

THE BIG PICTURE:

How grocers and brands can harness the power of a unified customer view to understand their customers like never before



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Grocers and brands try to understand their customers by collecting sales data, but they're missing critical pieces and can't understand the whole picture.

Brands have plenty of data — they pay to access aggregated transactional data and can access third-party data sources — but it is often expensive and slow, does not provide enough competitive differentiation, and rarely is at the level of the individual customer. As a result, it doesn't give brands insights into the customers and their journeys.

With online grocery spend increasing 12% annually, it's critical to understand and support the customer's omni-channel journey. It's not enough to only understand customers at the household level; you need a view at the individual level to provide a personalized experience in digital channels. Most brands lack the ability to segment and personalize at both the household and individual level, creating a sub-optimal customer experience and missing a huge opportunity for marketing that feels personal.

Since grocers often own the customer experience over the entire shopper journey, they have direct access to both online and offline customer data. This allows them to pinpoint who is buying which products, so they can meet customer needs — but only to a point. Without products that customers want and messaging served at the right moment, neither grocers nor brands can optimize their sales.

A deep understanding of customers and their journeys has always been essential, but it is especially critical now, with the decline of third-party cookies, the increased focus on data privacy, and the growing importance of first-party data. Still, if brands and grocers each have only pieces of the customer, they will miss the mark on delivering products customers want to buy, and the experiences brands and retailers want to provide.


However, if grocers and brands can effectively bring views of their data together into a single, unified customer profile that's accurate and accessible, they can develop a fuller and deeper perspective of their customers, leading to better business decisions, more efficient campaigns and greater ROI.

The grocers' view of customer information: Rich but siloed

Grocers have access to a plethora of customer data including:

- CRM profiles
- loyalty programs
- third-party grocery delivery data
- credit card information
- email engagement
- 1st party clickstream data

And while they all give grocers views of their shoppers, the data comes from different sources, departments, and platforms and doesn't provide a consolidated customer picture.



Grocers are limited in their view of the customer because, historically, they only have access to internal sales data. Understanding customer order history and preferences are beneficial for grocers, but what's been missing is the ability to combine internal sales data with external sources such as social media, competitive intelligence, local events, and weather information. Combining internal sales and external data unlocks the potential to deliver personalized experiences at scale across channels.

MIKE EDMONDS

Senior director, worldwide retail and consumer goods strategy, Microsoft





The cost of a limited view

Stephen Lan, director of product marketing, Amperity, said grocers' restricted view gets in the way of three key customer goals:

- 1 attracting new customers,
- 2 retaining existing ones, and
- 3 growing the lifetime value of current ones.

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To accomplish that, you must have a very targeted view and understanding of those customers. By bringing together all those different data points, you can have a complete view — a unified customer profile for each customer, including their transaction history as well as their shopping behavior, enabling more effective segmentation and targeting.

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STEPHEN LAN
Director of product marketing, Amperity



The expectations customers have for personalized messaging could not be higher. And customers aren't very forgiving when a retailer or brand gets it wrong by sending an email and using the incorrect name or highlighting a cat food special to a dog owner. That's a sure way to get a customer to hit the unsubscribe button.

STEPHEN LAN
Director of product marketing, Amperity



No room for mistakes

Grocers can't afford missteps in marketing. The grocery industry has always operated with small margins, and now it faces new and expanding competition. "As much as the pandemic created opportunities for retailers to drive traffic and build loyalty with all-new online properties, it also created an opportunity for competition to arise," said Matt Hallett, head of product solutions at Amperity. Besides threats from traditional grocers, competition also comes from retailers like Amazon and Walmart. Then there are third-party deliverers like Instacart and Uber Eats. "The better grocers can serve their customers, the better they can know their customers, the more likely they are to attract, retain and grow their customer base."

Grocers try to make sense of the data they have, Lan explained. "They're often trying to stitch data together to identify customers in order to generate insights, but they're using a rules-based algorithm to connect data that's manual, slow, and only goes so far to effectively unify customer data — So you can't enable the right analysis and arrive at the accurate insights you're looking for."

Hallett said providing these analytics was not optional. "It's now imperative for a CFO or CMO to have this level of insight." Pressure for grocers to use these insights doesn't just come from the C-suite. It comes from customers, too.

That insight doesn't just prevent the loss of customers, he added, "it also helps determine which segments of your customers and business models maximize your bottom line, which is critical for growth."

The brands' view of customer information is limited

Brands don't have unified customer profiles, either, Edmonds said. "CPG brands are limited by their inability to view in-store sales data by individual customers. Grocers have this view, but CPG brands do not. CPG brands have access to macro-level data, but not down to the individual level from engagement through conversion. Furthermore, with the loss of cookies in the browser, CPG brands are losing a key vehicle for how they have accessed data about individual customers."

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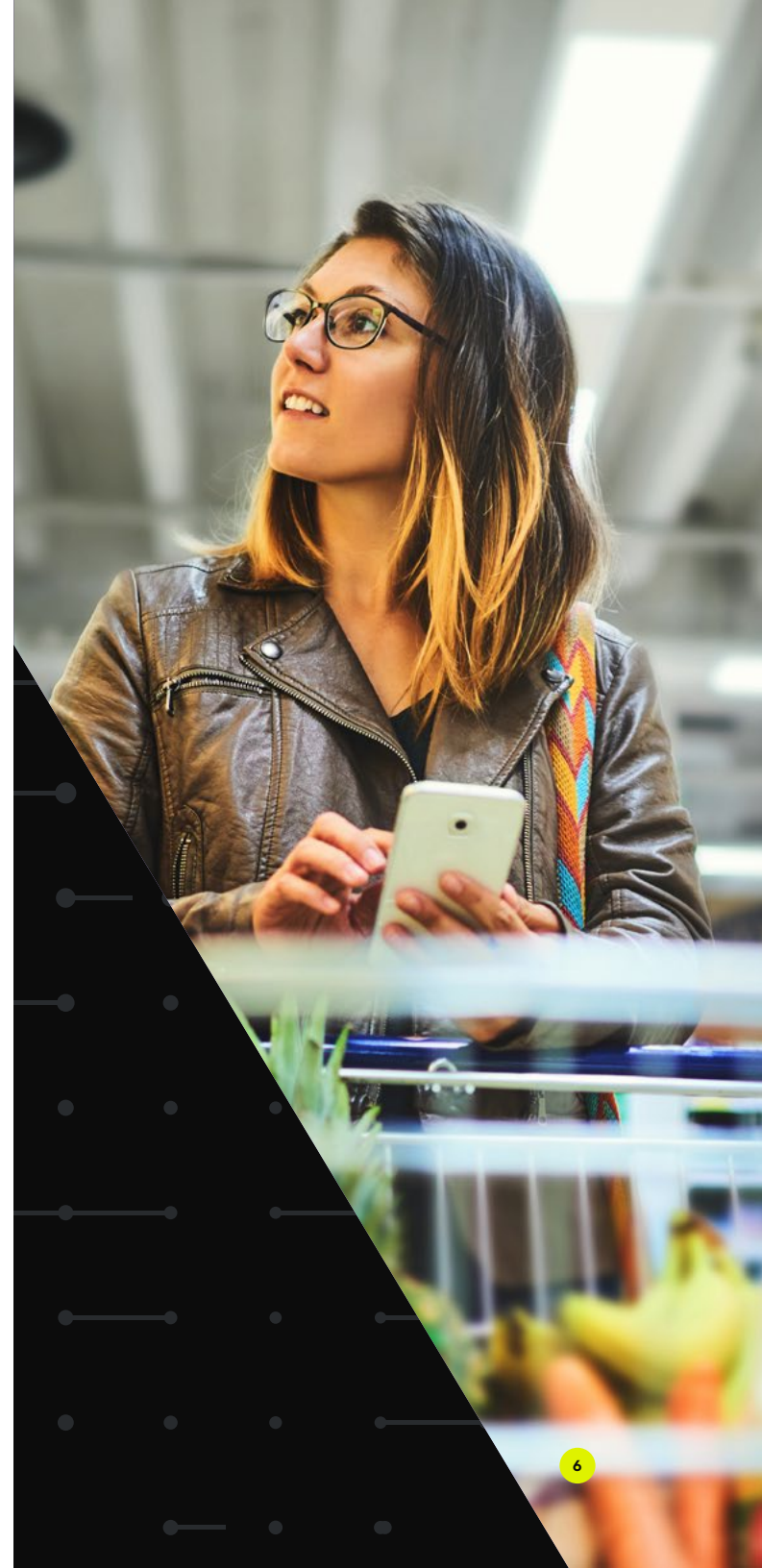
Because of this impending loss of the third-party cookie, brands are in the role of following versus partnering with the retailer. Unless the brands have a direct-to-consumer website, brands rely on intermediaries to provide that essential information about consumer behavior.

MATT HALLETT,
Head of product solutions at Amperity

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Lan added that although brands constantly try to learn about customers, they try to learn through informal ways, such as surveys and panel data, and third parties, such as Nielsen.

This approach provides a more theoretical look at “like” customers versus retailers’ and brands’ actual customers. When brands have data that applies to their customers, they can better target their activity in terms of product development and communication and make efficient use of their ad spend.



Three buckets of costs

Simply put, not having a unified customer profile affects all parties.

01

Businesses waste ad spend on inaccurate or incomplete targets. Bad seed audiences acquire weaker customers and lower lifetime value, and companies spend even more to reacquire their current customers.

02

Customers are irritated by disappointing or irrelevant experiences.

03

Employees are frustrated by the efforts to get the data right when it's hard to access and has too many inaccuracies to be trusted.

Bringing together a mutually advantageous partnership

Hallett said that the idea of grocery stores and brands developing a data-sharing relationship had never been more paramount. Besides sharing the data, customer insight is significant for driving loyalty between them and against the competition. Beyond building loyalty, grocers that can consolidate customer data and provide brands with those insights have an advantage over the field.

He added that data collaboration is the best proxy for brands in a cookieless world, giving brands insights, targeting, activation, and attribution against grocers' first-party audiences and insights



Suppose grocery store A provides me a unified view of the online and offline sales transactions of my product, but grocery store B does not because they have not unified their customer profile and loyalty program or CRM data. You're going to see brands shift their spend and marketing budget to those grocers that provide data transparency and those who provide insight.

MATT HALLETT

Head of product solutions at Amperity



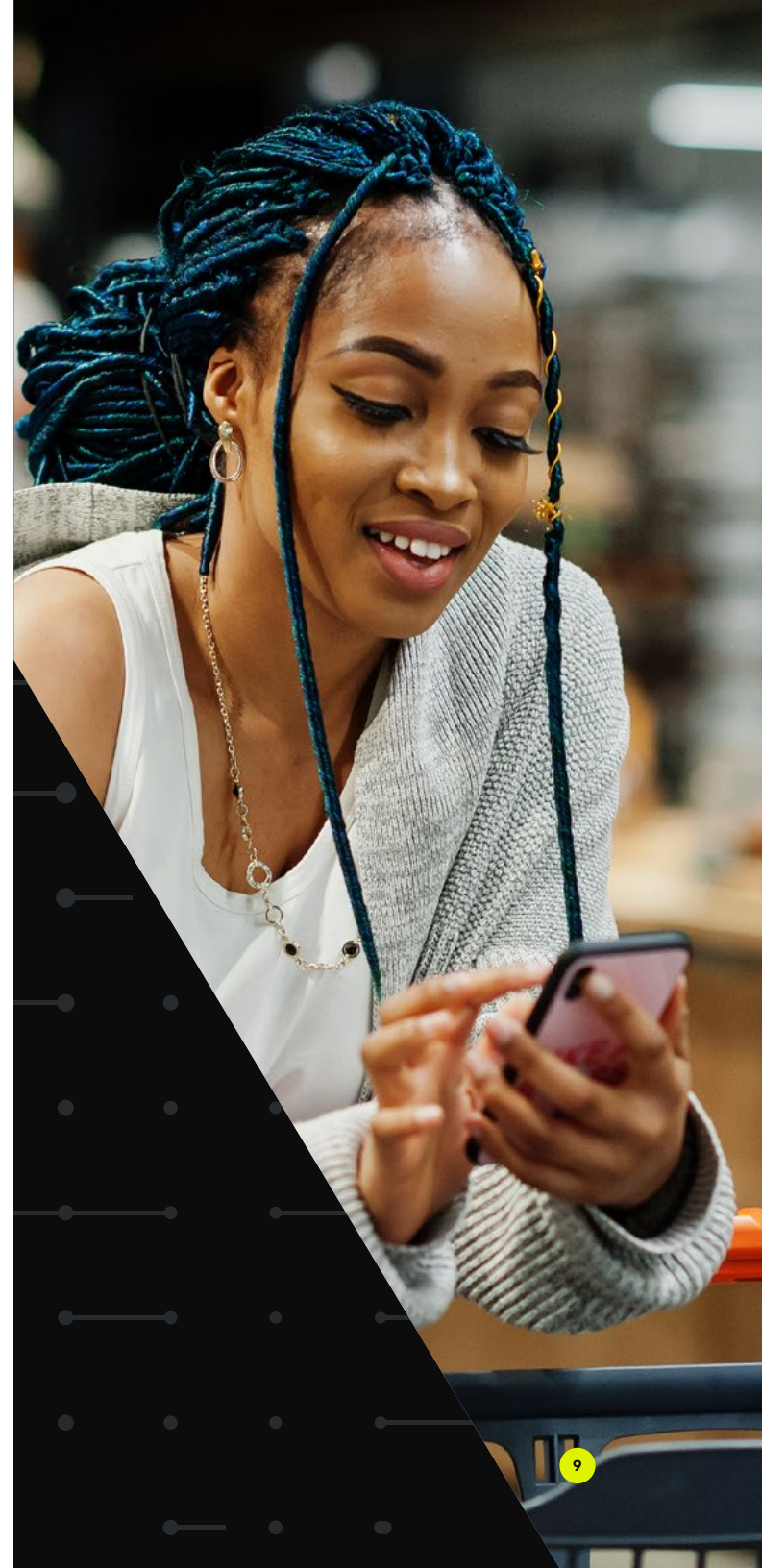
The ideal world of a coordinated grocer and brand data

What does coordination of data between grocers and brands look like? Hallett said it started with brands' building a unified customer view foundation, first leveraging whatever first-party data they have access to, then using third-party data to enrich or append the information as needed. Grocers would do the same.

They would also unify online and offline sales, bring in loyalty program data, and incorporate third-party data as appropriate. "Grocers and brands would build relationships to work with data collaboration in a privacy-safe way," Hallett said. "Across sales transactions, basket analysis geographically, customer loyalty information, et cetera." Grocers and brands would agree to matching logic, terms of use, and activation and insight paths.

The result?

- Brands and grocers can increase customer engagement through unified and accurate first-party data that can feed the retail network and reach hyper-targeted audiences at the point of purchase.
- Grocers that are ahead of the game and have access to accurate individual and household data will secure a stronger business partnership with retailers. "Ultimately, having access to higher-quality customer data allows retailers to drive greater ROI across every marketing channel," Lan said.





+12%

annual growth in the percentage of grocery dollars spent online vs. in store. Providing an omni-channel experience can't wait.

Treat your customers like individuals...

Traditionally, grocers have personalized and marketed at the household level. While this approach is great for offline marketing, personalization at the individual level is required to provide the best customer experience and the highest-performing marketing campaigns. For example, when one family member is a healthy shopper and another only buys snacks, they should have a very different online or in-app shopping experience. Similarly, households often contain marketable email addresses for more than one person, where both partners have provided an email. Amperity has helped clients expand their marketing addressable base by 10%+ by creating individual profiles with the associate email addresses.

Edmonds added that another driver for coordination across channels is that CPG companies are losing access to third-party cookies, which is a major way of accessing customer data. "With the loss of a vital way for gaining customer data, CPG brands are ready and willing to engage with grocers through partnerships to learn more about customer engagement and product performance."

Developing an accurate customer perspective requires people, process, operations, and technology, Hallett said. Organizations must consciously shift their operations to allow for change. Additionally, the new processes must be determined and mapped out, and the operations and technology must support those changes. Hallett said these changes can be difficult to carry out internally. That's why many companies work with providers that have this expertise as it is a much easier process.



Getting a complete perspective

Once a company determines it needs the complete perspective a unified customer profile provides, how does it get there?

- 1 Establish a data foundation, Edmonds advised. “Without a solid, clean data foundation, innovative use cases around personalization are not possible.”

As part of that process, Hallett said grocers should look at their overall first-party data strategy and seek to identify which of their anonymous customers they can turn into known ones. “

“A customer data platform like Amperity uses AI-ML capabilities and patented technology to match individual or household IDs across different transactions or touch points where otherwise you wouldn’t be able to. Probabilistic matching based on algorithms detects patterns based on personally identifiable information and stitches together customer information, in a manner far more effective than simple rules-based matching.

MATT HALLETT
Head of product solutions at Amperity

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Take personalization to the next level by combining first-party customer data with external data sources to enhance the unified customer profile, Edmonds explained.

For example, consider a customer who usually buys organic produce. Unified customer profiles reveal this data based on the customer's order history. The unified customer profile also includes data that reveal the customer's location. This same location data can be used to better understand which produce is in season based on where the customers reside. With these insights in mind, the grocer can serve up photos of organic heirloom tomatoes along with personalized pricing and offers to entice customers to purchase from priority, local suppliers.

MIKE EDMONDS

Senior director, worldwide retail and consumer goods strategy, Microsoft

With this complete profile, grocers can provide the most accurate and up-to-date source of sales data and related contact information for the purchasers of their products. The timely and precise delivery of this information helps brands deliver better promotions and advertising product packaging.

“If you as a grocer have a Customer 360 and a deeper understanding of a customer's purchase behavior and typical basket across categories, as well as knowledge of what communication channels they engage with the most, you have a powerful tool,” Lan said. With this collaborative combination, grocers can drive more efficient ad spend, drive personalization at scale, expand loyalty programs and leverage retail media networks.





Amperity is the only specialist in people data that takes a comprehensive approach to helping you use data to serve your customers.

Our suite of enterprise-grade tools addresses the full spectrum of customer data challenges, from identity resolution to assembling and accessing the elusive Customer 360 to uncovering and activating the customer intelligence that matters.

Amperity puts you on a fast-track to customer-centricity, builds trust in data, and enables true alignment and collaboration, setting your business on track for dramatic transformation.

Our platform enables organizations to take control of their customer data, systematically improve customer relationships, and foster brand loyalty. We provide the power, flexibility, trust, and expertise to overcome the most daunting roadblocks on the path to customer-centricity at scale.



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