RETAIL

First-party data is essential for effective omnichannel retail

March 14, 2022

Today's consumers are increasingly more empowered and informed. Image credit: Farfetch

By SARAH RAMIREZ

From bricks-and-mortar stores to direct-to-consumer darlings, omnichannel acceleration is going both ways in the retail industry.

More traditional retailers are investing in their ecommerce presences and launching digital experiences, while digital natives are turning to physical retail to engage with shoppers in new ways. According to a report from BlueConic, however, only 30 percent of retail marketers believe they are effective at driving seamless omnichannel experiences for shoppers.

Omnichannel opportunities
Omnichannel retail is foundational for many strategies, including cross-channel customer lifecycle marketing, data science democratization, digital experiences and audience monetization.

Eighty-one percent of retailers are prioritizing personalization amid COVID-19, compared to the 55 percent that prioritized it prior to the pandemic. More than 80 percent of consumers want their shopping experience to be personalized in some way by retailers.

To do this, retailers rely on lifecycle marketing the use of data and insights to identify customer segments and executing cross-functional programs to move shoppers through their journey.

For instance, having the right data can help retailers hone product recommendations or refine audience targeting to reduce ad waste.

Internally, retailers can also democratize analytics and data science so marketers do not need deep technical backgrounds to discover meaningful customer insights that can be leveraged to drive growth.

This can also allow employees in various business areas, such as commerce or customer service, to more easily leverage data on their own.

Eliminating external costs, manual steps or redundant technologies can make the data discovery process more efficient. Allowing teams to quickly test tactics based on customer analytics can also be cost-efficient.

Segmentation can also offer more extensive insights by combining multiple customer attributes, such as age, purchase history, interests and location.

Adopting a more centralized approach to analytics rather than leaving the analytics team siloed in the marketing department can help retailers be more successful in bridging the customer data gap.

This data can be useful in helping brand better understand shoppers.

Sixty-four percent of retailers report they are improving online customer experience to adapt to consumers' growing preference for ecommerce shopping. Among ecommerce marketers, 56 percent are allocating more spend to secure better customer data and analytics tools.
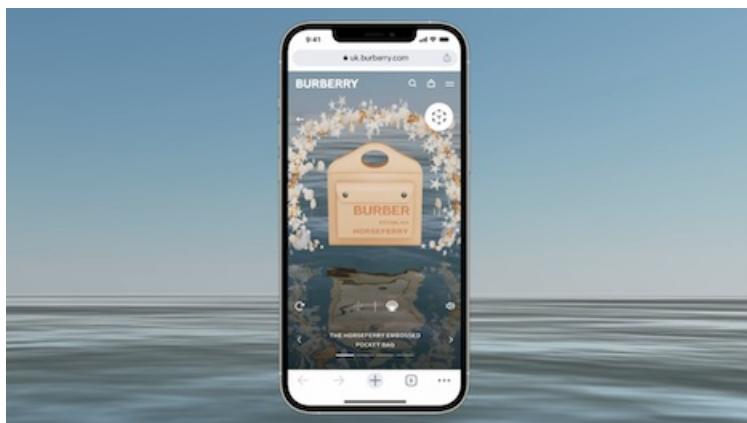
A Burberry AR experience inspired by its spring/summer 2021 campaign. Image credit: Burberry

These insights can help inform digital experiences, which themselves are essential in building customer loyalty.

This includes augmented reality to preview how products can look in real environments, as luxury brands such as Burberry, Dior and Gucci have done. In-store, shoppers are more likely to find digital screens, mobile associates and other technologies to enhance the experience.

Monetizing audiences
Another ambitious strategy for retailers is audience monetization, as more retailers launch their own advertising products and media networks. Eighty-three percent of companies that trust the accuracy and completeness of their first-party data are able to monetize it.

For instance, U.S. department store Nordstrom is broadening its ability to reach consumers and engage brands through a newly launched program.

Nordstrom Media Network is an advertising program that allows brand partners to connect directly with Nordstrom's 32 million customers to drive traffic, sales and customer engagement. As part of its Closer to You strategy, which connects customers with personalized experiences, Nordstrom hopes to build on its digital-first platform to better serve its customers and drive revenue growth (see story).

Currently, many digital advertisers rely on third-party cookies. These track users across sites to better help advertisers understand user behavior, allowing brands to improve user experiences and audience targeting.

Meanwhile, first-party data information is gleaned from the behaviors or actions of consumers, site visitors or social media followers through owned sites, apps, emails, surveys or more. This is often more time-consuming to evaluate since it tends to be siloed across organizations (see story).