

The Data-Driven Marketer's Guide to Data Enrichment

arm
TREASURE DATA

White Paper





Introduction

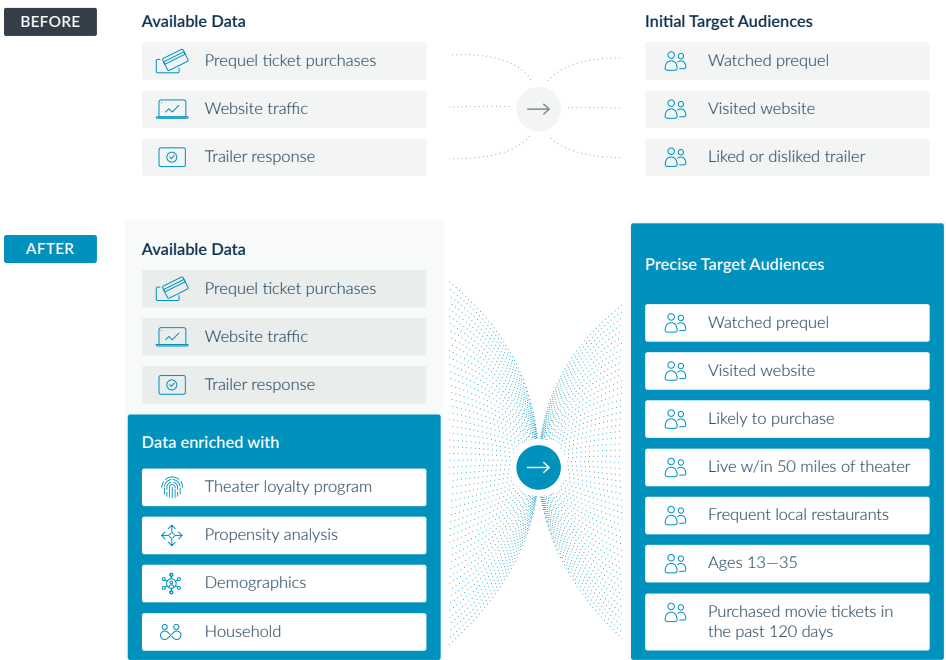
There is no shortage of customer data available to your business today. But in order for marketing leaders to draw useful, reliable insights from that data, it needs to show an accurate snapshot of their customer—with as much information as possible.

The problem is that if you're solely relying on first-party data—data that your customers have voluntarily shared at some point—you risk missing out on valuable new information as time passes. Did your customer just move to a new state? Buy a new home? Have a baby?

With data enrichment, you can create a highly detailed and accurate composite of your customer by gathering data from a variety of second-party and third-party data sources, then combining that with your own proprietary data for more applicability to your business, for example, to create predictive models and to personalize sales and marketing campaigns.

Figure 1 — New Movie Campaign Example

An independent movie studio had big goals for the release of its anticipated sequel. They wanted to exceed current box office revenue benchmarks and acquire new audiences outside the fanbase for the first movie. By enriching their available data about prequel moviegoers they were able to target potential new audiences for the sequel. They were also able to take advantage of a more effective audience across all of their marketing channels, including theater loyalty members who've opted into their programs.



Whether you're working with a data management provider (DMP) or a demand-side platform (DSP) to manage your advertising campaigns—or both—a customer data platform (CDP) sits right at the center, with online and offline data on each individual that is automatically updated in real time.

In order for you to build a better understanding of your customer, your data needs to be free of inaccurate and duplicate information. In a recent Experian study, respondents said that on average about 30% of their firms' customer data is inaccurate.¹



Types of Data

First-party

Your company's proprietary data collected directly from your own customers

Second-party

Another company's first-party data, either bought directly or through a marketplace

Third-party

Data aggregated from companies who have no direct relationship to the customer

Tip: a combination of the three types of data can help marketers optimize for precision and scale—whether you're working with a DMP, a CDP, a DSP—or some combination of the three.

Marketers attempting to reconcile a truly accurate snapshot of the customer know all too well the pitfalls of combining customer records from multiple systems. This is where data enrichment can help, applying powerful identity resolution algorithms to populate customer records with the most accurate and recent information.

The other big opportunity with data enrichment is the ability to identify new audiences. Whether you're in Automotive, Retail, Entertainment or any other vertical, this is a huge value-add. For example, if you're working with a third-party data provider—such as Acxiom or Comscore—you can tap into their firehose of data through direct integration to find additional high-value customer segments. In doing so, you'll benefit from a network effect: the more connectors you add, the more granular you can get with your data and the more targeted your segments will be.

One of the key reasons to do data enrichment is that it is so effective in developing an understanding of your audience. And forward-thinking marketers are paying close attention. A recent IAB study indicates that US companies plan to spend \$19.2 billion on third-party audience data².

In this guide, you will learn:

- ✦ Key considerations in developing data enrichment methods
- ✦ How to employ new processes for developing new data and filling in the blanks
- ✦ How Arm Treasure Data can help with a continuous process for data enrichment so you always have the most up-to-date information





The Data Enrichment Process

Data enrichment is a methodology applying tools and processes that improve data quality of digital customer profiles. Many of today's companies store their first-party customer data in CDPs that can be accessed by other systems when needed—for marketing, sales or support purposes.

Once a company has decided to enrich their data, here's what the process looks like:

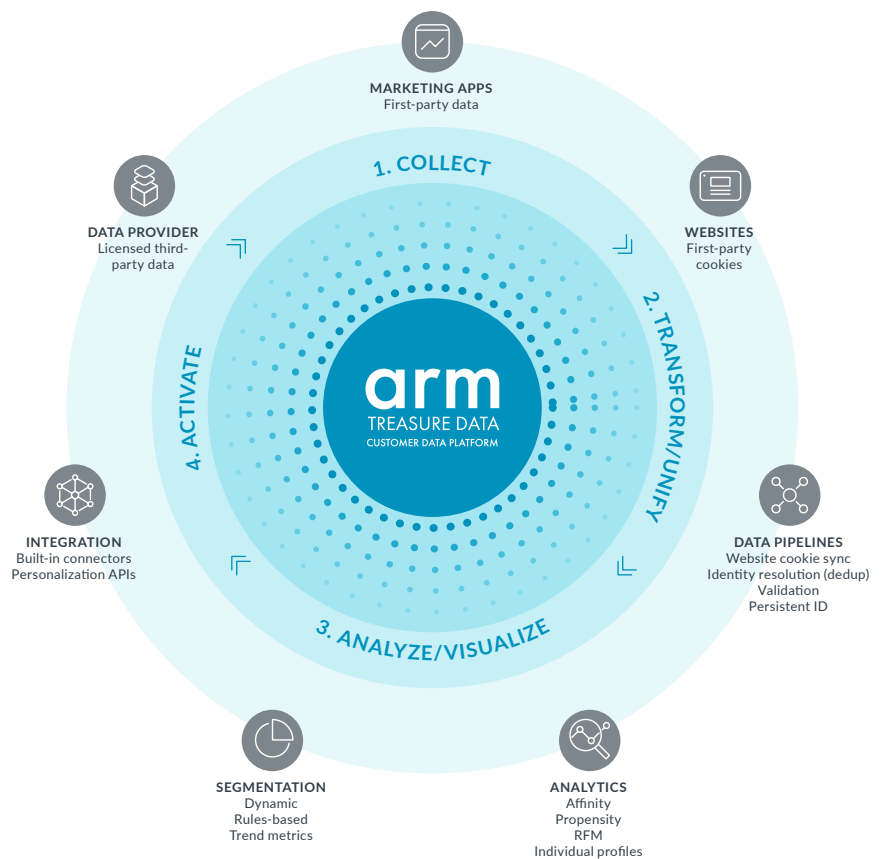
Data is ingested from second-party and third-party data providers like Comscore or Nielsen, and appended to existing individual customer data tables by integrating taxonomies, ontologies, and third-party libraries as a part of the data processing architecture. Duplicate records are removed. Data is then validated and tested, and updated in a continuous process.

Once data is cleansed and stored in a central location—such as a CDP—marketers and data analysts can analyze it to gain insights and to inform campaign strategy. Is a new model of your product doing well with a particular customer segment? Is demand higher in certain geographic locations? Which segment of existing users is most likely to churn?

You can use powerful machine learning to build new customer segments and then create advanced models with which to analyze those segments. Segments can be activated into a variety of campaigns designed to increase sales, boost engagement and reduce churn. And best of all, with a CDP, the process happens continuously with no need for intervention or oversight on your part.

Figure 2 — Continuous Enrichment

A CDP can help automate the process of enrichment—streamlining business operations.





How to Put Data Enrichment to Work

Data enrichment helps with many important business operations, such as prospect profiling, ad targeting, and message personalization. Your customer data comes from many different sources, such as email lists and lead forms. However, issues arise when the source of that data either lacks credibility and/or enough information to make the dataset valuable. For example, many businesses rely on lead capture to source customer data, but it's a delicate balance to get accurate information without turning customers away with long forms. When customers act as your primary data source, you can end up with inconveniences like multiple phone numbers or even fake names and email addresses.

Data enrichment tools serve the purpose of filling in the gaps left by incomplete or incorrect information. The first-party data you already have can be matched with second and third-party data. A system for data enrichment then appends new information to the records that are already captured and stored, pinpointing key target groups of prospects or improving efficiencies across your campaigns.

Subaru's Success

Arm Treasure Data enterprise CDP's data enrichment empowered Subaru with 2nd-party data from car comparison sites. It allowed them to identify the most valuable segments of prospective customers—those late in the consideration phase of their buying journeys. The prediction of behavior-based audience segments allowed Subaru to personalize communications for those who were closest to purchasing—driving growth and revenue.

- ✦ Subaru's 'highly likely to buy' estimate went from 26% to 73%
- ✦ One highly targeted "cash back" campaign yielded \$26M and an order rate increase of 15%

Here are a few scenarios in which marketers may want to enrich their data:

Example #1: Reach / Awareness

One popular use of enriched data is to create new segments for targeted advertising campaigns. Informed by up-to-date and more relevant information—such as ZIP code or last purchase—companies can create hyper-personalized offers that are likely to capture the attention of the target audience. New information revealed after augmenting data can also lead to the creation of new and more specialized segments to be used for targeting and retargeting campaigns. One of the great value-adds of a CDP is the ability to activate your data directly to a DSP. Of course, you have the choice to outsource your media buying to a DMP, but if you choose to activate the data directly to a DSP, you'll gain more control over the entire campaign strategy.

Example #2: Prospecting

Quality contact data is a requirement for sales and marketing efforts. We have all seen first hand the inefficiencies of sales people wasting hours tracking down a person's direct extension or deliverable email address. Data enrichment can round out incomplete prospect profiles with key information like job title or direct phone number—ensuring efficient sales operations. More importantly, it can find users you've haven't identified yet, allowing your campaigns to scale. This enables marketers to create segments and campaigns based on people that may not be familiar with their brand or products—while still running personalized campaigns based on data made available from data providers.



Privacy Protection vs. Personalization: a Delicate Balance

58% of customers say they'll share personal data to get a personalized shopping experience product recommendations, but 57% of customers are uncomfortable with how companies use their personal or business information.

Data regulators are attempting to protect consumer data through various laws and privacy protections while the companies who rely on that data struggle to adapt.

Large companies like Google and Facebook—who have defined user's digital life—have become the data gatekeepers, holding their customer data in 'walled gardens' and protecting their own interests to monetize that data internally. Will we trust them to build the data guardrails?

As data will be increasingly harder to get, companies need to take control of the data they have and responsibly collect the rest. They will need to work with responsible vendors who get the appropriate consent from consumers and protect their privacy.

Example #3: Retention

Companies typically spend at least 5x more trying to acquire new customers than to retain them. However, once a customer has been acquired, it's much cheaper to make sure they don't churn than to go out and acquire new ones. Decreased activity can be an indicator of churn, but so can engaging with a competitor. With enriched data like this, you can identify segments of customers who are most likely to churn—and then develop hypotheses for that churn, mitigating it with A/B tests to the customer experience (CX) to see which ideas are the most effective at getting customers to stay. The enriched data will allow for more sophisticated targeting of groups with shared attributes.

Getting Started with Data Enrichment

If you are looking to get started with data enrichment, the first step is to define the data process required for your needs.

Let's say you're a local business looking to send out a direct mail piece, and you are looking at data enrichment for this single purpose. A good data enrichment tool can help verify or correct a home address, comparing first-party data against third-party data (postal records) to look for errors. The third-party data will fill in the more recent information, saving you a wasted mailing in the event that a customer has moved to a new address.

For most companies, however, data enrichment isn't something you do once and then never do again. Think of your customer data as a snapshot in time. People move; they get married; their income levels, change—the possibilities are endless. In order to help avoid personalization failures for your company (if your information is outdated), data enrichment processes need to run on a continuous basis.

Most larger companies, with many prospects and customers, find it most efficient to rely on a repeatable process—making marketing programs more manageable and scalable. In order to continue learning about their customers, and gleaning ongoing insights, a repeatable and ongoing data enrichment process is necessary.

The Obligations of Customer Data: Privacy and Compliance

Naturally, marketers are concerned with the privacy implications of data enrichment as a practice. But data enrichment isn't about accessing private data. It's simply collecting data that is already public and combining it with existing data.

It's rare to find a company that relishes the process of explaining their terms and conditions and privacy practices to their prospects and customers. Most people don't bother reading these long documents, and those that do find their legal jargon difficult to decipher. Yet, it's

Gaming Company Boosts Their Marketing Reach

A large video gaming company tapped into Arm Treasure Data's CDP when they were preparing a big campaign for the launch of a new game. They were also working with a DMP at the time. The CDP helped identify 20 to 30 segments of users based on first-party data—people who played a particular game and spent a minimum amount on in-app purchases in a particular timeframe. When they matched that data to their DMP, however, they found that the match rate was too low to make any sort of impact. Using data enrichment and, lookalike modeling in their CDP, they were able to create target segments with the right attributes and scale their audience up to 10x the size of their first-party segments.

crucial for companies to provide notice to their customers about what information is being collected, how it is used, and with whom it is shared. It can actually be an opportunity for marketers to highlight how customer data can be used to the customer's advantage.

Businesses face a number of regulations that govern the collection, storage, usage—and even disposal—of customer data. Browsers have recently begun cracking down on ad trackers. These regulations vary across different industries and even geographic locations, but businesses that stay on top of them can help avoid litigation and build long term trust with their customer base. We can all expect these types of laws to proliferate as more consumers expand and demand privacy and protection. Working with a CDP can offer peace of mind—knowing that you can rely on the expertise of partners who have deep experience with data and privacy regulation.

How Arm Treasure Data Helps With Data Enrichment

Treasure Data offers powerful profile management. First, the platform combines data sets—such as customer demographics and thousands of behavioral data points—into a single environment. Once that data is ingested and unified into a complete customer profile, an analyst can correlate the data—for example, to look at the relationship between email click-through and purchases—and can view it in dashboards or export it into a data visualization tool like Looker or Tableau. No background in data science is required as the data can be easily visualized through multiple interfaces.

Once the data is unified into profiles, marketers can also build segments with particular sets of shared attributes, such as shoppers who have abandoned their shopping cart in the past seven days. The platform can also estimate fields for propensity models within specified parameters. Relying on predictive scores for such things as likelihood to buy and a wide variety of attributes, a segment can be used immediately for activating campaigns.

No matter what the industry, some marketers consider it a 'superpower' to be able to activate relevant data from a CDP directly to a DSP following the ingestion of third-party data. In this scenario, instead of outsourcing your media buying to a DMP, you gain more visibility and control over the entire campaign strategy by working with it directly inside a DSP.

A CDP can create a 'repeatable template' for you to adjust each time for big campaigns, such as the launch of a new game or a seasonal offer. The enriched data and the lookalike modeling capabilities of the CDP make sure that your target customer segment is as complete and accurate as possible.

CDP Enables Continuous Data Enrichment

Most companies have teams of people rolling out multiple campaigns at all times, each with their own marketing mix and data requirements. A CDP streamlines the workflow to have a repeatable process for this, especially when the data is stored in one place.

Treasure Data acts as a permanent home for all of your data and enrichment processes, where anyone can analyze their customer's journeys and start to create models and understand their lifetime value (LTV). Treasure Data's CDP allows you to study behaviors throughout the funnel, and conduct time-series analysis to look at customers over longer periods of time. You can easily spot patterns in any demographic or behavioral attributes, slicing and dicing the data as needed to refine it through dynamic segmentation. Through the analysis and the study of these behaviors, you can actually discover the opportunities for data enrichment—where data might be missing and where you need to fill in the gaps.

Figure 3 — Enriched Customer Profile

Arm Treasure Data enables a continuous enrichment process for a rich individual profile that delivers better customer insights.



Footnotes:

1. Benes, R. (2018, April 3). One-Fifth of Companies Believe Most of Their Customer Data Is Inaccurate. Retrieved December 22, 2019, from <https://www.emarketer.com/content/one-fifth-of-companies-believe-most-of-their-customer-data-is-inaccurate>

2. Blustein, A. (2018, December 6). US firms to spend \$19bn in 2018 on third-party data despite industry's privacy concerns. Retrieved December 22, 2019, from <https://www.thedrum.com/news/2018/12/06/us-firms-spend-19bn-2018-third-party-data-despite-industrys-privacy-concerns>

3. What Are Customer Expectations (and How Have They Changed)? (n.d.). Retrieved December 22, 2019, from <https://www.salesforce.com/research/customer-expectations/>

4. Cimpanu, C. (2019, January 29). Mozilla publishes official Firefox anti-tracking policy. Retrieved December 22, 2019, from <https://www.zdnet.com/article/mozilla-publishes-official-firefox-anti-tracking-policy/>

Additionally, Treasure Data includes numerous capabilities that add convenience and efficiency to the data enrichment process:

- ✦ A workflow engine for continuous refreshes of data
- ✦ Automated routines and algorithms for data unification (identity resolution)
- ✦ Multi-channel orchestration to assist with decisions on customer engagement

With our CDP you can personalize effectively through the right channels, and activate suppression lists and lookalikes in both social and the open web. Once a campaign is running, you can analyze it with built-in performance reporting dashboards, eliminating the need for reliance on additional platforms.

With all of the complexities in today's data environment, it's important to work with vendors who not only drive business value, but also reduce the time it takes to achieve it. Most importantly, data enrichment services can make your customer interactions more profitable. And Treasure Data's CDP can sift through oceans of data to find actionable intelligence in there—making data consolidation easy, building ready-to-profile data sets, enabling continuous enrichment and demonstrating measurable results.



About Arm Treasure Data

Arm Treasure Data translates millions of touchpoints into buyers journeys for remarkable customer experiences (CX).

We eliminate CX complexity and provide deep, relevant data. Marketers discover buying signals and unify individual profiles flexibly for unique meaning depending on the business. And, they personalize with tools that produce precise segments for maximum results.

See How Arm Treasure Data Boosts Sales and Customer Lifetime Value

Let us show you how our Customer Data Platform (CDP) helps companies like yours transform millions of data points into profitable customer experiences.

Request a demo today

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