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From Privacy to Preference

How data regulation is
changing marketing
for the better.

Introduction

Any marketer even remotely interested in the legal landscape around 2016 heard all sorts of discourses about the General Data Protection Regulation (GDPR). The regulation would be the end of newsletters, of solicitations, of targeted advertising. Companies would face tremendous fines if they failed to become compliant within a year.

Two years after the GDPR came into effect, marketing still exists and Internet users only see two differences with how it was before: fewer pre-ticked boxes in registration forms, and more cookies consent pop-ups every time they visit a website. Customer experience has increasingly become more tedious, while marketing departments are still unclear how to handle data collection and processing in a compliant way.

The Customer Relationship Management (CRM) manager is especially concerned by collection and use of personal data. They are at the crossroads of regulatory issues and customer relationship with the brand, as CRM has become a central tool of the marketing department. Why is CRM so central? CRM makes it possible to monitor, analyse and segment customers according to their preferences.

All these activities are based on personal data collected throughout the customer journey, which makes the CRM marketing manager the privileged contact for the Data Protection Officer (DPO). They have two main challenges to tackle together: the legality of data collection and the collection of consent from the data subjects when necessary. Consent is one of the toughest headache in this respect: determining when it needs to be collected, ensuring that it is collected in accordance with the regulation, passing it on to the entire customer base, and integrating the data collection workflow

into a seamless customer experience are just a few of the daily concerns of marketing departments.

Most marketers tried to adjust their CRMs to take consent into account, or bought expensive plugins hoping to solve the issue. The adjustments are acrobatic at best: creating specific segments for people who have consented to the processing of their data for marketing purposes, or a system of tags on contacts according to the consents given for this and this purpose, or specific fields that multiply and sometimes contradict each other, the solutions are as varied as they are unsatisfactory.

Yet, consent should not be perceived as a plain regulation demand, but also as an opportunity to get a deeper insight into customer behaviour. The way prospects interact with regard to consent during their discovery and purchase journey bears a lot of information on their preferences, and it goes way beyond compliance issues. It provides valuable information about the resources customers are interested in, whether they are ready to trade data for these resources, about their preferred communication channels and about their relationship to the brand.

Some marketing departments have seen this value, and have worked hard on the integration of consent collection into their marketing metrics, which allowed them to rethink their relationship to customers' and prospects' expectations. For most of the marketing industry however, the approach to consent is still fledgling, and they struggle with their current tools to implement a partial vision. This whitepaper aims to best describe the current issues of consent management and ways to integrate consent as part of their preference strategy.

I

Digital transformation: how data became fuel

Companies started collecting massive amounts of data around 2010, as part of something called "digital transformation." At the time, marketing was mostly about consumer research, and the holy 4 P's. But when the data trend emerged, these fundamentals became obsolete and the industry got interested in what actual data could tell them about their customers and prospects. "Data-driven" marketing was the new trend of the industry, and was supposed to provide insights on the holy grail: how to understand and anticipate customers' needs, and covering them profitably. Instead of asking potential customers, using actual, real data would bring measurable improvements, actionable strategies and huge increase in revenue. All of this with virtually no investment.

So, how does it work? Data-driven marketing is based on the collection and analysis of all the data generated during the customer's journey, from the moment they discover the brand to the act of purchase. Marketers at the time thought that the more data was available, the better the analysis would be – and companies started collecting frantically as much data as they could, often without taking a step back and trying to identify how much actually made sense. Navigation data, forms, cookies became unavoidable.

Marketers started collecting data frantically, without identifying how much of it really made sense.

The promises of data-driven marketing were indeed seductive, and the arrival of Big Data solutions supposed to provide keys to understand customer behavior reinforced the interest in mass data collection, often without properly understanding its limits. For marketing departments, it was now necessary to trace, analyse and personalise every detail of the customer journey, because collecting data cost nothing and could generate tremendous revenue.

CRM to get the best of data

To centralize and store all this data, most companies have picked a non-specific tool, the CRM. Until then, CRMs were better known by Sales team, but it stood out for its capacity to follow the customer's journey and segment prospects based on data they generated.

Marketing CRMs are a vast landscape, and they have many uses and functionalities. In its CRM Application Starfish, Gartner identifies no less than 5 sets of marketing CRM functionality that are directly based on data collection :

- **Multichannel marketing Hub**
- **Programmatic Advertising**
- **Customer Data Platform**
- **Data Management Platform**
- **Marketing Analytics**

Most CRMs cover all or part of these sets of functionalities: the tool is then an ideal candidate to centralize, manage and use the multitude of data collected all along the customer journey, traditionally mapped out in a few simple steps: the buyers discover the product (awareness), they check whether

the product meets these needs (consideration), they evaluate the product against competitors and make a choice (evaluation), and they looks for the best option to buy the product (purchase).

The CRM follows these steps and accompanies the customer, in order to trigger the right campaign at the right time. The marketing team can thus trace the customers reactions to the campaigns, adapt the offer if necessary, and analyze the data to see whether or not campaigns are producing the expected result. In practice, this often results in a mix of e-mails and forms, measurement of clicks and open rates, and metrics based on the amount of data collected throughout campaigns.

2018: A new regulatory framework for data collection

The arrival of the GDPR changed the trend and set new rules, particularly in regards of the collection and use of personal data. Since the CRM concentrates the majority of the data collected, it quickly entered the Data Protection Officer's radar. For marketing departments, frantic data collection as a whole is now called into question, with two main concerns: what are marketing departments allowed to collect? And when should they ask permission to their prospects?

Reminder: in recital 40, GDPR sets: "In order for processing to be lawful, personal data should be processed on the basis of the consent of the data subject concerned or some other legitimate basis." And marketing is quite specific when it comes to picking a legitimate basis for personal data, because most marketing interactions happens before a contract is set between the company and the customer.

In most cases, the data processing carried out by the marketing team relies either on the "legitimate interest" of the company, or on consent. Legitimate interest is often a gray area: the company has a legitimate interest in raising awareness about its products, as long at it doesn't threaten data subjects' fundamental rights.

Yet, determining the right amount of data and collection methods that fit this balance is complex. The legal basis for collection is therefore usually consent, which comes with other concerns: Do customers have to consent to receive each new campaign? Is consent valid for all types of processing? Should marketers ask for the same consent periodically?

Validity of consent

While the GDPR sets a limited number of principles with regards to the validity of consent, operational staff have a hard time translating it into actual marketing elements.

Consent should be freely given

The data subject must be able to say no. They can choose to consent without suffering degradation of service or other negative consequences if they refuse. For example, when downloading a whitepaper that will be communicated by e-mail, making the receipt of the e-mail conditional on the provision of other personal data (surname, first name, position, company, etc.) does not allow the data subject to consent freely.

Consent should be specific

The data subjects consent to the processing of a specific type of personal data for a clearly defined purpose. It should be clear which processing you intend to carry out and are asking consent for. Each purpose thus requires to collect a specific consent: if a company wishes to use a prospect's e-mail address to send them other relevant whitepapers, and to communicate this address to a partner who would also like to send promotional content, the two consents must be requested separately.

Consent should be informed

Informed consent means that the data subject knows who is processing the data, what will happen to the data, the purpose of the processing and how they can change their mind and withdraw their consent. Informed consent means that the person knows who is processing the data, what will happen to the data, the purpose of the processing and how they can change their mind and withdraw their consent.

Consent should be unambiguous

In a word, there should be no doubt that the data subject has given their consent. Pre-ticked checkboxes, dark patterns, passive consent (e.g. "by continuing to browse this website, you accept…") or any other design that discourages or prevents the person from making a positive act of consent will invalidate it.

Keeping up with complexity: How CRM failed customer preference

CRM as a one-size-fits-all tool is likely to be the collateral victim of changes in legislation, as marketing teams are torn between two demands from the outside that the CRM fails to answer.

On the one hand, customer journeys have grown increasingly complex, and no longer follow the canonical steps of the buyer journey. Online and offline touchpoints, digital and brick-and-mortar experience... and higher customer expectations for a seamless experience have become the norm. Yet, in order to ensure compliance with regulations and ensure the validity of consent, the monolithic nature of CRMs incentivizes marketing teams to ask for the same consents again and again, to fail to respect customer choices from one device to another, and to create discontinuity between the Web, mobile and offline experience. For customers, the result is an unpleasant feeling that the brand is trying to collect data against their will, and to take advantage of their inattention to collect more data than necessary.

On the other hand, CRMs have not been designed to take into account consent and privacy issues, and the best results marketing teams can expect is deciding which campaign should be sent or dismissed according to the consent that have been collected. And since most CRMs are all about emails and forms, marketers juggle with emails and forms to deal with consent issues, even though these means are often not very relevant in terms of customer experience.

Meanwhile, the CRM manager has also become the main contact of the Data Protection Officer, as they own the tool concentrating most of the customers personal data. While storing large amounts of data was previously conside-

red as the key for success, the CRM manager must suddenly coordinate with the legal department on issues of collection, purposes of processing and consent.

Frustration may arise, especially as CRMs are not designed to record legal metadata. And while marketing teams understand the need to streamline data collection, it is perceived as additional and unfair complexity that does not benefit them.

Marketers use CRMs that are not always designed to deal with increasingly complex customer journeys and privacy regulation issues.

Assessing data quality

But they might very well be wrong about this: the end of frantic data collection is actually good news for marketers. Experts highlighted the need to streamline data collection from the very beginning of data-driven marketing, way before GDPR came into effect. Building an efficient data strategy relies on quality before relying on quantity.

Data reliability and veracity are a much better success than the sheer quantity of data in the CRM. And reliability is strongly conditioned by the conditions of collection: the risks of polluting your CRM with false information (a disposable email address, a false address or a randomly chosen position from a list) are high when you ask for the same information for the tenth

time during an interaction with the brand, or when you try to extort data from the customer without providing additional value in return.

The CRM manager who wants to segment a webinar audience according to the size of an attendee's company often forgets that the attendee feels no self-interest in giving this information, and is likely to perceive this step as an unpleasant moment to access a potentially worthy webinar (but how could they know in advance?). They will of course be tempted to either select the first item in the list, or not to consent to the use of their data if they not perceive the added value for their experience.

After its 2010 success, CRM seems to be adapting poorly to the increasing complexity of customer journeys and new regulatory requirements.

II

Replacing the CRM?

Then, should marketing teams replace their CRM with yet another miracle tool that would solve the problems of collection, quality and dispersion of customer journey? According to Gartner's study on CRMs, looking for the next miracle tool will only get you so far. It's time for marketing teams to start thinking about their needs before thinking about their tools.

Let's go back to basics. CRM became essential when the amount of data skyrocketed, as it helped centralize the interactions between the prospect and the brand, monitor the evolution of the customer journey and ensure that the right resource is provided at the right time. These goals have not disappeared, but as Gartner writes:

> **"**
> *Only small and some midsize organizations are successful in meeting all their goals with a single CRM application.* **"**

The challenge of today is no longer the amount of data. Marketing teams are faced with more stringent regulations, more data-savvy customers, and a much more dispersed customer journey. And the CRM fails to help them tackle this new challenge.

Yet, these parameters – including the GDPR – benefit the marketing industry more than one would think. Most marketing departments lack the skills to handle the large amount of data that has been collected, while they still want to know more about their customers preferences, and to provide them with a qualitative interaction with the brand.

Collecting less data, focusing on relevancy, letting customers decide about their preferred communication channels, giving customers control over the data collected is therefore directly in the interest of marketing. Cooperation between the CRM manager and the DPO should then not be perceived as a threat, but as an opportunity!

Collecting less data, letting customers decide about the data they share and the communication channels they prefer is in marketing's best interest.

Giving back control: the Preference Center

If CRM is not sufficient, how can marketers meet their operational needs? Setting up a Preference Center in addition to the traditional CRM is one way to get results. The Preference Center can be integrated with the CRM to unify personal data collection and consent workflows across the various platforms.

It helps centralizing previously collected personal data, and it links them to data subjects' consents. No more headaches for marketers: the team has an overview of permissions, consents and preferences for every prospect in the database. This information is also made available to the customers, giving them control over what they want to share and under which conditions.

From a transparency point of view, gains are tremendous. From the marketing point of view, it also ensures a better data quality: the customer can

withdraw their consent if they deem it necessary, they can correct wrong or outdated information, and indicate the channels of communication they prefer.

Besides plain GDPR compliance provided by the Preference Center, marketing teams benefit from valuable and reliable information, since customers feel free to provide only the information they deem relevant. They can also expect better feedback on their campaigns, as customers have full control over the channels of communication they prefer.
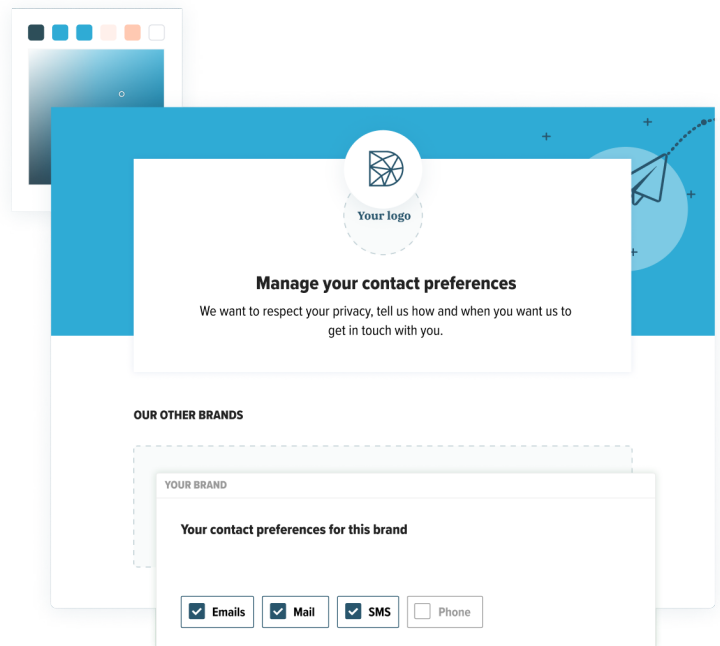
From data-driven marketing to customer-centric marketing

The main difference between the CRM and the Preference Center is the focus. CRMs focus on the company needs, Preference Centers focus on customer needs. And building the whole customer experience according to customer needs is not natural for companies, even though the need for customer centricity has surged across all the company's departments in recent years.

Customer centricity consists of rethinking the goals and processes of the company around the customers and their expectations, before thinking about the company expectations. In practice: instead of wondering how to

get what they need from their customer (information, opening rates, webinar registrations...), companies must think first and foremost about the value they create for them.

Applied to CRM, this approach is very close to the spirit of regulation: during their interactions with the brand, each customer builds a unique relationship, more or less committed, and at their own pace. The brand must respect this pace and adapt to the information that this individual is willing to provide, by not insisting on getting extra information, by understanding the channels through which the individual wishes to communicate with the brand, and by leaving them free to change their mind at each step, without having them communicate the same information over and over again. And consent is valuable information in this regard: a customer who does not consent to let the company collect or use information clearly demonstrates that the value provided by the company in exchange for that information is not sufficient.

2020 will be the decade when marketers will collect less data, and use it better.

This allows CRM Manager to use consent rate as a valuable metric: measured correctly, it can help the marketing team assess the relevance of the user journey from the customer's point of view and work on continuously improving their relationship with the brand.

Marketing in 2010 was data-driven, and the amount of data collected was the main KPI. Marketers in 2020 understand that mass collection is not

always cost-effective, while focusing on the customer is beneficial to the brand. 2020 is likely to be the decade when marketers will focus on collecting less, but better.

Consent management in practice

Initiating the work of better understanding and managing consent across marketing teams is not a simple task, but is beneficial to the organization as a whole. This section presents good practices for carrying out this project.

I   Mapping personal data

This step is most often carried out in collaboration with the DPO, who has the overview of the processing registry and the data lifecycle. Each processing operation involving data stored in the CRM, the collection and use of which is based on the legal basis of consent, must be identified, as well as the different services having access to the data.

II   Understanding the purpose behind data collection

Each processing operation must then be discussed with the teams in charge of the collection brick in order to understand why the data must be collected in this context, and the expectations of the collector about this type of data. This is the right time to discuss metrics around this data collection.

III Adopting a customer-centric perspective

Once these objectives have been clearly stated, it is time to turn things around and put yourself in the shoes of your potential customer. Remind your colleagues that this data collection is one of the many touchpoints between the brand and the prospect. What do they expect from this interaction and at which step of the customer journey does it happen? What value do they provide in exchange for data? Will it directly contribute to an increasing value-proposition or a better brand perception?

IV Aligning marketing objectives and user experience

You certainly want to better segment your prospects, but what is the ultimate goal? Do you want to address them with the offer that best suits them? To better understand the buying journey on your e-commerce site? Your customers share these objectives in other ways: they want to get the most relevant offer at the best price, and to benefit from an optimized buying path enriched by their personal data when relevant.

V   Set up and test the collection of consents and preferences

Once these axes have been identified, the implementation phase can begin with user testing. The collection workflow should be adapted to the specificity of the target audience and must be able to evolve rapidly according to feedback. The adaptability of the collection workflow is indeed a key element, as modern brands' landscape is constantly changing. On the one hand, real-world feedback must be taken into account until the right balance is found between the data collection needs and the customers' perception of the value they get in return.

VI   Measuring results and integrating consent into the metrics

Integrating the user experience and marketing goals sets a new metric to follow: consent behaviour. Consent rate at a step of the journey is a great indicator of your customers' preferences and allows you to better understand their appetite for a specific type of content, for a specific communication channel, and to implement a positive reinforcement strategy across the touchpoints of the customer journey. IT teams need to be an integral part of the process to ensure that a given or withdrawn consent is passed on throughout the system.

DIDOMI

Didomi is a consent management platform helping brands and businesses collect, store and leverage their customer consents. With Didomi's Preference Center solution, brands give their customers access to a dedicated space where they can access and manage their consent and pre-ferences. All Didomi solutions are entirely whitelabeled, easy to embed and seamlessly integrated with leading data and marketing platforms. We serve clients in 16 countries on more than 30 000 mobile apps and websites.