DATA *best* BEST PRACTICES IN RETAIL *&* & ECOMMERCE

How Marketers Are
Enhancing Personalization
with Better Data Management,
Governance, and Analytics

Data Best Practices in Retail and eCommerce

How Marketers Are Enhancing Personalization with Better Data Management, Governance, and Analytics

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INSIGHTS
Worldwide Business Research

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EXECUTIVE SUMMARY

This report is based on a survey of retail and eCommerce leaders. It explores how effectively these organizations are managing their data, leveraging their data for customer insights, and incorporating those insights into their advertising campaigns.

The results reveal that while retail and eCommerce organizations recognize the critical importance of effective data management for strategic decision-making and personalized customer experiences, many struggle with outdated tools and processes.

There is a need for technological enhancements, particularly in automating and improving the accuracy of audience segmentation through AI. Many companies would also benefit from creating a centralized data repository for more effective data governance.

Ultimately, the results of the study suggest that achieving a comprehensive, collaborative, and technologically advanced data management framework is essential for companies to leverage their data effectively and stay competitive.

INSIGHTS
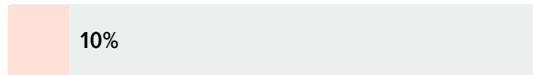Worldwide Business Research

eTail

AdRoll

ABOUT THE RESPONDENTS

The WBR Insights research team surveyed 100 retail and eCommerce leaders from across the U.S. and Canada to generate the results featured in this report.

What is your seniority?

C-Suite
10%

Vice President
30%
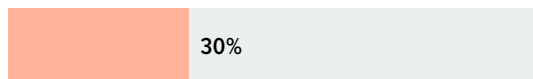
Department Head
11%
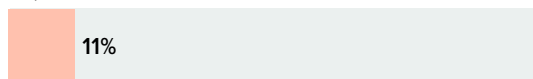
Director
49%

The respondents are directors (49%), department heads (11%), vice presidents (30%), and C-level executives (10%).

What is your role?

6%
Customer Analytics

8%
Data

11%
Digital

16%
Customer Experience

39%
Marketing

20%
eCommerce

The respondents occupy roles in marketing (39%), eCommerce (20%), customer experience (16%), digital (11%), data (8%), and customer analytics (6%).

What type of retailer do you represent?
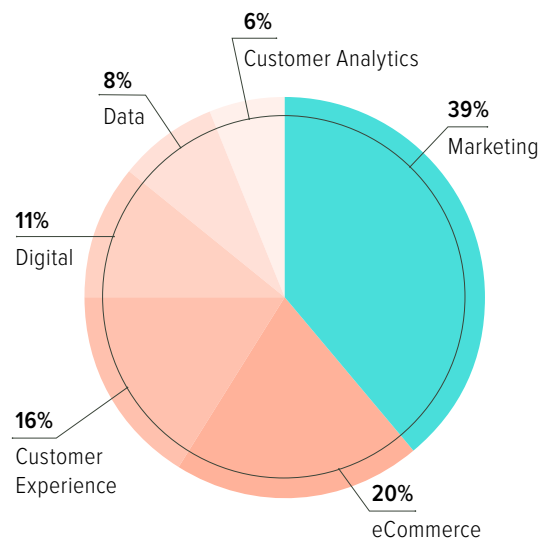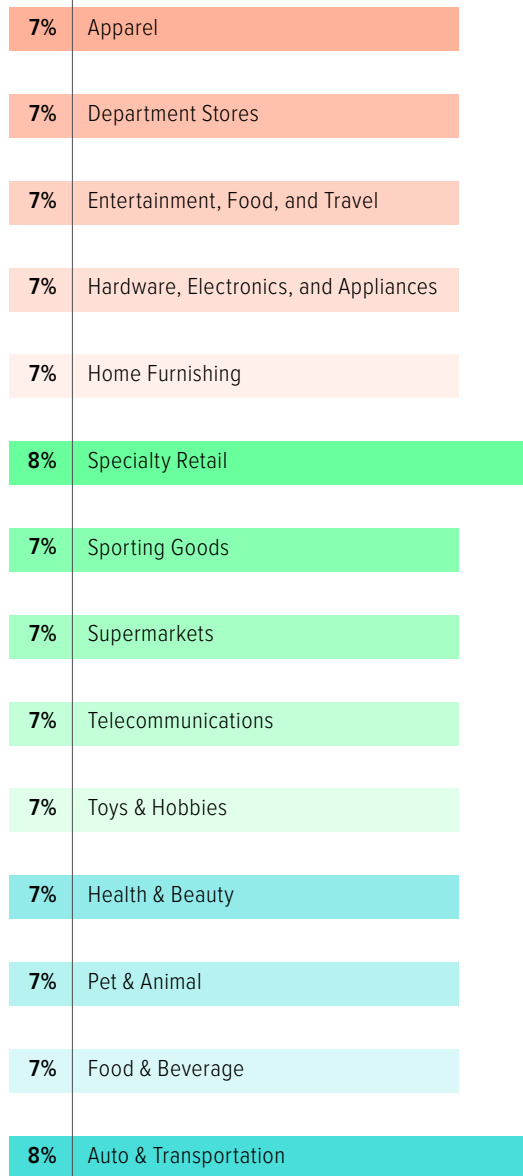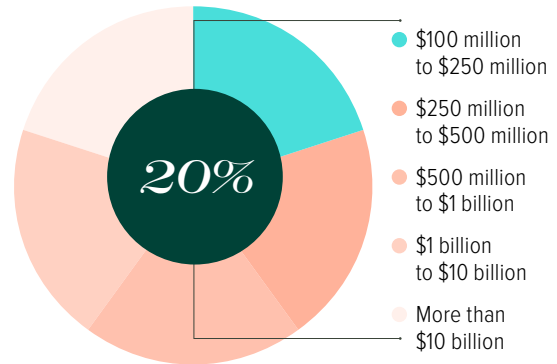
| %	Category
7%	Apparel
7%	Department Stores
7%	Entertainment, Food, and Travel
7%	Hardware, Electronics, and Appliances
7%	Home Furnishing
8%	Specialty Retail
7%	Sporting Goods
7%	Supermarkets
7%	Telecommunications
7%	Toys & Hobbies
7%	Health & Beauty
7%	Pet & Animal
7%	Food & Beverage
8%	Auto & Transportation

The companies represented in the report operate in a variety of sectors, including apparel (7%), department stores (7%), entertainment, food, and travel (7%), and hardware, electronics, and appliances (7%), among others.

What is your annual revenue?

20%

- $100 million to $250 million
- $250 million to $500 million
- $500 million to $1 billion
- $1 billion to $10 billion
- More than $10 billion

The companies represented in the report are evenly split in size, as measured by annual revenue. The companies make annual revenues ranging from $100 million to more than $10 billion.

How many full-time employees (FTE) do you have at your organization?

Employees	%
51 – 250	4%
251 – 1000	21%
1000 – 5000	40%
5001+	35%
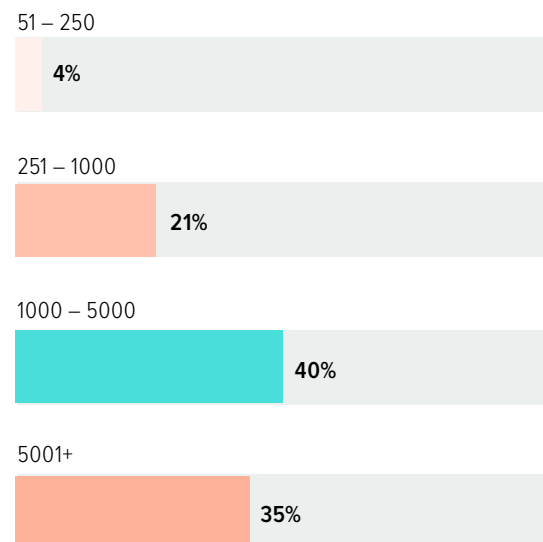
At a total of 75%, most of the respondents are from companies that have 1,000 or more full-time employees.

KEY INSIGHTS

AMONG THE RESPONDENTS:

48% — 48% find their customer data collection methods only somewhat effective, while 29% see them as not very effective.

87% — 87% use data management platforms and 79% use customer data platforms for retail and eCommerce data collection.

73% — 73% utilize CRM systems, 69% rely on inventory management systems, and 54% benefit from social media analytics.

62% — 62% consider their data management practices only somewhat effective, 23% not very effective, and 1% not effective at all.

66% — 66% rate data quality controls, 59% rate data security and privacy, and 57% rate data governance as significant challenges.

67% — 67% are only somewhat effective at generating customer insights for personalization, while 15% are not very effective at doing so.

57% — 57% can integrate data from billions of shoppers into their ad strategies.

71% — 71% are very interested in AI-powered tools for automating audience segmentation.

70% — Tools for campaign and channel reporting/attribution help 70% understand customer conversion touch points and 58% apply an attribution model to conversion data.

66% — 66% say their identity resolution ability is only somewhat effective, while 20% say it is not very effective.

RETAIL AND ECOMMERCE LEADERS STRUGGLE WITH DATA QUALITY, SECURITY, AND GOVERNANCE

Customer data collection and effective management are critical for retail and eCommerce businesses, as they allow them to tailor their marketing precisely to customers' needs. By analyzing customer buying patterns and preferences, businesses can create personalized shopping experiences, leading to increased customer satisfaction and loyalty.

Leveraging customer data responsibly can also help companies anticipate market trends and stay ahead in a competitive landscape.

The data collected from retail and eCommerce leaders in the study reveal a concerning trend for industries that rely heavily on customer data to drive marketing strategies. Almost half of the respondents (48%) perceive the effectiveness of their data collection methods as only somewhat effective and a further 29% believe their methods are not very effective.

How would you rate the effectiveness of your current customer data collection methods?

- 29% Not very effective
- 23% Very effective
- 48% Somewhat effective
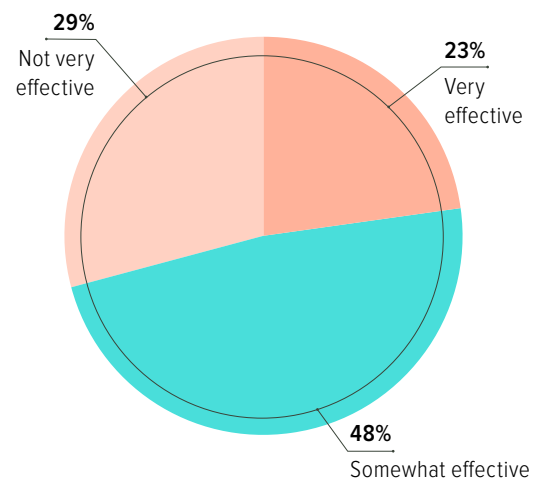
This indicates a significant challenge in capturing accurate and actionable customer insights. Inefficiency in data collection not only hampers companies' ability to understand consumer behaviors and preferences but also impacts their ability to personalize marketing efforts effectively. For retailers and eCommerce companies, there is an urgent need to evaluate and enhance their data collection capabilities.

Improving their ability to collect data from every customer touchpoint could lead to more targeted marketing strategies, ultimately fostering better customer engagement and higher sales conversion rates.

Currently, 87% of the respondents rely on data management platforms for data collection and processing. This underlines the critical role customer data now plays in retail and eCommerce. Similarly, the substantial use of customer data platforms by 79% of respondents reflects the industry's focus on creating unified customer profiles for enhanced targeting and personalization.

This data-centric approach signifies a shift towards more sophisticated, data-driven decision-making processes among retail and eCommerce companies. By leveraging these platforms, businesses should be better equipped to understand customer behaviors, preferences, and trends.

Not surprisingly, 73% of the respondents also use a customer relationship management (CRM) solution for data collection. These solutions have long been a staple for these types of businesses, allowing them to track and manage customer interactions and data throughout the customer lifecycle. The best CRMs can also integrate seamlessly with other data tools, such as DMPs and CDPs.

Other solutions, such as inventory management systems (69%) and social media analytics platforms (54%) are also popular, especially for eCommerce merchants.

Which of the following technologies do you currently use in your retail and eCommerce operations for data collection?

Data Management Platforms (DMPs)
87%

Customer Data Platforms (CDPs)
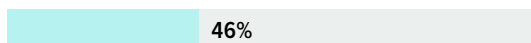**79%**

Customer Relationship Management (CRM) systems
73%

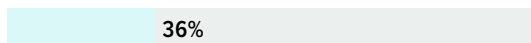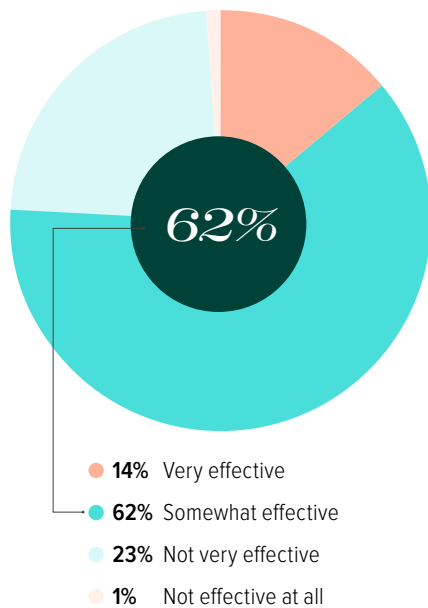Inventory management systems
(e.g., for sales and stock data)
69%

Social media analytics platforms
54%

Point of Sale (POS) systems
46%

Big data analytics tools
36%

Beacon technology (for collecting data about customer behavior in physical stores)
13%

How would you rate the effectiveness of your current data management practices?

62%

- ● **14%** Very effective
- ● **62%** Somewhat effective
- ● **23%** Not very effective
- ● **1%** Not effective at all

Unfortunately, 62% of the respondents perceive their data management practices as only somewhat effective, despite their implementation of advanced data solutions. Nearly one-quarter of the respondents (23%) view their data management practices as not very effective.

This signals a potential gap in their ability to leverage data effectively, despite their use of advanced data collection and analytics tools. It also signals a pressing need to enhance data management strategies to stay competitive, optimize operations, and deliver tailored customer experiences.

Most of the respondents are struggling with specific challenges that prevent them from collecting and managing their customer data effectively. For example, a significant majority (66%) identify data quality controls as a primary concern.
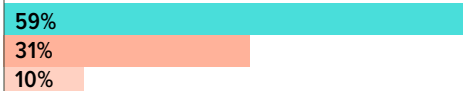
How challenging have the following aspects of data management been for your organization over the past three years?

- ● This has been a significant challenge.
- ● This has been somewhat of a challenge.
- ● This has not been a challenge.

Data quality controls (e.g., ensuring only accurate data enters systems and workflows)
- 66%
- 31%
- 3%
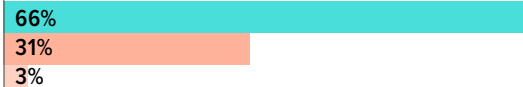
Data security and privacy
- 59%
- 31%
- 10%

Data governance (overall management of data availability, usability, and integrity)
- 57%
- 34%
- 9%

Data lifecycle management (e.g., managing data from creation to storage and obsoletion)
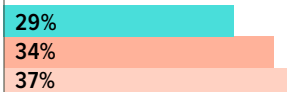- 43%
- 46%
- 11%

Data integration and consolidation (e.g., bringing together data from multiple sources)
- 36%
- 57%
- 7%

Metadata management (e.g., accurately describing when and how data was collected)
- 33%
- 57%
- 10%

Regular backup and recovery practices
- 29%
- 34%
- 37%

Likely, retail and eCommerce companies are facing difficulties in ensuring the accuracy and consistency of the vast amounts of customer data they collect. When data quality is compromised, it can lead to misinformed business decisions, affecting everything from inventory management to advertising effectiveness.

Furthermore, 59% of the respondents point out data security and privacy as significant challenges. In an era where data breaches can not only result in substantial financial losses but also irreparable damage to a company's reputation, the importance of securing customer data cannot be overstated. Retailers and eCommerce businesses must invest in robust security measures to protect sensitive customer information and build trust with their clientele.

Additionally, 57% of those surveyed highlight difficulties with data governance, indicating a struggle with managing the availability, usability, and integrity of data. Effective data governance ensures that data across the organization is accurate and consistently managed, which is crucial for retail companies that rely on real-time data to make quick and informed business decisions.

Retail and eCommerce leaders can address these challenges by adopting a holistic approach that leverages advanced technology. First, implementing sophisticated data quality management tools can automate the process of identifying and rectifying inaccuracies in customer data. This would enhance decision-making processes and the effectiveness of personalized marketing initiatives.

Second, enhancing data security and privacy can be achieved through the adoption of cutting-edge encryption technologies and rigorous data access policies. By safeguarding customer information, companies can mitigate the risk of data breaches and strengthen their brand reputation.

Finally, establishing a robust data governance framework supported by technology can streamline data management practices across the organization. This involves deploying data management platforms that facilitate the integration, storage, and analysis of data from various sources. Such platforms can offer real-time insights, enabling retail and eCommerce companies to automate marketing and make swift, data-driven decisions.
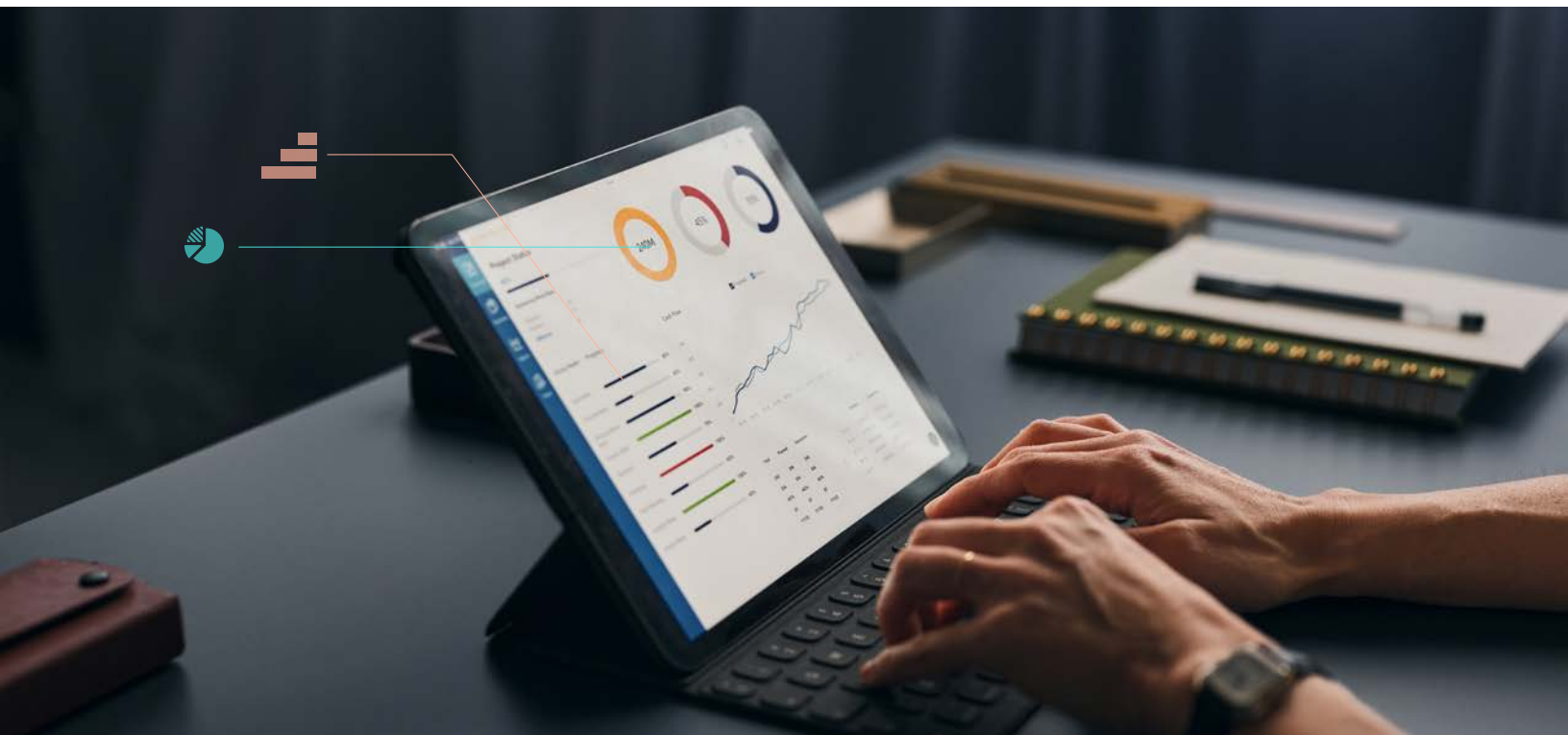
BRANDS ARE COLLECTING DATA BUT CAN'T ALWAYS GENERATE AND USE CUSTOMER INSIGHTS

As we've learned, retail and eCommerce companies currently use a range of solutions to collect and manage their data. These include tools like customer data platforms, as well as tried-and-tested solutions like CRMs.

However, it is often how these tools are configured and integrated that determines how effectively brands can collect customer data, manage that data effectively, analyze it, and draw insights from it. While some companies depend on specific solutions for capabilities like customer analytics, others depend on features embedded within existing tools, such as their CRM.

For example, 61% of the respondents say their business intelligence (BI) capabilities come from part of a larger marketing technology (MarTech) platform. Similarly, 63% say their predictive analytics tools and 61% say their predictive analytics tools are features of their customer data platforms (CDPs), while 69% say the same about their data mining tools.
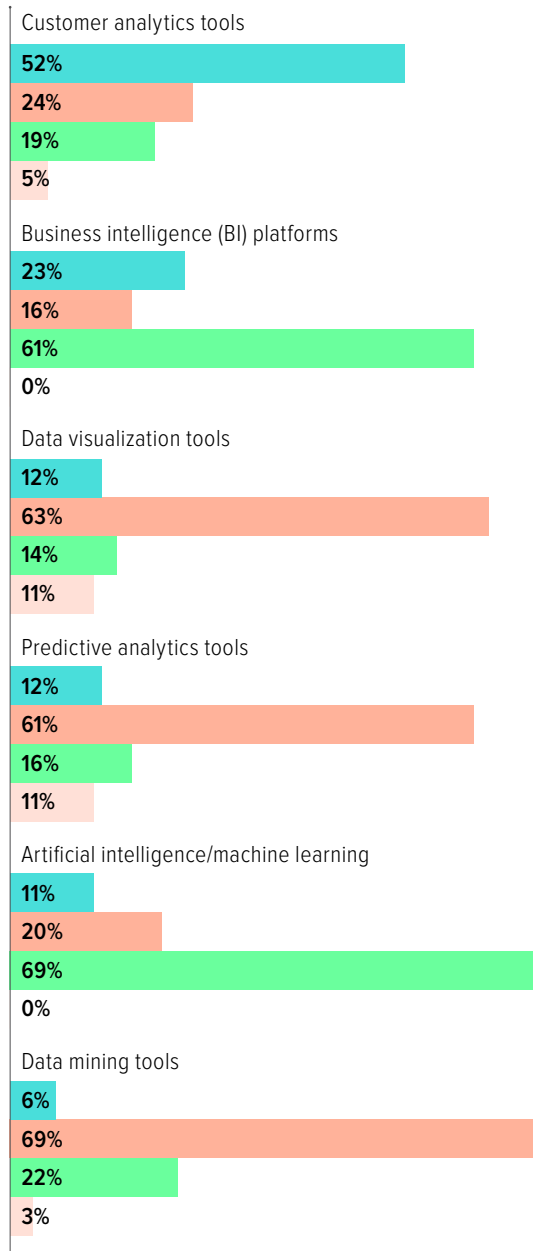
However, 52% of the respondents say their customer analytics tools are standalone products. These tools may integrate with other solutions, but they depend on an entirely separate solution for this capability.

This underscores the importance of understanding the specific needs of a business and choosing the right tools accordingly. While some companies may benefit from using integrated solutions that offer a wide range of features, others may require standalone products for more specialized capabilities.
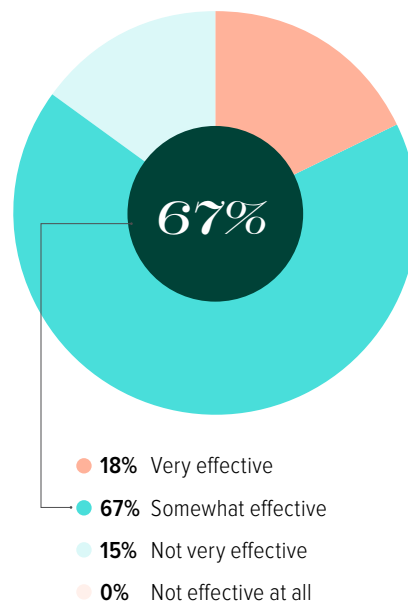
It is likely that many retail and eCommerce companies prefer a standalone product for customer analytics because it allows for more customization and control over the data being analyzed. This can be especially important for businesses that have unique customer segments or complex sales processes.

Which types of solutions does your organization use for data analytics in each of the following categories?

- ● A standalone solution
- ● Features in a customer data platform (CDP)
- ● Part of a larger MarTech platform
- ● We do not use this

Customer analytics tools
- 52%
- 24%
- 19%
- 5%

Business intelligence (BI) platforms
- 23%
- 16%
- 61%
- 0%

Data visualization tools
- 12%
- 63%
- 14%
- 11%

Predictive analytics tools
- 12%
- 61%
- 16%
- 11%

Artificial intelligence/machine learning
- 11%
- 20%
- 69%
- 0%

Data mining tools
- 6%
- 69%
- 22%
- 3%

In your view, how effective is your organization at generating customer insights from data, and then using those insights for personalization?

67%

- ● **18%** Very effective
- ● **67%** Somewhat effective
- ● **15%** Not very effective
- ● **0%** Not effective at all

Unfortunately, 67% of the respondents view their ability to generate customer insights from data and use those insights for personalization as only somewhat effective. A further 15% say they are not very effective at generating customer insights from data and using them for personalization.

Although a slight majority of the respondents are using a standalone product for customer analytics, their current solutions may be inadequate, or they may be poorly integrated into the rest of their marketing technology stack.

One of the most common data challenges across industries is the siloed nature of data within organizations, where customer information is scattered across different departments and systems, making it difficult to create a unified view of customer behaviors and preferences. Additionally, the legacy technology infrastructure that some companies operate on may not be equipped to handle the volume, velocity, and variety of today's data.

In your view, can your organization currently incorporate data from billions of shoppers into your ad strategy to find the right customers for your business?
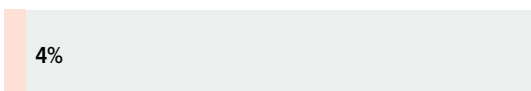
Yes
57%

No
39%
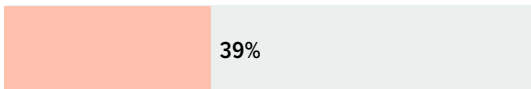
I'm not sure.
4%

Nonetheless, companies have made some progress in their omnichannel data strategies. Many retail and eCommerce companies struggle to incorporate data from multiple sources into their marketing strategies. However, according to the study, 57% of the respondents can currently incorporate data from billions of shoppers into their ad strategy to find the right customers for their businesses.

This capability is critical to eCommerce success as it enables companies to target and personalize their advertising efforts across markets. When companies can find and market to those consumers who are most likely to buy, they can generate more return on ad spend (ROAS).

Researchers asked the respondents to identify the unique challenges they face when it comes to achieving efficient and effective advertising using data. Among the responses, technological disruptions and the high velocity of change stand out as major obstacles.

In the realm of advertising, technologies, platforms, and consumer preferences can change at a rapid pace. According to the respondents, such chances can offer opportunities for innovation, but they also represent a significant challenge in maintaining cost-effectiveness, staying ahead of trends, and adapting to the digital transformation that is reshaping consumer interactions.

Additionally, budgeting restrictions and the rising cost of digital advertising further complicate the ability of businesses to execute robust advertising strategies. These financial pressures not only limit the scope and reach of campaigns but also hinder experimentation with new and potentially more effective advertising avenues.

Another significant challenge highlighted in the responses is the evolving nature of consumer behavior and expectations, intensified by a saturated online ad market and growing privacy concerns. The skepticism towards advertisements, especially from unknown sources, along with the reluctance to engage with high-volume ad content, underscores a shift in consumer tolerance and engagement.

This shift necessitates more personalized and content-rich advertising approaches, making the development of sophisticated and attractive content strategies crucial yet challenging due to unpredictable consumer reactions.

Moving forward, brands must be able to ensure their advertising dollars are driving business results. Accomplishing this will require even more integrated and powerful data strategies, as well as more nuanced forms of personalization. With the rise of new technologies such as artificial intelligence and machine learning, companies must adapt quickly to stay competitive.

MARKETERS WANT TOOLS THAT AUTOMATE AUDIENCE SEGMENTATION AND ACTIVATION WITH AI
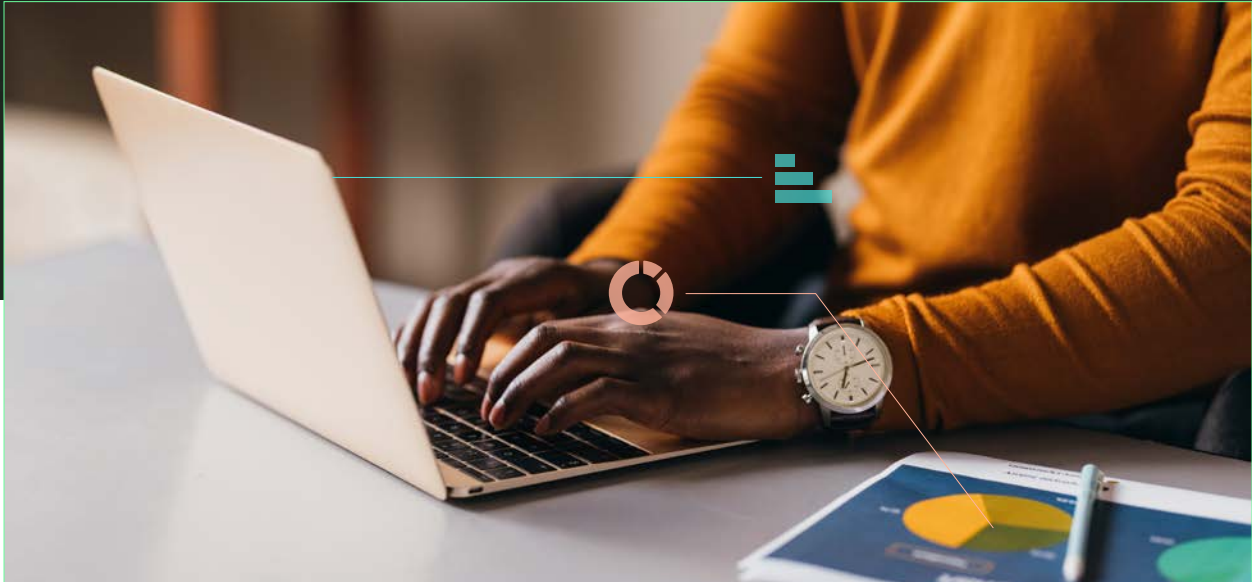
The landscape of digital marketing in retail and eCommerce industries stands at a crucial crossroads, challenged by the complexity of data attribution, identity resolution, and the effective utilization of customer information. There is a pressing need for advanced tools and strategies that optimize marketing efforts and enhance customer experiences.

Reporting and attribution tools stand out as one of the most critical solutions for optimizing campaigns.

A significant majority of retailers and eCommerce businesses (70%) can currently use their campaign and channel reporting and attribution tools to map out the customer's conversion path effectively. This implies that these organizations likely possess a detailed understanding of customer interactions across various touchpoints and the impact of those interactions on conversion rates.

However, only 58% feel confident in their ability to apply complex attribution models, like linear or positional, to their conversion data. Companies may lack advanced analytics capabilities, which underscores a critical area for improvement for retailers aiming to optimize their marketing strategies and accurately measure the ROI of each customer touchpoint.

Furthermore, only 48% say they can see which channels and campaigns are assisting conversions. Without this critical information, marketers can't identify successful campaigns and replicate them, nor can they identify their most successful advertising channels. Companies without this capability in particular need better reporting tools, so they can optimize their campaigns across channels based on effectiveness.

Which of the following can you currently do with your campaign and channel reporting and attribution tools?

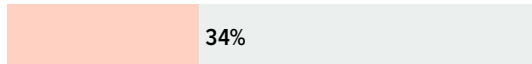Understand touch points along the customer conversion journey

70%

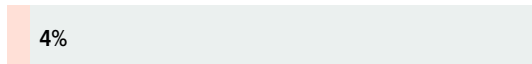Apply an attribution model to conversion data (e.g., linear, positional, etc.)

58%
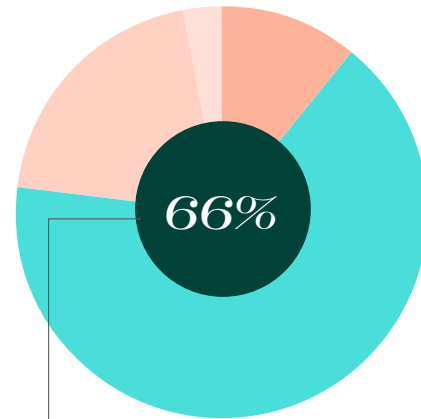
See which channels/campaigns are assisting conversions

48%

Compare similar KPIs across platforms

34%

None of these apply.

4%

How would you rate your organization's effectiveness at identity resolution?

66%

- **11%** Very effective
- **66%** Somewhat effective
- **20%** Not very effective
- **3%** Not effective at all

Another key capability for retail and eCommerce marketers is identity resolution. This is the process of gathering and connecting multiple identifiers across devices and platforms to create a cohesive, unified view of an individual consumer. This strategy enables marketers to accurately target and communicate with their audience in a more personalized and effective manner, even in an omnichannel environment.

Most of the respondents (66%) say their effectiveness at identity resolution is only somewhat effective. One-fifth of the respondents say they are not very effective, while 3% say they are not effective at all.

This means that consumers may not have a personalized experience across channels based on data collected by the organization. It also means that marketers can't pinpoint the customer journey across touchpoints to identify a clear path to purchase.

Often, poor identity resolution is the result of an inability to consolidate data across systems, creating a single source of truth (SSoT) on a record of a customer. Researchers asked the respondents to describe how they are currently strategizing this type of data consolidation.

According to the respondents, the process involves meticulous planning, starting with the identification and validation of core data sources, including those added to accommodate specific business requirements. Companies are also focusing on eliminating duplicate records and ensuring data is saved in a standardized, readable format.

This is crucial for maintaining the integrity of the SSoT and facilitating easier access to information across the organization. The adoption of cloud-based tools for data consolidation and the emphasis on aligning the process with the company's objectives underscore the strategic approach taken towards data management.

Furthermore, the involvement of teams across different divisions in the cleaning, verifying, and integrating of data highlights a collaborative effort in creating a robust SSoT. Retail and eCommerce companies are also leveraging digital tools and technologies to streamline data integration, showcasing an evolution in data consolidation practices.

This systematic approach not only addresses security concerns but also ensures that the consolidation process is in line with the company's long-term strategic goals. The gradual, step-by-step methodology employed in transferring data to a centralized database reflects a cautious yet effective strategy to mitigate risks associated with data consolidation.

By testing and verifying information and engaging team heads in understanding the value of data to their processes, companies are attempting to make informed decisions that enhance the quality of their data. This strategic consolidation process aims at

creating a comprehensive view of each customer, thereby facilitating better decision-making and fostering a more personalized customer experience.

Based on these responses, it's clear that marketers have an accurate idea of what they must do to consolidate, analyze, and leverage customer data. However, previous responses have revealed that many marketers are still struggling with inadequate tools and processes.

Currently, only 8% of the respondents have access to a tool that lets them automate audience segmentation and activation using artificial intelligence (AI), while 71% are very interested in such a tool and 21% are somewhat interested.

To address this issue, marketers need to invest in tools and processes that can automate these tasks. AI-powered tools can help identify patterns and trends in customer data, allowing for more accurate and efficient audience segmentation. They can also enable brands to unify their data, analyze datasets quickly, and then use data-driven insights in their marketing and advertising campaigns.

How interested are you in a tool that lets you automate audience segmentation and activation using artificial intelligence?

71%

- **8%** We already use such a tool
- **71%** Very interested
- **21%** Somewhat interested
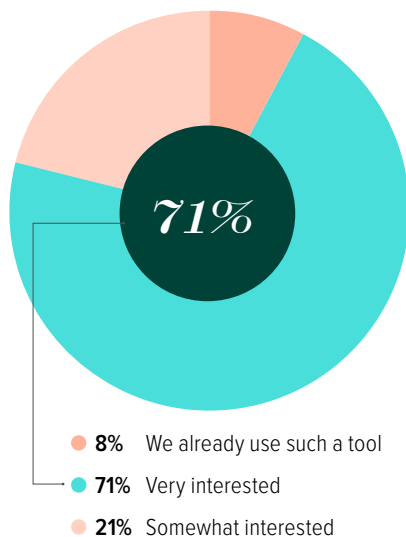
CONCLUSION: STEPS FOR IMPROVING DATA MANAGEMENT

The study has shown that, despite some notable capabilities, too many retail and eCommerce organizations struggle to effectively manage and use their data. The respondents offered some insights into how they plan to improve their data management capabilities over the next 12 months and what best practices they intend to apply to do so.

Some of the respondents highlighted the importance of technological upgrades and the integration of advanced analytics to bolster data management practices. For example, integrating machine learning and artificial intelligence algorithms to automate data processing and analysis could greatly improve efficiency and accuracy.

The creation of a single source of truth emerged as a common theme, underscoring the respondents' ambition to consolidate data for more effective management and decision-making. To achieve this, many companies

will focus on improving data quality and eliminating redundant or duplicate information. This represents a collective acknowledgment of the inefficiencies current data management systems may harbor.

Another significant area of focus among the responses is the human aspect of data management. Companies intend to recruit skilled professionals and invest in employee training on data protection and best practices, and they recognize that technology alone cannot solve all their data management challenges.

Finally, the respondents understand that fostering a culture of data awareness and accountability across the organization is paramount. This holistic view, combining technological enhancements with human capital development and organizational culture shift, reflects a comprehensive strategy aimed at overcoming the multifaceted challenges of data management.

KEY SUGGESTIONS

1 *Invest in AI-powered audience segmentation tools.*

AI technologies can significantly enhance the accuracy and efficiency of audience segmentation, enabling more personalized and effective marketing campaigns.

2 *Prioritize the creation of a single source of truth for customer data.*

Establishing a centralized database of customer information facilitates better decision-making and improves the overall customer experience by ensuring consistency across touchpoints.

3 *Adopt a collaborative approach to data management.*

Encouraging communication and collaboration among different teams and departments involved in data management can help streamline processes and ensure that the company's data is maintained accurately.

4 *Promote a company-wide culture of data awareness and accountability.*

Encouraging a holistic understanding and responsible handling of data across all departments ensures that data management and governance objectives align with the company's strategic goals.

ABOUT THE AUTHORS

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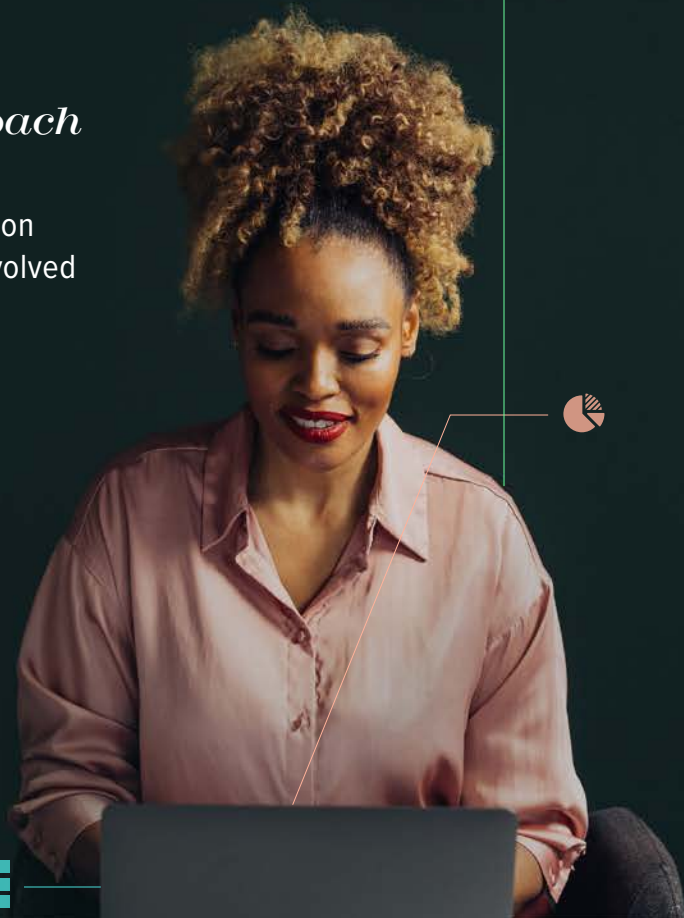
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We launched **eTail** in 1999 and have been dedicated to supporting the growth of the retail industry ever since. What started off as 100 people in a room discussing where this sector is headed has led to 2,000 senior-level eCommerce executives being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

For more information, please visit **www.etailwest.wbresearch.com.**

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