Winning in the Era of Data Differentiation

How to turn data into a competitive advantage and your most valuable asset

Increased average ROAS by **229%**

Improved revenue by **249%**

Online-generated revenue increased by **452%**

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The Era of Data Differentiation

Data has become the lifeblood of business. It's a critical resource that demands careful collection, filtering, enrichment, and management so it can be activated and used across the organization. 2024 is a pivotal year for the evolution of data. We're truly entering a new era – The Era of Data Differentiation.

Consider:

- AI and Machine Learning thrive on clean, consistent data

- Customer experience (CX) excellence demands data updated and activated in real time

- Privacy regulations and evolving consumer expectations mean that if you don't have consent to use the data, its value disappears; in fact, it can introduce risk to the business

Data differentiation means organizations with the best data win; those without it will be left behind. And to be the best, you'll need excellence across collection, consent, and real-time activation.

So how do you get there? Collecting and transforming your data – whether from a data warehouse, a call center, or dozens of other sources – requires a proactive internal strategy, ongoing oversight, and the right technology choices.

This eBook will equip you for the task. We detail key trends, examine the real payoff from focusing on data differentiation, and provide a playbook for creating a data layer for your organization, working in concert with a customer data platform (CDP) that helps manage customer data. Together, this CDP + data layer approach sets you up to stand out in your competitive marketplace.

Market forces and the change imperative

Rapid technological, economic, social, and environmental changes have dramatically shifted business strategies, operations, and the way companies interact with their customers.

Top trends affecting companies right now include:
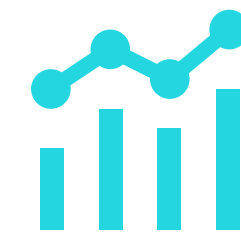
1	AI Revolution

2	High Expectations for Great CX

3	Consumer Control over Data

4	Data Privacy and Security

5	Data Management and Governance

1. The AI Revolution

Generative AI's growing role in enhancing productivity makes AI and Machine Learning (ML) projects a top priority for many organizations. With AI models and infrastructure becoming more accessible, and more skilled professionals in the field, the critical component for success now lies in having access to data that is consented, prepared, and ready for use in training and operating these models.

Establishing a system for collecting data that is flexible and adheres to strict governance and control remains a complex challenge, especially in heavily regulated industries where the demands for compliance and transparency are even higher.

Simultaneously, proprietary AI projects that are housed within cloud data warehouses or dedicated AI platforms are notoriously difficult to activate across the CX ecosystem and risk becoming a new data silo. Maximizing activation is critical to scaling the value of AI projects, so it's important to ensure robust integration of AI outputs.

MARKET CHANGE

- Emergence and evolution of GenAI technologies
- Rapid uptake of AI and machine learning tool
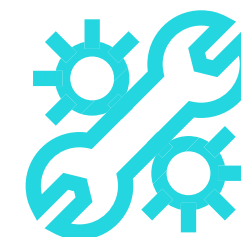
ACTIONS REQUIRED

- Focus strategy on consented, filtered, real-time data to fuel AI models and tools
- Set up a data collection layer with flexibility, governance, and control
- Integrate AI output across tech ecosystem

2. Demand for Great CX

Customer expectations keep rising. Delivering an outstanding customer experience depends on high-quality, error-free, and – crucially – real-time data that's integrated from multiple sources to form a complete picture.

The complexity of CX grows as your business connects with customers through diverse channels – social media, email, websites, and physical stores – and devices, leading to fragmented data. This fragmentation obscures the customer journey and makes it challenging to deliver a cohesive experience.

Organizations need robust tools like CDPs to collect, unify, and activate data. These tools enable your company to analyze unified data sets for insights and create a single customer view (SCV) across channels and devices, offering a detailed perspective on customer behavior and preferences. This comprehensive view is vital for anticipating future actions, crafting targeted marketing campaigns that meet individual needs, and ensuring personalized and consistent interactions across all touchpoints.

MARKET CHANGE

- Buyers depending more heavily on digital channels post-COVID
- Engagement driven by real-time personalization

ACTIONS REQUIRED

- Create an actionable 360 view of your customer
- Collect and activate data in real-time via a CDP

3. Consumer Control Over Data

Third-party cookies (marketers' favorite dessert) aren't as effective anymore because customers want greater web privacy and more control over their own data.

This doesn't mean the end of all tracking. Alternative methods are being developed to balance privacy with personalized online experiences. Users can expect changes in how their data is collected and used, with a move towards more aggregated and anonymized data collection methods.

For advertisers and marketers, the change challenges the traditional ways of targeting and tracking online behavior, demanding a continued shift towards first-party data and contextual advertising. Advertisers need to adapt by using technologies like CAPI (Conversions Application Programming Interfaces). CAPI lets your business gather data directly from servers, eliminating the reliance on web browsers.

Using CAPI, advertisers can drive desired outcomes with their own controlled information and data, including interactions with their websites, products, and services. This approach allows you to protect customers' data privacy while improving ad performance and attribution, ultimately delivering highly personalized experiences, with less need for browser-based tools like third-party cookies.
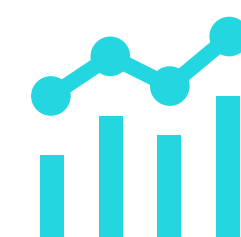
MARKET CHANGE

⬡ **Diminishing reliance on third-party cookies**
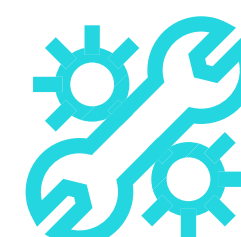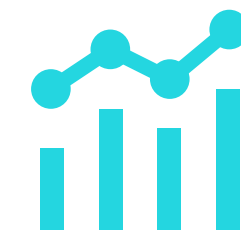
ACTIONS REQUIRED

⬡ **Focus data strategy on zero-party and first-party data**

⬡ **Use tools like Conversion API (CAPI) for better ad spend and attribution**

⬡ **Build customer trust with transparent policies and consistent execution**

4. Data Privacy and Security

Cookies aren't the only privacy concern, especially for businesses that rely on processing personal information. Your organization must place a high priority on safeguarding data privacy, carefully considering their methods of data collection and use. Privacy laws vary significantly worldwide – from Europe's GDPR to the CCPA in the US, which is transitioning to the CPRA, to distinct federal regulations in Japan and Australia. Keeping up with this changing global landscape can be daunting.

Modern companies are turning to privacy-first strategies to navigate these changes, with CDPs playing a pivotal role. CDPs assist in managing and activating the right data across channels while honoring privacy preferences across the growing volume of data available for collection. Not only will consumers benefit, but your company will too. In addition to ensuring regulatory compliance, a privacy-first approach fosters a trust-based relationship with consumers by delivering timely and relevant content and offers.

MARKET CHANGE
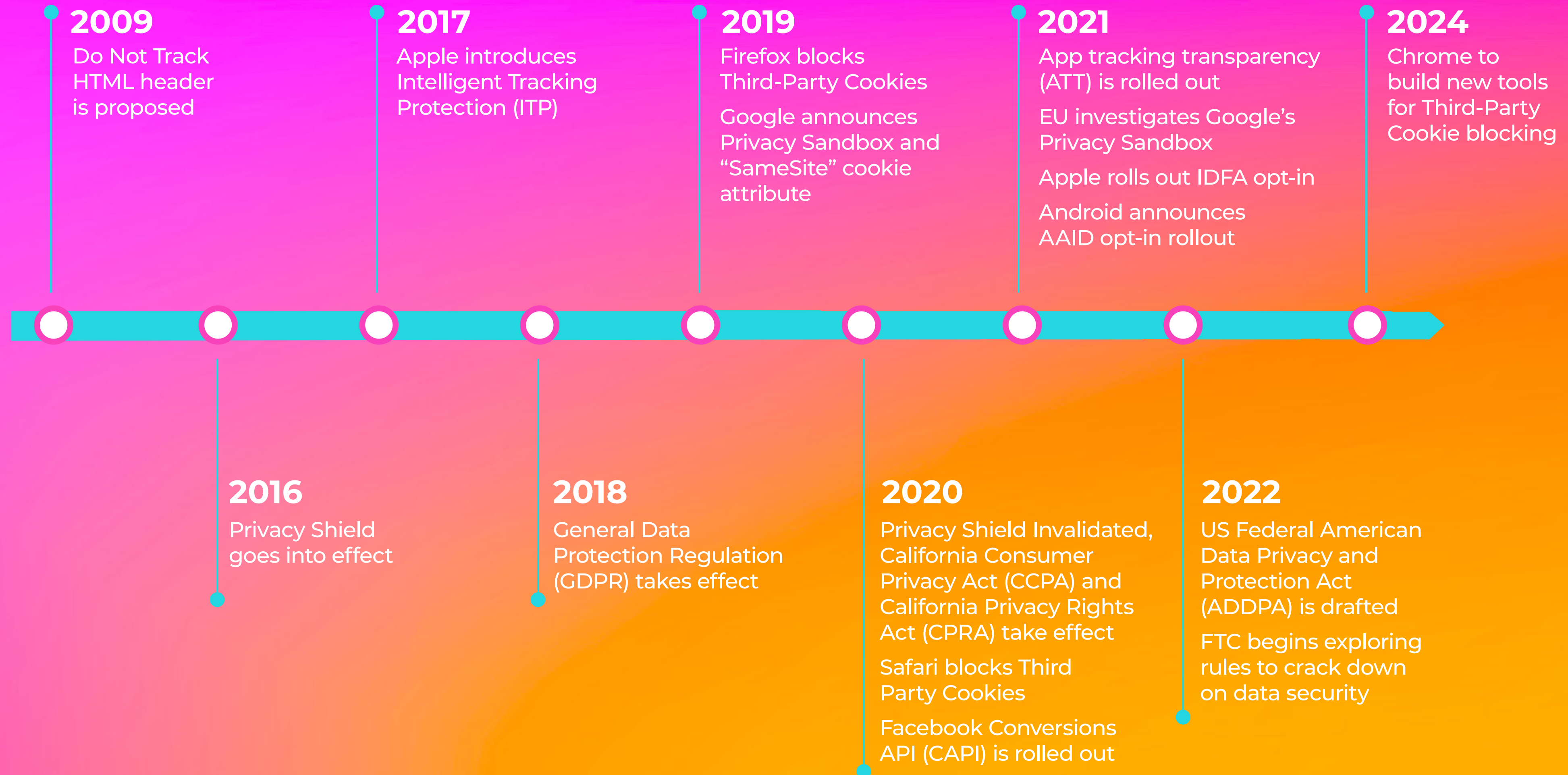
- New, stricter privacy regulations emerging and evolving

- Rise in cyber attacks, phishing and other threats
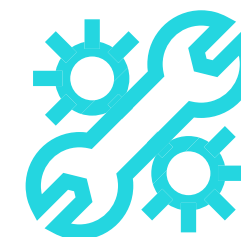
ACTIONS REQUIRED

- Propagate privacy preferences throughout the buyer's journey across all tools

- Ensure that these processes and tools are well understood by the respective teams

- Ensure data is collected with consent

- Centralize consent management

Timeline of Data Privacy Changes to Digital Marketing

2009
Do Not Track HTML header is proposed

2016
Privacy Shield goes into effect

2017
Apple introduces Intelligent Tracking Protection (ITP)

2018
General Data Protection Regulation (GDPR) takes effect

2019
Firefox blocks Third-Party Cookies

Google announces Privacy Sandbox and "SameSite" cookie attribute

2020
Privacy Shield Invalidated, California Consumer Privacy Act (CCPA) and California Privacy Rights Act (CPRA) take effect

Safari blocks Third Party Cookies

Facebook Conversions API (CAPI) is rolled out

2021
App tracking transparency (ATT) is rolled out

EU investigates Google's Privacy Sandbox

Apple rolls out IDFA opt-in

Android announces AAID opt-in rollout

2022
US Federal American Data Privacy and Protection Act (ADDPA) is drafted

FTC begins exploring rules to crack down on data security

2024
Chrome to build new tools for Third-Party Cookie blocking

5. Data Management and Governance

Data proliferation (not only volumes but different types of data) presents another set of new challenges. For example, your teams may have limited capacity for enhancing data quality, have data in silos, and in many cases lack clear ownership and cross-departmental collaboration. Increasing centralization of data in cloud data warehouses (typically run by technical teams) means that the practices and tools enabling the flow of data around it are essential for successfully using data to its fullest potential in CX.

To achieve data differentiation, you'll need to develop overarching data governance and management strategies. A good starting place is with data minimization tactics: collecting ONLY the data you need while also weeding out ROT (redundant, obsolete, or trivial data) in the information you already own. Also consider emerging governance frameworks to comply with stringent legal standards and to minimize the adverse consequences and financial repercussions of data breaches and management oversights.

By dismantling the barriers between departments, you can build a cohesive approach to data management. This underscores the need for a proactive and thoughtful data layer that includes data-collection strategies across a variety of sources in real time to uphold privacy preferences.
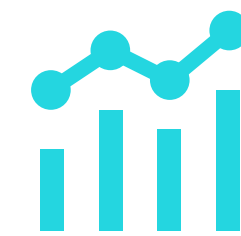
MARKET CHANGE

- Onslaught on new data sources and types – voice, IoT, more
- Continuous increase in data volume
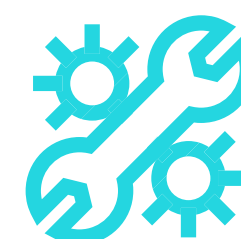
ACTIONS REQUIRED

- Improve data literacy and governance company-wide through training and policy
- Complement data warehouse(s) with real-time collection/ activation capabilities
- Build a team focused on customer data and how it is collected and used

The impact on your organization

These business trends, and the accompanying surge in data volumes and diversity of data types, are prodding companies to not only modernize data infrastructure, but indeed to change the way they operate in order to stay competitive and relevant.

Better customer response rates for mobile users
50%

Boosted conversion rate by
400%
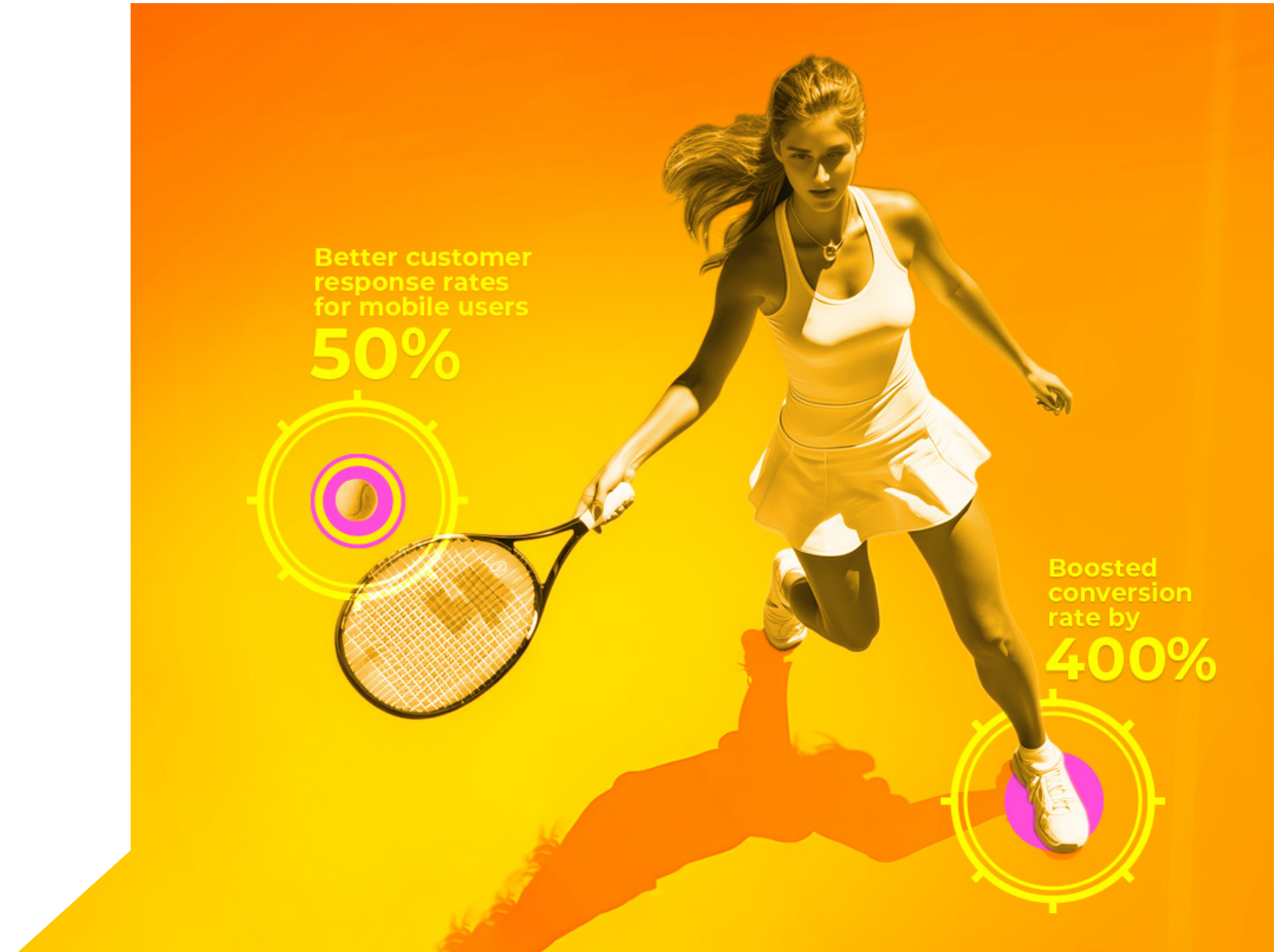
The overarching impacts you need to address include:

- **Increased need for data management and integration**
  Organizations need sophisticated integration technologies and new processes to capture, store, and process the new volume and variety of data. Stores of data in data warehouses, CRMs or other systems should be complemented with real-time collection and activation capabilities.

- **Heightened demand for data analytics and insights**
  Your company needs much more than traditional reporting and dashboarding, extending to real-time analytics, advanced analytics, and the application of Machine Learning and AI to predict customer behaviors, preferences, and trends. The ability to analyze and act on this data in real-time or near-real-time also requires the right skills. This means not only data scientists and analysts, but also engineering professionals to maintain and innovate upon existing data infrastructures and pipelines, and line-of-business employees comfortable with data tools and data-driven decisions. This, in turn, requires reassessing your talent acquisition and development strategies.

- **Data privacy and security concerns**
  Ensuring the confidentiality, integrity, and availability of customer data while complying with regulations such as GDPR and CCPA becomes an ever-more significant issue. As your organization collects more data, and democratizes access for more employees and tools, you must implement robust data governance frameworks and security measures to protect sensitive information and build trust with customers.

- **Making AI initiatives actionable and scalable**
  Many companies are experimenting with AI but finding that, as usual, there's a big gap between pilot projects and getting large-scale benefits. Enterprise AI working from big, rich, clean datasets can build better predictive models to solve a wider array of problems.

How do you address these top challenges and get started?

So, on a practical level, how do you achieve data differentiation?

Your to-do list shown in the chart above can seem daunting. Managing all these demands on a tool-by-tool basis, with each tool operating in a data silo or working with raw warehouse data in its own way, isn't a winning plan. How data enters your company's data ecosystem is equally important.

The smart way to go about it is to create a data layer specific to your organization – an application-independent single source of truth for all data associated with customer experience – and combine it with a powerful customer data platform (CDP) that will help you enrich, govern, and activate that data in real-time.

Here's what the two elements of this dynamic duo do for you.

Boosted revenue from converting abandoned carts by
450%

Increased revenue per visitor by
34%

The cost per acquisition improved by
40%

What is a data layer?

You rely on many third-party vendors to power your business, each with their own data collection needs and formats. A data layer gives you a centralized definition of that data.

The data layer is a specification for the customer interaction tracking that flows from all your customer touchpoints including desktop and mobile website visits, mobile apps, connected devices, contact centers, and offline sources. It standardizes this inbound data into common terminology and formats for your company that can be consented, monitored, and audited.

You can define customer interaction events (e.g. site visit, site search, newsletter signup, product page viewed) and their attributes (e.g. time or duration of event, location, order ID, campaign or source of visit, and so on). And you can do this using your company's language – the terms and definitions that are meaningful and consistent to you – rather than based on someone else's generic data model.

The data layer is also extensible to every technology downstream in your toolset for outbound actions.

As a result, you get agility to adjust marketing strategies quickly in response to changing conditions: you're no longer dependent on development resources. You can make a single change in the data layer (such as defining a new audience segment, campaign, or personalization rule), and the data layer will collect that information from all your tools in the format that each one requires.

You'll also save time and money for your developers by eliminating constant change requests for your website and mobile app.

Your data layer means that while you're building a high quality, comprehensive 360-degree view of each customer, you complement it with an actionable view that provides consistency and enables personalization across all your customer touchpoints and interactions.

How does the CDP activate your data layer?

Having this consistent data is the starting point; now you need to bring it to life. That's what a modern CDP brings to the party: real-time activation. A CDP works as a complement to your data warehouse, lakehouse, or other repository, connecting your consistent data layer to your tools so you can act on any customer interaction the instant it happens.
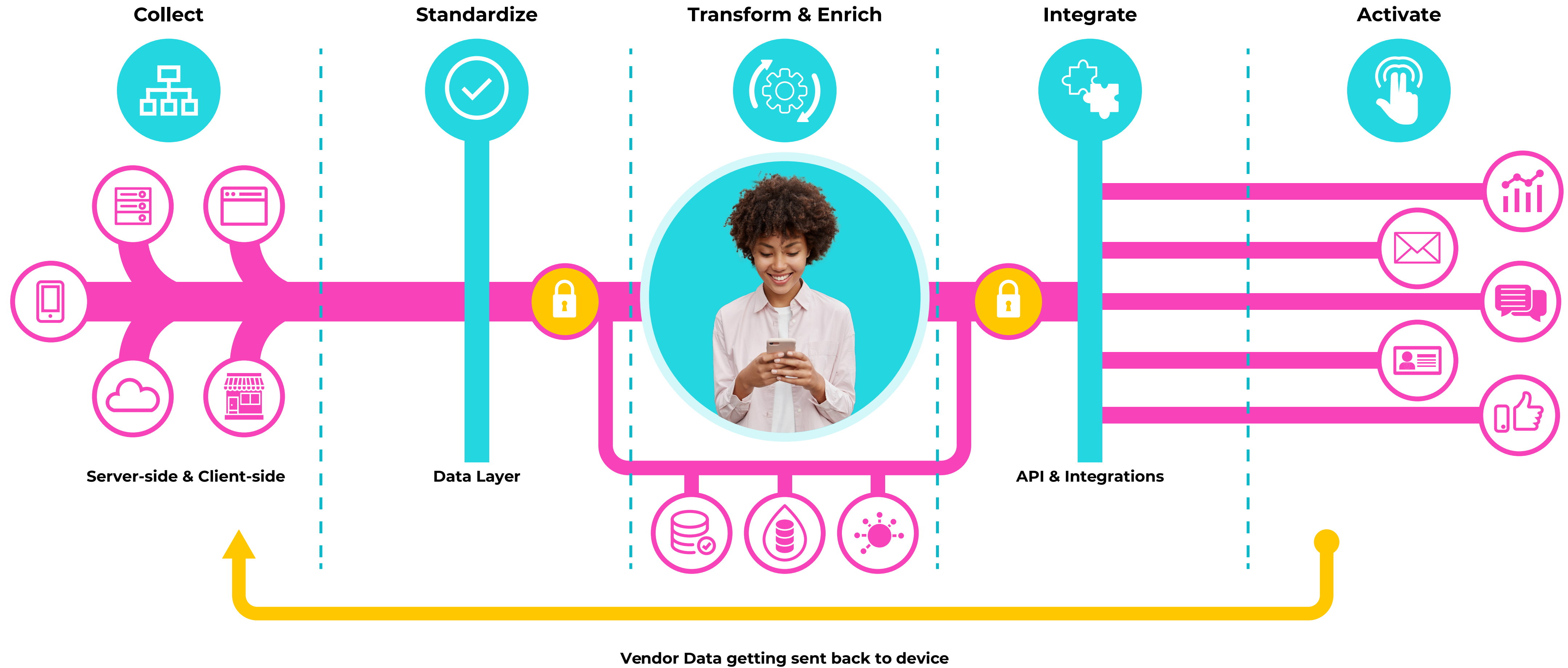
Let's break down the two elements of this phrase, real-time activation.

Real-time: A CDP like Tealium meets your customer in the moment to vastly improve business outcomes. In contrast, a warehouse must wait until data flows in and comes to rest before it is actionable. If you use only a customer data warehouse (CDW) without a real-time CDP to complement it, you are missing out on the ability to meet and interact with each customer the moment they engage. That's a huge point for data differentiation.

Activation: With that real-time, constantly updated data, a vendor-agnostic CDP like Tealium can segment, personalize, and deliver the right next communication, using whatever tools you already have in your marketing toolbox. Dynamic web pages, CRM, email, content management systems, social tools, and ad retargeting – your CDP should be able to activate these tools with the data layer information.

This data layer + CDP combination provides benefits that will delight your Chief Data Officer, as well as your customers. Everybody works from the same clean, consistent, rich customer data source – marketers, sales teams, data scientists, and mobile app developers. Want to strengthen your account-based marketing? You'll segment and personalize like a pro. Need better predictive models? You've got more reliable data with more parameters. Working to increase customer lifecycles and profitability? You can see patterns and clues across all channels and all types of engagement.

Optimize your data with a CDP

Collect

Standardize

Transform & Enrich

Integrate

Activate

Server-side & Client-side

Data Layer

API & Integrations

Vendor Data getting sent back to device

You will also be ideally equipped to take on the key market trends, applications, and use cases that have been keeping you up at night. For example:

Governance and customer trust

- Capture explicit customer consent during website interactions, and enforce these preferences across marketing campaigns and third-party integrations

- Enforce data access policies and encryption standards

- Provide audit trails and security logs through the CDP for compliance and risk management purposes, ultimately enhancing customer trust and confidence in data handling practices

Analytics and measurement

- Improve marketing campaign results by identifying trends, patterns, and correlations in demographic, behavioral, and transactional data from the data layer

- Monitor and analyze customer interactions as they occur

- Respond promptly to changing trends and preferences, optimize marketing campaigns, and personalize customer experiences on the fly

AI

- Use historical transaction data, website interactions, and demographic information to train AI models to predict customer behavior, such as purchase propensity or product preferences

- Tailor your chatbot's real-time responses based on individual customer preferences and past interactions

- Forecast demand for specific products with precision based on factors such as seasonality, promotional events, and customer segmentation, enabling more accurate inventory planning and marketing strategies

CX

- Deliver highly personalized experiences for ecommerce customers in real-time by dynamically adjusting product recommendations based on browsing history and past purchases, increasing the likelihood of conversion

- Segment audiences such as potential travelers based on travel preferences as well as booking history and demographics, tailoring marketing messages and offers accordingly

- Improve customer support and lifetime value by supplying your agents with immediate access to a customer's purchase history and browsing behavior, to provide relevant recommendations or resolve issues promptly

Dollars and sense: The payoff for Data Differentiation

Powered by a robust data layer + CDP strategy, these applications and use cases yield real returns. For example:

- TUI utilized Tealium's CDP to unify and activate over 400 TB of customer data across various touchpoints, resulting in an 18% increase in return on ad spend, a 400% increase in conversion rate for targeted customer segments, and a 6% decrease in cost per booking.

- Barcelo Hotel Group's Tealium CDP-driven marketing campaigns earned a 37% increase in revenue.

- Danone chose Tealium for its ability to unify and transform customer data into intelligence that can be actioned in real-time. Within 2 years of implementation, Danone has recognised a 468% return on investment of Tealium's CDP.

50% Reduction in analysis time

Experienced an increase in website conversions of 5x

With real-time, accurate data, you can affect both top and bottom-line results. The business-changing capabilities you get include:

1. **Better decisions**
Respond to market changes, customer behavior, and operational challenges as they happen. Agile decision-making helps your company stay ahead of competitors who rely on slower, more traditional data analysis methods.

2. **Enhanced Customer Experiences**
Tailor your offerings, communications, and services to meet individual customer needs, increasing satisfaction, loyalty, and retention.

3. **Operational Efficiency and Optimization**
Automating real-time data flows to complement data at rest in your data warehouse, CRM, customer engagement platform, and other systems, saves time by reducing manual data jobs and avoiding costly issues with bad data, all while easing cross-team collaboration.

4. **Risk Management and Mitigation**
Identify and mitigate risks more effectively, such as financial volatility, cybersecurity threats, or compliance issues. Take proactive measures to avoid problems or minimize their impact.

5. **Innovation and Product Development**
Get real-time insights into market trends, customer feedback, and technological advancements, so you can innovate and develop new products and services more rapidly.

Faster-growing companies "drive 40 percent more of their revenue from personalization" than slower-growing competitors.

Source: McKinsey Next in Personalization report

6. **Strategic Forecasting and Planning**
Anticipate market demands, adjust strategies, and allocate resources more effectively. Secure your competitive edge by preparing for future trends and changes before they occur.

7. **Market Responsiveness**
Respond to market trends, consumer demands, and competitive actions swiftly, seizing new opportunities or defending market position.

8. **Targeted Marketing and Sales Strategies**
Target customers more effectively based on their current behaviors and preferences, earning higher conversion rates, increased sales, and a better return on investment for marketing efforts.

9. **Improved Quality Control**
Enhance quality control processes in manufacturing and product-centric companies. Make quick production adjustments to ensure product quality meets standards, reducing waste and customer complaints.

10. **Supply Chain Optimization**
Anticipate disruptions, manage inventory more efficiently, and coordinate logistics to meet customer expectations without overstocking or understocking.

Companies using advanced personalization report a $20 return for every $1 spent.

Source: Value of Personalization Optimization for Retailers, The Relevancy Group

Ready to differentiate your business?

Today's business world is a real-time, customer-driven world.

Real-time, accurate customer data equips your company with the insights needed to operate more efficiently, adapt to changes swiftly, and offer superior customer experiences. This strategic advantage is crucial for staying competitive in a rapidly evolving business landscape, where the ability to quickly interpret and act on data can determine your company's success or failure.

Profitability increased by 200%

Engagement rate increased by 400%

This report was published by

TEALIUM®

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