

RESEARCH

## Implicit, collaborative data collection minimizes privacy concerns: report

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*Moët uses Skosh to send Champagne to friends*

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By JOE MCCARTHY

The "creepiness cliff" for consumer data collection always seems to be one step away, yet consumers have become more tolerant to various practices as the shopping experience improves and brands act in a more mannered way, according to a new report by L2.

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**Luxury Daily**

Brands are moving their CRM programs to cloud-based solutions that better integrate data collected from diverse channels. As data silos collapse, brands can better shape data collection practices to minimize customer repulsion.

"Overall, brands struggle with aggregating data across silos to provide consumers with more relevant targeting and personalization," said Eleanor Powers, director, Insight Reports, at L2, New York.

"Data sources can include media, social platforms, email, site, loyalty programs, and purchases on and offline," she said.

"When done correctly, personalization increases engagement metrics significantly, but it requires management buy-in, technology investments and specialized staffing."

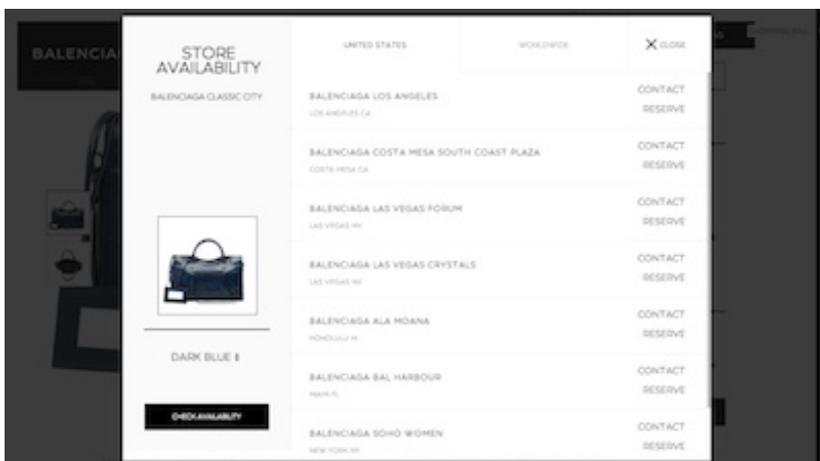
L2's "**Customer Engagement: Data Capture**" report examines the evolving nature of CRM programs and data collection tactics.

### Skirting the line

To understand the vexed relationship consumers have with privacy, SDL surveyed a sample of millennials. Forty-nine percent agreed with the statement, "I like when a company makes recommendations that make shopping easier," while 48 percent agreed with the statement, "I don't like when companies use personal data to target offers at me."

Essentially, privacy concerns tend to come down to phrasing. Reactions to data collection tactics exist in similarly fuzzy terrain.

When consumers create ecommerce accounts, they tend to be asked to fill in four to nine data fields, sometimes more. As the amount of data fields climb, consumers are more likely to either abandon or get bothered by how much private information is being collected.



### *Balenciaga ecommerce*

Oftentimes, this information can instead be gleaned by monitoring a customer's Web site activity and check-out, precluding the need to explicitly ask and potentially bother. By monitoring "products purchased, product attributes, frequency of purchase, product sizing, shipping address, and gender" lots of accurate data can be inferred.

If a consumer purchases soccer cleats and shin guards, soccer-related ads can justifiably be deployed in the future.

As data collection tactics have improved, brands have come to view full profiles of existing consumers as more important than attracting new consumers, according to research by TechTarget.

L2 notes that full profiles have become elusive as consumers disperse their activity across more channels.



## *Hermès ecommerce*

The apogee of data collection is the loyalty program, a realm where creepiness cliffs are rare.

Loyalty programs reward consumers who provide personal information, cementing relationships and building brand advocates in the process.

Also, loyalty programs help brands overcome the fragmentation of consumer activity, by following consumers down the purchase funnel through useful cross-channel functionality.

Credit card integration is one particularly useful tactic. Not only can brands benefit by sharing data with credit card companies, but inputting a credit card also compels consumers to turn to the loyalty program more often.

Sixty-three percent of the brands in L2's latest omnichannel report use this feature.

In-store data capture is one of the most exciting frontiers for brands, but also one of the creepiest. Through a loyalty program, brands can track consumer movement in-store and offer contingent offers.

## Reevaluating

Maintaining an in-house ecommerce platform is highly demanding, making a cloud-based solution the shrewdest move for brands lacking serious cash-flow and a digitally-oriented management team, according to a new report by L2 and Demandware.

Trailblazing brands such as Burberry and Gucci adopted in-house ecommerce platforms early on and are now seeing their investments stagnate as brands with cloud-based platforms implement new features at a faster rate. For small luxury houses still waffling on ecommerce, a cloud platform is likely the safest option ([see story](#)).

A strong ecommerce presence depends on a continual infusion of customer data. However, this imperative for data should never lead a brand to act in overbearing ways.

"Delivering a holistic customer experience requires integrating data from different systems to develop customer profiles," Ms. Powers said.

"Loyalty programs can provide the connective tissue for this to happen through using persistent customer profiles across channels," she said.

"A great example of this is The North Face's VIPeak program which ties together e-commerce, social media, retail stores and branded events. The program has been incredibly successful, with 50 percent of member transactions, tripling member repeat purchases, and doubling retention rates."

Final Take

*Joe McCarthy, staff reporter on Luxury Daily, New York*

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