

RESEARCH REPORT

Improving Customer Engagement with a Modern Marketing Technology Stack

How to enhance engagement strategies using data, personalization, loyalty and testing platforms



RETAIL DIVE

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To stay relevant, businesses in consumer-facing industries like retail, restaurants, and consumer packaged goods (CPG) continually evolve their customer engagement strategies. But their marketing technology (martech) stacks may not be designed to best support them.

Over the coming year, for example, 66% of consumer-facing companies surveyed by Retail Dive expect to evolve their customer engagement strategies by optimizing promotion and pricing strategies; 56% expect to enhance or add personalization; and 56% expect to leverage AI within customer strategies, through efforts such as recommendation engines and customer service support. Yet, 86% of consumer-facing companies surveyed report that they have challenges with their tech stacks.

The pain points that brands face are fairly fragmented. Limited integrations and compatibilities are the most common pain points companies

experience with their martech stacks (reported by 25% of companies), closely followed by data challenges, such as access, availability and management (24%) and limited insights (15%).

To grow their customer relationships more effectively and efficiently, companies should be using data insights and technology to power real-time decision-making. This report explores recent Retail Dive-Mastercard research into companies' customer engagement strategies and technology solutions, and shares expert insights into how companies can strengthen their engagement efforts to drive more impactful outcomes.

Strong data is at the heart of customer engagement

Nearly all consumer-facing executives (99%) surveyed by Retail Dive agree that their companies use consumer spend insights to inform business decisions, but the primary focus areas for applying those insights differ by industry.

In retail, for example, 74% of brands are focused on improving marketing strategies. In the CPG industry, 62% are focused on informing product decisions, such as tailoring prices by market or based on consumers' elasticity to price increases. In the restaurant space, 67% are focused on improving the digital experience.

Companies are also using a range of data sources to inform or carry out their customer engagement strategies.

Seventy-nine percent of businesses, for example, use first-party consumer behavior data, such as

website or app interactions. That's followed by first-party consumer spend data (63%); third-party data, such as large datasets from external data providers (57%); and second-party data, from partners or resellers, such as advertising data from media publishers (53%).

"Zero-, first-, second-, and third-party data can help brands create a more holistic view of their consumers," says Kyle Clark, Senior Vice President, Merchant Loyalty at Mastercard. "But collecting and activating that data requires businesses to be responsible, flexible and transparent. For zero- and first-party data, understanding the context in which a consumer shared their data and being transparent about how that information will be protected and used to enhance their experience with the loyalty program is key. For second- and third-party data, it's all about how to integrate the data and ensure it matches with the existing consumer profile."



Many companies expect to evolve their customer engagement strategies over the coming year by collecting more customer feedback and insights (45%) and incorporating more data sources (43%).

To achieve panoramic customer views, however, companies need the right technology and the right integration points. Companies are relying on a wide range of solutions that need to work together. The most common systems in companies' marketing technology stacks are customer relationship management (CRM) platforms (59%), customer data platforms (CDP) (56%) and personalization programs for A/B testing and customer data management (54%).

CUSTOMER ENGAGEMENT TECHNOLOGY

The top tools and systems companies use in their martech stacks to facilitate customer engagement:

59% Customer relationship management (CRM) platforms



56% Customer data platforms (CDP)



54% Personalization programs for A/B testing, customer data management, etc.



53% Email marketing solutions



52% Loyalty platforms



46% Marketing automation, campaign or lead management platform



45% Artificial intelligence and machine learning tools for purchase recommendations, modeling, etc.



45% Analytic solutions



41% Business experimentation platforms



TAKEAWAY

Achieving a 360-degree customer view takes a synchronized technology stack and strategy for working with diverse data sources.



Boosting loyalty program participation by delivering unique value to customers

Most brands (88%), including 94% of retailers, are offering loyalty programs to their customers, but participation levels leave much to be desired. For companies that offer them, the median percentage of customers who are loyalty program members is about 36%.

In their efforts to drive greater loyalty, businesses could benefit from focusing more on what their brand uniquely offers customers.

“Start by looking at the current state of the consumer journey,” says Clark. “Once you understand how the consumer likes to engage, you can more easily uncover which tactics drive behaviors that deliver the most value for your brand. Seamless and consistent engagement should be the foundation for the program. Once you’ve solved that variable, you can layer in

personalized rewards and communications that differentiate your program from that of a competitor.”

A strategy to build brand loyalty can take many forms. But whether companies deploy a formal points-based program or another approach, such as an email- or SMS-based promo list, they should make it an intuitive, personalized experience to ensure a consumer receives value from the program.

Effective personalization helps drive engagement. Personalization is considered extremely or very important among 92% of the consumer-facing businesses that offer loyalty programs to their customers. Businesses most often personalize the customer experience with loyalty program offers and promotions (63%) — second only to email marketing (64%).



CUSTOMER EXPERIENCE PERSONALIZATION

The touchpoints where companies most often are personalizing the customer experience:

64% Email marketing



63% Loyalty program offers and promotions



52% Offers and promotions outside loyalty programs



51% Product recommendations



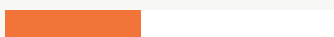
44% Menu on the website or app



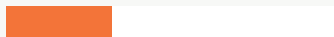
42% In-store shopping experience



41% Homepage on the website or app



32% SMS marketing

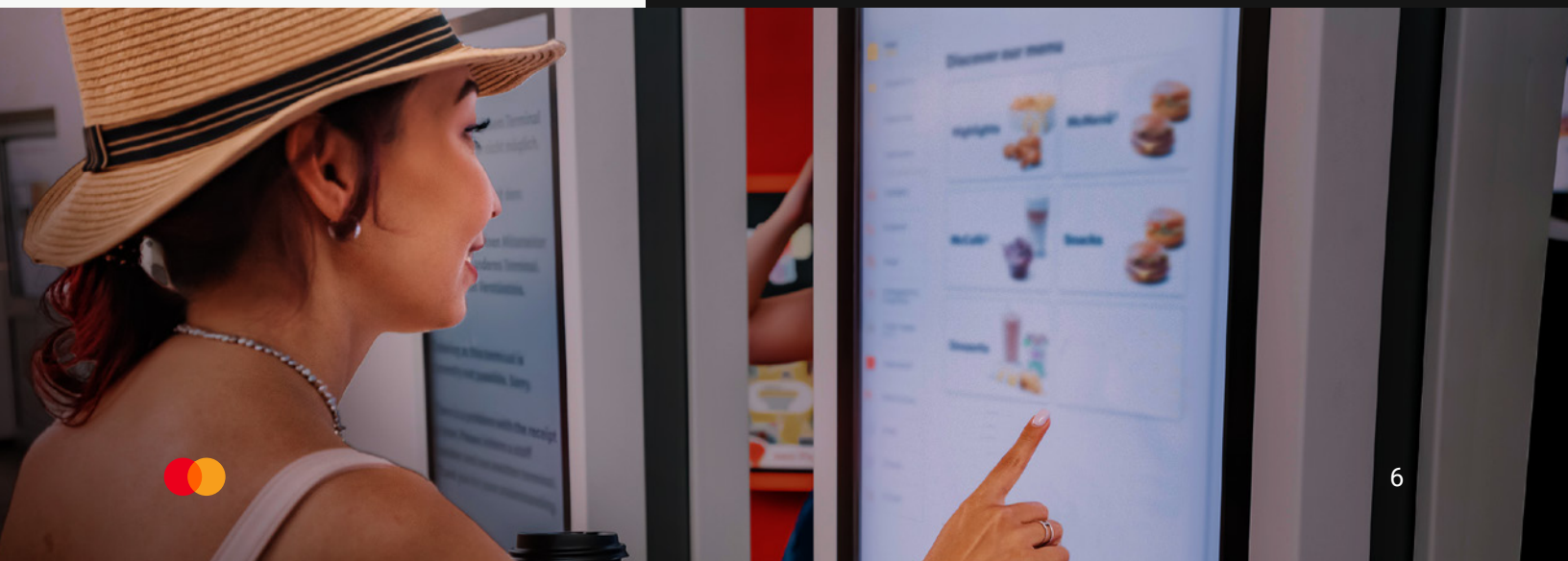


Personalized customer experiences might span multiple touchpoints. A business could give customers opportunities to scan QR codes from their loyalty program apps, for example, into in-store kiosks that recommend items they might like based on their purchasing history or preferences.

Retailers, in particular, can also use AI-powered shopping assistant solutions like Shopping Muse to help customers more easily browse for and discover products in their catalogs. While only 45% of consumer-facing businesses use artificial intelligence and machine learning tools in customer engagement today, 56% expect to leverage AI within customer strategies over the coming year.

TAKEAWAY

Embracing AI-powered recommendations and personalization can grow customer loyalty.



Maximizing multichannel engagement

To engage today's consumer, brands must be able to connect with them through the right channels. Social media, including influencer marketing (66%), email (65%) and paid media (57%) are consumer-facing companies' top-used engagement channels. They see the most customer engagement on social media (49%), followed by email (36%) and web (32%).

As with personalization, however, the most effective strategies often span multiple channels. Looking at the entire customer journey is critical.

"Brands must understand who their consumers are, what matters to them, and how they like to engage to ensure a relevant and effective experience no matter the channel," says Clark.



CUSTOMER ENGAGEMENT CHANNELS

Companies use these channels as part of their loyalty programs or other engagement strategies:

66% Social media, including influencer marketing



65% Email



57% Paid media, including paid social, search engine marketing, display advertising, etc.



55% Mobile and SMS



46% Web



45% App



44% In-store



37% Traditional advertising, including TV, direct mail, etc.



35% Referral marketing



28% Live chat



Reaching the right customers on the right channel at the right time remains important, and most businesses know their customers' preferred channels for engagement (93%). They gain this information in several ways: they have customers maintain engagement preferences in profiles or accounts (74%), monitor engagement and identify channels based on customer behavior (66%) and ask customers for their preferences and feedback via email, SMS or other channels (53%).

TAKEAWAY

Delivering consistent omnichannel experiences, while staying mindful of customer preferences, can drive more impactful engagement.



Using testing tools to optimize engagement strategies

While only 41% of consumer-facing companies count business experimentation platforms among the systems in their martech stacks, most invest in some form of testing.

The majority (74%) of companies test 20% to 74% of their marketing activities in-market with designed business experiments. Of these, half test 20% to 49% of their activities, and half test 50% to 74%. The median is about 54%.



CUSTOMER ENGAGEMENT TESTING

Marketing activities companies are most often testing:

67% Digital, including email marketing, paid media, SEO, etc.



54% Pricing strategies



53% Offers and promotions



46% Customer acquisition and targeting



45% Loyalty programs



45% In-store experiences



39% Advertising on retail media networks



39% Traditional marketing, including print ads, billboards, direct mail, etc.



34% Product launches



Only 5% of businesses test 90% to 100% of activities – revealing a massive untapped opportunity for businesses that want to optimize or improve the economics and impact of their programs.

“With the right measurement tools in place, brands can make data-informed decisions that deliver the biggest impact for both business and consumer,” says Clark.

TAKEAWAY

Ongoing experimentation powered by robust tools can drive more effective marketing strategies.



Conclusion

To evolve and grow more efficiently and effectively, companies need to ensure that all the components of their marketing technology stack operate in harmony — from data collection and management, to loyalty program mechanics, personalization and testing. Only then can they truly make confident, informed decisions that will grow their community of loyal brand advocates.

To design and action more winning customer engagement strategies, companies need to:

- Invest in the partnerships and technology solutions that can help them acquire more second-party, third-party, and zero-party data.
- Use their loyalty strategy to inform their loyalty programs, with a focus on making their programs simpler for members to participate in and gain value.
- Design a consistent, personalized customer experience across channels.
- Test marketing activities to understand how they performed and how they can be refined to maximize customer engagement.



About the research

The findings of this research are based on an online survey conducted by Retail Dive from May 23 to June 12, 2024. A total of 155 Retail executives participated in the study, and the sample was drawn from Retail Dive databases.

All participants are employed by companies in the restaurant, consumer packaged goods, or retail/commerce businesses.

PRIMARY BUSINESS	
Restaurant	36%
Consumer packaged goods	32%
Retail/commerce	32%

Participants who work in retail/commerce businesses most often work in groceries, mass market/clubs, apparel, beauty/luxury, and department stores.

TYPE OF RETAIL/COMMERCE BUSINESS	
Groceries	24%
Mass market/clubs	20%
Apparel	16%
Beauty/luxury	12%
Department stores	10%
Specialty stores	8%
Drugstores/pharmacies	6%
Fuel/convenience	4%

All participants work for companies with \$200 million or more in worldwide revenues in their most recent fiscal year — 19% have annual worldwide revenues of \$1 billion or more.

ANNUAL WORLDWIDE REVENUE	
\$200 million to \$499.9 million	49%
\$500 million to \$999.9 million	32%
\$1 billion or more	19%

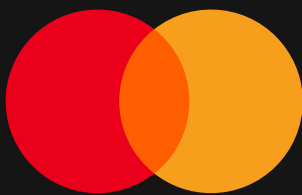
All participants are at the Director level or above — 47% hold C-suite titles or are heads of marketing, strategy, or digital.

JOB TITLE	
Chief Executive Officer (CEO)	18%
Chief Marketing Officer (CMO)/Head of Marketing	17%
Chief Strategy Officer (CSO)/Head of Strategy	9%
Chief Digital Officer (CDO)/Head of Digital	3%
Head of Loyalty/Rewards	2%
Head of Customer Experience	3%
Head of Analytics	3%
Head of Operations	15%
Director/VP	13%

Most participants (88%) work in Executive Management/Governance, Marketing, or Operations.

ORGANIZATIONAL FUNCTIONS	
Executive Management/Governance	31%
Marketing	31%
Operations	26%
Strategy	8%
Analytics	4%





Mastercard is an experienced partner in helping retailers, restaurants, and consumer packaged goods companies solve their customer engagement challenges. Learn more at www.mastercardservices.com.

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