

## CREATING CUSTOMER CONFIDENCE

## HOW TO FOSTER TRUST AND CREATE A RELEVANT MARKETING COMMUNICATION STRATEGY

## A TRICKY ERA OF TRUST

Customers crave more personalized experiences, yet they want total data privacy. A closer look inside this complicated era of online engagement

Every healthy relationship has one crucial element in common: trust. For brands, cultivating trust and authentic relationships with consumers is more important—and trickier—than ever. Today's marketers have a lot of data at their fingertips to help build bonds with customers and prospects, but consumers are wary that their wishes and privacy are being respected.

"Companies need to be transparent in the ways they use data, and how they are proactively providing value in exchange for the data they collect," says James McDermott, CEO at Lytics. "Relationships between customers and companies are built on trust—and that can be eroded when a company does something that is not transparent."

The current social and political environment is one that requires companies to step up and proactively think about ways to create and build trust with customers. This is particularly important in light of new legislation such as the EU's General Data Protection Regulation (GDPR) and the California Consumer Privacy Act, which goes into effect in 2020.

"With all the scandal around data and past data breaches, consumers are getting smarter about data and wanting to protect it," says Elizabeth

Robillard, vice president of partnerships at Lytics. "If you're a brand that wants to have a long-term relationship with consumers, you have to think about the data you have access to and use it in a trustworthy way."

Consumers expect brands to be proactive in taking charge when it comes to data and protecting customer privacy: 64 percent of respondents to Edelman's 2018 Trust Barometer report say CEOs should lead the way, rather than waiting for the government to impose regulations. Companies can't be casual any more when it comes to data and privacy, stresses Robillard, noting that more and more companies are charging chief privacy and security officers with guarding customer data.

"A lot of the sourcing of third party data has been called into question," she says. "You can't just assume that it is good quality. Brands, agencies and marketers need to think more carefully about targeting and data."

Indeed, poor quality third party data can lead to bad results, and that can lead to consumers tuning marketers out. "Getting your data house in order is vital for driving long lasting relationships," adds McDermott.

Trust is crucial in building those relationships: More than one in three respondents (35 percent) to PwC's Global Consumer Insights Survey

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2018 ranked trust in the brand among the top factors that influence their retail buying decisions, topped only by a retailer having their desired item in stock.

Consumers are taking more control over their data and want more visibility into how it is being used. Companies need to implement best practices, and provide customers access to their profiles to edit and delete information. A best practice, says McDermott, is to take the intentions of GDPR and apply it to all of your customers. "You need to work with technology partners that have highly scaled cloud operations, with best-in-class data structures to insure security."

A recent survey by the Mobile Ecosystem Forum (MEF) reported that over 40 percent of consumers place more trust in apps or services that allow consumers to withdraw permission to use their data, or request that information be deleted. But over half of respondents (53 percent) don't feel they have control of how their data is being used.

The challenge in many organizations is that marketers may intend for their companies to be transparent, but the myriad of teams that need to approve processes—compliance, privacy, legal, marketing, IT—can get in the way of making that a reality.

"Internally, there can be challenges because work has been broken up between siloed groups, which can breakdown trust within the organization," McDermott notes. "There isn't enough collaboration or understanding around best practices and how teams can put the customers' best interests first."

In many companies, getting marketing and IT to be in alignment on the best ways to collect and use data is still a challenge. "Until they're

able to reach an agreement on how marketing can activate customer data in meaningful ways, it's going to be hard to move forward," he says.

Marketing needs to trust that IT will do what is right for the customer and IT needs to trust that marketing will understand how to use data in a way that is useful to customers. This is where a customer data platform (CDP) can play a central role by helping to align IT and marketing around a central understanding of the customer.

Often, marketers are hoarders when it comes to data. "We don't necessarily need reams and reams of data about somebody to know the next email to send," Robillard says. "Part of our process needs to be use case driven. What can you deliver to the user? There's a balance between wanting to know everything and driving business outcomes."

Context is crucial, she adds. Marketers need to know if someone is on their website or their mobile app, and what time of day they are visiting. "What am I doing and what content am I consuming? If I'm always reading about sports, don't give me something political. Give me something in context that is relevant."

Forty-two percent of respondents to PwC's survey said they expect retailers to have up-to-date information on how they have interacted with them in multiple channels. And, 41 percent noted they were comfortable with retailers monitoring their shopping patterns and behaviors, if it led to offers tailored specifically to their needs.

"When marketing provides value, it doesn't feel like marketing," Robillard says. "I feel like I'm not being advertised at, I'm being given value. It feels like there is less friction and more service oriented."

## WHAT YOU NEED

### Seven tools and strategies marketers need in place for smart data management

To create value in marketing campaigns and create an environment of loyalty and trust, brands need to have the proper infrastructure and strategy in place to make the right connections.

How can you make that happen? Here are seven ideas.

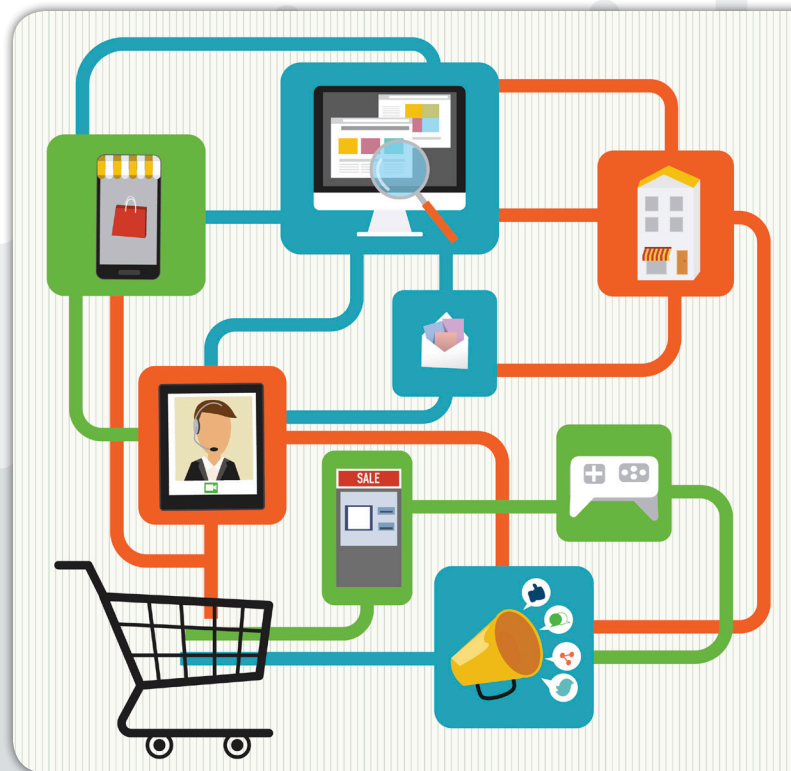
#### 1. READ THE CUES.

Basic demographics and third-party information doesn't give marketers the advantage of behavioral signals that can inform campaigns and make them more relevant. For many organizations, there's a gap in how companies can transform data sets into profiles and insights that can truly inform a marketing campaign.

Marketers today have more data than ever before. But, if they don't transform it into something meaningful, they run the risk of taking action on signals that don't necessarily really have any importance. The right data science tools can help marketers read through all the noise and find the appropriate signals with predictive scoring around behaviors, using content affinity to determine what a customer will likely want to do next.

"There's a difference between a quick trigger and a decision—taking action on a single event can provide a negative outcome," McDermott says. "For example, you might see a customer action and want to provide an offer. But, if you have the right intelligence and context over time, you might know they won't be likely to respond and can save ad spend by explicitly not targeting them."

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## 2. TIMING IS EVERYTHING.

Trust can be the lynchpin for creating lifetime value and removing friction when it comes to getting a customer to make a purchase decision. The most important factor may not be simply adding positive customer experiences to the mix, but removing negative ones.

The data backs this up. Within the next two years, 81 percent of respondents to Gartner's 2017 Customer Experience in Marketing Survey said they expect to be competing mostly or completely on the basis of customer experience.

In a survey from the MEF, over 50 percent of respondents cited bad user experiences as the number one reason they lose trust in an app or service. And, in Forrester's 2018 US Consumer Experience Index, "elite" brands came through with an average of 22 emotionally positive experiences for each negative one, while the lowest-performing five percent of brands offered only two emotionally positive experiences for each negative interaction.

"Nothing destroys trust more than a bad experience, or a mistimed communication," says McDermott. "A consumer data platform can be the control center to help marketers avoid out of context or inappropriate communications in the customer journey."

## 3. MEET—AND EXCEED—EXPECTATIONS.

Some brands are excelling at creating trust and exceeding customer expectations. Netflix for example, knows what and when viewers like to watch, and customizes the home pages of different users within each account.

"They're setting the base for a personalized brand experience. My home page is completely different from your home page," says Robillard. "Lots of brands are falling behind because they're not as sophisticated in their understanding of consumer patterns and consumer consumption. If you mess up now, it is more obvious to consumers."

## 4. CREATE CROSS-DEPARTMENT—AND CROSS-CHANNEL—ALIGNMENT.

Marketers need alignment throughout the entire organization. After all, customer trust and a positive customer experience isn't just about marketing, it's about customer support, products, services and everything in between. For example, if a customer has an open support ticket, it isn't the best time to send them a coupon or offer.

"You need a central strategy around the entire lifecycle," says McDermott. "Have they purchased? Are they opening emails? Are they coming to the website? There is a lot of engagement and signals to understand in a relationship with a brand, and that requires cross functional collaboration."

How can you make that happen? Having a center of excellence that takes an overview of the customer journey—from content creation and design to email and data analytics—with the help of a customer data platform can make sure campaigns are executed in a way that serves the needs of the brand and the customer.

"There's a new marketing organization that is emerging around the needs of the customer and it looks pretty different from the one that existed even two years ago," he says.

## 5. SMASH THE SILOS.

Many marketers have rich data sets siloed in specific channels, and experience difficulty sharing it across the enterprise. "Getting a holistic view of the customer is still a challenge, and it is getting more difficult as the number of channels proliferate," Robillard says.

Most organizations are not set up to facilitate understanding a full view of the customer across all channels. Different people have different pieces of the pie across the organization—one person might have responsibility for email, and another team for the website and yet another for the data warehouse. A central tool and team is needed to be responsible for this knowledge and encourage collaboration.

"In most marketing teams, no one knows who is responsible for user data and orchestrating the overall customer view," says McDermott. "You need to restructure the organization to build around what is most important – who is the customer, what do they care about and how do we communicate with them in the most appropriate way?"

## 6. FIND THE RIGHT SOLUTIONS TO BRIDGE THE GAP.

A customer data platform (CDP) can serve as a bridge to enable the marketing team to use data in a truly functional way. In the past, he notes, tools often forced marketers to operate in silos. Companies adapted numerous tools for functions such as email or website personalization that over time built up data capabilities, and encouraged users to onboard data and build segments within those specific tools.

"A lot of intelligence and decisioning happens in the email tool, but the problem is the decisioning on who gets what message doesn't get shared with other channels," McDermott says. "That creates friction, because you've done a lot of work but there's no easy way to share that with other tools—being able to share across the network [keeps teams] consistent and coordinated."

It's more efficient to do the work once and share it downstream in a central way, he says. "Tools should be used to do what they were designed to do best."

"Every tool marketers buy is trying to be the central data hub, but you don't need to copy all your data everywhere," Robillard says. "You can connect all that information with the right data platform to see who the customer is and centralize audience information for decision making—and then share it with all the downstream tools to make them smarter and execute a campaign."

## 7. KEEP A CLEAR PERSPECTIVE.

Data alignment isn't in and of itself the goal, Robillard notes. "Marketers aren't investing in data-based products because they want better data. They're investing because they want to be relevant to the right customers in the right channel at the right moment."

And remember, how the company communicates with the customer is a process that should ideally roll up to the marketing organization, says Robillard. "Don't give IT the keys. IT is an expert on data, but if you're the CMO or VP of marketing, you need to understand who the customer is—this is a marketing initiative."

# CASE STUDY: YAMAHA FINDS THE RIGHT TUNE

## Better customer data analysis helps Yamaha create harmony online with musicians

Ever spend time with a musician? They're passionate about their craft, and want to engage with others who know their language and take the time to understand their needs.

Yamaha Corporation of America—which manufactures musical instruments, audio-visual equipment and pro music production tools—has a simple mission statement, to make people love music more. The company makes a quarter of all the musical instruments manufactured each year, so encouraging participation in music is essential.

"We believe that if there are more people interested in music, eventually they may end up playing Yamaha instruments," says Athan Billias, director of strategic product planning. "Even if they buy a Fender electric guitar, that's great. They're might then buy a piece of Steinberg software to use in recording or a pair of Yamaha speakers. In the end, if they love music, they'll love some part of Yamaha."

Yamaha has been on a mission to become a more data driven organization. About 18 months ago, it realized that it needed a way to better segment data and personalize customer messages. The company choose Lytics' customer data platform to integrate with its martech stack.

In the past, Yamaha was very channel focused in how it approached its five main customer divisions (school bands/orchestras, audio/visual, keyboards, pro music and pro audio) but now, everything is omnichannel.

"Online retailing has changed everything, and now, channels are no longer separated," Billias says. "There's a lot of overlap between distribution, and more and more, the end user is looking to manufacturers and not the sellers for support."

This means that cultivating trust with customers is crucial for the brand. When customers come to the Yamaha website, they're looking for answers and they expect personalized messaging that caters to the products they are interested in. "The customer data platform is essential to driving those messages," he says.

The sales cycle for Yamaha depends on the customer and product. A \$129 portable keyboard for holiday gift is a quick sale, while a \$125,000 mixing console for a stadium requires a two-to-three year sales cycle. School band rentals—typically from the end of August to the end of September—is another sales process.

"We needed flexibility to serve all the current and future needs of our different divisions with a data platform," he says.

The Lytics CDP is helping Yamaha better target website visitors. The company has almost 500,000 customers who have opted into receiving email, and the CDP helps it connect those names with website visitors for improved messaging. The process is ongoing, Billias notes. If a website visitor doesn't log in, they might still have two separate profiles in the system.

Ultimately, Yamaha will be able to connect website and social behavior. "We'll have a more powerful way to get a 360-degree view of the customer," he says. "We're realizing that a CDP is an ongoing process and you need to tend the garden every day."

To create trust, Yamaha is also working towards shifting the focus of its messaging to one that is more customer-centric. "Too many brands spend a lot of time talking about themselves and their products," he says. "We want to talk more about what we can do for our customers."

Yamaha is fortunate in that it has a very passionate customer base ready to talk about music in all channels. "In social, we can ask a simple question, like 'what's your favorite song from the sixties?,' and we'll get 2,000 to 3,000 responses," says Billias, a keyboard player himself. "We want to get better about [channeling] that passion for music and talk less about things like the spit valve on B-flat trumpets."

Online, the brand is actively working to use website behavior to identify what visitors are most interested in and drive them to blog posts and other content that will keep them engaged. Using machine learning, the Lytics CDP scrapes the website and creates models that help pick out topics that would appeal to specific customers, which can be applied to serving web content, targeting emails or creating lookalike audiences for Facebook advertising.

"It allows the activity of the customer to dictate what content they get served, so we're not just forcing messages on customers," he says.

Yamaha make a quarter of all the instruments manufactured each year, so encouraging new musicians is essential.



# GETTING IT RIGHT

## Five steps to foster trust and create relevant communications

How can you engage customers in a way that makes them feel known and offers value? Here's five steps.

### 1. BE TRANSPARENT.

Do your customers really understand how you're going to use their information? Are you transparent about how you operate, or do you bury the important information in your privacy policy? "We as marketers need to help customers understand the bargain," says McDermott. "If someone signs up for a service, there are terms of use and what the customer gets and what the company gets shouldn't be obscured."

### 2. CONSIDER CONTEXT.

Marketers naturally want to deliver more personalized experiences across all channels. But consider the context of how you are using the data. For example, says McDermott, marketers may be tempted to merge profile information from multiple channels to get a more complex, single customer view. But, using data collected via email or desktop web browsing to personalize a mobile experience might seem off-putting to a consumer. "Think it through," he says. "We want to delight—we don't want to be creepy."

### 3. CREATE AUTHENTIC CONVERSATIONS.

Get the data house in order and connect the dots between silos, so consumers have a better experience. Many marketers are still defaulting

to basic demographic data and that doesn't give a complete picture, says Robillard. "If you're a 35 year old woman in a certain geographic area, that doesn't tell me everything about you. Are you in the market for a car? A vacation? There's so much more about you than demographics."

### 4. LISTEN TO YOUR CUSTOMERS.

Understanding your customers' intent and needs is crucial. Sometimes, says McDermott, that means asking questions, rather than marketing. "Respond to your customer in ways that are helpful, rather than promotional. In any relationship, listening is more important than telling. If you engage them, they'll be loyal to your brand. Listen, interpret and take information in—then, decide if its time for a promotion."

### 5. BE THOUGHTFUL ABOUT CUSTOMER DATA.

In the past, brands had a habit of playing fast and loose with customer data. Today, companies must keep tight control over who has access to data and what systems it lives within. "If I give a brand permission to track my purchases when I sign in on their website, and allow them to use cookies to offer me products and services, I'm giving them a lot of valuable information, and I expect them to take care of it," Robillard says.

ABOUT

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**MARKETER**

Chief Marketer, an Access Intelligence brand, provides marketers and aspiring CMOs with content, ideas, recognition and events that help them make smarter decisions with their marketing budgets. It offers data-driven industry intelligence, actionable insights, inspiring case studies and the latest technology trends so marketers can improve their campaigns and increase ROI.

ABOUT

*Lytics*

Lytics, the company that brought the first customer data platform to market, offers a system of intelligence that helps marketers deliver real-time, relevant and contextual experiences to each individual customer. Innovative companies such as Heineken, General Mills, Nestle/Purina, The Economist Group, AdWeek, NBCUniversal, and Atlassian use Lytics to execute one-to-one marketing programs with insights powered by machine learning and automated decisioning. Lytics is headquartered in Portland, Oregon. Learn more at [www.lytics.com](http://www.lytics.com).