

Owning Your Customer Data Is the Key to Profitability. Here's Why.

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Gone are the days of blindly marketing to consumers and guessing what it is people want. Today, consistent communication with customers is critical when it comes to a thriving business. By owning your customer data, you can drive sales, save time, save money and build stronger customer relationships.

This proved especially useful during Covid-19 when restaurants and hotels needed to pivot and distribute updates, offers and incentives to sustain revenue via direct outreach. Even in times of uncertainty, the ability to effectively communicate with customers hinges on solid data.

Despite the advantage of owning consumer data, many businesses still rely on third parties. Considering that, part of the conversation then becomes discussing the disadvantages of having to depend on third-party data ownership and why capturing owned customer data not only saves money but enhances a business's bottom line.

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The importance and meaning of data

in business today

Today, a majority of consumers expect a more personalized approach to communications and recommendations. With that in mind, tailored short message service (SMS) marketing, digital signage and other targeted messages directly impact return on investment (ROI). The beauty of consumer data collection is that it allows companies to gather valuable information and then provide hyper-targeted messaging to people based on their specific buying habits and preferences – which then lends itself to greater opportunities for business and helps maximize the profit potential of each consumer.

Just look at Amazon as an example of the effective usage of consumer data. From its earliest days, Amazon collected its consumers' data and was able to determine how customers were browsing for products, what was added to their customers' carts and the ways in which people went from A to B on their website.

It's data collection habits like that have largely contributed to Amazon's scalability and becoming the power that it is today, as it allows them to personalize the experience for each user based on their consumer data. Additionally, the priority Amazon placed on its consumer data is now mirrored by most current successful companies. In fact, research from McKinsey & Company revealed that organizations with the fastest revenue growth rates were much more likely to engage in and prioritize consumer experience personalization.

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Importance of data for brick-and-

mortar and hospitality

An oft-referenced article came out a few years ago from *The Economist*, which said that oil was no longer the world's most valuable resource and that now it was, in fact, data. Reflecting on the power of data and how it empowers companies, especially those in hospitality, to acquire new customers or increase the loyalty of current customers, there is a great deal of truth to data's indispensability.

For the hospitality industry and brick-and-mortar stores, compiling pertinent consumer data is an essential resource. Data's reach and impact improve business operations, customer experiences, resource optimization and trend adoption. It can also make an infrequent guest a regular customer at restaurants and transition single-item purchasers in stores into valued and frequent buyers of multiple items each visit.

Take our customer, Mellow Mushroom, for instance: Their franchise in Central Florida utilized integrated WiFi marketing to grow its customer database 35% year over year. They managed promotions and filtered data from each location to create unique, automated greetings with a link to that respective Facebook page. The automation was a true game-changer – but it hinged on the ability to capture and own consumer data.

To hotels, restaurants and any other type of business, retaining existing customers' loyalty and increasing reach to new target markets means long-term success and competitive advantage – making effective customer data harvesting and interpretation a priority for the entire economic ecosystem.

Related: Does Customer Data Privacy Actually Matter? It Should.

Why you should compile and own your consumer data

Privacy has been a primary concern for customers when it comes to the safety of their data and information. The *Harvard Business Review* made an excellent point that while these fears exist, a great way to counter them is to show the value and goal-centric results effective data-driven communication provides.

The article went on to say that a company can use data to provide consumers with more compelling results that cater more to answering the question of what is most likely to spark joy. This fosters a mutually beneficial relationship where both the consumer and company can prosper and establish a positive long-lasting relationship.

It's important to let the customer feel and understand that it's their data, and they still control it. Businesses should make it a critical step to data management to allow the customer to always feel they can remove their data, can see what you know about them and therefore build trust that you (as the "owner" of the data) are always aware of the consumers' concerns.

By having direct involvement in the way in which data is collected from your consumers, you can ensure the privacy, security, quality, as well as the validity of the data collected. When contracting out to a third party, the quality of the customer data can be impacted, but more importantly, so too can the privacy of that data – all of which contribute to a company's bottom line and can either help or hurt a business trying to create effective data-driven results. When considering that the dataset compiled by a third-party company may be of lower quality and could also be sold to your competitors as well as other detractors, why do it?

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