

The Power of First-Party Data: Five Ways To Maximize Business Success



CUSTOM REPORT

June 24, 2024

Copyright © 2024 Coresight Research. All rights reserved.

Executive Summary

In today's hypercompetitive market landscape, understanding and leveraging first-party customer data (data collected directly from customers or users by a company or organization) is critical to sustainable growth and long-term success. We see opportunities for US brands and retailers to harness the power of first-party customer data and strategic partnerships with technology providers to drive targeted customer acquisition, personalized engagement and revenue expansion.

Market Scale and Opportunity

- Software for managing customer data goes back several decades, with corporate data repositories evolving from data warehouses into the latest iteration: customer data platforms (CDPs).
- By leveraging a CDP, companies can unlock the full potential of their first-party data, turning it into actionable insights and driving better business outcomes. Therefore, the relationship between CDPs and first-party data is integral to the success of data-driven marketing and customer engagement strategies.
- CDPs are the most commonly used technology by retailers to support personalization efforts, according to a May–June 2023 survey of retailers conducted by Retail TouchPoints and Mastercard. The global CDP market is set to grow to \$28 billion in 2028, according to the Customer Data Platform Institute, representing a huge CAGR of 64.8% from 2023.

Coresight Research Analysis

1 Empowering GenAI

- We see opportunities for businesses to leverage first-party data effectively to create generative AI (artificial intelligence), also known as GenAI, solutions that power enhanced customer engagement.
- Coresight Research estimates that the global GenAI hardware and applications market totals \$79.8 billion in 2024 and will grow quickly over the next few years, to \$235.5 billion in 2028.
- By using first-party data responsibly and transparently, GenAI systems can create more human-centered and socially responsible experiences that benefit both consumers and retail companies. First-party data-powered GenAI can provide enhanced personalization, prioritizing ethical considerations and improving accuracy and reliability in customer insights and predictions.

Coresight Research estimates that the global GenAI hardware and applications market will total

\$235.5 billion in 2028

2 Expanding Revenue Through Retail Media

- Monetizing first-party data through retail media networks (RMNs) presents a compelling opportunity for businesses to drive high-margin revenue growth and profitability. As many retailers own retail media or feature a marketplace model that accommodates other brands, retailers can gain a strategic advantage by leveraging first-party customer data.
- There are many opportunities for retailers to monetize first-party data through RMNs, including targeted advertising, data insights services, product placement and merchandising, cross-selling and upselling opportunities, and subscription services.



Retailers can gain a strategic advantage by leveraging first-party customer data

3 Optimizing Customer Acquisition

- Customer acquisition, retention and loyalty are essential for retail success, and a survey of US business decision-makers commissioned in late 2023 by Treasure Data found that more than half of respondents consider these business aims to be a top priority. Effectively collecting and managing comprehensive first-party data is a key component of achieving customer-focused goals. Reliable, timely, accurate and actionable data build the foundation for making informed decisions to enhance marketing and operations to best align with customer preferences and behaviors.

>50% of respondents consider **customer acquisition, retention and loyalty** to be a top priority

- Leveraging first-party data can help combat rising customer acquisition costs—particularly in the face of changes in data privacy solutions by Apple and Google, for example—by improving the effectiveness of acquisition efforts through targeted strategies as well as enabling smarter spending on paid advertising channels.
- We identify six critical benefits that retail businesses can achieve by leveraging first-party data for customer acquisition: optimized ad spend and targeting, effective audience segmentation, obtaining new customers using lookalike modeling, optimized retargeting efforts, improved win-back campaigns, and enhanced upselling and cross-selling opportunities.



Leveraging first-party data can help combat rising customer acquisition costs

4 Personalizing Customer Engagement

- Leveraging customer data to deliver relevant content, recommendations and interactions enables retail businesses to maximize customer engagement and drive loyalty. Customers expect this, too: according to data from Treasure Data, two-thirds of surveyed US consumers expect more from brands that they share accurate personal data with, and 49% have seen the benefits of doing so. Furthermore, more than half of consumers would be more willing to share personal data with brands if it meant that services or communications were personalized as a result.
- There are three key applications of leveraging first-party data for customer engagement that drive benefits for retail companies: website, email and mobile app personalization; customer service and support personalization; and data-driven loyalty programs.



expect more from brands that they share accurate personal data with

5 Creating Connected Customer Experiences

- Retail companies can significantly enhance the overall customer journey and drive business growth by sharing first-party data across their organization—including sales, marketing and customer service departments—to create connected customer experiences.
- Treasure Data found that more than one-quarter of surveyed business decision-makers think that some or none of their C-suite has an aligned 360-degree view of customers or is data competent, suggesting opportunity for improvement in leveraging data to derive customer insights and make informed decisions.
- By breaking down silos between departments and integrating first-party data into various business functions, brands and retailers can empower their employees with a holistic view of each customer, enabling them to deliver personalized service to foster customer loyalty.



think that some or none of their C-suite has an aligned 360-degree view of customers

Technology Solutions

- As the technology landscape rapidly changes, business decision-makers must understand the nuances of available solutions while leveraging first-party customer data for business optimization. We see five technology solutions (outside of AI) that retail companies can lean on to improve operations: CDPs, data management platforms (DMPs), predictive analytics, real-time customer engagement and journey orchestration.

What We Think

In today's retail landscape, leveraging first-party data through CDPs is paramount for brands and retailers to drive targeted customer acquisition, personalized engagement and revenue expansion. Working with a reliable tech provider ensures access to advanced data analytics capabilities and enables the implementation of scalable solutions for creating connected customer experiences and empowering customer acquisition, engagement and monetization strategies.

Brands or Retailers Poised To Gain Advantage

- NIKE's direct-to-consumer strategy heavily relies on first-party data collected from its website and app. This allows NIKE to create personalized marketing messages, launch targeted product lines and improve overall customer engagement.
- Sephora prioritizes a customer-centric approach by using first-party data to personalize shopping experiences. Its Beauty Insider program is a testament to how well the retailer understands and caters to its customers' needs.
- Walmart has invested heavily in technology and data analytics to optimize its operations and provide personalized shopping experiences. Its strategic partnerships with technology vendors help Walmart stay ahead in the competitive retail landscape.

Brands or Retailers That Risk Losing Advantage

- Brands and retailers that fail to prioritize customer-centric strategies and personalized experiences risk losing customer loyalty and market share to more agile and data-driven competitors. Organizations that do not forge partnerships with technology vendors specializing in customer data solutions may miss out on opportunities to innovate and optimize their operations in today's data-driven economy. For example, although making efforts in recent years, some department stores lagged behind competitors in terms of data infrastructure and analytics capabilities. Slow adoption of advanced data-driven strategies puts those brands and retailers at a disadvantage.

Contents

Introduction	7
Market Scale and Opportunity	8
Five Ways To Maximize Business Success Through First-Party Data: Coresight Research Analysis	9
1. Empowering GenAI: First-Party Data Drives Results	10
2. Expanding Revenue: Monetizing First-Party Data Through Retail Media	12
3. Optimizing Customer Acquisition: Harnessing First-Party Data for Targeted Strategies	13
4. Personalizing Customer Engagement: Customized Experiences Through First-Party Data	16
5. Creating Connected Customer Experiences: Sharing First-Party Data Across Departments.	19
Technology Solutions	20
What We Think	21
Implications for Brands and Retailers	22
Implications for Technology Vendors	22
Notes	23
About Coresight Research Custom Reports.	24
About Treasure Data.	24

Introduction

US brands and retailers have significant opportunities to leverage first-party customer data (data collected directly from customers or users by a company or organization) and strategic technology partnerships to enable targeted customer acquisition and personalized engagement. These strategies enhance customer satisfaction, boost loyalty and drive revenue growth by optimizing marketing efforts and increasing customer lifetime value.

This report is produced and made available to non-subscribers of Coresight Research in partnership with Treasure Data, an AI (artificial intelligence)-powered customer data platform built for the world's largest retailers and CPG companies.

Market Scale and Opportunity

Software for managing customer data goes back several decades, with corporate data repositories evolving from data warehouses into the latest iteration: customer data platforms (CDPs).

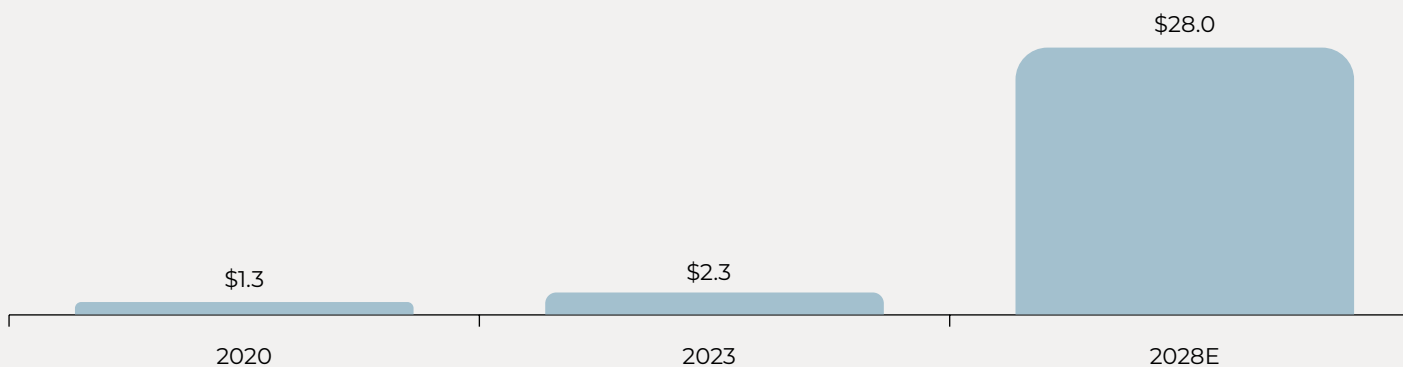
- Customer relationship management (CRM) platforms automate and manage contacts and the sales process, from prospecting/lead generation through quote and proposal management to the final stage, servicing the client.
- Data management platforms (DMPs) are a two-decade-old technology enabling the collection, analysis, activation and optimization of anonymous Internet data (such as cookies) to generate valuable insights.
- CDPs are the newest tool to manage customer data. These technology platforms are designed to consolidate and manage customer data from various sources in a centralized location, including first-party customer data.

CDPs collect, store and organize first-party customer data obtained from multiple touchpoints such as websites, mobile apps, CRM systems, email marketing platforms and more. Such data can include demographic information, purchase history, browsing behavior, interactions with marketing campaigns, customer service interactions and any other data that the company collects directly from its customers.

By leveraging a CDP, companies can unlock the full potential of their first-party data, turning it into actionable insights and driving better business outcomes. Therefore, the relationship between CDPs and first-party data is integral to the success of data-driven marketing and customer engagement strategies.

CDPs are the most commonly used technology by retailers to support personalization efforts, according to a May–June 2023 survey of retailers conducted by Retail TouchPoints and Mastercard. The global CDP market is set to grow to \$28 billion in 2028, according to the Customer Data Platform Institute, representing huge multiyear growth, as shown in Figure 1.

Figure 1. Global CDP Market Size (USD Bil.)



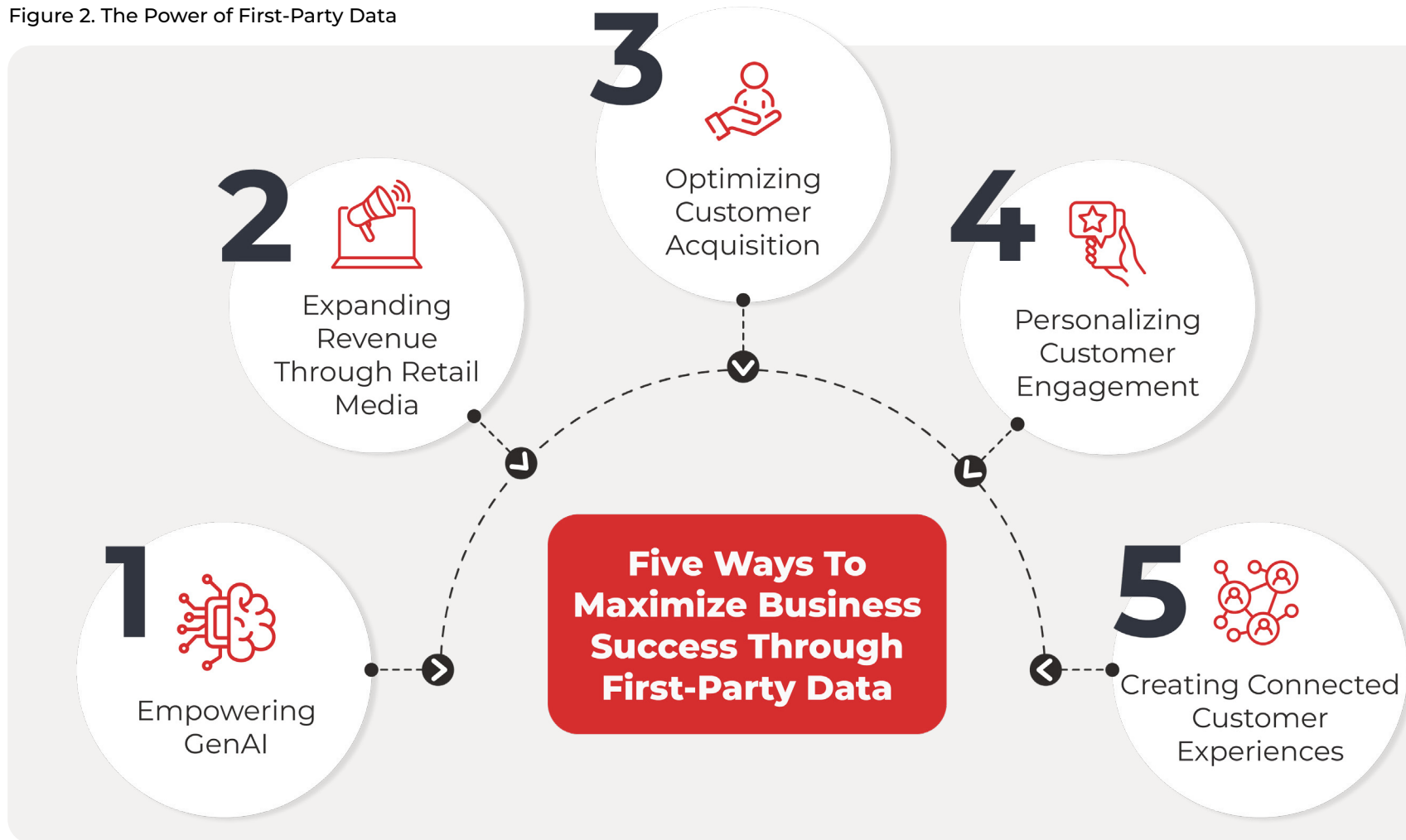
CAGR, 2023–2028E: **64.8%**

Source: Customer Data Platform Institute/
MarketsandMarkets

Five Ways To Maximize Business Success Through First-Party Data: Coresight Research Analysis

In Figure 2, we summarize five major gains that retailers can achieve by effectively leveraging first-party data. We explore each in detail through this report.

Figure 2. The Power of First-Party Data



Source: Coresight Research



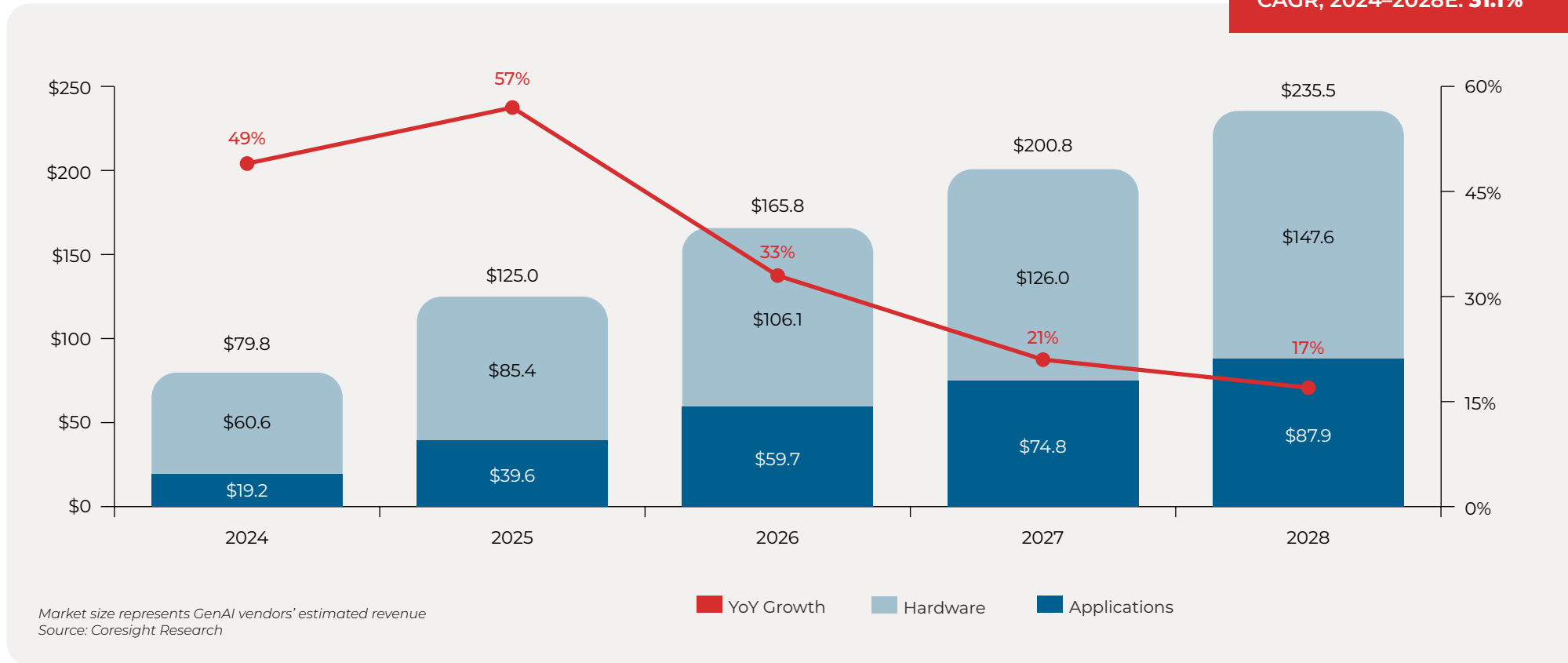
Empowering GenAI: First-Party Data Drives Results

Generative AI, also known as GenAI, rests on the shoulders of decades of AI research, driven by the steady decline in the cost of computing power, which has enabled software to become more powerful and analyze greater amounts of data. We see opportunities for businesses to leverage first-party data effectively to create GenAI solutions that power enhanced audience segmentation and customer engagement.

Coresight Research estimates that the global GenAI hardware and applications market totals \$79.8 billion in 2024 and will grow quickly over the next few years, to \$235.5 billion in 2028.

Figure 3. Estimated Global GenAI Hardware and Applications Market Size (Left Axis; USD Bil.) and YoY Growth (Right Axis; %)

CAGR, 2024–2028E: 31.1%



By using first-party data responsibly and transparently, GenAI systems can create more human-centered and socially responsible experiences that benefit both consumers and retail companies.

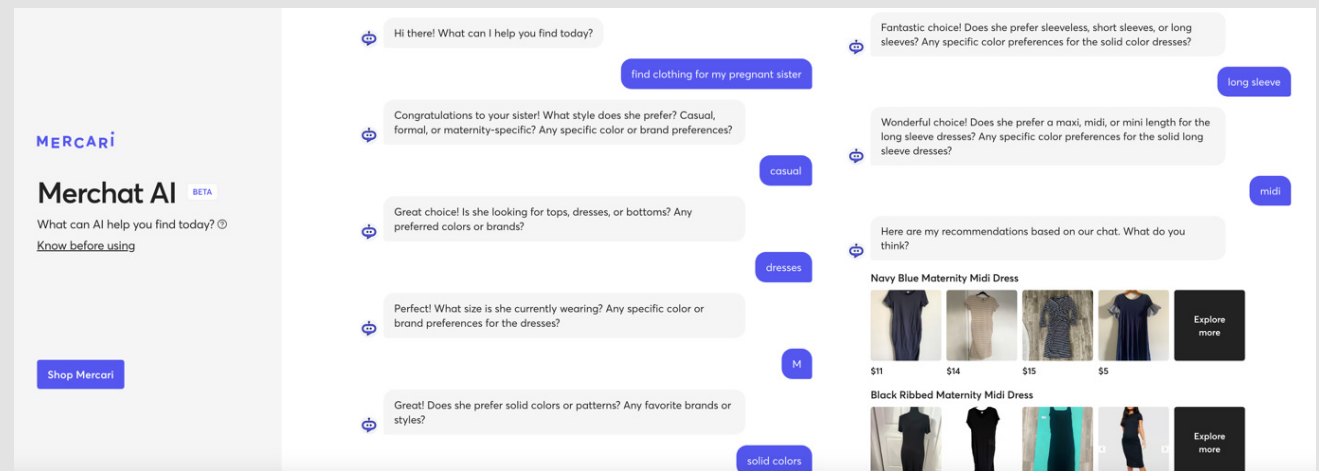
- **Elevated customer segmentation capabilities:** GenAI can dramatically improve audience segmentation by analyzing vast amounts of first-party data to identify nuanced customer segments that might be overlooked through traditional methods. This allows marketers to target their efforts more precisely and effectively. Additionally, GenAI enhances analytics by providing deeper insights and predictive capabilities. It can identify patterns and trends within customer data that inform more strategic decision-making, helping brands and retailers anticipate customer needs and behaviors. Furthermore, GenAI-powered CDPs improve customer journey mapping. By understanding and predicting individual customer paths, brands and retailers can design more personalized and seamless experiences, resulting in higher engagement, satisfaction and conversion rates.
- **Enhanced personalization:** GenAI solutions can power personalization at scale, using first-party data to tailor recommendations, services and interactions to meet the specific needs and preferences of each user. In addition

to consumer-facing applications, CDPs that incorporate generative AI enables marketers to “chat” to more quickly identify top-performing audience segments and assemble personalized customer journeys.

- **Ethical considerations:** GenAI solutions powered by first-party data can prioritize ethical considerations such as privacy. Since first-party data is collected directly from individuals, there is greater transparency, control and responsibility over how their data are used. GenAI systems can implement robust privacy measures, obtain explicit consent for data usage and provide clear explanations of how data are collected, stored and processed, thereby ensuring responsible GenAI practices.
- **Improved accuracy and reliability:** First-party data is more accurate and reliable than third-party data, as it is collected firsthand from individuals themselves. This higher-quality data enables GenAI solutions to generate more accurate predictions, recommendations and insights, leading to better decision-making outcomes and more effective personalized experiences.

RETAIL EXAMPLES

We are seeing retail businesses use first-party data to empower GenAI solutions. Target is improving its chatbot efficiency based on customer data, generating smarter conversations. Nvidia is working on optimizing advertisements, campaigns and personalized shopping advice based on customer data. Another example of a hyper-personal assistant is Merchat AI by Mercari, which enhances the shopping experience through conversational interaction, assisting customers in finding the right products.

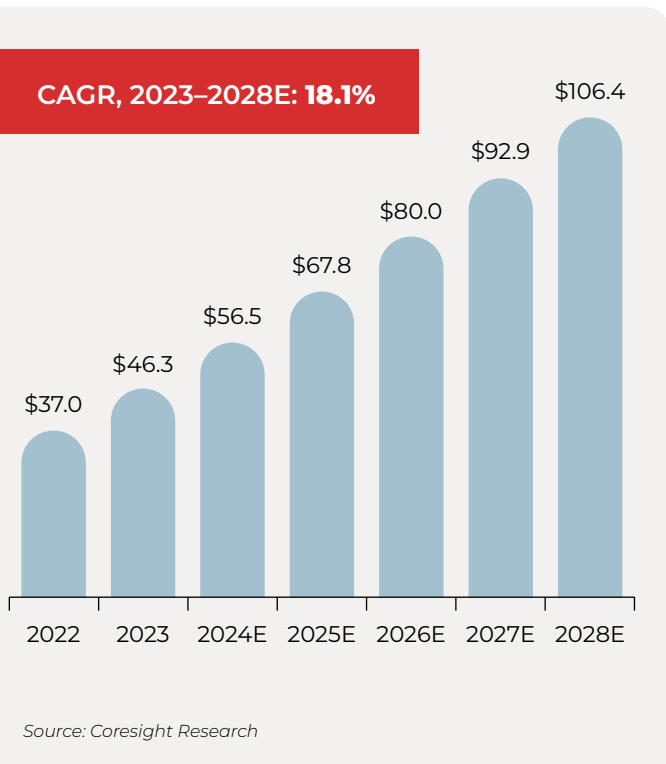


Merchat AI by Mercari
Source: Mercari

2 Expanding Revenue: Monetizing First-Party Data Through Retail Media

Monetizing first-party data through [retail media networks](#) (RMNs) presents a compelling opportunity for businesses to drive high-margin revenue growth and profitability. As many retailers own retail media or feature a marketplace model that accommodates other brands, retailers can gain a strategic advantage by leveraging first-party customer data.

Figure 4. US Retail Media Market Size (USD Bil.)



There are many opportunities for retailers to monetize first-party data through RMNs:

- **Targeted advertising**—Retailers can use data-driven insights on their customers' preferences, behaviors and purchase history to offer targeted advertising opportunities to brands selling on their platform. Brands are often willing to pay a premium for targeted advertising that reaches their desired audience effectively.
- **Data insights services**—Retailers can offer insights derived from their customer data to brands. This could include market trends, customer segmentation or product performance analysis. Brands can use these insights to refine their marketing strategies and product offerings, and retailers can charge for access to this valuable information.
- **Product placement and merchandising**—Retailers can use first-party data to optimize product placement and merchandising within their marketplace. By showcasing products to customers who are most likely to be interested based on their past behavior, retailers can increase the likelihood of sales for brands. They can charge brands for premium placement or featured listings within their marketplace.
- **Cross-selling and upselling opportunities**—Retailers can identify cross-selling and upselling opportunities based on customer data. For example, if a customer frequently purchases running shoes, the retailer can offer complementary products such as running apparel or accessories. Brands can pay for placement of their products in these cross-selling or upselling recommendations.
- **Subscription services**—Retailers can offer subscription services to brands, providing access to ongoing customer data insights, advertising opportunities and other services. This creates a recurring revenue stream for the retailer while providing value to brands looking to optimize their presence on the platform.

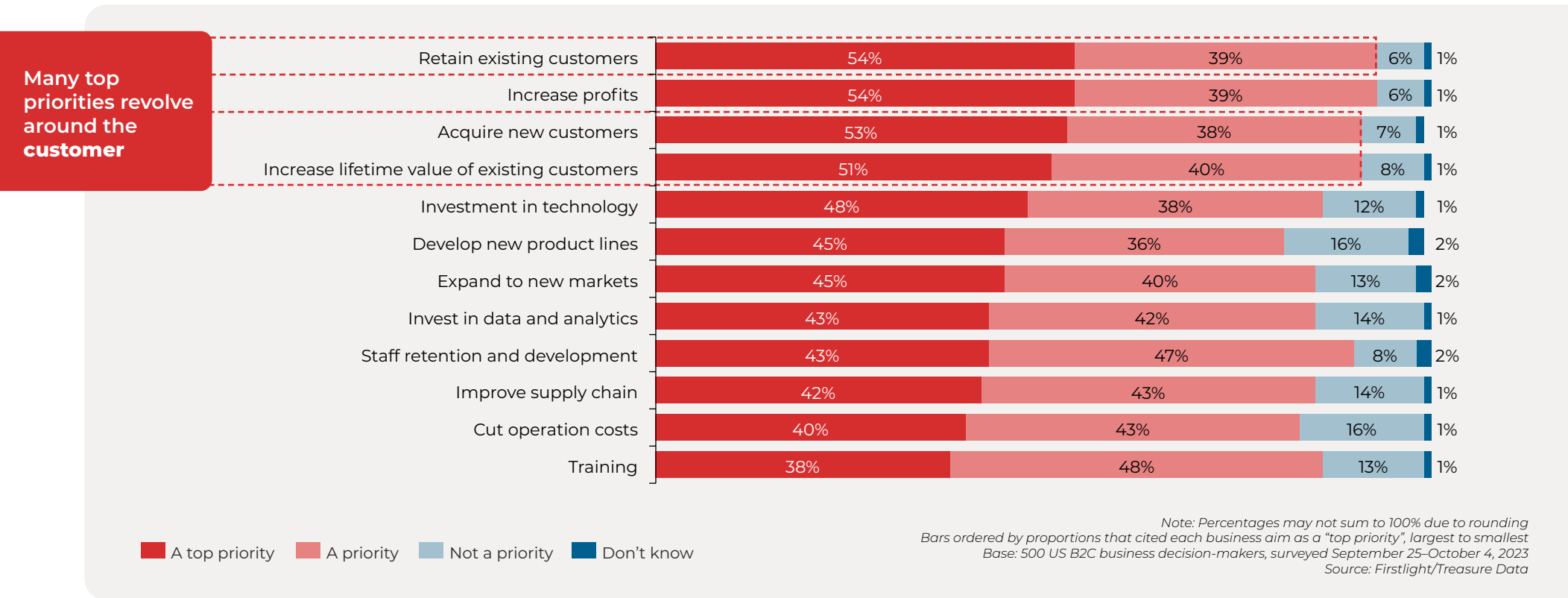
Many retailers, such as Kohl's, Macy's and Nordstrom, own retail media or have launched a marketplace model. They are leveraging first-party data to build customized media plans to help brands drive conversion and awareness. Costco is also reportedly building its own advertising business using its shoppers' data in June 2024. Retail companies can work with a data solution provider to maximize their revenue-generation potential through data-driven retail media.

3 Optimizing Customer Acquisition: Harnessing First-Party Data for Targeted Strategies

Customer acquisition, retention and loyalty are essential for retail success, and a survey of US business decision-makers commissioned in late 2023 by Treasure Data found that more than half of respondents consider these business aims to be a top priority, as shown in Figure 5. Unsurprisingly, increasing profits is also considered a top priority by more than half of respondents. Together, these four business aims comprise a holistic, customer-centric approach to business growth.

Effectively collecting and managing comprehensive first-party data is a key component of achieving customer-focused goals: retail companies cannot expect to improve acquisition, retention and loyalty without ensuring that they understand their customers. Reliable, timely, accurate and actionable data build the foundation for making informed decisions to enhance marketing and operations to best align with customer preferences and behaviors.

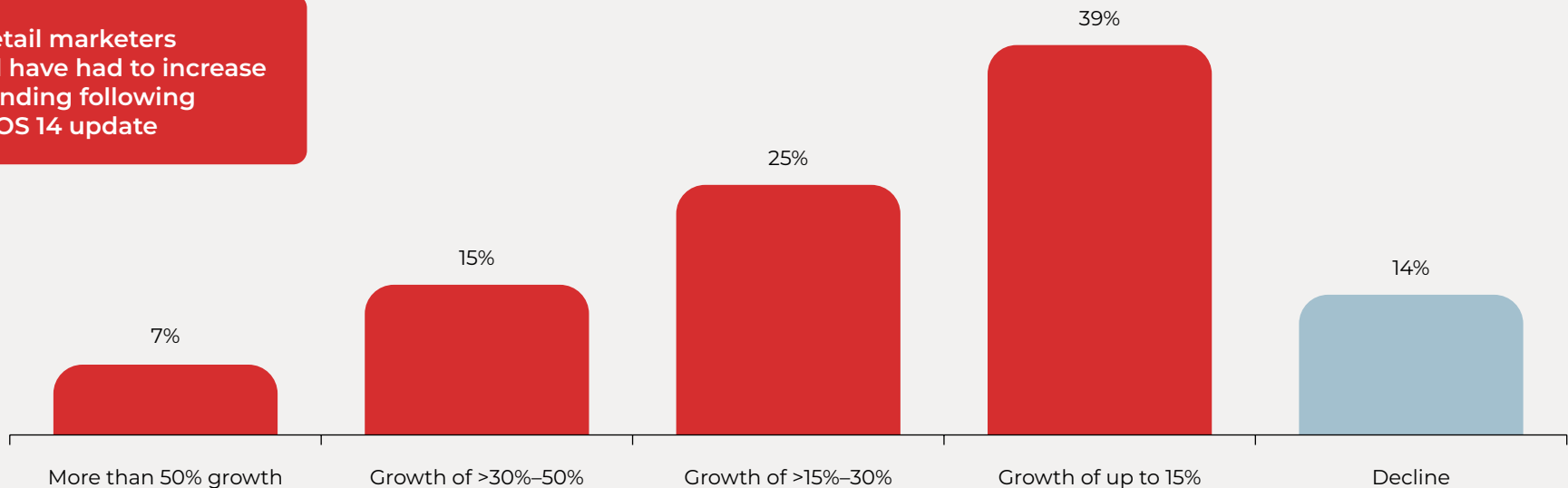
Figure 5. US Business Decision-Makers: Whether They Believe Selected Business Aims Are a Priority (% of Respondents)



Google's restrictions to third-party cookies on Chrome have helped consumers protect their personal data but have posed challenges to brands and retailers in accessing consumer information and launching personalized advertising. Also, in early 2021, Apple's iOS 14 update allowed users to opt out of data tracking across apps and websites owned by other companies, making digital advertising more challenging and expensive. In fact, 86% of retail marketers in the US have had to increase their spending to achieve the same acquisition results following Apple's iOS 14 update, according to a May 2023 survey by CommerceNext (see Figure 6). Notably, almost half (47%) of surveyed marketers reported spending growth of at least 15% to maintain the same outcomes.

Figure 6. US Retail Decision-Makers: Change in Customer Acquisition Costs Post-iOS 14 Update To Achieve the Same Outcomes (% of Respondents)

86% of retail marketers surveyed have had to increase their spending following Apple's iOS 14 update



Base: 109 digital marketing and e-commerce executives in the US, spanning retail models including direct-to-consumer, wholesale and multiband retail, surveyed in May 2023
Source: CommerceNext

Leveraging first-party data can help combat rising customer acquisition costs by improving the effectiveness of acquisition efforts through targeted strategies as well as reducing their dependency on costly third-party data and paid advertising channels. Whether through personalized messaging, tailored offers or customized experiences, first-party data helps retailers improve targeting accuracy, enhance marketing efficiency and foster customer loyalty based on a deep understanding of their target audience.

We identify six critical benefits that retail businesses can achieve by leveraging first-party data within a CDP for customer acquisition:

- **Optimized ad spend and targeting**—Businesses can prevent redundant spending by avoiding retargeting individuals who have already made purchases through other channels, based on customer data. Additionally, companies can ensure that discounts are offered strategically, targeting customers who are most likely to be influenced by them, thus minimizing revenue loss.
- **Effective audience segmentation**—Customer data provide businesses with valuable information to segment their audience effectively. By categorizing customers based on factors such as purchase history, preferences and engagement levels, businesses can identify different groups of consumers and their needs, and create targeted campaigns that address the specific interests of different customer segments.
- **Obtain new customers using paid media lookalike modeling**—Lookalike marketing is a popular practice of using existing customer profiles to find similar potential customers to market to. This process is greatly simplified by using a CDP with AI and machine learning capabilities that can analyze seed audience, identify their key attributes and activate these segments to find similar customers on popular platforms such as Google, Facebook and Instagram.
- **Optimized retargeting efforts**—Retargeting efforts can be significantly enhanced through the use of customer data insights. By tracking customer interactions and purchase behavior, businesses can identify individuals who have shown interest in specific products or categories but haven't completed a purchase. Leveraging these data, retail companies can implement optimized retargeting campaigns that deliver relevant content or offers to encourage these prospects to convert to customers.
- **Improved win-back campaigns**—Customer data enable businesses to identify and re-engage with inactive or lapsed customers through win-back campaigns. By understanding the reasons behind customer churn and tailoring re-engagement strategies accordingly, retail companies can effectively rekindle relationships with dormant customers and incentivize them to return.
- **Enhanced upselling and cross-selling opportunities**—Within their existing customer base, businesses can capitalize on opportunities for upselling and cross-selling by leveraging data-driven insights. By analyzing purchase patterns and behavior, retail companies can identify complementary products or services that align with a customer's preferences and purchase history.

RETAIL EXAMPLES

We are seeing retail companies leveraging first-party data to improve customer acquisition. Apparel retailer Stripe (headquartered in San Francisco, US and Dublin, Ireland) used Treasure Data's CDP to centralize first-party data into unified customer profiles and used lookalike analysis to find new prospects for its lifestyle brands. Revenue attainment increased by 70 percentage points in three months, more than 160% of the target goal, according to Treasure Data.

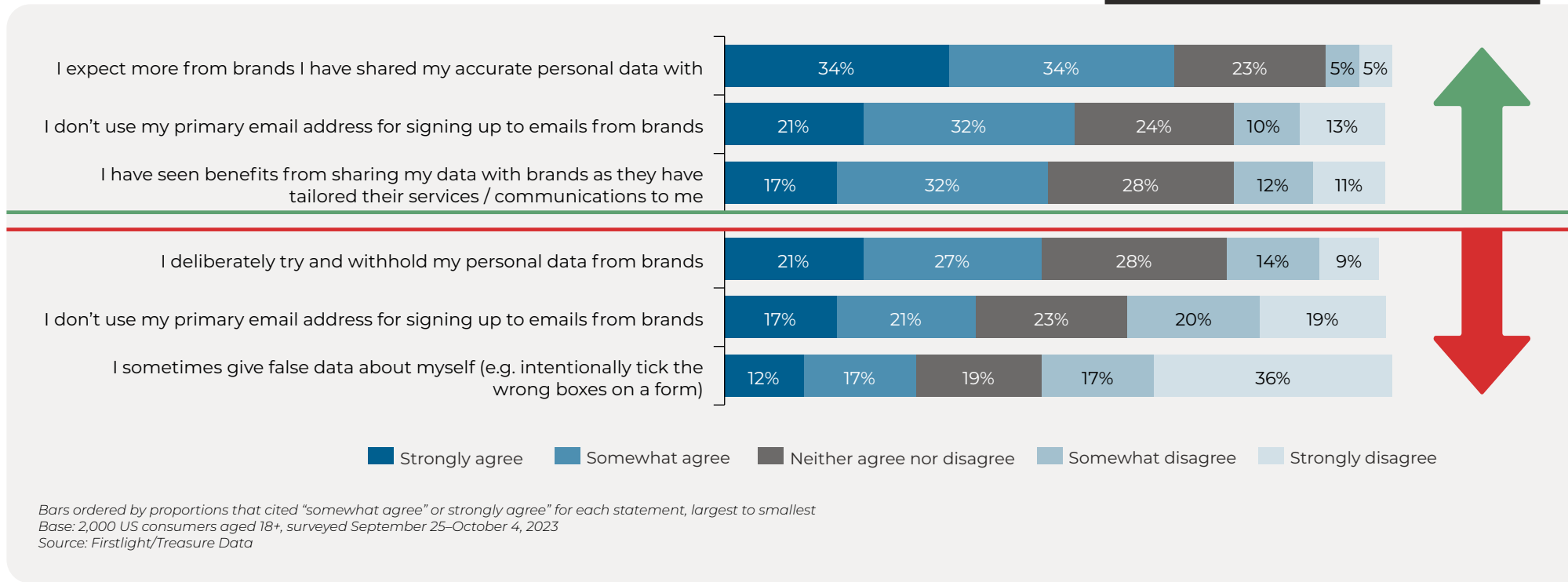
4 Personalizing Customer Engagement: Customized Experiences Through First-Party Data

As we've already pointed to, leveraging customer data in a CDP to deliver relevant content, recommendations and interactions enables retail businesses to maximize customer engagement and drive loyalty. Customers expect this, too: according to a survey by Treasure Data in late 2023, two-thirds (68%) of US consumers expect more from brands that they share accurate personal data with, and 49% have seen the benefits of doing so. Furthermore, 53% of consumers would be more willing to share personal data with brands if it meant that services or communications were personalized as a result.

Another positive finding from the same survey, shown in Figure 7, is that less than half of respondents agree with statements regarding concealing or falsifying their personal data, further indicating that the majority of consumers are accepting of data-sharing practices and contribute to accurate data collection.

Consumers recognize the potential benefits of sharing their data with brands for personalization

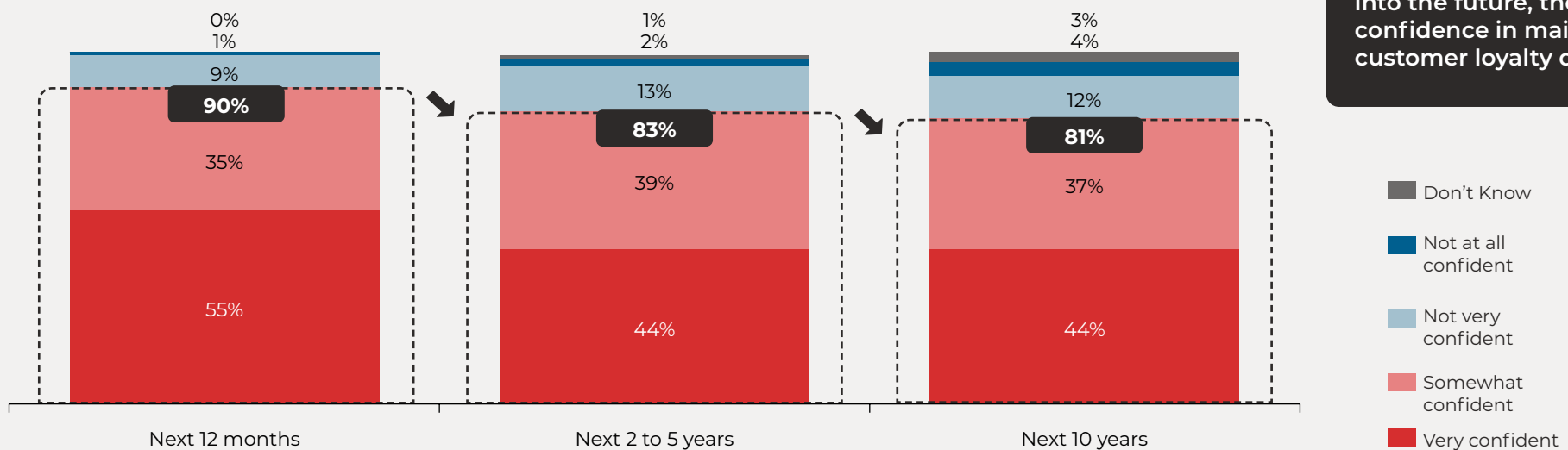
Figure 7. US Consumers: Level of Agreement with Statements Regarding Data Privacy (% of Respondents)



There are three key applications of leveraging first-party data within a CDP for customer engagement that drive benefits for retail companies:

- Real-time website, email and mobile app personalization**—Harnessing first-party data, especially real-time data, allows retail businesses to tailor digital experiences to the unique preferences and browsing behaviors of individual visitors. From dynamically adjusting content and recommendations based on past interactions to customizing messaging and promotions, personalization enhances user engagement and fosters a sense of relevance and connection.
- Customer service and support personalization**—Personalized customer service experiences are instrumental in building trust and loyalty among shoppers and retaining customers. With curated first-party data and insights at their fingertips, such as the next best action, predicted lifetime value (LTV), and likelihood to churn, agents can anticipate customer needs, resolve issues proactively and deliver tailored support across various channels, improving customers' experiences and fostering long-term relationships with them.
- Data-driven loyalty programs**—By capturing and analyzing customer data, businesses can design and implement loyalty programs that are tailored to the preferences and behaviors of individual customers. From personalized rewards and incentives to targeted promotions and exclusive offers, data-driven loyalty programs enhance customer engagement, encourage repeat purchases and foster long-term loyalty. According to the late-2023 Treasure Data survey of business executives, 87% of respondents think that customer loyalty has an impact on the economic viability of their businesses over the next five years. However, while 90% of respondents expressed high confidence in customer loyalty over the next 12 months, this proportion declines when considering the medium and long term (see Figure 8), indicating a need for companies to take action to secure loyalty and therefore achieve sustainable success.

Figure 8. US Business Decision-Makers: Level of Confidence Regarding Future Customer Loyalty (% of Respondents)



Base: 500 US B2C business decision-makers, surveyed September 25–October 4, 2023
Source: Firstlight/Treasure Data

While leveraging data, brands and retailers must navigate the complexities of Europe's General Data Protection Regulation (GDPR) and a patchwork of data privacy regulations across the US. As of June 2024, 18 states have enacted comprehensive privacy laws, according to state governments data, creating a varied landscape of compliance requirements that brands and retailers must carefully manage. These laws often include strict guidelines on how personal data can be collected, stored and used, making it imperative for brands and retailers to stay informed and adapt their practices accordingly.

With these regulations, it is becoming increasingly easier for consumers to exercise their privacy rights. Consumers can now more readily opt out of data collection, withhold consent for their data to be used, or request that their data be deleted entirely—commonly known as the “right to be forgotten.” While these provisions empower consumers to take control of their personal information, they also pose significant challenges for brands and retailers. When consumers opt out or decline consent, brands and retailers lose access to valuable data that could inform their marketing strategies and personalize customer experiences. This can hinder their efforts to engage effectively with their audience, as the loss of data diminishes the ability to deliver targeted content and offers.

Brands and retailers need to clearly communicate how data will be used and ensure that they have robust systems in place to manage consent and data requests. By respecting consumer privacy and demonstrating a commitment to ethical data practices, brands and retailers can maintain customer trust and engagement, even in a stringent regulatory environment.

RETAIL EXAMPLES

We are seeing some successful examples of retail companies that use first-party data to enhance customer engagement. A regional division of a leading athletic apparel retailer with over 500 stores globally and \$4 billion in revenue worked with Treasure Data to scale customer data, unify rich marketing data sources and build around 2 million customer profiles in less than two years, according to Treasure Data. Leveraging the data successfully helped the retailer gain 8% incremental revenue increase per year and increase purchase conversion by 10%. Effectively leveraging first-party data can lead to significant improvements in customer engagement, revenue growth and operational efficiency, providing a substantial competitive advantage in the retail sector.



5 Creating Connected Customer Experiences: Sharing First-Party Data Across Departments

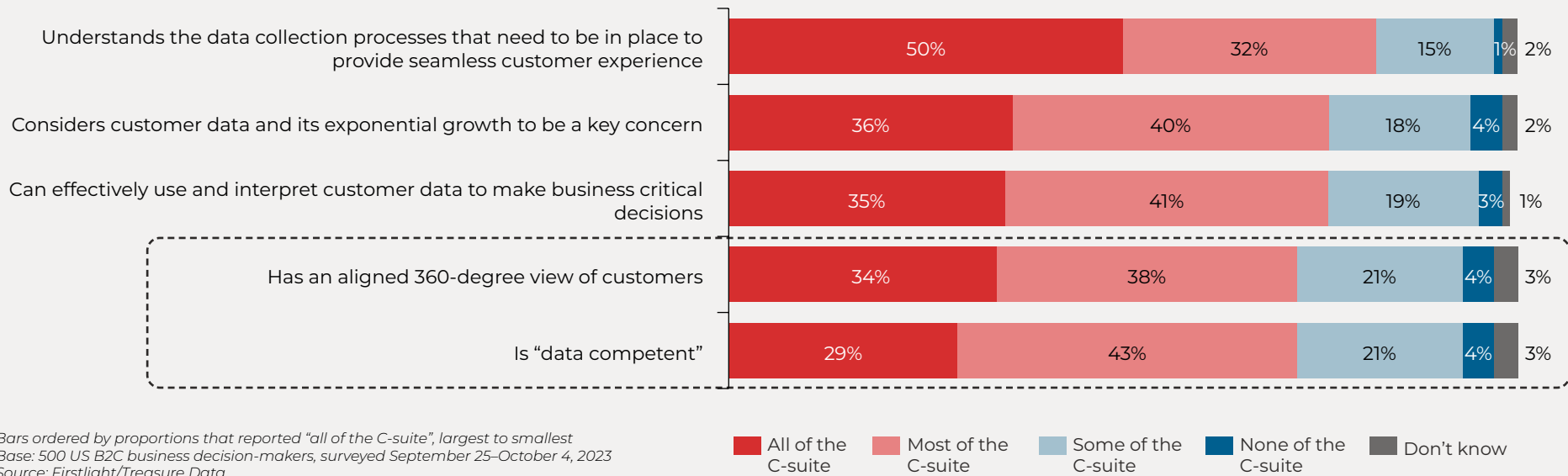
Retail companies can significantly enhance the overall customer journey and drive business growth by sharing first-party data across their organization to create connected customer experiences. This is particularly important as the customer service function plays a pivotal role in shaping brand perception and supporting long-term loyalty.

We see opportunity for businesses to capture and share comprehensive behavioral data across departments, including sales, marketing and customer service. More than one-quarter of surveyed business decision-makers think that some or none of their C-suite has an aligned 360-degree view of customers or is data competent, suggesting opportunity for improvement in leveraging data to derive customer insights and make informed decisions (see Figure 9).

By breaking down silos between departments and integrating first-party data into various business functions, brands and retailers can empower their employees with a holistic view of each customer. Armed with unified customer profiles, businesses can gain a deeper understanding of each customer's preferences, needs and pain points. This enables them to deliver personalized and empathetic service that resonates with customers on an individual level, fostering stronger relationships and driving satisfaction and loyalty.

There is significant opportunity for decision-makers to improve their view of customers and become more data competent

Figure 9. US Business Decision-Makers: Views on How Much of the Collective C-Suite Within Their Businesses Possess Certain Skills and Expertise (% of Respondents)

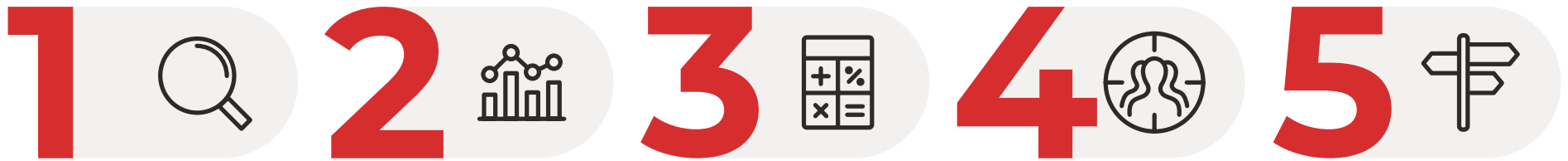


Technology Solutions

As the technology landscape rapidly changes, business decision-makers must understand the nuances of available solutions while leveraging first-party customer data for business optimization.

We see five technology-driven solutions (outside of AI) that retail companies can lean on to improve operations:

1. **CDPs** serve as centralized hubs for collecting, organizing and analyzing customer data from various sources, including online and offline interactions. They enable brands and retailers to create unified customer profiles, allowing for a holistic view of each customer's preferences, behaviors and interactions across channels.
2. **DMPs** focus on aggregating and managing large volumes of anonymous audience data, often sourced from third-party providers. While primarily used for advertising and audience segmentation purposes, DMPs can complement CDPs by enriching first-party data with additional audience insights for targeted marketing campaigns.
3. **Predictive analytics** leverages machine-learning algorithms and statistical modeling techniques to forecast future outcomes based on historical data. In a first-party data-driven retail ecosystem, predictive analytics can be used to anticipate customer behaviors, identify trends and optimize marketing strategies for improved customer acquisition and retention.
4. **Real-time customer engagement** requires technology that unifies historical and real-time data at the profile level and orchestrates activity in one channel to immediately support engagement in another—in real time. In retail environments, real-time experiences span foundational use cases such as abandoned cart retargeting (personalize communications across web, email, SMS and more to improve conversion) to advanced applications such as ingesting point-of-sale data to deliver customized mobile push notifications or text messages to upsell/offer new products.
5. **Journey orchestration** enables marketers to plan journeys that are personalized for each customer as they progress from awareness to purchase to brand loyalty and engage with various touchpoints, from digital marketing to customer support to stores, service and sales. Real-time customer engagement is easier with journey orchestration that dynamically identifies and updates stages of customer journeys based on real-time intent signals.



What We Think

In today's retail landscape, leveraging first-party data through CDPs is paramount for brands and retailers to drive targeted customer acquisition, personalized engagement and revenue expansion. Working with a reliable tech provider ensures access to advanced data analytics capabilities and enables the implementation of scalable solutions for creating connected customer experiences and empowering customer acquisition, engagement and monetization strategies.

Implications for Brands and Retailers

- Brands and retailers with robust data infrastructure and advanced analytics capabilities will be well positioned to gain a competitive edge.
- Companies that prioritize customer-centric strategies and effectively leverage first-party data to drive targeted marketing campaigns and personalized customer experiences maximize their revenue-expansion potential.
- Businesses that establish strategic partnerships with technology vendors specializing in customer data solutions can access cutting-edge tools and expertise to enhance their data-driven and AI initiatives.

Brands or Retailers Poised To Gain Advantage

- NIKE's direct-to-consumer strategy heavily relies on first-party data collected from its website and app. This allows NIKE to create personalized marketing messages, launch targeted product lines and improve overall customer engagement.
- Sephora prioritizes a customer-centric approach by using first-party data to personalize shopping experiences. Its Beauty Insider program is a testament to how well the retailer understands and caters to its customers' needs.
- Walmart has invested heavily in technology and data analytics to optimize its operations and provide personalized shopping experiences. Its strategic partnerships with technology vendors help Walmart stay ahead in the competitive retail landscape.

Brands or Retailers That Risk Losing Advantage

- Brands and retailers that fail to prioritize customer-centric strategies and personalized experiences risk losing customer loyalty and market share to more agile and data-driven competitors. Organizations that do not forge partnerships with technology vendors specializing in customer data solutions may miss out on opportunities to innovate and optimize their operations in today's data-driven economy. For example, although making efforts in recent years, some department stores lagged behind competitors in terms of data infrastructure and analytics capabilities. Slow adoption of advanced data-driven strategies puts those brands and retailers at a disadvantage.

Implications for Technology Vendors

- Technology vendors specializing in customer data solutions have a significant opportunity to partner with brands and retailers seeking to enhance their data capabilities. Vendors that offer advanced data analytics tools, customer data platforms and personalized marketing solutions will be in high demand as businesses strive to leverage first-party data effectively.

Notes

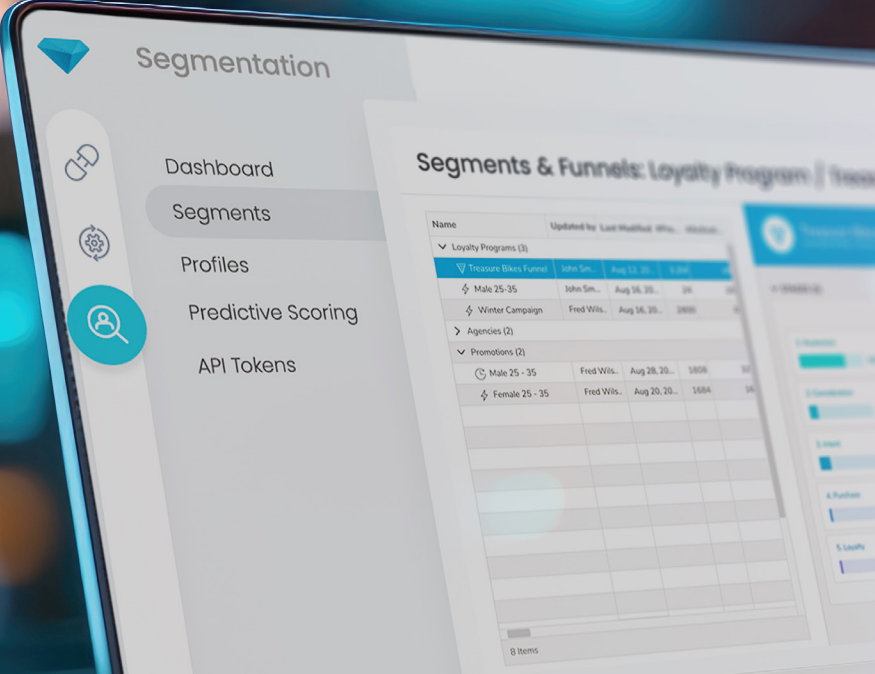
Data in this report are accurate as of May 6, 2024.

Methodology

Informing the data in this report are:

- A survey of 500 US B2C (business-to-consumer) business decision-makers across sectors including construction and engineering, hospitality and leisure, financial services, healthcare, IT/computing, media and marketing, manufacturing, transport and utilities, wholesale, retail and franchising, conducted during September 25–October 4, 2023, by Firstlight and Treasure Data
- A survey of 2,000 US consumers aged 18+, conducted during September 25–October 4, 2023, by Firstlight and Treasure Data

About Coresight Research Custom Reports



Coresight Research Custom Reports are produced as part of commercial partnerships with leading firms in the retail, technology and startup ecosystems. These Custom Reports present expert analysis and proprietary data on key topics in the retail, technology and related industries, and enable partner companies to communicate their brand and messaging to a wider audience within the context of brand-relevant research.

This free report is produced, and made available to nonsubscribers of Coresight Research, in partnership with Treasure Data.

Sunny Zheng

Analyst

Steven Winnick

Vice President—Innovator Services

New York • Hong Kong • Lagos • London • Mangaluru (India) • Shanghai

coresight.com

About Treasure Data

Treasure Data empowers the world's largest and most innovative companies to drive connected customer experiences that increase revenue and reduce costs. Built on a big data foundation of trust and scale, Treasure Data is a customer data platform (CDP) pioneer and continues to reinvent the CDP by putting AI and real-time experiences at the center of the customer journey. Our CDP gives customer-centric teams across Fortune 500 and Global 2000 companies—marketing, sales, service, and more—the power to turn customer data into their greatest treasure. Visit www.treasuredata.com to learn more.