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THE KEY TO CONSUMER ENGAGEMENT:
CONSENT, PREFERENCES, AND ZERO-PARTY DATA

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We empower the individual's voice, so trust is built, and relationships are enriched.

Introduction

The consumer marketplace has become virtual. Instead of buying what they needed from what was physically available nearby, American consumers now purchase what they want from whomever they choose. As a result, brands began speaking directly to consumers, initiating relationships, and competing for sales.

Indeed, the relationship between consumer and company is now a true two-way conversation. No longer the passive recipients of mass market, interruption advertising, consumers demand personalized experiences that are specific to their preferences, needs, and circumstances.

In the following pages, this paper will explore the opportunities, challenges and key considerations facing any modern company attempting to effectively interact with customers and prospects. Finally, it will focus on the critical first step towards effective engagement in the digital age: the collection and management of customer consent and preferences, but also the collection of **zero-party data**, which includes any personal insights, opinions, or feedback that a customer proactively and deliberately shares with a brand.

Permission doesn't have to be a one-way broadcast medium. The Internet means you can treat people differently and it demands that you figure out how to let your customer base choose what they hear and in what format.

Virtualization of the Consumer Relationship

As consumers gained a voice in the engagement paradigm, marketers and advertisers were quickly forced to recognize a new reality. Two key themes converged to initiate this landmark change:

1. Brand-side efforts to capture a customer's expectations, preferences, and aversions and
2. A powerful consumer-side backlash to behavior tracking, interruption advertising, and unwanted communications via telemarketing calls, email and text/SMS message spam, and direct mail.

The result? Marketing guru Seth Godin dubbed it "**permission marketing**," the privilege - not the right - of delivering anticipated, personal, and relevant messages to people who actually want to get them. Brands must recognize the new power of consumers to ignore marketing and realize that treating people with respect is the best way to earn their attention.

Today, the opportunity-to-risk ratio on consumer engagement looms even larger. Recent research has shown that 77 percent of US adults agree that it has become more difficult to trust what companies say and do, 54 percent of consumers believe that companies do not operate with their best interests in mind, and 57 percent of customers will stop doing business with a company entirely because they've lost trust in the company. Even the most tech-savvy customers are skeptical.

At the same time, consumers expect brands and advertisers to ask for their permission before they use their digital information and are rewarding companies that engage them responsibly and deliver personalized experiences. Accenture reports that 91 percent of consumers are more likely to shop with brands that provide relevant offers and recommendations, and Epsilon found that 80 percent of consumers are more likely to purchase from a brand that provides personalized experiences.

Ignoring the self-reported preferences and consent of prospects and customers leads to enormous missed opportunity costs, while misusing or abusing that information is even worse. In order to remain competitive, marketers must implement smart processes for the collection, maintenance and distribution of consumer information. Enter **zero-party data management**.

> In return for providing their feedback and sharing their opinions, customers want brands that are personal, responsive, helpful, and have contextual awareness.

Companies must be able to collect and manage customer insights, feedback, opinions, survey data, preferences, and consents. The key to that process is **zero-party data management**, a phrase coined by Forrester to describe any personal insights or data that a customer proactively and deliberately shares with a brand. Providing a way to collect zero-party data means giving customers and prospects the ability to conveniently communicate with a company, maintaining the information in a central location, and acting on what they say, creating a cycle of positive reciprocity between company and consumer.

Zero-Party Data: the Foundation of Modern Consumer Engagement

We now live in an opt-in world full of perpetually connected consumers who expect to be understood as individuals and whose behavior blurs the lines between sales, marketing, support and service. Not surprisingly, companies are pivoting quickly to embrace the future of customer engagement by delivering superior customer experiences.

A recent Gartner survey found that 75 percent of organizations increased their investments in customer experience technology, focusing on analyses of the customer journey and customer needs, voice of the customer and digital marketing. However, the survey also revealed that many organizations faced difficulty implementing CX change along the way.

Why? Common problems include siloed systems and fragmented customer data as one of the primary obstacles to advanced customer experience initiatives. When organizations can't effectively share or collectively interpret full-spectrum customer data, they can't implement customer experience programming with confidence.

The more complex the organization, the bigger the role that the management of customer consents, preferences, and insights plays. The management of zero-party data is about building and enhancing customer engagement: providing myriad opportunities for customers to contribute their feedback and opinions, as well as updating and maintaining their preferences and consents. It's also about personalization and one-to-one communications that are relevant to the recipient. Although organizations may have CRMs, marketing automation, and campaign management systems, chances are that none of these provide a complete, unified view of a customer's full profile, preferences, and consent data.

At its inception, zero-party data management typically represents a "crossover" initiative — one that begins as a marketing project, gains traction through IT, and finds great application in customer service and support. Moreover, in its aim to unify the company's view of a consumer and make information available through a central repository, an effective zero-party data management program acts as a silo-breaker inside companies, encouraging a holistic view of customer interaction.

An effective zero-party data management solution provides the ability to do the following:

- Capture and maintain consents and opt-ins via all customer touch points (such as web, mobile, social, email) for multiple campaigns and communications channels

- Capture the desired frequency, channels, and topics of communications

- Centralize all customer and prospect data in one repository

- Leverage API tools to status all databases across the enterprise with current opt-in consents and preferences

- Maintain customer and prospect data in compliance with quickly-evolving privacy rules and regulations

Framing the Decision: Build vs Buy

With the need for zero-party data management established and its benefits defined, many organizations face a growing dilemma of awareness – is it something we must engage a third party to implement or can we build it internally? It's a complicated but necessary question that should include each of the considerations listed here:

Consideration	In-house	Outsourced
Subject matter expertise	What resources do you have in-house?	Expert providers think about customer data collection and management every day from all perspectives; customer engagement, privacy, technology, etc
Are resources available? Is there a risk that they will be pulled off the project?	If you have in-house resources, are you willing and able to commit them to this project on an ongoing basis to implement and maintain the system?	Resources are available & have experience implementing and maintaining solutions with both feature updates & compliance requirements.
When do you need it deployed?	Design, development, and deployment can take 2 to 3 years. Have you created a timeline for this project?	Typical deployments take 3 to 6 months
Can you absorb the expense?	Large up front capital expense of $5 to $20 million is common. Have you estimated the cost of your project?	Typical implementation fees are relatively small since the solution is built out.
Are your systems designed to house and archive customer zero-party data?	CRMs, Marketing Automation, Marketing Databases – No	Yes
Can you centralize your zero-party data, including customer consents and preferences?	?	Yes
Can it be designed to easily set up new programs?	?	Yes
Can you develop an API toolset to share data across the organization?	?	Yes
Can you develop configurable reports?	?	Yes
Can you develop a validation and alert process?	?	Yes
Can you develop comprehensive data collection and delivery?	?	Yes

Critical Features & Functions

- Customer consent, preferences, and insights data should be maintained in a central repository connected to all departments, units, regions, and appropriate applications. Effective engagement is all about listening to and learning from your audience. If information isn't easily available across the enterprise, customers will be lost through repetition, contradiction, and frustration with a business that doesn't seem to remember what they want.

- Customer consent, preferences, and insights collection should take place across the full spectrum of prospect and customer interactions. Enterprise-level businesses engage in complex interactions that often feature an expanding set of personal and virtual interactions. It's essential to collect and react to information from all touchpoints, such as call centers, social media, and mobile devices, not just the easy or inexpensive ones (e.g. email or websites).

- Customer consent, preferences, and insights data should be made available through existing applications to streamline access. Ideally, this includes inside sales applications, support systems, and marketing databases so your team can use the best and most appropriate tools for the interaction at hand. An outside application that requires secondary research or recording slows productivity and leads to cross-discipline confusion.

- Zero-party data management processes should be flexible enough to incorporate new applications, transition to new CRM systems, and integrate with a variety of data sources and activities. If your customer consent, preferences, and insights collection strategy is inextricably tied to (or built as part of) a specific application, it will only be as useful as the life of that application or CRM system. It's a time-bomb approach that creates an even more painful transition when the time for a transition inevitably arrives.

- Zero-party data collection, maintenance, and distribution should be tailored to your unique business rules and circumstances, not pre-set features and outputs. In order to truly own and capitalize on engagement, zero-party data management must align with your unique structure, needs, and sensitivities. A solution that limits your collection points or predetermines how and when information is shared can shift overall strategy and conflict with overall aims and benchmarks.

Implementation obstacles to consider:

- **Regulatory compliance requirements:** marketers face the tedious task of complying with a myriad of state, federal, and international "do not contact" laws and privacy regulations.

- **Gaining executive buy-in:** because enterprise zero-party data management affects each department or business unit differently, you must educate all of the stakeholders including marketing, IT, legal, and customer service. They need to understand the importance of this initiative and the benefits it will offer.

- **Organizational priorities:** the management of customer zero-party data is not a one-time project, but an ongoing activity. You must ask yourself if you have the internal resources to build and maintain an solution for the management of customer consents, preferences, and insights data. Initial development can take two to three years and cost millions of dollars. Ongoing tasks include collecting, managing, and sharing the customer data among departments and business units, and maintaining compliance with relevant state and federal consumer privacy legislation.

Conclusion

Any serious conversation about consumer engagement in the digital age must begin with the acknowledgement that the one-way, interruption-based model of the past is gone forever. Technological advances have opened doors that cannot be shut, regardless of a company's strategy, thought process, or level of preparedness.

Simply put, it means that interaction is inevitable but engagement is optional. Consumers are talking to businesses (and to each other about businesses) without the need for anyone's permission or invitation. They have unique wants and needs and are attempting to make the businesses they interact with aware of them. The only question for modern marketers is whether or not they have the ability to listen to consumers, remember their likes and dislikes, respond accordingly and in doing so, build trust and earn loyalty and engagement.

The key to driving engagement in the modern era is letting the consumers themselves share ownership of the conversation based on their interests, opinions, and preferences. It's the natural continuation of the narrative that began when consumers were first liberated from the limitations of geography and basic availability of nearby vendors. Later, empowered by technology that globalized markets and broke down the barriers to direct communication, consumers demanded a voice in an engagement-based model that rewards responsiveness and personalization.

Obviously, this is easier said than done. But zero-party data management is a tangible project that any organization can address under the broader umbrella of customer experience. It's a critical but achievable first step, a do-able initiative that often galvanizes support for broader efforts down the road.

In order to compete, brands must consolidate the collection, management, and reporting of consumer zero-party data from across the enterprise into a central system. This system should integrate with marketing databases and CRM systems in order to provide organizations with their customers' and prospects' legal contact status and marketing and account servicing preferences. Empowered by zero-party customer data, companies can improve campaign results, increase sales revenue, and improve customer loyalty while satisfying privacy requirements at the same time.

Make no mistake — the conversation is taking place regardless.

The only question is how businesses will react. Some are already embracing the new engagement paradigm and setting a new standard for customer service. It begins with the management of zero-party data – the latest chapter in the story of engagement and the necessary foundation for listening to and learning from consumers.

PossibleNOW is the pioneer and leader in customer consent, preference, and regulatory compliance solutions. We leverage our MyPreferences technology, processes, and services to enable relevant, trusted, and compliant customer interactions. Our platform empowers the collection, centralization, and distribution of customer communication consent and preferences across the enterprise. DNCSolution addresses Do Not Contact regulations such as TCPA, CAN-SPAM and CASL, allowing companies to adhere to DNC requirements, backed by our 100% compliance guarantee.

PossibleNOW's strategic consultants take a holistic approach, leveraging years of experience when creating strategic roadmaps, planning technology deployments, and designing customer interfaces.

PossibleNOW is purpose-built to help large, complex organizations improve customer experiences and loyalty while mitigating compliance risk.

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