In the future, these applications will support an interactive AI platform."

eCommerce professional, department store

Millennials

"Allowing millennials to design their own furniture and setting—and in the future through [augmented reality (AR)]—is how we have personalized experiences for our customers."

Marketing professional, home furnishings

"We target millennials who want new products but believe in spending in installments. This customer group will remain loyal the most in the near future, and keeping them connected through improvised finance solutions is what we keep working on."

Digital advertising professional, hardware, electronics, and appliances

Seniors

"How we provide customized experiences… [is with] discounted purchases and free professional delivery to seniors and customers recovering from certain injuries."

eCommerce professional, home furnishings

"Discounted fittings and furniture assembly for seniors is our customer personalization feature. We can probably expand this with fully covered services for veterans, too."

eCommerce professional, hardware, electronics, and appliances

Nearly half of respondents (43%) target specific consumer categories directly, which may include high credit consumers or homeowners, as examples. Forty-one percent of respondents prioritize this segment, but do not target any of these groups directly. Only 16% do not prioritize specific consumer categories.

Thirty-five percent of respondents target company employees using ID management, affinity, or discounting initiatives directly, or they use some other method of personalization. Nearly half (43%) simply prioritize this segment, while 22% do not prioritize this segment. This includes their own employees, whom some companies prioritize for special treatment and more customized services.

Similarly, 35% of respondents offer unique benefits for military members and veterans directly; 38% also prioritize this segment. Companies emphasize improving the well being of veterans and their families, whether through discounts or special care. However, 27% of respondents do not prioritize this segment.

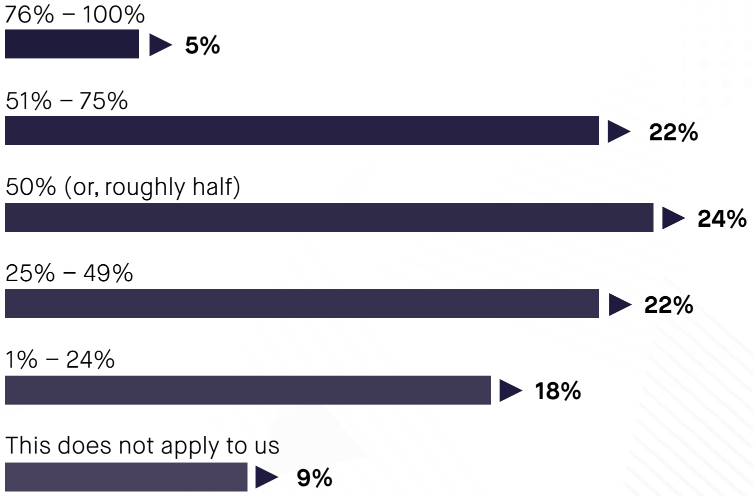
Thirty-two percent of respondents target teachers and professors directly; exactly half prioritize this segment, while only 18% do not prioritize this segment at all. Fewer respondents (29%) target government employees directly, while nearly half (48%) prioritize this segment. Twenty-three percent do not prioritize this segment.

For all of the remaining segments, only 25% or fewer respondents target them directly. This includes company leadership (23%), physicians (25%), members of third-party benefits programs (25%), first responders (21%), alumni (17%), nurses (11%), and K – 12 students (25%). Fewer than half prioritize each of these segments—with the exception of alumni, which 51% of respondents prioritize without targeting them directly.

Shortcomings in the Execution of Sophisticated Technology and Data Integration Tools

Although many retailers are identifying unique customer segments and actively investing in ID management technologies, most need to make progress in terms of putting these tools to use to drive real business benefits.

What percentage of your website visitors can you recognize as part of your existing ID management solution, if any?



For example, most respondents claim they cannot recognize the majority of their website visitors as part of their existing ID management solution. Only 5% claim they can identify 76% to 100% of their visitors, while only 22% claim they can identify 51% to 75% of their visitors.

Retailers also show inconsistencies in terms of in which environments they can identify customers. Twenty-four percent of respondents claim they can identify 50%, or roughly half, of their visitors using their existing ID management solution.

Most respondents claim they can recognize less than half of their website visitors as part of their existing ID management solutions—either 25% to 49% of their visitors (for 22% of respondents); 1% - 24% of their visitors (for 18% of respondents); or no visitors at all (for 9% of respondents), claiming this question does not apply to them.

Integrating CRM Data with ID Management Drives Gains in Customer Insights, Predictive Intelligence

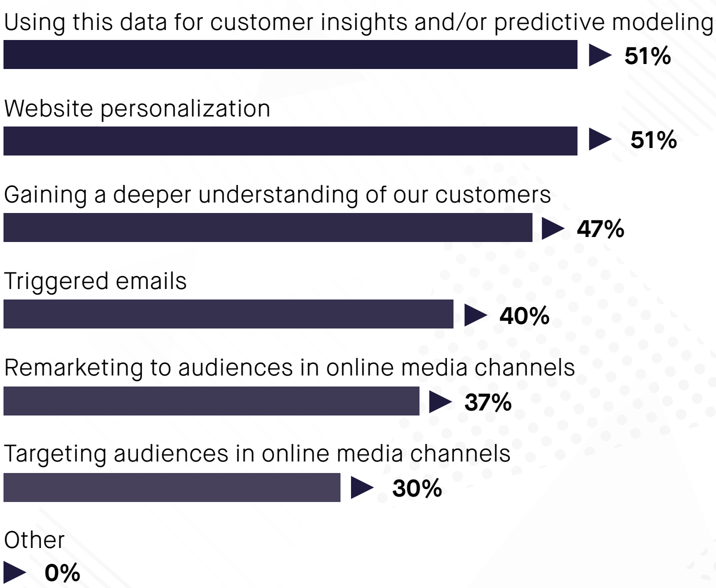
Are you onboarding offline CRM data as part of your ID management?

43% Yes

57% No

Similarly, most retailers are not onboarding offline CRM data as part of their ID management initiatives, even though most respondents indicate their companies are using ID management technologies.

Since you said yes, what are your goals associated with onboarding offline CRM data as part of your ID management?

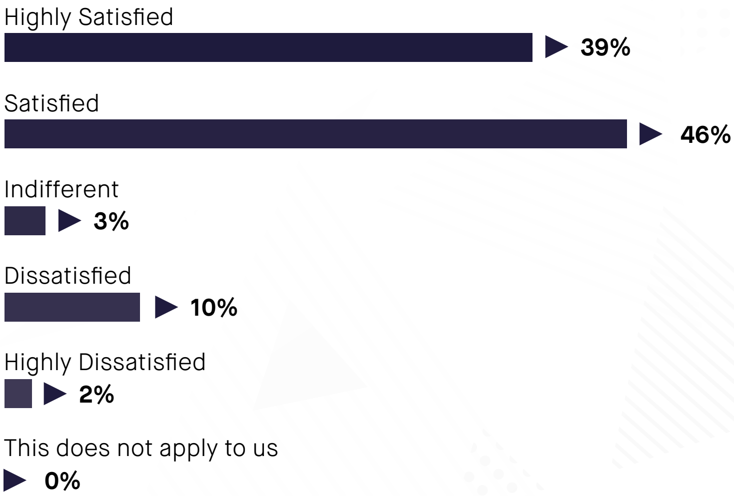


There are some exceptions. Among only those respondents who are onboarding offline CRM data as part of their ID management, over half are using this data for customer insights and/or predictive modeling (51%). Over half (51%) are using this data for website personalization as well.

Nearly half of these respondents (47%) are gaining a deeper understanding of their customers by onboarding offline CRM data as part of their ID management initiatives.

Many of these respondents are using onboarded CRM data for other strategies—triggered emails (40%), remarketing to audiences in online media channels (37%), and targeting audiences in online media channels (30%)—as well.

How satisfied are you with your current CRM onboarding solution?



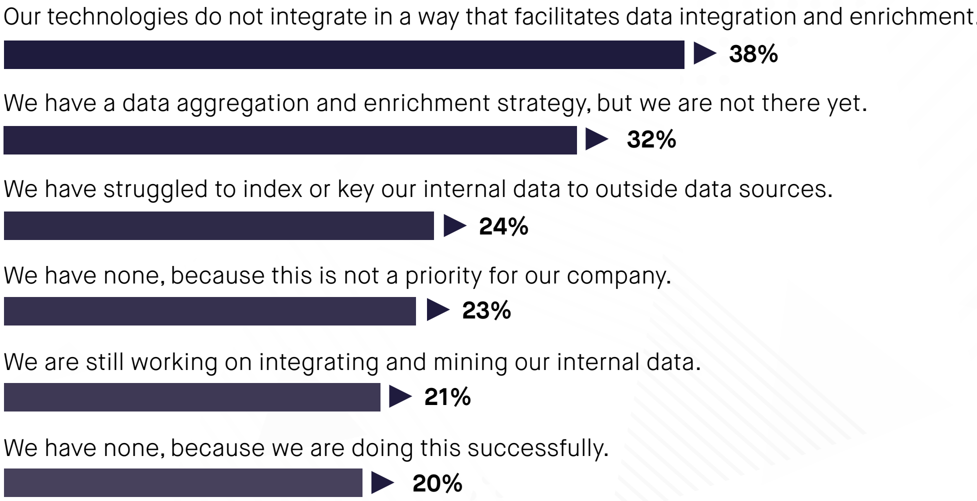
Although most respondents are either satisfied (46%) or highly satisfied (39%) with their current CRM onboarding solutions, 15% are indifferent (3%), dissatisfied (10%), or highly dissatisfied (2%). Researchers took a closer look at the latter three segments and identified multiple shortcomings in terms of retailers' abilities to empower their analysts, identify customers by key properties, and drive compelling campaigns using those insights.

For example, among 'dissatisfied' respondents, some systems do not support retailer's analysts with custom reports. They fail to align with retailers' key engagement strategies, forcing them to adapt their strategies to their CRM systems instead. Other systems to not automate filtration of incomplete or incorrect data, or they don't segment data based on the parameters retailers need—they must perform these necessary steps manually.

Newer systems, retailers claim, provide trend analyses and carry out essential processes automatically; they also make onboarding new employees easier, limiting disruption to retailers' customer engagement campaigns.

"The CRM solution needs additional workforce to run it in the backend," says one 'indifferent' apparel retail data analyst. "We have no challenges on handling the cost of additional sources, but this goes to show that the system isn't built for the future."

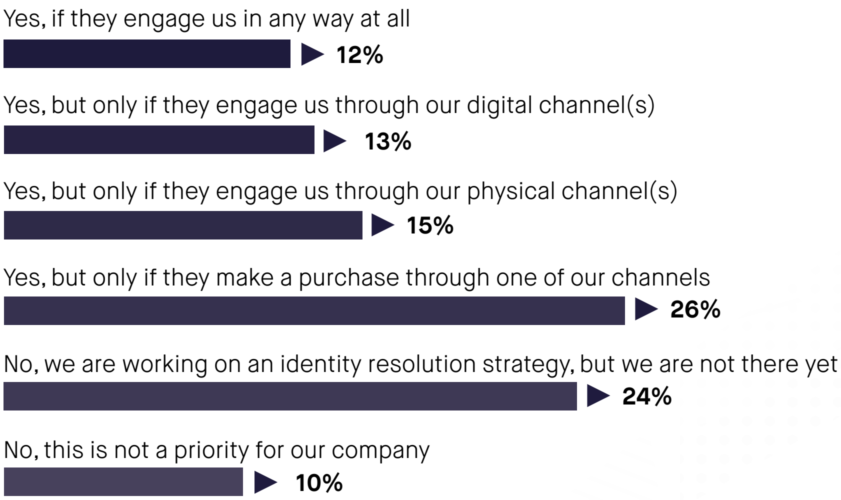
Retailers are enriching their first-party data to build a better understanding of their customers and prospects. What are your pain points in this area?



CRM-integration failures align with a larger trend of poor data integration among retailers. While many retailers are enriching their first-party data to build a better understanding of their customers and prospects, over one-third of survey respondents (38%) claim their technologies do not integrate in a way that facilitates data integration and enrichment. Thirty-two percent have a data aggregation and enrichment strategy, but they are not there yet. For 23% of respondents, this is not a priority for their companies.

Most of the remaining respondents are either working on integrating and mining their internal data (21%) or they are already enriching their first-party data successfully (20%). Twenty-four percent struggle to index or key internal data to outside data sources.

Are you able to uniquely identify a prospect or customer across online and offline channels (in other words, do you have a successful identity resolution strategy)?

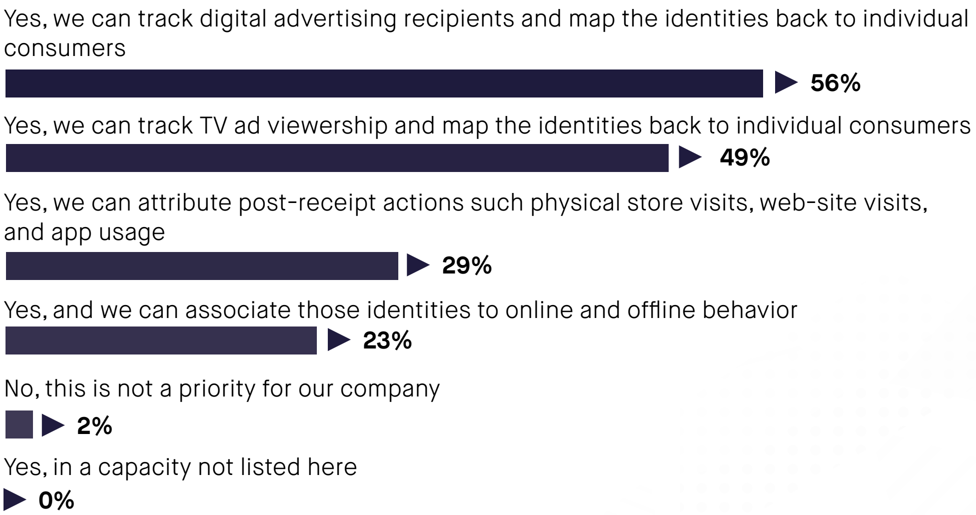


Still, a smaller share of retailers is able to uniquely identify a prospect or customer across online and offline channels as part of a successful identity resolution strategy. Specifically, 12% claim they can uniquely identify a prospect or customer across online and offline channels if that prospect or customer engages them in any way at all.

Most can only identify customers if they engage them through a specific channel or make a purchase. Thirteen percent claim they can do so only if the prospect or customer engages them through their digital channels, and 15% claim they can do so only if the prospect or customer engages them through their physical channels. Twenty-six percent claim the can do so only if a customer makes a purchase—beyond simple engagement—through one of their channels.

Among those respondents who cannot uniquely identify a prospect or customer across online and offline channels, 24% claim they are working on an identity resolution strategy, but they are not there yet. Meanwhile, 10% of respondents claim an identity resolution strategy is not a priority.

Are you able to track who are receiving your advertising impressions at the individual level, and in what ways?



Retailers have greater success identifying and tracking customers whom they engage directly through digital advertising, leveraing their existing understanding of those customers to draw insights about their subsequent behavior.

Respondents were asked if they can track who is receiving their advertising impressions at individual levels. Most respondents claim they can track digital advertising recipients and map the identities back to individual customers (56%).

Nearly half of respondents can track TV ad viewership and map the identities back to individual customers (49%). Over one-quarter can attribute post-receipt actions such as physical store visits, website visits, and app usage as well (29%).

Meanwhile, less than one-quarter (23%) can associate those identities to online and offline behavior. Only 2% claim this is not a priority for their companies.

Although retailers are prioritizing broader ID management strategies, the industry is fragmented in terms of the maturity of their existing capabilities and the sophistication of the technologies they employ to facilitate Identity- and affinity-driven engagement.

> **"Using behavioral tracking through digital and social media trends, we have been able to market our products better to customers who are seeking new and sustainable accommodation."**
>
> Marketing professional, home furnishing

Retailers have High Ambitions for Future Campaign Intelligence

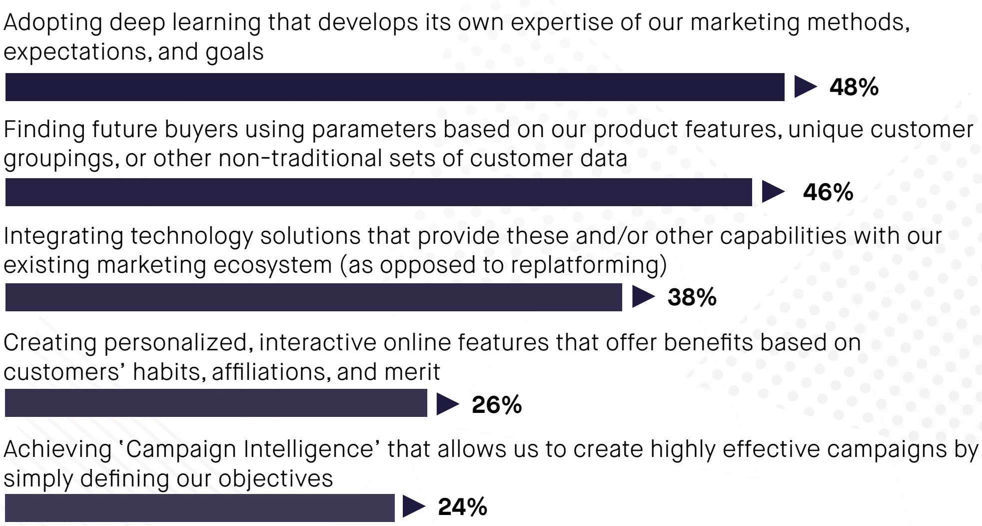
Despite their shortcomings, retailers have high ambitions for expanding upon these strategies. Respondents were asked to share which of five capabilities they are likely to prioritize for investment in 2020. Nearly one-quarter of respondents seek to achieve 'campaign intelligence' that allows them to create highly effective campaigns by simply defining their objectives (24%).

Nearly half plan to adopt deep learning that develops its own expertise of their marketing methods, expectations, and goals (48%).

Nearly half plan to find future buyers using parameters based on their product features, unique customer groupings, and other non-traditional sets of customer data (46%).

Fewer respondents will integrate technology solutions that provide these and/or other capabilities with their existing marketing ecosystem, as opposed to replatforming (38%). Twenty-six percent will create personalized, interactive online features that offer benefits based on customers' habits, affiliations, and merit.

Realistically, which of the following capabilities might you prioritize for investment in 2020?



Conclusion

As retailers achieve a better understanding of their customers, what drives their affinities and behaviors, and what traits bring them together, 'target marketing' will give way to a broader, more community-centric approach to customer engagement. As one respondent points out, the company has already built a community that proactively shares relevant information—an initiative founded in that retailers' ability to align their strategies with unique customer identities.

As retailers learn more about their customers, and identify more opportunities to engage unique groups collectively, the nature and language of customer engagement will evolve to create a more inclusive retail shopping environment.

About the Authors

eTail

We launched eTail in 1999, and have been dedicated to supporting the growth of the retail industry ever since. What started off as 100 people in a room discussing where this sector is headed, has led to 2,000 senior-level eCommerce executives being inspired whilst learning and developing their company as well as their careers.

For more information, please visit etailwest.wbresearch.com

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ID.me is simplifying how individuals prove and share their identity online. ID.me's next- generation identity platform provides identity proofing, authentication, and group affiliation verification for organizations across sectors - retail, automotive, telecommunication, government, healthcare, financial services, and more.

Our technology enables retailers to verify in real-time customer eligibility for exclusive gated discounts – while preventing fraudulent attempts and abuse. We verify the identity and group affiliation of customers against the industry's most comprehensive and authoritative data sources. Our verification process simplifies the customer experience and increases conversion rates: once a user has verified their identity with ID.me, they never have to re-verify again anywhere that ID.me is integrated.

ID.me's technology is used by more than 14 million individuals and 350 organizations, including leading brands such as Fanatics, Under Armour, LinkedIn, Lenovo, Ford, and SeaWorld.

For more information, please visit https://www.ID.me.