The New Customer Engagement Model

How to Transform Customer Relationships and Drive Growth in the Privacy-First Era
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Introduction

Every so often, there’s a seismic shift that drastically changes the way companies engage with their customers and prospects. Some shifts shake things up for the better. Others are more of a mixed bag in terms of their impact, like the rise of walled gardens: Google, Amazon, and Facebook.

The next shift is already upon us. Companies find themselves in a new era in which consumer privacy laws like General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA) are at the forefront. In response to these regulations, browsers like Safari, Chrome, and Firefox are eliminating or severely inhibiting the use of third-party cookies for tracking purposes. This will only compound existing customer engagement challenges due to identifier fragmentation.

Yet legacy processes and technologies are not designed to keep up. Most companies’ tech stacks are built for a world that no longer exists. It’s time for companies to adopt a new customer engagement model — or risk being left behind. In this eBook, you’ll discover what you and your organization must do today to thrive in the increasingly privacy-conscious consumer landscape.
Understanding the consumer privacy landscape

Industry analysts will tell you there are likely more consumer privacy regulations on the way. It won't stop with GDPR and CCPA. Other U.S. states are already considering similar regulations, and many speculate that a federal U.S. law is not far behind.

Given where the future of data privacy is headed, it's no longer feasible for companies to scramble their way into last-minute compliance every time a new law comes out. Moving forward, explicit opt-in needs to be built into all your cross-channel engagement strategies. That means being able to account for individual consent across all customer touchpoints and systems with speed and accuracy.

For 2023, Gartner expects 75% of the world to be covered under some kind of privacy law with built-in subject rights requests and consent.

— 2021–2022 Gartner Cybersecurity Predictions
The downsides of legacy processes and technologies

Historically, marketing, customer experience, digital products and monetization, and other growth-focused teams have been at the mercy of other entities – both internal (e.g., IT, the analytics team) and external (e.g., agencies, technology vendors) – to gain access to the data they need to better understand and interact with customers. But this presents a significant risk in a world with GDPR and CCPA – not to mention the operational inefficiencies of activating that data.

When you don’t have direct access to the data you’re using, how can you be confident it is complete and accurate and doesn’t violate an individual’s consent preferences?

Some companies will make do with what they have – at least in the short term – by relying on legacy technologies and databases like CRM software, campaign management tools/ESPs, and internal data warehouses to manage individual consent status and rights requests across channels.

But the truth is these technologies weren’t designed to enable compliance because they lack the ability to provide a single customer view. Moreover, these tools cannot effectively manage individual consent and rights requests across channels, nor can they automatically federate individual consent back out to other systems quickly and with confidence.
The downsides of legacy processes and technologies

The pitfalls of legacy technologies

**CRM Software**
Incomplete customer record that does not account for anonymous data like web browsing behavior, which is a key component of GDPR and the CCPA.

**Campaign Management**
Incomplete customer record that’s limited to understanding the individual within the context of only some channels, but not all channels, as required by these laws.

**Data Warehouse**
Inaccessible customer record that cannot be easily utilized by growth-focused teams and their tools, especially with the speed required for compliance across channels.
Identity: The core of the new customer engagement model

The growing monetary and reputational risks of non-compliance with GDPR, CCPA, and other consumer data privacy laws means companies can’t afford to wait to modernize their systems and processes. Success in today’s privacy-first landscape means making the construct of identity the unifying principle of your customer engagement strategy by making it the cornerstone of your entire technology stack. In other words, identity is the heart of the new customer engagement model.

It also means equally addressing both sides of the customer engagement equation:

1. Managing customer data at an individual level
2. Designing for optimal customer experience
Modernizing your tech stack for a new age

However, identifier fragmentation presents a significant barrier to making the construct of identity the core of your customer engagement model (not to mention complying with GDPR and the CCPA).

These growing complexities require modern technology that can reconcile identifiers across your technology ecosystem and create a complete and dynamic single customer view for the business. That’s why more and more companies are turning to the customer data platform (CDP). When it comes to the new customer engagement model, it is the CDP that serves as the enabling technology for managing customer data at an individual level. At its core, a CDP gives you a single customer view (also known as unified customer profile) that becomes the central object of your business technology infrastructure. In other words, your growth-focused teams gain the benefit of profile data accessibility that offers both confidence and utility.

Confidence
Profile that is accurate, complete, and recognizes individual consent status and preferences across channels and systems.

Utility
Profile that can be used for real-time segmentation, predictive modeling, and customer lifecycle orchestration.
Modernizing your tech stack for a new age

The rise of the CDP

In reality, the customer engagement challenges associated with GDPR and the CCPA are microcosms of the much larger challenge of inaccessible, disparate, and siloed data. Now, the core capabilities of a CDP and the operational efficiencies they create have become even more essential due to the nature of the requirements laid out by these privacy laws.

**Single Customer View**
- Unified customer profile as the central object of the business technology infrastructure.

**Data Accessibility**
- Interface designed to enable non-technical business users to access and use data without dependency.

**Orchestration**
- Suppress messaging across channels and systems with real-time segmentation based on consent preferences and other attributes.

**Synchronization**
- Connections to federate individual consent status and other customer attributes to other channels and systems.
Optimizing customer experience in the consumer privacy era

The best companies today — not just in terms of revenue, but also reputation — are the ones that prioritize customer experience. They recognize the importance of delivering an experience that is beneficial to both the customer and the business.

These companies are embracing (and thriving in) this new data privacy era, despite all the major web browsers suppressing third-party cookies and legislators requiring explicit opt-in and consent.

In addition to adding a CDP to their tech stacks, companies are embracing these new realities by incorporating three key factors into customer experience (CX): authentication, value exchange, and consent.

87% of business leaders tag CX as their top growth engine—the highest of any other growth area.

— 2021 North Highland Report
Optimizing customer experience in the consumer privacy era

Three ingredients of customer experience

1. **Authentication**
   The moment an individual engages with your brand and identifies herself is the moment you can understand her cross-channel behaviors, interests, and preferences to orchestrate a personalized experience designed just for her …

2. **Consent**
   ... but before that experience can commence, you need to earn her explicit consent. Cross-channel opt-out and/or opt-in options are now mandatory, as is quick compliance with any consent changes made by consumers.

3. **Value Exchange**
   To earn consent, you need to offer substantial value to your customers and prospects to ensure they remain opted in to hear from you. Consumers are willing to give you data, but only if they feel they are getting value in return.
Conclusion

The era of consumer privacy is upon us — and the “rules” for modern customer engagement continue to change seemingly by the day. That means you need to future-proof your business ASAP. In other words, you must:

• Audit your current tech stack to identify gaps in legacy technologies’ ability to deliver a single customer view that enables accurate and expeditious compliance with privacy regulations.

• Determine if you will manage cross-channel opt-out and opt-in with your existing technology by putting new manual processes in place — or decide if you’re ready to adopt an automated solution like a CDP.

• Make identity the core of your customer engagement model by managing first-party data at an individual level while also designing for an optimal customer experience across channels and touchpoints.

• Consider how authentication, consent, and value exchange will factor into your customer experience strategy to make sure you provide a customer experience that’s beneficial to both the business and your customers.

Execute these action items, and you’ll be on your way to thriving with the new customer engagement model.
Liberate your data

Want to find out how you can optimize the customer experience in the consumer privacy era?

Reach out today to schedule a demo of our pure-play customer data platform.

Request demo