



Why Do **Luxury** **Retailers** Need a CDP?

Learn how a CDP will drive growth for luxury retailers

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01. Luxury Retail Brands Market Overview

To fully understand how a Customer Data Platform can help luxury retail brands grow, let's start drawing an overview of the global landscape, highlighting the trends in the Industry.

The luxury retail sector is undergoing significant transformations, driven by evolving consumer behavior and technological advancements. With the luxury fashion market expected to reach USD 84.04 billion by 2025, luxury brands are adapting to trends that redefine exclusivity and opulence.

Personalisation has become increasingly critical, with luxury consumers seeking more individualised and customised solutions. Brands are leveraging data, analytics, AI, and ML to offer tailored product recommendations, customised packaging, and personalised services. This approach helps in creating a deeper connection with customers, making them feel special, valued, and understood, thereby increasing customer satisfaction, loyalty, retention, and advocacy.



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Sustainability has transformed from a buzzword into a fundamental commitment for luxury brands. As consumers become more conscious of their ecological footprint, they expect the same level of commitment from fashion brands. This shift has led luxury retailers to adopt sustainable practices like using eco-friendly materials, reducing waste, and embracing circular business models, including the resale and recycling of luxury items.

Brand storytelling is also a powerful tool for luxury brands. By creating engaging narratives that showcase their history, heritage, craftsmanship, and innovation, luxury brands build a community of loyal customers who share their vision and values. This approach, aided by digital tools like films and interactive websites, helps customers connect emotionally with brands, inspiring loyalty and advocacy.



Digitalisation and experiential retail are reshaping the customer journey in luxury retail. Virtual try-ons, 3D product visualisation, and AR-based product discovery are enhancing the online shopping experience. Simultaneously, experiential retail, involving creating memorable in-store experiences, is becoming crucial. Luxury brands are investing in immersive, memorable experiences that go beyond transactions, such as hosting exclusive events and providing VIP access to limited collections.

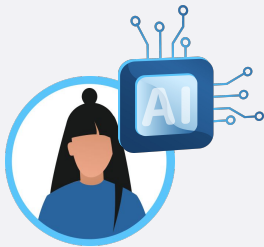
As luxury brands continue to evolve and find new ways to reach customers, maintaining the traditional elements of luxury shopping—seamless ordering, personalisation, high-end packaging, and premium service—is essential. Delivering highly personalised memorable shopping moments across all touchpoints is now crucial more than ever. A Customer Data Platform (CDP) is key in this landscape, enabling luxury brands to understand their customers and deliver tailored experiences, thus ensuring they stay relevant and competitive in the rapidly evolving luxury retail industry.



02. Luxury Retailer Market trends in a nutshell



Sustainability as a Core Value: Luxury brands adopting sustainable practices and circular business models, aligning with environmentally conscious consumer expectations.



Digital Innovation and Personalisation: Emphasis on using data, AI, and ML for tailored customer experiences, with innovations like virtual try-ons, AR, and mobile apps guiding in-store shopping.



Channel Hybridisation: Blending of online and in-store experiences, with luxury brands capitalizing on customers' openness to online luxury shopping and experimenting with virtual worlds and branded NFTs.



Maintaining Traditional Luxury Elements: Despite digital advancements, the focus remains on seamless ordering, product personalization, high-end packaging, and premium service to deliver personalized experiences across all customer touchpoints.

03. What is a Customer Data Platform?

CDPs are the type of software that aggregate customer data collected from a variety of sources, structure it into central customer profiles and then share data with other marketing technology systems.

CDPs build these customer profiles by combining data from a variety of stores across different data types, including first, second and third-party sources. That means that they can collect and organise data from the Company's CRM, DMP, data lakes or warehouses, websites or mobile apps, and/or POS systems.

With these profiles created, marketers can then create audience segments, and activate them across other channels such as paid media, SMS marketing, customer service tools and even website personalisation.

The end result is the ability to not only manage data in a compliant and structured way, but also to be able to efficiently deliver targeted, personalised experiences at scale across the whole of the customer journey, bringing commercial outcomes in no time.



04. How Does a Customer Data Platform Generate Business Outcomes?

Marketer interest in CDPs increased significantly, by 32%, between 2021 and 2022, according to Gartner. One factor driving this trend is the increasing importance of customer experience. CDPs, in fact, allow companies to gather data from various sources and create a comprehensive view of the customer. The need for timely data gathering, AI-assisted segmentation, and personalization of interactions is increasing. As third-party data becomes less reliable, businesses are turning to CDPs to strengthen their first-party data and comply with privacy regulations by sharing data through clean rooms. CDPs allow for cross-device identification and identity resolution, consolidating and normalising data from multiple touchpoints to create a single customer profile. This is essential for providing an optimal customer experience across all interactions, including marketing, sales, and customer service.

Finally, CDPs make data readily available to other systems to improve the efficiency of marketing campaigns.

Customer Data Platforms (CDP) provide a valuable tool for staying ahead of evolving customer expectations and competition, offering a broad range of benefits, including:

- Expanding enterprise collaboration and improving data accessibility;
- Delivering unified views of customers and their interactions across every touchpoint;
- Creating the ability to activate customer data to deliver personalised experiences across every marketing and service channel;
- Maintaining strict compliance and privacy standards in the handling of customer data;
- Increasing marketing accuracy and efficiency through automated manual tasks.

05. How CDPs Will Drive Growth for Luxury Retail Brands?

Customers are leading the way in the digital landscape by pushing the boundaries of their online experience. Whether it be through online shopping, social commerce, advanced chatbots, or subscription-based models, the key focus is always on delivering a superior customer experience.

In the luxury retail sector, digital trends are evolving at an unprecedented pace, driven by the preferences of Millennial and Generation Z customers. To meet these changing demands, retailers must offer an elevated, white-glove experience that is tailored to individual tastes and styles.



A Customer Data Platforms can be the solution to stay relevant. Getting in more specific details, CDPs for luxury brands are crucial for:

1. **Create a 360-degree view of the customer stitching online/offline data to be able to leverage personalisation to delight customers**

The luxury retail industry has seen significant growth in e-commerce, but the increase in first-party data assets is not as fast or as significant as in other sectors such as fast moving consumer goods (FMCG). Purchase volumes and frequencies are not as high in the luxury retail space, and customers are not driven by value or price. Therefore, luxury brands cannot rely on monetary incentives to increase newsletter subscriptions or website and app memberships. With limited actionable customer data, luxury retailers must focus on improving the scalability and addressability of their existing data by using Customer Data Platforms (CDPs) to create a 360-degree view of the customer. **CDPs can help break down legacy data silos and bring together various data points, such as online behaviour, loyalty program and membership data, and offline data from CRM and POS systems.**

In some cases, luxury retailers may be able to benefit from cross-group data sharing. For example, a luxury group could use demographic data from one maison and purchase history from another to create an advanced single view of a customer, and then use that data to retarget the customer on special occasions.



2. Create a better segmentation of the target audience to be able to offer unique customers' special moments on each preferred media platforms

Another benefit of using Customer Data Platforms for luxury groups is to create different audience segments based on different customer signals across the marketing funnel. Behavioural data collected through web and app data sources can be used to tailor messages and personalise branding campaigns. Using CRM data can help identify high spenders, loyalists, collectors, and dormant past brand enthusiasts. This information can be used to create segments based on purchase recency, frequency, and lifetime expenditure, and activate them across preferred marketing and advertising channels.

When it comes to activating these segments, CDPs can make the process seamless by providing native channel integrations such as TikTok, Snapchat, Facebook, and YouTube. They should also have the capability to achieve substantial match rates when pushing out first-party data, and have features that handle consent orchestration and privacy in accordance with GDPR regulations, allowing customers to choose how, where and which data is being used.



3. Create time to value commercial outcome, leveraging on customers' data and optimising the media budget

Many luxury retailers, like other e-commerce and retail advertisers, allocate a significant portion of their paid media budget to the Google advertising ecosystem. **To optimise this spend, it can be beneficial to find a Customer Data Platform (CDP) that has a partnership with Google.** These CDPs use partner APIs to populate matched segments directly in brands' Google advertising accounts. **This allows for faster data onboarding using a user-friendly interface and native connector,** without the need for building an in-house Google Ads API or managing login credentials. Additionally, these CDPs can use additional first-party customer information, such as email addresses, phone numbers, and alternate emails, to increase the segment size. An example of such CDP is Zeotap, which uses proprietary identity stitching and extension capabilities to find emails corresponding to customers' phone numbers and email addresses, and append these emails to the existing email list prior to uploading.

4. Guarantee Data Security and Customer Privacy

With the increase of digital data, customers are becoming more aware and concerned about data security breaches. Regulations such as GDPR in the EU are changing how organisations handle customer data. Failing to comply with these regulations can result in significant consequences for businesses. It is essential for luxury retail brands to ensure data security across all systems. CDPs can assist in creating secure, compliant lists to adhere to the diverse data protection protocols, activating customer data putting consumer privacy and compliance front-and-centre.

5. Improve data-driven marketing through machine learning

In the digital world, companies collect and store an enormous amount of data that surpasses human capacity to process and comprehend. The automated ML models natively integrated in CDPs help to identify patterns and make it easy for marketers to create segments without depending on any technical team.

06. Conclusion

At present, the ability to accommodate evolving customer tastes is pivotal to sustain luxury market share. This is a strategic imperative to identify growth opportunities and strengthen competitive advantages. Younger generations are increasingly considering the social impact of their purchases, and tend to favour brands that align with their values. Therefore, tailoring the customer experience to align with customer interests is more important than ever. Providing an exceptional luxury customer experience is a key factor in business success.

Therefore luxury brands' future success will depend on their ability to use customer data to create personalised strategies that increase loyalty and sales. As millennial and Gen Z consumers become more important to luxury brand revenues, these brands must provide premium experiences that meet their expectations across the entire customer journey.

In this regard, CDPs are a crucial part of the tech stack in the age of data-driven marketing to be able to navigate the unpredictable nature of customer journeys. By analysing and activating the data available to them, luxury brands can gain insights into how to improve and personalise the customer experience both online and offline.



07. Why Zeotap CDP

Customer Data Platforms (CDPs) as a powerful tool for managing customer data, are not all the same. CDPs can vary in terms of their capabilities, ease of use, and cost. Implementing a CDP can be a challenging and a time-consuming process. Additionally, not all CDPs are equipped to handle the same types of data or to integrate with the same martech stack, so it's important to carefully evaluate your options and choose a CDP that is well-suited to your business.

Zeotap CDP is an easy, secure and impactful Customer Data Platform that empowers brands to integrate, unify, segment and orchestrate customer data now and in the cookieless future, all while putting consumer privacy and compliance front-and-centre. It makes it easier than ever for businesses to gain commercial success with minimal effort, thanks to an intuitive interface which prioritises simple use cases that drive results in only 8 weeks. Zeotap easy-to-use platform, made for marketers, ensures a frictionless deployment and quick value impact.

On top of that, Zeotap provides powerful identity stitching strategies so marketers can build segments without coding or technical skills required on Google Cloud Platform which offers the advantages of low latency and cost efficiency, all wrapped up by their commitment to privacy above all else!

Zeotap CDP can be the best solution to boost luxury retail growths thanks to:

- Immediate value within a 4+4 framework to realise commercial outcomes in 8 weeks
- Easy deployment with turnkey integrations to make existing tools better
- Natively built on Google Cloud Platform
- Intuitive interface that is built for marketers to achieve quick results with minimal effort
- Best-in-class ID stitching
- Privacy compliance, developed for stringent European regulation, adaptive to other data protection protocols.



Founded in 2014, Zeotap's mission is to make customer data easy, secure, and impactful. It empowers the world's most innovative brands to deliver personalised omni-channel customer experiences more efficiently while ensuring compliance.

Today, Zeotap owns three data solutions.



Zeotap CDP is a customer data platform for hands-on marketers to achieve meaningful business outcomes. It has been designed for comprehensive 360 customer identity, rapid deployment, low-latency real-time performance, and superior out-of-the-box connectivity, in a privacy-first world. **Zeotap Data** offers persistent, people-based and deterministic audiences built from over 500 million unique IDs, with more than 1bn data points refreshed daily. Leveraging exclusive data partnerships from the telecoms sector, Zeotap Data is fully-consented, GDPR and ePrivacy compliant and is not reliant on third party cookies for scale or reach. **Zeotap ID+** is a universal marketing ID initiative that paves the way for addressability in the cookieless future.

Zeotap works with the world's top brands including: **Virgin Media O2**, **Rewe**, **Douglas**, and **TIM**.

Privacy and Security is in our DNA

Designed in Germany and developed for stringent European regulation



Industry Recognitions



Best Data Enabling Technology

ADEXCHANGER



Best in 1P Data Integration

ADWEEK READERS' CHOICE



Certified CDP

CDP INSTITUTE



RealCDP Certificate

CDP INSTITUTE



Cool Vendor in Advertising

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