Data-Driven Marketing: Creating a win-win situation for your customers and your brand

Data-driven marketing creates both great opportunities and great responsibilities for marketers. With the explosion of mobile devices, consumers are connected to the online world like never before, creating an ever-increasing volume of data.

According to an Italian study carried out by Teradata in 2013[1] an internet user connects to the web on average via 2.2 different devices each month and uses 1.6 different browsers; visits over 150 pages, with an average of one hour and a half every day and receives 23 emails daily. And these numbers continue to grow at a quick pace.

For marketers this means there are no limits in data-driven marketing. But there are some lines companies should not cross. You need to know your audience in order to understand and respect their attitude towards the use of data. Some retargeting techniques or customer profiling can sometimes be perceived as intrusive. People are willing to connect – but not everybody wants to connect in the same way.

Teradata gives some advice for marketers in how to establish a data-driven marketing strategy that creates a win-win situation for your customers and for your brand without crossing the line:

Ask permission before you collect data

Consumers start to understand how companies are using their data and some even prefer that retailers use their personal information. But they want to keep control over their information. Marketers should give consumers the choice of which data they provide and if they agree that companies use their data. Therefore, make sure to be aware of the latest privacy laws concerning online shopping, such as the latest cookie law that has changed the way companies can collect and retrieve data from websites. And apply lessons learned from email and spam. Retargeting techniques often used by online retailers can become intrusive as well as

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[1] Digital Consumer Research 2013, conducted by Human Highway on behalf of Teradata

some email marketing communication can annoy consumers. Avoid the creep factor and give consumers the possibility to opt in.

Be clear and up-front about how you are going to use that data

Consumers would like to know how companies are using their personal information. Indicate up-front how you will use their data and stick to it. The most straight-forward example is geo-localization where consumers opt in to receive relevant offers on their mobile phone when they are near your shop. Whether consumers have opted for a preferred communication channel or have provided information about their personality and interests – make sure you use this data in the correct way. Disrespecting your customers by sending them irrelevant messages, via the wrong channel is not the experience they want.

Give consumers a clear advantage in exchange of providing that data

Customers want and expect you to use the information they have provided to enhance their shopping experience. They trust you – that's why they provided the data in the first place. Out of respect for your customers alone, you should carefully consider your messages to ensure that they are in line with the customer's data. You cross that line at your own peril – customers who have a bad experience with your brand will buy from your competition. Consumers need to recognize the right degree of give and take: if consumers give their personal information they want to take the advantage of a more personalized and meaningful shopping experience.

Create a contextual and relevant two-way communication

It is critical that marketers understand and recognize the difference between context and relevancy when considering their communications. From messaging to timing to channel, the distinction between the two plays a critical role in how your communication will be received and how the customer experience will be affected. Context means that you need to take into consideration the customer's personality, interests, needs and what she brings to the interaction. What relationship does she have with your brand? Which communication channel does she use? You need to be able to retrieve this data in real-time to achieve a high level of relevancy, e.g.

making meaningful offers that respond to the contextual conditions as your interaction occurs. Such targeted offers give your customers the added-value they expect from your brand.

Surprise customers with predictive responses

It is not just about gathering data. You need to be able to run analytics and see insights in order to act upon that data in a meaningful way. Participating in the world of data-driven marketing means to know your customers and to build a strong relationship. Your challenge is to use the data you have about your customers in order to get to know them but also to anticipate their next step. Predictive analytics and real-time targeting based on profile information and recent online activity can help marketers predict the likelihood of a customer to accept a certain offer. This kind of timely and targeted offers will increase customer satisfaction as your customers feel that your brand understands their needs and wants. Those one-on-one level interactions will earn your customers' trust as you clearly reward them for having provided their personal information.

An effective data-driven marketing strategy satisfies customers' expectations of having personalized and relevant interactions with your brand. In return, marketers can achieve response rates 15 times higher compared to untargeted, generic messages[2]. It is exactly this win-win situation that you would like to create for your customers and for your brand. Start today in building your data-driven marketing strategy – along those lines.

This article is a summary of Teradata's newsletter "Inside Digital Marketing". If this article was forwarded to you as a recommendation and you wish to receive further marketing news yourself, you can subscribe here.

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[2] Five Benefits For Multichannel Inbound/Outbound Fusion by Adam Sarner from Gartner