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Data and Tech for CRM

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Introduction

In an era where most communication and transactions are online, building successful customer engagement requires comprehensive data collection, including online behavior or technological tracking, as well as real-world data such as purchase history or travel lifestyles. This data is processed to gain a deep understanding of customer identities, enabling brands to make precise strategic decisions, whether in offering personalized experiences or adjusting marketing strategies for long-term effectiveness and alignment with the target audience.

Definition of Customer Data

All types of data collected by businesses, including personal details, behaviors, and preferences, used to understand and personalize experiences. This data is gathered through direct interactions or first-party data and third-party data, with the goals of improving marketing, products, and services, which will lead to building loyalty and increased sales.
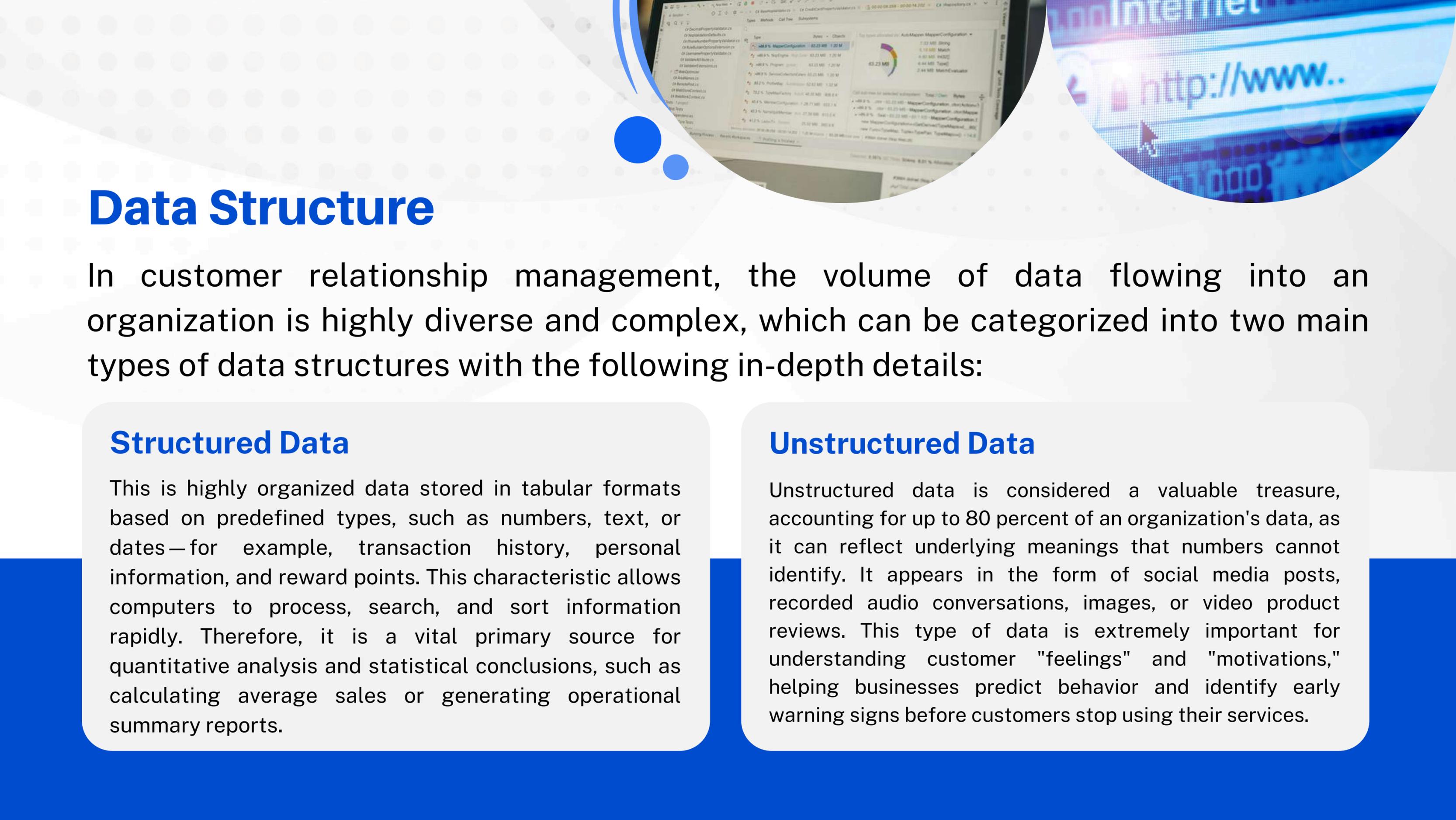
Data Structure

In customer relationship management, the volume of data flowing into an organization is highly diverse and complex, which can be categorized into two main types of data structures with the following in-depth details:

Structured Data

This is highly organized data stored in tabular formats based on predefined types, such as numbers, text, or dates—for example, transaction history, personal information, and reward points. This characteristic allows computers to process, search, and sort information rapidly. Therefore, it is a vital primary source for quantitative analysis and statistical conclusions, such as calculating average sales or generating operational summary reports.

Unstructured Data

Unstructured data is considered a valuable treasure, accounting for up to 80 percent of an organization's data, as it can reflect underlying meanings that numbers cannot identify. It appears in the form of social media posts, recorded audio conversations, images, or video product reviews. This type of data is extremely important for understanding customer "feelings" and "motivations," helping businesses predict behavior and identify early warning signs before customers stop using their services.

Dimensions of Customer Data

Customer data can be categorized into dimensions based on collection methods, of which there are currently various types and techniques. Each method possesses its own advantages and disadvantages, as well as different patterns of data utilization. The dimensions of customer data can be divided into 4 types, with details as follows:

- ✓ **Zero-Party Data**
- ✓ **First-Party Data**
- ✓ **Second-Party Data**
- ✓ **Third-Party Data**

Zero-Party Data

Data may be incomplete, and brands must exert significant effort to create incentives for customers to share their information.

Pros:

Accuracy, as it reflects genuine interests, and high security because customers provide explicit consent. This helps build trust and leads to creating personalized experiences to enhance customer experience.

Cons:

Data that customers willingly provide directly to a brand through surveys, games, or consent settings, such as specifying clothing sizes, favorite movies, or types of food.

Pros:

It provides in-depth and complete details. The brand owns and controls the data themselves without additional acquisition costs, which enables personalized marketing and efficient product development.

Cons:

It may not reflect overall market trends, and brands must have the infrastructure ready for data storage, as well as transparent data collection measures in accordance with regulations.

First-Party Data

Data that a brand collects directly from customers through its own channels, such as purchase history, website browsing behavior, or application usage statistics, to identify individuals and create personalized interactions.

Second-Party Data

Data that a brand receives through data sharing between partners under a mutual agreement, focusing on increasing value and providing a better experience for the customers of both parties, such as sharing spending behavior data between a banking business and a financial advisor, or a collaboration between a fitness center and a health food business.

Pros:

Helps brands reach new customer groups from reliable sources with high accuracy, and is more cost-effective and secure than purchasing third-party data.

Cons:

Brands must exert significant effort to find suitable partners and must have clear data-sharing agreements in accordance with privacy measures.

Pros:

It is a method to obtain large volumes of data easily and potentially at the lowest cost, which helps brands see a much broader overview of the consumer market.

Cons:

There are risks regarding accuracy and obsolescence, as well as ethical issues and privacy measures. Furthermore, the data collection methods cannot be controlled, necessitating caution in selecting legally compliant sources.

Third-Party Data

Data that a business purchases from third parties or data collection companies, rather than collecting it directly from its own customers. This is mostly broad-based data, such as demographics, age, income, or interests, used for ad targeting or analyzing broad market trends.

Types of Customer Data

In addition to categorization by source, customer data can also be classified into 4 main types based on the data format, each of which has different characteristics and values for application as follows:

- **Personally identifiable information**
- **Engagement data**
- **Behavioral Data**
- **Attitudinal Data**

Types of Customer Data

1. **Personally identifiable information:**

It is any data that can be used to specifically identify the owner of the information, such as name, email address, physical address, and telephone number. This type of data is extremely sensitive because it can be used to attract user attention, but at the same time, it carries the risk of being misused. Therefore, businesses must prioritize the security of this personal information.

Types of Customer Data

2. Engagement data:

It is the data generated every time a customer interacts with a business through digital channels. This covers the tracking of various behaviors, such as requesting product demonstrations (Demos), visiting website pages, responding to marketing campaigns, sharing content via social media, and details of email interactions with the customer support team. This data helps businesses visualize customer responses to the brand's activities or content.

# Types of Customer Data

3. Behavioral Data:

It is similar in nature to engagement data but serves a different purpose, focusing on the customer experience through direct interaction with products. This data covers both quantitative aspects, such as purchase history and items removed from carts, and qualitative aspects, such as heatmaps showing the frequency of usage across different parts of a website. Behavioral data is therefore highly useful in identifying usability issues within each website feature. The distinguishing principle is that engagement data measures how users respond to what the brand does, whereas behavioral data measures the actions that users initiate themselves.
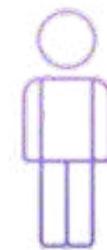
Types of Customer Data

4. **Attitudinal Data:**

Data that reflects opinions and feelings, such as service satisfaction, purchasing motivations, or specific personal interests specified by the customer.

TYPES OF CUSTOMER DATA
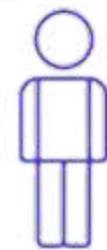
- Mary (PII)
- maryisgreat@***.com (PII)
- Opened newsletter (engagement data)

- Greg (PII)
- greg@***.com (PII)
- Likes fried chicken (attitudinal data)

- Tyrone (PII)
- 081******45 (PII)
- Added a dirt bike to his shopping cart (behavioral data)

- Sam (PII)
- 041******79 (PII)
- Unimpressed with your app (attitudinal data)

Steps for Collecting and Storing Customer Data

In collecting customer data, as well as utilizing the obtained data to clearly understand customer preferences and actions for relationship management, the process can be summarized into 4 main steps as follows:

- **Data Collection**
- **Data Sorting**
- **Data Storage**
- **Data Analysis**

Data Collection

It is the gathering of data from various channels, such as websites, applications, social media, and surveys, to enable businesses to deeply understand customer preferences, behaviors, and needs. Valuable data sources include demographics, purchase history, and website usage behavior metrics. Furthermore, the methods of data collection can be categorized into 2 main formats:

Collecting passive data

Active data collection

Data Collection

Collecting passive data

This is data generated from exchanges between customers and the brand, such as product purchases, filling out order forms, requesting assistance, or contacting customer service hotlines. This type of data should be collected and accessible automatically, as basic systems typically record this information for service purposes anyway. Therefore, businesses can easily collect this data simply by linking transaction recording systems to a primary data storage system that is ready for further use.

Data Collection

Collecting passive data

Marketing Data

This is data obtained from the analysis or inference of customer behavior, typically collected automatically during marketing campaigns or received from marketing partners. This data covers various metrics, such as click-through rates or social media interactions, which help businesses visualize a broad overview of customer behavior, even if it does not identify specific individuals. A key advantage is that the company does not have to bear the burden or additional costs associated with customers initiating interactions to generate this data.

Data Collection

Collecting passive data

Website or app usage

This refers to tracking the user journey, which is essential for product improvement, both in terms of fixing system errors and designing more efficient customer service sections. Furthermore, such data can be used to analyze customer sentiment toward the product, and in many cases, businesses already have this data ready for immediate use.

Data Collection

Active data collection

This is when a brand creates activities to request data directly from customers, covering everything from obtaining consent for behavior tracking to conducting market research, in order to gain accurate and relevant information. This consists of:

Cookies and privacy compliance

This is data generated when consumers confirm the use of cookies. Websites can then track usage data of immense value to create efficient datasets. However, the collection of this data must strictly comply with privacy policies, requiring consent through an explicit 'accept' action from the user.

Data Collection

Active data collection

Surveys

These are tools that help obtain specific data and precisely tailor it to business needs, despite having high costs and being conductible through either automated systems or commissioned in-depth research. However, this data has limitations regarding continuity, as it reflects facts only during the period it was conducted and may not be reusable indefinitely.

Data Collection

Active data collection

Public third-party platforms

This involves gathering data from third-party platforms, such as review websites and social media, as an alternative way to access authentic consumer perspectives through sources they actually use. Analyzing interactions and using brand sentiment measurement tools helps businesses see their products through the eyes of the customers and better understand their needs from a broader perspective.

Data sorting

After gathering the data, it must be filtered and segmented based on various factors to select the most relevant information for targeting and to precisely adjust marketing strategies for each customer segment. The segmentation criteria include:

- **Demographic Data**
- **Geographic Data**
- **Firmographic Data**
- **Behavioral Data**
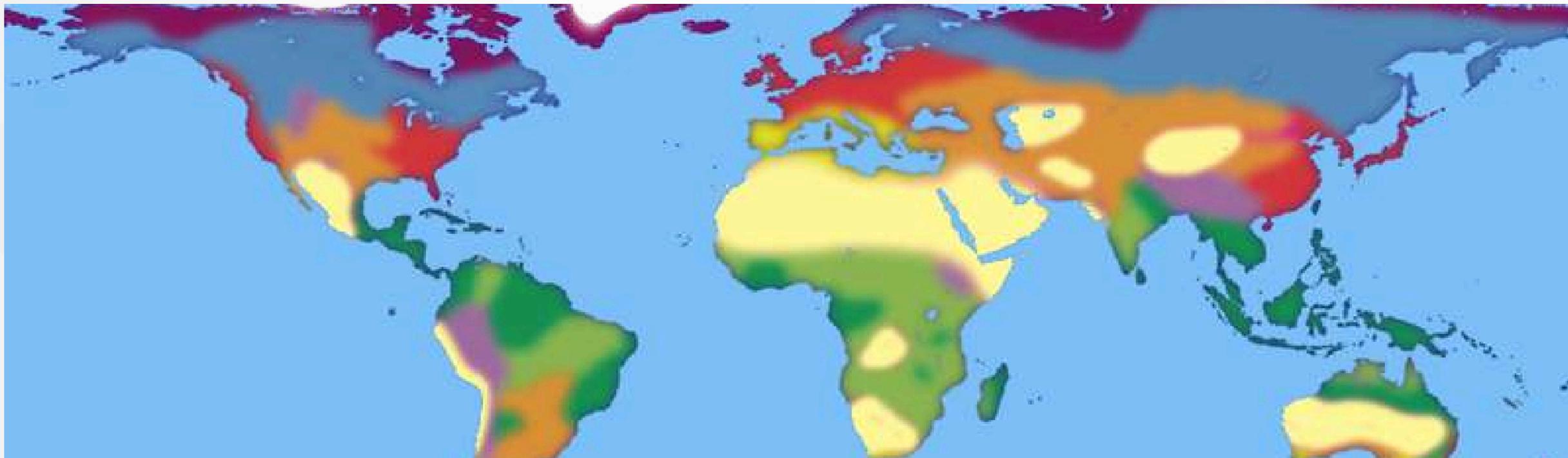- **Technographic Data**
- **Psychographic Data**

Demographic Data

Demographic data is statistical information that identifies individual characteristics, such as age, gender, income, occupation, and status, to help businesses 'know' and clearly classify target groups regarding who the customers are and how much purchasing power they have. This information is used to define strategies that precisely match target audiences and geographic areas for maximum effectiveness.

Geographic Data

Geographic data identifies customer locations, such as countries, cities, or GPS coordinates, to customize offers and products to meet specific regional needs. When analyzed alongside other factors, this data helps businesses gain deep insights into local customer behaviors and ensures that marketing efforts are precise and highly effective.

Firmographic Data

Firmographic data refers to the specific characteristics of a company, such as industry type, size, and revenue, used to segment and analyze target customers in the B2B market. This information helps businesses better understand the context of their partners, resulting in more precise marketing strategies that directly address the needs of each organization.

Behavioral Data

Behavioral data is the recording of actual customer actions, such as clicks, purchases, or app usage, to help businesses understand what customers do and their underlying intentions. This data helps brands predict future trends and more effectively provide personalized experiences tailored to each individual customer.

Technographic Data

Technographic data provides insights into the software and hardware that customers use, helping to understand their workflows and existing tool gaps. This data enables businesses to identify opportunities to offer targeted solutions and create smart sales strategies based on the technological dimensions through which customers operate their businesses.
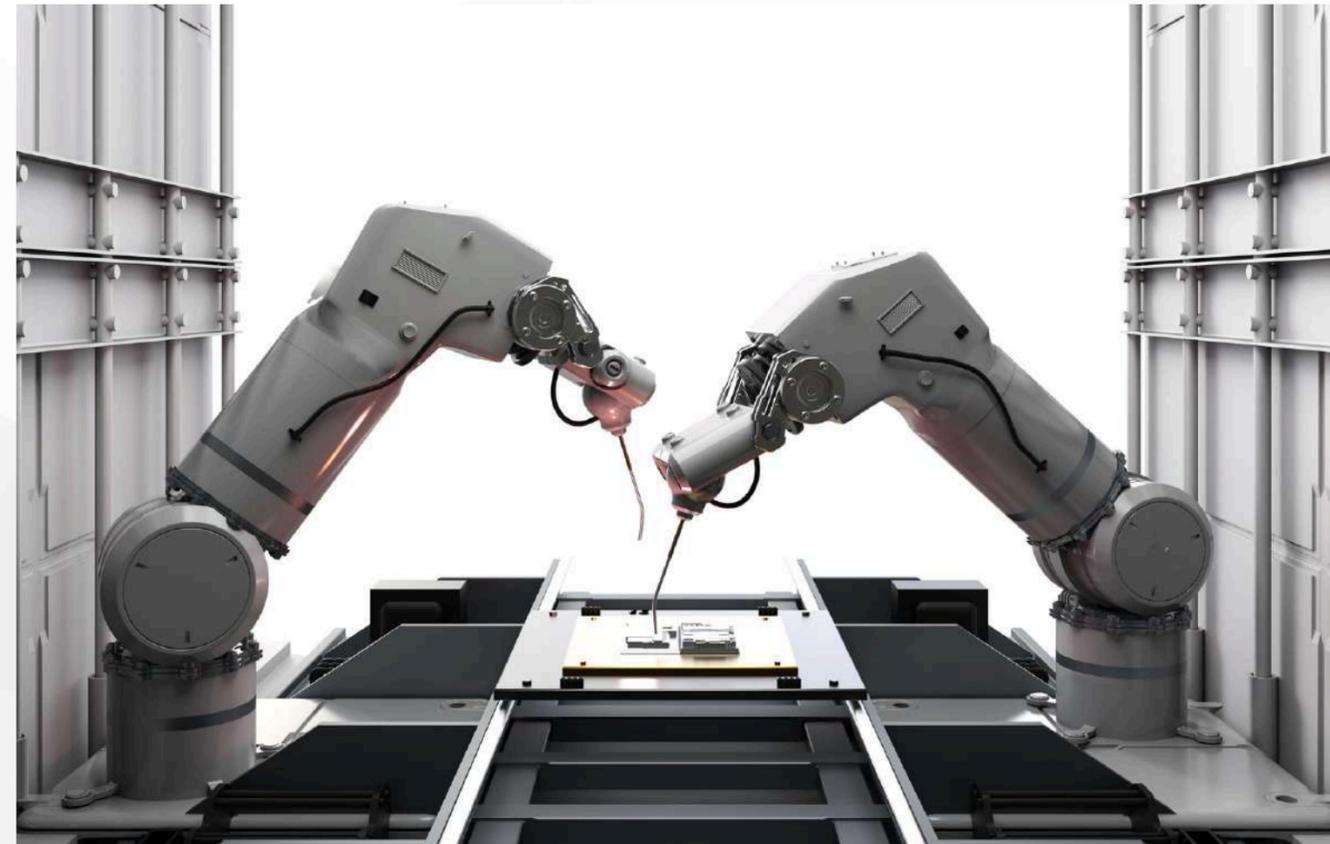
Psychographic Data

Psychographic data delves into thoughts, beliefs, values, and lifestyles to help businesses understand the reasoning behind customers' purchasing decisions. This information enables marketers to create campaigns that connect with internal identities and communicate in a way that resonates with customers on a deeper and more meaningful level.
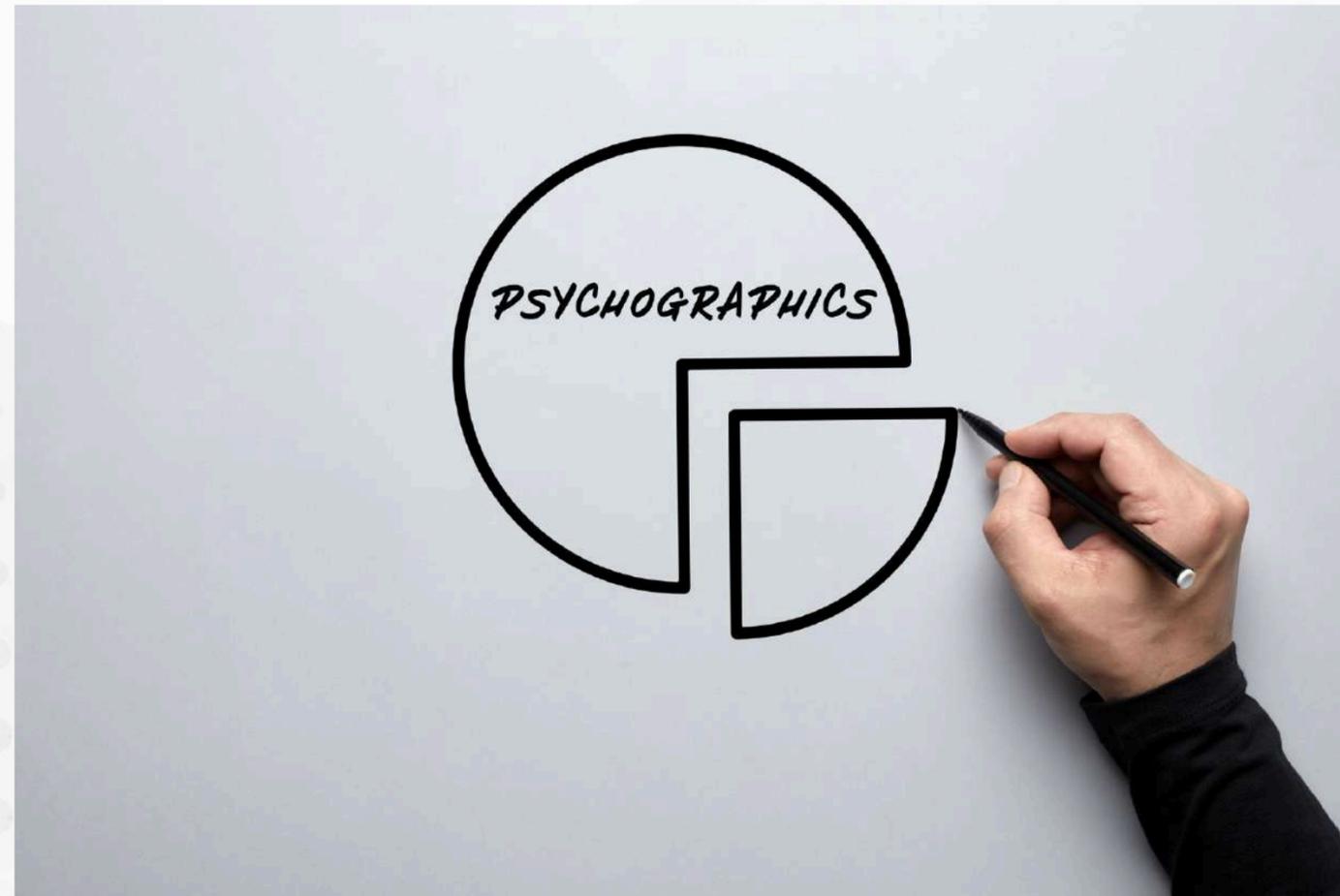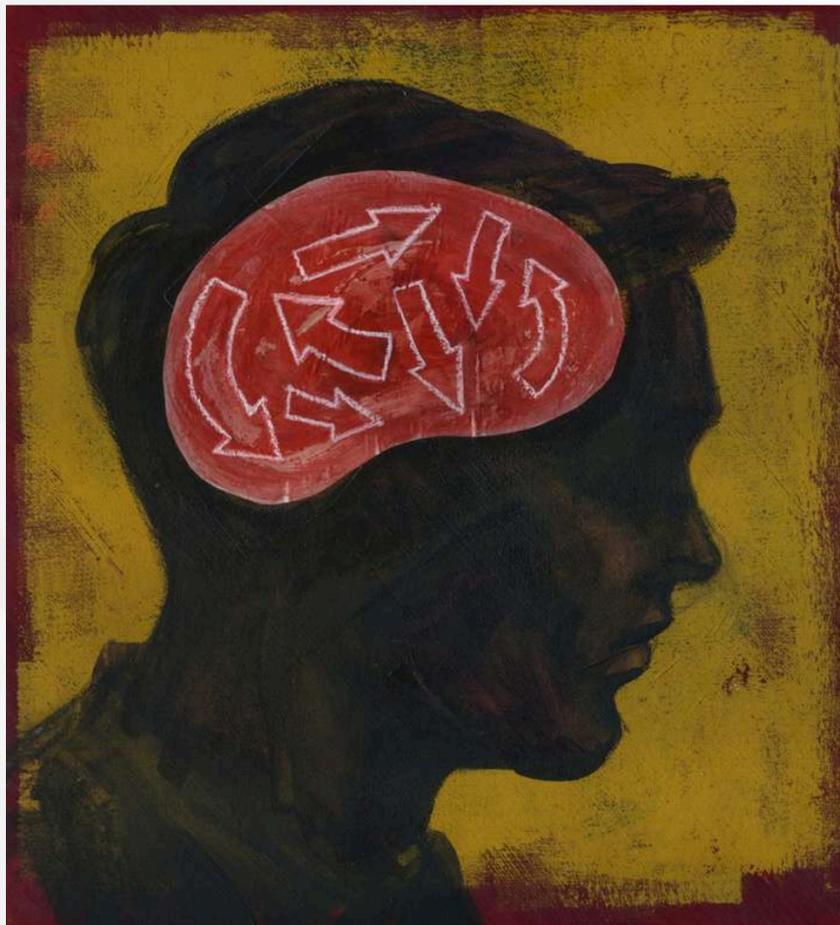
Data storage

Systematic customer data storage ensures that information is secure and easily accessible through purpose-built platforms (CDP). These platforms consolidate data from various sources, making the discovery of insights convenient and efficient for further utilization.

Customer Data Platform: CDP

Acts as a central hub for collecting and integrating data from multiple sources to create real-time, comprehensive customer profiles that include both identification data and various interactions. A CDP can manage data at all levels, emphasizing first-party data to ensure accuracy and compliance with privacy laws regarding consent.

Examples of Customer Data Platforms in Thailand include:
SABLE, ChocoCDP, SmartCDP"

Customer Data Platform: CDP

What types of data can a CDP store?

Identity Data
Specific information for each individual customer, including: Work-related information, lifestyle, and family.

Descriptive Data
Personal data of customers that allows brands to identify them within the system, including first and last name, age, gender, address, and telephone number.

Quantitative Data
Numerical data that reveals the frequency of customer engagement, including: Quantity, dates, number of times, frequency of product or service purchases, and spending value.

Qualitative Data
Non-numerical data in the form of answers or opinions, including: Information regarding motivations, how they discovered the store, preferences, favorite colors, and favorite flavors.

Data analysis

Data analysis is the final step in transforming stored data into insights for precise decision-making. The resulting outcomes are converted into key metrics, such as Customer Lifetime Value (CLV), satisfaction scores, and engagement levels, to create maximum benefit for both customers and the business. It is divided into 3 types:

- ✓ **Descriptive Analytics**
- ✓ **Predictive Analytics**
- ✓ **Prescriptive Analytics**

Descriptive Analytics

Descriptive Analysis involves using fundamental data to summarize and explain what has happened in the past or present, such as summarizing results from Facebook advertising campaigns to identify points of success or issues. This helps businesses clearly understand actual situations through figures and statistical data.

Predictive Analytics

Predictive Analysis is the use of complex data for analysis to predict future events, such as forecasting popular marketing trends or predicting sales and campaign outcomes in advance. This helps businesses prepare and plan for upcoming trends with precision.

Prescriptive Analytics

Prescriptive Analysis is the most complex level, as it not only predicts the future but also offers options and recommendations for appropriate operational actions. This data can identify the pros and cons of each investment or decision-making model in detail, helping businesses choose the best path and reduce operational risks.

Google Analytics Data Analysis Tool

Google Analytics คืออะไร | KTn develop

Google Analytics คืออะไร

Watch on YouTube

Example: Data analysis tools include Google Analytics and Adobe Analytics.

Why Customer Data is Important to Business

- Helps design privileges that resonate with customers.
- Helps create a strong membership system.
- Helps develop communication channels with customers.
- Serves as the foundation for creating a Loyalty Platform.
- Helps increase marketing efficiency.

Q & A