



Know Your Customer

2022 Retail Customer Engagement Ebook

Take a journey with us to build and retain loyal customers and brand advocates by creating valuable relationships.



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Introduction:

Do You Know Your Customers?

Do you really know them? We don't mean "intrusive third-party spying through the online window" know-them. For example, your 3rd party data shows a customer searching for dry hair shampoo and horse shampoo. You mistakenly assume an equestrian with a hair problem – and target incorrectly. In reality, by taking the time to ask them the right questions, you discover this customer is actually the rare, mythical Centaur – and now they trust your brand.

Information like that is extremely beneficial when given to you by the customer willingly. Consumers only want you to know what they want you to know and anything else is crossing a line.

Have you reached out and asked your customers questions about their true selves in exchange for valuable, preference data? Do you have a loyalty program in place that exchanges relevant benefits for their devotion to your brand?

A well-done loyalty program can reap lasting rewards for both a company and the customer. But to do so, you must have the right strategy, tech platform, and partner in place.

Through this ebook journey, explore the best ways a brand can bring loyalty to life, create ride-or-die customers, and set up a system that makes it so easy you'd swear it was magic.

“

Today, we're making explicit that once third-party cookies are phased out, we will not build alternate identifiers to track individuals as they browse across the web, nor will we use them in our products.

We don't believe these solutions will meet rising consumer expectations for privacy, nor will they stand up to rapidly evolving regulatory restrictions, and therefore aren't a sustainable long term investment.”

David Temkin

Senior Director, Product Management,
Ads Privacy & User Trust at Google



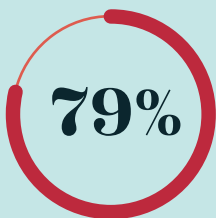
Know Thy Customer

The key to a successful business has always been developing strong relationships with your customers. However, with ever-advancing technology and the accompanying onslaught in digital experiences, fostering these relationships has become more vital, but also more complicated.

To remain competitive, retail brands must cultivate personalized and human connections in order to make the right product recommendations at the right time. To drive long-term revenue, you need to understand better who your shoppers are at their core, build one-to-one connections, and create a value-exchange relationship.

Customers want brands to incentivize them to have a direct, more personal relationship – not spam them with ads on social.

Basically, get to know your shoppers from end-to-end, but on their terms.



of consumers would prefer if brands spent less on targeted Facebook ads and invested that money into loyalty programs.

FOOD FOR THOUGHT:
How well do you know your customer?



The Quest for Hidden Data

The importance of data isn't folklore. However, the method by which a company collects data has become an essential difference. Security and privacy have come to the forefront, and consumers are wise to the sometimes creepy ways of third-party data. That is why we are seeing it become extinct – for instance, on platforms like Google.

What consumers share with you directly, zero-party data, or when they interact with your channels, first-party data, they are giving you vital information that they want you to use. Moving forward, this building of data from personal connections is what brands should use to interact and build loyalty.

But consumers can be evasive, and the data you need to market to individuals with the right level of relevance and privacy doesn't come easily. That is why a centralized source of customer information – from all of your different data collection systems – is key.

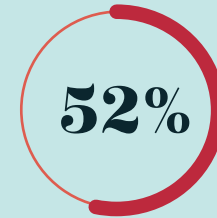
FOOD FOR THOUGHT:

Is how you collect and use your data creeping out your customers?



of consumers will share data with a brand when the value exchange is right!

On the flip side,



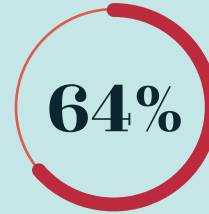
think it's creepy when brands use 3rd party cookies to track and personalize the experience.



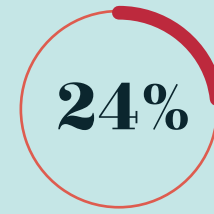
Acquiring preference data requires a strategy that will incentivize consumers to tell you about themselves willingly, and with the permissions to use that data. **Inferred, observed, and sales data is rarely enough to form authentic emotional connections;** brands that generate zero and first-party data are often better positioned to power programs that drive true, long-term customer loyalty.

Turn the unknown consumer to known by

- 1 Building a first-party database to establish a direct-to-consumer marketing channel.
- 2 Seeking zero-party data, information the consumer willingly shared with the brand, to drive personalization.
- 3 Learning from all your interactions with individuals across all channels, allowing you to create a more personalized customer journey.



of consumers are prepared to pay more to purchase from a trusted brand.



of consumers are not loyal to a brand because the brand did nothing to encourage their loyalty – even though they were a frequent shopper.



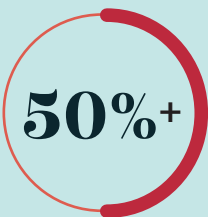
Loyalty is Not a Myth

Consumers have exceptionally high expectations for brands these days, especially the ones they love. It only takes one misstep or bad experience to send them elsewhere.

Customers expect brands to build relationships and create experiences for them. They want to engage and interact with their favorite brands – to join something bigger – to be part of an exclusive community. Well-executed interactions across channels help consumers feel a connection; in

turn, your customer reciprocates with purchases and, eventually, loyalty to your brand. Done correctly, your brand will be legendary.

Magical things happen when you personalize experiences based on the information your customers volunteer. Recent market research shows that 44% of consumers will likely become repeat buyers, and 32% will likely leave a positive review.



of consumers are comfortable sharing their data with a brand in exchange for a better service.

FOOD FOR THOUGHT:

Do your customers feel your rewards are enough to keep them loyal to your brand?





Today, customers want to remain elusive but understood. Transactional relationships, hinging on discounts, coupons, and points for purchase, are no longer good enough.

Consumers expect brands to:

- ✓ Interact with them in real-time.
- ✓ “Know them and show them” how well a brand understands them.
- ✓ Connect and form a real relationship with them.
- ✓ Provide relevant content that makes them feel heard and seen.
- ✓ Engage with them on different devices and channels.
- ✓ Offer loyalty programs that reward behavior.

Consumers do **not** want brands to:

- ✗ Get back to them “whenever.”
- ✗ Send information that doesn’t fit their needs.
- ✗ Push products and services that they need to sell.
- ✗ Overwhelm them with irrelevant content.
- ✗ Focus only on one device or channel.
- ✗ Have loyalty programs that only incentivize transactions.

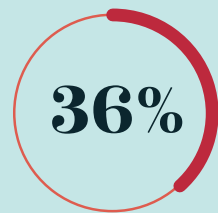


Building Trust and the Value Exchange

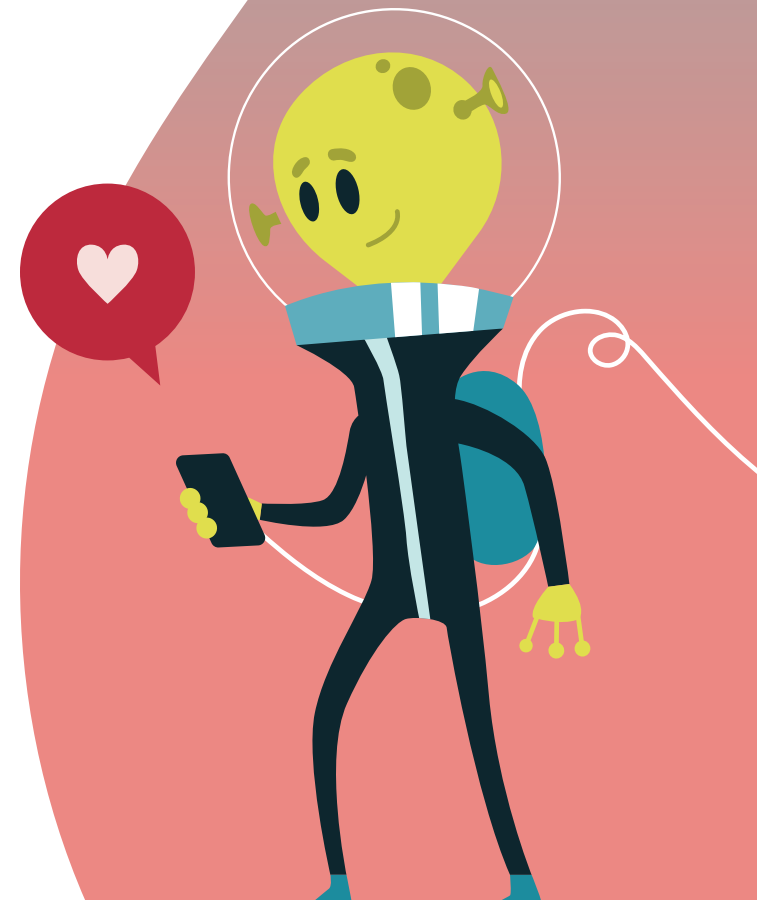
Over the last few years, there has been a noticeable change in the types of value exchange that customers want in their loyalty programs. If your programs are relying on only discounts or rewards/points, your customers may start looking at your competitors.

In its place, brands that are offering exclusive early access to products/events/services, recognition for loyalty, and enriched online experiences are the ones garnering more interest and loyalty.

Consumers want brands to incentivize them to enter into a direct relationship via a loyalty program. They don't want a company spamming them with intrusive ads. There is a critical difference between just knowing some online habits of your customer versus truly understanding their - preferences.



of consumers are more likely to take part in a loyalty program than last year.



In a value exchange, there are three categories; the first two, free service+ and personalized discounts, are table stakes. Contextually differentiated and improved experiences are where brands will begin to set themselves apart.



Free Service+

Even services that have traditionally been “free” (e.g., linear TV) must still ensure ongoing relevance and differentiation from the competition.



Personalized Discounts

The consumer believes that a required action (e.g., sharing additional data) is a fair trade for a discount on the product or service.



Contextually Differentiated and Improved Experiences

Your customers get a desirable bonus for a certain action (e.g., loyalty programs) that feels personalized/unique/enhanced.

FOOD FOR THOUGHT:

Does Your Value Exchange Measure Up?



Forging Emotional Connections

Customer expectations of brands have been on an upward trajectory for years. Digital transformation increased the velocity, and the recent pandemic accelerated the trend. Many brands struggle to meet the rising expectations, and stewarding ordinary programs is not a formula for success. Articulating and demonstrating value to your consumers, from moment one, is critical and a key to driving ongoing customer loyalty.

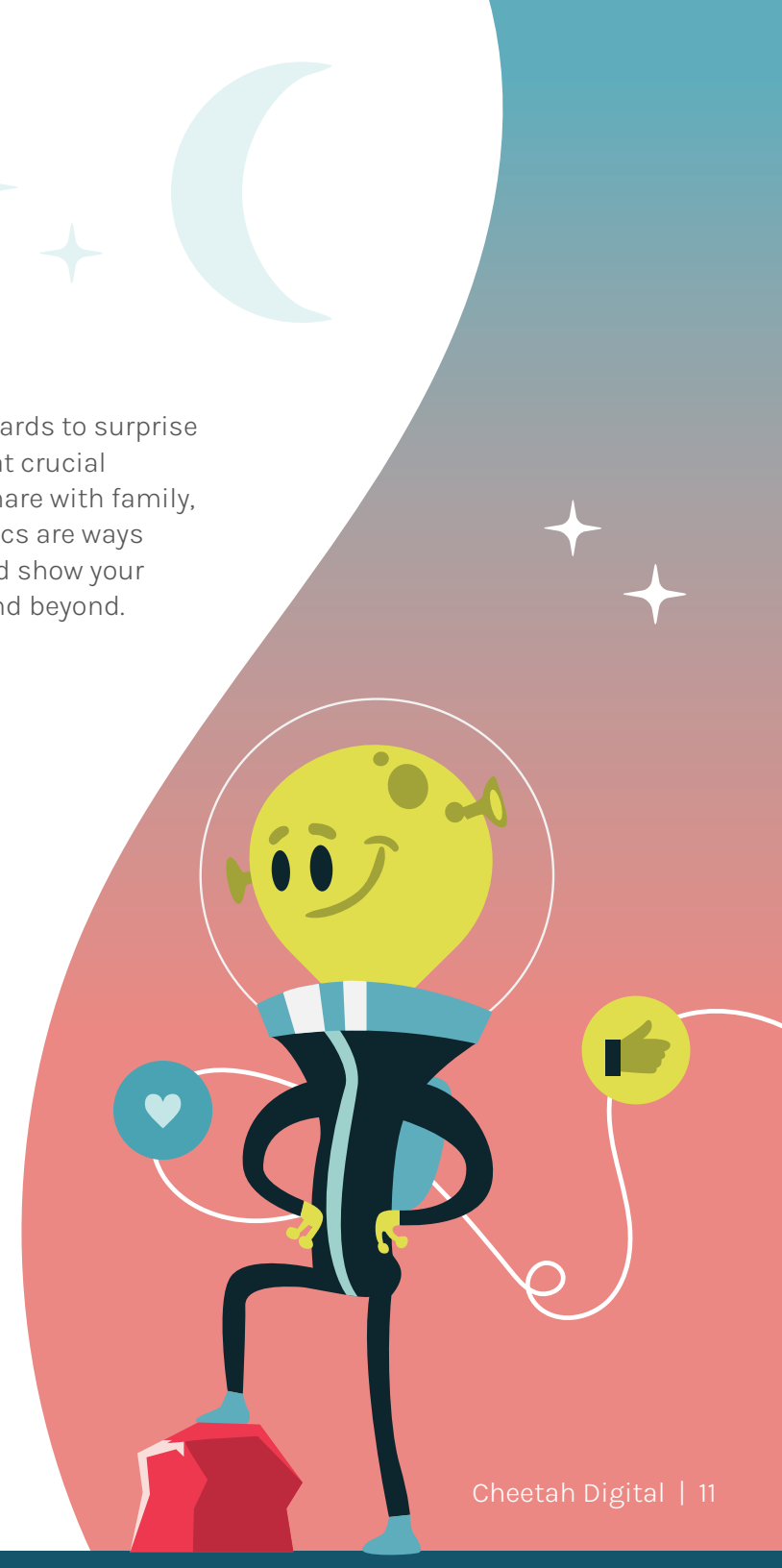
Consumers now want rewards to surprise and delight. Recognition at crucial milestones, benefits to share with family, and other innovative tactics are ways to remain competitive and show your customer you go above and beyond.



of consumers stop engaging in loyalty programs because the program rewards are either perceived to have insufficient value or are not relevant.

FOOD FOR THOUGHT:

Do your customers feel emotionally connected to your brand — or do they feel spied on?



Are you using the four effective “drivers” or differentiators that increase customers ‘emotional’ loyalty? To keep them coming back for more you need the right technology and partner in place.



1

Humanizing Digital Connections by Listening

Virtually all brands need to engage in an ongoing dialogue with customers, asking key questions, then acutely listen and react to the answers.

2

Next-Generation Personalization

Loyalty programs that invest in integrating and acting upon trusted customer preference data will drive next-generation personalization, paying big dividends in the form of customer loyalty.

FOOD FOR THOUGHT:

Does your current platform enable your program to perform optimally?

3

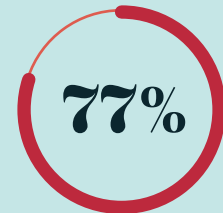
Benefits/Value Exchange

Benefits are at the heart of most loyalty programs. In order to be desirable, they must be easy to communicate and understand, provide both near-and- long-term gratification, and deliver recognizable value.

4

Exceeding Expectations at Moments That Matter

Exceptional loyalty programs find ways to exceed customer expectations at critical moments.



of consumers said they look positively on brands that pull targeted Facebook ads due to concerns of harmful content.



Turn Unknown Customers Into Known

Many marketers struggle to meet the needs of today's consumers. Demands and expectations are constantly rising and to reach each individual with authenticity, relevance and accuracy takes the right approach and platform.

More than ever, brands need to have a single, but comprehensive, view of the customer. This allows them to interact on a personal level, but still protect their data.

6X

Consumers use an average of nearly six touch-points with half of them regularly using more than four when engaging with a brand.

FOOD FOR THOUGHT:

Do you know where, when, and how to start your program?



Marketing to Consumer As Individuals Requires New Capabilities



Consumer Expectations



Marketing Capabilities

<i>Treat me as an individual, not a segment</i>	1	Single customer view and real-time personalization Consumer preferences and insights
<i>Protect my data and don't snoop on me</i>	2	Permissions-based data strategy
<i>Act like One Brand, however I interact with you</i>	3	Cross-channel journey orchestration
<i>Develop a relationship with me</i>	4	Incent behavior beyond transactions
<i>Keep me coming back for more</i>	5	Loyalty program management



To build lasting, profitable and mutually-rewarding relationships with customers you must have the right integrated technology and services.

Grow Your Database

Build Consumer Profiles



Unknown Consumer

1

Turn marketing and advertising efforts into a consumer database using engaging experiences to convert the unknown to known

2

Gather zero-party data such as purchase intent and psychographic data at point of ingest to profile consumers

Unify Your Datasets

Segment & Analyze



Known Customer

3

Bring POS, ERP and other first-party data into a single, unified platform for real-time insights and activation

4

Discover opportunity, build audience segments and orchestrate data with real-time interaction management

Cross-Channel Engagement

Personalization At Scale



Retained Customer

5

Deliver content and offers via email, sms and mobile wallet at scale with deep analytics and optimization via machine learning

6

Activate your zero and first-party data to deliver personalized messaging and journey orchestration delivering higher engagement

Reward Loyalty

Foster Advocacy



Loyalty Member

7

Engage, reward and incentivize customers to drive more revenue and interaction while optimizing your offers building customer lifetime value

8

A seamless consumer journey that rewards behavior as well as transactions fosters emotional loyalty to the brand



Spotted in the Real World:

Vans Use Case

For over half a century, Vans has been delivering authentic skate shoes and apparel that reflects the individual personality and style of riders. Their commitment and connection with their customers has made them a favorite and created idyllic loyalty.

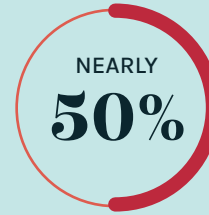
Vans turned to Cheetah Digital when they wanted to create a loyalty program that delivered added value to customers and, in turn, to allow Vans to learn more about what makes them tick.

They chose Cheetah Digital because they needed an agnostic technology partner that could help streamline their customer data securely. The integration was fast, smooth, and delivered the robust campaign calendars needed to enable cohesive, dynamic experiences across channels.

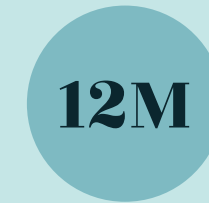
Vans' staff loved the flexible, modern platform, which was optimal for bringing their loyalty strategy to life and reaching their customers easily. And Cheetah Digital's exceptional operational support established a pivotal, long-lasting partnership that has made the loyalty program a celebrated success.

FOOD FOR THOUGHT:

Want to learn how to get stellar results and loyal customers like Vans?



Nearly 50% of North American DTC revenue comes from loyalty members, significantly higher than non-members.



Loyalty program membership grew to **12 million** members in just **2 years**.





About Cheetah Digital

Cheetah Digital is a cross-channel customer engagement solution provider for the modern marketer. The Cheetah Digital Customer Engagement Suite enables marketers to create personalized experiences, cross-channel messaging, and loyalty strategies, underpinned by an engagement data platform that can scale to meet the changing demands of today's consumer. Many of the world's best brands, including Neiman Marcus, Walgreens, and Williams-Sonoma trust Cheetah Digital to help them drive revenue, build lasting customer relationships, and deliver a unique value exchange throughout the customer lifecycle.

A Cheetah Digital rep will be reaching out to you to schedule your customer engagement and loyalty consultation.

[Visit cheetahdigital.com](https://cheetahdigital.com)

