

THE NEW WORLD OF CX:

Discovering the Art of Data-Driven Experiences

 TEALIUM®

 MERKLE

THE ERA OF: Data-driven disruptive opportunity

Customer experience is increasingly an important competitive differentiator, as modern brands seek deeper insights into the complex individuals with whom they engage. Until recently, this pursuit was a lofty ideal beyond the realm of practical relevance. With the advent of digital globalisation, however, companies have been propelled into an era of unparalleled disruptive opportunity powered by data. This data opportunity is the key that will unlock CX innovation at scale through demystifying individual customers, one engagement at a time.

In today's global digital economy, the flow of data waits for no person or entity. Recently, [IDC](#) forecasted that the global volume of data would grow at a compound annual rate of 23 percent until 2025 to 175 zettabytes. Of that, 80 percent is likely to be unstructured.

To say the least, this is a daunting prospect for business leaders and marketers, most of whom list data-driven CX innovation as a top strategic

priority. The mass of data available offers a chance to gain penetrating, holistic customer insights that will enhance personalised experiences and foster business growth. Unlocking it calls for a combination of organisational resolve and the judicious application of technology. A customer data platform (CDP) is an innovative solution that offers real-time data activation and personalisation to imbue life into the heartbeat of modern marketing.

The importance of insights-driven CX was highlighted in [Tealium's 2023 State of the CDP Report](#). The report identified that generating more useful and accurate predictive insights about customer behaviour is the top marketing priority in the Asia-Pacific and Japan region. A CDP's AI-powered predictive analytics can bring order to an otherwise shapeless sea of data. It is a CDP's unique ability to consolidate and structure data from multiple streams into an enriched single customer view for real-time activation that engenders competitive advantage.

This white paper outlines what it takes to extract maximum value from data to design superior experiences that honour the individuality of each customer.

Elevating CX design with human-centred insights

The defining qualities of superior CX can vary across different sectors, with every sector identifying distinct CX innovation goals. For example, the financial services industry experienced an awakening amid the shift to online and cashless transactions during the pandemic.

Three quarters of top-tier banking institutions have made intelligent automation solutions a priority.

To enable this goal, these organisations have increasingly combined self-declared and platform behavioural data to deliver location-based offers and dynamic messaging.

With a proliferation of digital touchpoints, a CDP has become a critical tool for financial services companies to manage and segment data, as well as implement a privacy by design model for data sharing. There is a growing recognition among financial services brands that service – rather than corporate messaging – is the key differentiator. This requires determining the kind of data that lies at the heart of a meaningful experience and isolating it.

In the retail sector, the shift to almost exclusively transacting online has given way to the need to unify online and offline customer data into a single customer view. Defying the doomsayers, physical stores have retained their relevance, both as centres of commerce and brand showpieces, despite the APAC region's already enthusiastic embrace of e-commerce. But in-store systems remain siloed, and this is a challenge that marketers must reckon with in the age of omnichannel retail, where consumers expect a hybrid retail experience.

Education provides another example of an industry that is looking to first-party data to adapt to a hybrid future.

The rise of online learning has given higher education institutions the opportunity to know their students better and deliver personalised learning. This will be crucial as the world embraces a culture of studying over the course of a lifetime to maintain employability in a dynamic global digital economy. The goal is to attract and retain students by understanding their interests and needs – a process that begins long before a campus visit.

As in other sectors, a CDP supports the collection and refinement of data across sources, ranging from portals to assessment platforms. Marketing messages tailored to a student's personal aspirations are one outcome of a robust data strategy in the education sector. At the other end of the spectrum is the insight to customise teaching methods. The sector offers a prime example of the potential for well-managed data to drive the student experience in a way that is meaningful far beyond the acquisition phase.

'Due to the loss of third-party cookies, the volume and value of first-party data within the global digital ecosystem will grow exponentially. For marketers, a privacy-led first-party data strategy is critical to sustainable competitive advantage as the market evolves.'

A CDP is an innovative technology that unifies data from disparate sources into an enriched single customer view for real-time omnichannel activation. As a leading data-driven customer experience management company, Merkle partners with businesses worldwide to maximise the value of their CDP adoption. In turn, businesses benefit from more relevant real-time marketing initiatives that pay dividends in customer loyalty and lifetime value.'

Sanchit Mendiratta
Managing Director,
Merkle Singapore



The business case for CDP adoption

Market factors are influencing an accelerated rate of CDP adoption. Like any investment, a robust business case for CDP adoption is essential to gaining organisation-wide buy-in. Tealium's research shows that more than 90 percent of IT decision-makers identify a business case as critical to strategic technology investments. This finding is not surprising, and it is reasonable to expect C-suite executives to make similar demands. An effective business case identifies prioritised use cases and the forecasted returns of a CDP investment.

As a starting point, it's important to be clear on why your organisation needs a CDP - and to view it as a tool to support business objectives, not purely marketing or IT requirements.

In the 2023 State of the CDP Report, Tealium identified the following top five reasons for investing in the technology in the Asia-Pacific and Japan region:

1.

Modernising business models through digitalisation

2.

Business transformation to meet evolving consumer demands

3.

Addressing macroeconomic impacts upon consumer behaviours

4.

Adapting to changes in the data privacy regulatory landscape

5.

Optimising consent and preference management for privacy compliance

Other objectives typically include process automation and optimisation; reducing cost per acquisition; generating unified customer profiles; enabling real-time personalisation for omnichannel marketing; and enhancing cybersecurity. All are valid aims, but to move ahead, demonstrating performance is key.

To examine the business benefits of deploying Tealium's CDP, Tealium commissioned Forrester Consulting to carry out a [Total Economic Impact \(TEI\)](#) study. Forrester based its research on interviews with CDP users and aggregated the results to form a composite organisation.

Like many organisations, the customers surveyed had struggled to come to terms with data before deciding to adopt a CDP. Spread across different sources, their data was not unified and required largely manual management. As a result, it yielded out of date, incomplete or inaccurate insights. Investing in a CDP helped unify data and activate it, generating clear commercial outcomes.

With a CDP, businesses saw an 8.5 percent rise in re-engagement worth more than \$2.5 million in profit over a three-year period.

This was achieved by harnessing newly consolidated and accessible data to generate penetrating customer insights that enabled relevant engagement. The result was reduced cart abandonment and improved conversions.



'Given the nature of a CDP in unifying, orchestrating and streamlining the entire customer experience journey, establishing a data & insights culture and prioritising business strategy & value will be critical to leveraging its full capability.

Specifically, organisational transformation is key to maximising ROI and extracting full value from CDP adoption. By ensuring an appropriate cross-functional way of working, alongside effective data governance and processes, organisations will be positioned to deliver authentic human-centred experiences powered by a CDP.'

Dr Catherine Lopes
 Chief Data & Analytics Officer,
 Merkle Australia & New Zealand



Improved ability to segment customers and personalise messaging yielded a three percent rise in average order value to the tune of \$1.8 million in profit. Where there had previously been a lag between customer activity and insight generation, the CDP's real-time functionality made it possible to act immediately on insights, improving customer reach by 200 percent and generating a profit of \$1.2 million.

Further benefits included a productivity uplift worth \$590,000 due to improved operational efficiency, in addition to tech stack savings worth \$782,000.

By deploying Tealium's CDP, the composite organisation achieved benefits worth \$6.9 million over three years against costs of \$1.5 million. The investment delivered payback in less

than six months and a return on investment (ROI) of 363 percent within three years. This puts the net present value (NPV) at \$5.4 million.

The findings highlight one of the most notable outcomes of CDP adoption, which is to demystify and democratise data to achieve CX performance that pays economic dividends. In the words of a data intelligence manager working in the financial services sector whom Forrester interviewed:

'Before Tealium, IT used to decide what to do in a website or an app; but after Tealium, the business has the role to manage what we want to measure and activate in our data strategy.'

The CDP enables marketing modernisation

Income Insurance Limited, a major insurance provider in Singapore, offers a prime example of how a CDP can take substantial unstructured data to the next level.

A priority for Income Insurance Limited was to connect the dots between online and offline data to achieve a holistic single customer view. This was especially challenging as, in the insurance sector, third-party sales representatives hold much of that data, derived from direct interactions with potential customers.

A superior customer experience in this context meant one that was connected across channels, and enabled real-time insight generation and personalised engagement. Income Insurance Limited collaborated with CX transformation leader, Merkle, to gain strategic expertise to create a first-party data strategy for omnichannel personalisation. The insurer used Tealium's CDP to convert unstructured data into a strategic asset for real-time activation.

Access to consolidated data enabled hyper-personalisation and informed the content of marketing assets, which Income Insurance Limited adapted according to historical first- and third-party data, as well as behavioural data on Google's platforms. Combining the data sets, the insurer was able to determine the most effective content and messaging to serve up at relevant moments in a customer's journey.

With Tealium CDP as its foundation, Income Insurance Limited's digital CX initiative resulted in significant cost savings and increased lead generation. Ultimately, Income Insurance Limited reduced its cost per acquisition by 40 percent and improved its click-through rate by 92 percent.

'With Tealium's CDP, Income Insurance Limited achieved the sophisticated segmentation of data for real-time activation,' said Anny Huang, Vice President & Head of Digital Growth at Income Insurance Limited. 'This has enabled us to effectively compete to capture the market. A customer data platform is central to our CX innovation and digital business goals.'

Income Insurance Limited's digital CX initiative also helped increase brand value, an important competitive differentiator in a regulated industry. CDP adoption has enabled Income Insurance Limited to honour customer privacy preferences throughout a path to purchase. This means the company could continually optimise its CX by making data intelligible organisation-wide, whilst honouring customers' privacy preferences in tandem. In turn, Income Insurance Limited has truly established a CX innovation model for other organisations in the sector to follow.

Data-driven organisational change

Income Insurance Limited's experience highlights the power of combining Merkle's strategic expertise with Tealium's CDP to unlock data and elevate the digital customer experience. But technology and strategy do not work in isolation to achieve results; a fit-for-purpose operating environment is also an essential requirement. This necessitates a fundamental reassessment of the internal structure, processes and existing technologies within an organisation.

1

THE TECHNOLOGY ITSELF:

Firstly, the technology itself: The CDP is becoming a central feature of the modern marketing technology stack. Building the 'right' stack depends upon the organisation and its needs, but an important feature of any stack is adaptability and ease in integrating with third-party solutions. It should act as an interconnected ecosystem that creates seamless data flows, as well as feeding the data from activations back into the system in a cycle of enrichment. From the outset, internal alignment regarding use cases and desired business outcomes is essential – for example, achieving real-time omnichannel personalisation to improve the conversion rate by 25 percent. A defined goal makes it easier to monitor and measure a CDP's impact. It is also a way to ensure that the CDP is used purposefully as a tool that enables data actionability, not simply as an insights generator.

2

UNIFY DATA SETS:

Part of the CDP's role is to unify data sets, but to do this effectively requires unifying the groups responsible for them. Silos are a perennial challenge that tend to be proportionate to an organisation's size. Dismantling them begins with understanding what kind of data organisational departments collect and where they store it.

3

BUILD A TEAM:

The third step in data-driven transformation is to build a team with the necessary skills and mindsets to oversee management of the CDP and data strategy. Global Tealium research conducted in 2022 found that 41 percent of executives believe their IT teams lack the necessary expertise to use AI technology effectively. Twenty-two percent said the same of their marketing teams.

One way to interpret these findings is that organisations need to bring on board new talent profiles - in some cases, this is certainly true. But it's also important to recognise that the most effective CDP teams comprise individuals from different parts of the organisation with skin in the game, who share an aptitude for technology, strategy and data analytics. A CDP does require oversight, but it can be managed in different ways; for example, by establishing a data centre of excellence. Ultimately, the CDP must belong to the organisation, rather than a single discipline, with all business units that use or generate data playing an active role.

Once deployed, the CDP's performance can be measured using an omnichannel tracking mechanism to quantify business results. This is vital to demonstrating the economic benefits of CDP adoption, whilst embedding it within an organisation's operational framework. As well as broader business goals, commonly used metrics to monitor ROI include data quality, customer experience, retention, lifetime value and operational savings.

'As the world's most trusted CDP, Tealium is proud to have forged a vibrant partnership with one of the largest global marketing and advertising agency networks, dentsu. With the growth of the volume of data in the global digital ecosystem, we recognise that service excellence is incumbent upon building a partner ecosystem with complementary capabilities to address evolving and complex customer requirements.'

The Tealium and dentsu partnership enables our customers to draw upon the capabilities of dentsu's customer experience management brand, Merkle, to receive fit-for-purpose customer solutions. Merkle has been instrumental in accelerating the data-driven commercial growth of our customers through consultative expertise that maximises the value of CDP adoption.'

Mandy Eyles
Regional Vice President of Partnerships,
Asia-Pacific and Japan, Tealium



Mobilising the C-suite

All meaningful business transformations start at the top, including the shift to becoming a data-driven enterprise. It falls on the C-suite to prioritise investment in designing data governance that maximises value creation. This forms the basis of competitive customer experiences.

Whilst many CEOs already champion this shift, the Chief Marketing Officer (CMO) and Chief Technology Officer (CTO) have a vital role to play as connectors within an organisation.

A 2019 study by McKinsey found that 83 percent of global CEOs look to marketing to drive growth in their company. It coined the term 'unifier CMO' to describe the proliferation of marketing leaders who do this by building collaborative relationships across the C-suite. These marketing executives see

their role as one that focuses the organisation on the customer experience, removes silos, connects technology and gives teams the support they need to work together successfully.

A close strategic partnership with the CTO is particularly important, as it can help accelerate and solidify the adoption of technology, such as a CDP, across an organisation. A separate [McKinsey study](#) found that companies that achieve unity between data and creativity enjoy significantly higher revenue growth.



Sustainable growth through data

CDP adoption represents empowerment at a time when businesses and key stakeholders, from CEOs to CTOs and CMOs, are under immense pressure to deliver results.

A CDP grants people across the business access to intelligence that would otherwise remain dormant – with dormancy equating to a loss in economic value. It streamlines the path to CX innovation by connecting departments and focusing them on a single source of truth. It emboldens marketers to experiment and gives them the ability to act on data-driven insights in real time. It forms the foundation of a consent-first strategy that can build brand equity, whilst honouring customers' privacy preferences. From a consumer perspective, it signals a shift to more relevant, timely brand engagement and service tailored to personal interests and needs.

As CDP adoption becomes standard, businesses must not lose sight of the fact that it is a foundational tool to orchestrate and drive growth, not simply another piece of technology to add to the stack.

Successful CDP adoption requires combining the strategic expertise of CX transformation leaders, such as Merkle, with an organisational focus to deliver results in line with clear business objectives.

The benefits of this holistic approach are evident: the majority of organisations achieve payback from a Tealium CDP investment within six months. By approaching the challenge of balancing privacy and personalisation as an opportunity to strengthen brand trust and affinity, companies will be better positioned to achieve sustainable growth amid economic uncertainty.

It all starts and ends with an enriched single customer view, and a CDP is the tool to uncover a plethora of new insight-led opportunities.

In turn, organisations will unlock unlimited innovation possibilities to elevate the benchmark in experience excellence in the new world of CX.

This report was published by:



Tealium connects customer data across web, mobile, offline and IoT so businesses can better connect with their customers. Tealium's turnkey integration ecosystem supports more than 1,300 built-in connections, empowering brands to create a complete, real-time customer data infrastructure. Tealium's solutions include a customer data platform with machine learning, tag management, an API hub and data management solutions that make customer data more valuable, actionable, privacy-compliant and secure. More than 850 leading businesses throughout the world trust Tealium to power their customer data strategies. For more information, visit tealium.com.



Merkle, a dentsu company, is a leading data-driven customer experience management (CXM) company that specialises in the delivery of unique, personalised customer experiences across platforms and devices. For more than 30 years, Fortune 1000 companies and leading nonprofit organisations have partnered with Merkle to maximise the value of their customer portfolios. The company's heritage in data, technology and analytics forms the foundation for its unmatched skills in understanding consumer insights that drive hyper-personalised marketing strategies. Its combined strengths in consulting, creative, media, analytics, data, identity, CX/commerce, technology and loyalty & promotions drive improved marketing results and competitive advantage. With more than 16,000 employees, Merkle is headquartered in Columbia, Maryland, with locations in 30+ countries throughout the Americas, EMEA and APAC. For more information, visit www.merkle.com/apac.