BUILDING BLOCKS TO BUILD TOMORROW'S PRIVACY - FIRST CONSUMER DATA ECOSYSTEM

Enabling B2C companies become autonomous across phygital touchpoints leveraging Infosys Infosys Customer Intelligence Platform solution

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Executive summary

Retail, CPG, and other B2C companies are undergoing a defining moment marked by the continuous flux in consumer trends and demands. Amidst this, modern-day marketers must yield growth opportunities for businesses while orchestrating connected experiences for their consumers. With digital innovations leading to an explosion of consumer touchpoints, enterprises need to activate hyper-relevant omnichannel experiences. This requires companies to understand digital touchpoints better, capture value from their data, and stay ahead of the changing regulations by leveraging emerging technologies such as cloud-based analytics, artificial intelligence (AI), and machine learning (ML) for real-time intelligence.

This paper talks about how enterprises can drive value for their brands by accelerating data-driven consumer journeys across phygital touchpoints, becoming autonomous, and implementing an end-to-end solution designed for tomorrow's privacy-first data economy.

Decoding consumer data in the modern-day landscape

If data is the new currency, then mastering data is far more invaluable, especially in the face of economic uncertainty. But what happens when consumer data is siloed within the product and engineering teams, locked away from marketing and sales teams, and not tied to monetization outcomes? Enterprises could miss the bus in helping their go-to-market teams do more with less during economic downturns. This includes leveraging data with a phygital approach to understand changes in consumer purchasing decisions, customizing onboarding and product experiences for increased conversion rates, and ultimately, applying sales motions at the right time to yield revenue.

Today's highly inflationary environment [1] has impacted consumer spending on discretionary products, necessitating optimizing marketing and promotional efforts to target the right audiences on the right channels. On the other hand, data privacy regulations are changing how businesses traditionally capture, store, share, and analyze consumer information. Especially with the proposed restrictions on application tracking, third-party cookies, and identifiers, B2C companies holding little to no first-party data in their media vehicles are in the dark about behavioral and demographic insights. This further deters enterprises from drawing target audiences and segments, building conversations, and iterating brand relevance.

The potential deprecation of third-party cookies has also impacted some prevalent consumer data collection practices. Retargeting is a powerful tool that traditionally, CPGs use to engage consumers who have left brand-owned digital platforms without making a purchase. Similarly, marketing attribution enabled by third-party cookies is widely used to capture insightful data at every touchpoint along the consumer purchasing journey. Further, third-party audiences are foundational, especially for top-of-the-funnel CPG activations, where data retrieved from cookies enables CPG marketers to discover new consumers on a large scale. However, every business must now determine the degree to which their data will be affected, given these practices will bear significant roadblocks in today's times.

Decoding consumer engagements in the current market landscape

Retail & CPG brands are expanding communication and connection with their consumers via loyalty programs, promotions, and other direct-to-consumer (DTC) efforts, keeping conversion targets and improved business health in mind. However, engagements now need to be relooked at in the first-party, privacy-first data world, which can be achieved through the below:

Loyalty programs

Can create direct consumer relationships while being purposeful, non-intrusive, and mutually beneficial in collecting consumer data. This is made possible with engagements anchored to real-time insights in navigating audience pulse and product targets, pricing strategies, omnichannel consumer footprint, and more. Here, employing a first-party data strategy built on an intelligent platform can help with hyper-relevant engagements, increased wallet share, elevated brand perception, and employment of brand evangelists for overall program efficacy.

Conversions

In a privacy-first world directly result from a good understanding of consumer lifetime value (CLV), delivery of hyper-relevant messaging, and audience remarketing. Employing a privacy-safe first-party data strategy can help deliver these outcomes with insights into new behavior exhibitants, demographic groups that haven't been considered before, inefficient marketing spending, and more.

Revenue optimization

Efforts are best measured with insights from first-party data because they will never turn obsolete. Enterprises leverage consumer data that is compliant, safe for all browsers, and segment-driven. This further equips brands to formulate niche audiences for customized campaigns and subsequently turns the spotlight on revenue-based avenues like pricing, profit, and marketing optimization.

The right mix of solution differentiators and partner technology

Clearly, catering to consumers' expectations requires a renewed approach and relevant scaled-up engagement strategies. Enterprises need to be mindful of sales that are being influenced by digital channels like social media, wherein personalization plays a crucial role in establishing a connection with consumers. Here, crafting ads and campaigns that are relevant to consumer and market trends creates an urgency in controlling consumer data. Especially since CPGs are top advertising spenders and will, in any case, need reliable metrics on the return on their ad spend. Yet again, the heavy reliance on third-party (3P) data and providers (mostly collected through cookies and application tracking) has led to a restrictive environment, making it challenging for CPGs to achieve personalization, media effectiveness, and campaign efficiency in a cookie-less world.

Infosys' Infosys Customer Intelligence Platform (CIC) on Google Cloud is a centralized cloud-based platform that provides ambient intelligence transcending automation boundaries to help B2C businesses make decisions at scale in a privacy-first data economy. Here are four steps to this enterprise-grade consumer data platform solution that can help transform your unconnected data ecosystem into a connected data fabric:

Observe

Sense, harmonize, resolve, and connect consumer data and identities on a poly-cloud framework

Orient

Build a unified consumer data fabric and enable easy intelligence exchange across a privacy-federated network

Decide

Leverage a pre-trained set of AI/ML agents to derive consumers' affinity to brands, and other relevant attributes in a Taste Graph

Act

Activate intelligence across media channels and phygital touchpoints using an autonomous decision orchestration layer that works alongside the Taste Graph

CPGs need to create their own corpus of first-party data by breaking silos and integrating readily available data sources (such as Google Trends) into a consumer data platform to truly prepare for tomorrow's data economy. Moreover, since many CPGs have steered to create their own direct-to-consumer (D2C) and consumer outreach channels, a solution founded on harvesting first-party (1P) data intelligence at every touchpoint will be the best way forward to learn about consumer preferences. The Infosys Customer Intelligence Platform solution, powered by Infosys Cobalt [2] and Google Cloud [3], gives CPGs the ability to make the most of their 1P data by executing top use cases such as:

Enhanced consumer understanding

Conceptualize and construct distinct consumer profiles, including behavioral, attitudinal, and other attributes. Refresh consumer profiles based on near real-time analysis of web data streams

Smart consumer segmentation

Re-engage consumers and reach consumers similar to them based on information shared online and offline. Create look-alike segments for analytics and activation across multiple touchpoints

Personalized marketing communication

Embed personalized content across channels based on derived insights. Enable upselling and cross-selling opportunities at each critical touchpoint along the consumer journey

Creative analysis and optimization

Generate successful creatives by analyzing their imagery, such as objects, emotions, texts, colors, etc. Decipher the impact on ad performance and automate personalization of creatives at scale

Attribution modeling and marketing spend optimization

Use in-built spend analytics models to determine digital marketing ROI using conversion trends, performance by channel and campaign-level metrics

Trusted Intelligence Exchange

Ability to exchange consumer intelligence with partners (internal

and external) through a secure private network.

Consumer signals for demand sensing

Input 1P and 3P consumer data, trends, and channel data to improve sales and operation planning accuracy. Embed an additional off-the-shelf demand forecasting service and inventory projection model

Digital commerce product recommendations

Generate personalized product recommendations, 1:1 merchandising, rank assortment to cross- and up-sell, drive online revenue, and more based on purchase history and behavior through pre-built AI/ML models and turnkey solutions

Consumer lifetime value optimization

Determine valuable consumers that need to be targeted with offers across consumer-preferred channels with in-built AI/ML models. Minimize churn with prescriptive marketing insights aimed at extracting maximum per-consumer value over their lifetime

Propensity to convert modeling

Execute real-time action based on online predictions, including user behavior on the website, or batch predictions that inform less time-sensitive communications like e-mails

Trend spotting

Identify trends and drive product innovation and renovation areas early through data collection, enrichment, analysis, and visualization

Sentiment analysis

Understand sentiments and identify promising product innovation and renovation areas early with consumer insights and analytics

Accelerating qualification and innovation

Accelerate analysis of consumer data for rapid qualification and speed-to-market using consumer 1P data and enrichment data sources

Infosys CIC on Google Cloud resonates with current consumer expectations using best practices in careful and sensible data collation, data curation and cleansing, and seamless delivery of marketing activations and hyper-relevant ads.

Connecting taste, context, and intent across consumer journeys

A CPG firm faced challenges with disconnected consumer journeys across both paid and owned media campaigns and fragmented recommendations resulting in:

- Reduced engagements and an increased bounce rate of >40%

- Siloed consumer data across 200+ brand digital channels

The firm leveraged Infosys' CIC on Google Cloud for a privacy-first consumer data fabric with next-gen capabilities like a safe knowledge room, AI-driven identity resolution, and digitalized consumer marketing and data engineering. They also benefited from a cognitive-first solution delivering a consumer taste graph enriched with intent, context, and preferences. Further, cognitive orchestration helped push contextualized brand-specific messages across locations and demographics, and the CPG firm was able to realize micro-market districting-based (localized) media performance management, which led to:

- Consumer engagements increased by 12%

- The bounce rate decreased by +23%

- Personalization for consumers increased by 80%

- Media spend optimized by 65%

What's next?

Change seems to be the only constant when it comes to consumer behavior. Here are a few top trends envisaged for 2022 and beyond, highly applicable to CPGs and other consumer-facing sectors:

Synthetic data with the help of AI

By 2025, synthetic data will help avoid 70% of privacy violation sanctions [4] with the reduction of personal consumer data collection. Serving as a proxy for consumer-generated data, synthetic data with the help of AI will help companies limit regulatory concerns and gain more accurate insights.

Challenges in data collection monetization

By 2024, 40% of consumers will be more aware of behavior tracking metrics [5], causing them to trick the system and devalue personal data. This includes consumers using tactical tools such as VPNs, providing inaccurate or false information, or opting out of data collection altogether.

Letting go of unproductive consumers

By 2025, 75% of organizations will let go of poor-fit consumers [6] to make way for good-fit consumer acquisition costs. Enterprises realize it costs time and money to satisfy and retain unproductive consumers by catering customized offers or designing solutions specific to their needs.

To thrive in a privacy-first data economy, CPGs must consider moving away from conventional or point-led approaches to unlocking the potential of consumer data and insights. Working across poly-cloud frameworks and hybrid cloud environments is now the norm. CPGs need to focus their investments on building a strong first-party data foundation powered by the cloud – to proactively store, process, analyze, and derive insights at speeds demanded for their relevance in the digital future.

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