

[00:00:00] **Intro:** Welcome to the Collective Intelligence Podcast from IPG. We deliver marketing insights that help modern brands thrive. In this episode, you'll hear about the latest perspectives featured at intelligence.interpublic.com. Listen then log on to find new opportunities for your brand to stand out.

[00:00:22] **Jennifer Sain (Host):** Hello everyone, and welcome to another episode of CI conversations. I'm your host, Jen Sain, and I am delighted to be joined today by Tate Olinghouse, Chief Revenue Officer at Acxiom. Welcome Tate.

[00:00:36] **Tate:** And thanks for having me.

[00:00:37] **Jennifer Sain (Host):** Today, we're going to be talking about customer intelligence and a report that Acxiom has recently released. But before we do that, I think it would be helpful Tate, if you could talk a bit about Acxiom's core work, because I think it might be surprising for some folks to know that it's not just data.

[00:00:55] **Tate:** Yeah, that's a great question and something I'm glad to speak to. You know, since we've been part of IPG back in the early years of that, we would go to different meetings with our agency partners and they would introduce Acxiom as, Hey, we've acquired the largest data company in the world. And while that's true, and while we're experts at data, and we really invented the demographic data category, we invented what is now referred to as identity.

[00:01:21] **Tate:** We invented those two categories, and they've matured, certainly, exponentially over the years. Data and procuring data is a core competency of ours. We do that in a very privacy and ethical way. But it's only one-third of a business. The majority of our business is actually built around services around working with our clients to [00:01:40] understand specific business outcomes that they look to achieve and leveraging best-in-class other third-party products. Some we may have built ourselves, which would be our first-party product, but other cloud platforms by way of example. And stitching those together in such a way that we deliver outcomes for our clients, which are generally around how we help them acquire customers, retain those customers, and then ultimately grow them over time.

[00:02:07] **Jennifer Sain (Host):** Well, you just set me up perfectly for the next thing I wanted to ask. What is customer intelligence as you define it in your work?

[00:02:14] **Tate:** Yeah, so customer intelligence is a fairly generic term because it is a broad category. But one of the things that we believe is a fundamental requirement to acquire, retain, and grow customers is sound customer intelligence. And what that really means is knowing who your customers and prospects are. Customers and prospects have an elevated expectation for brands to understand who they are, to present offers to them that matter, to do that in a channel that they prefer, and to leverage data to create that intelligence that enables what I just mentioned. And so, when we talk to our clients, and actually not only talking to our clients, we did this recent proprietary research around customer intelligence. We found that 87 percent of brands agree that leveraging data and analytics to create customer intelligence is really important to deliver that customer experience that they want to for their clients and prospects, but only 26 percent believe that they're effectively doing that.

[00:03:19] **Tate:** You know, and [00:03:20] overall, we also found that 4 percent of brands were so good at customer intelligence that it was actually a difference maker for them. So, of the 26 percent that said they were going to do it, only 4 percent thought it was a differentiator, which means there's 96 percent of brands out there that believe that they have an opportunity to improve their customer experience by being more intelligent around what their needs are and their preferences are. Based upon the data and analytics that they have in-house. So, it's a big opportunity for our clients to improve, and it's a big opportunity for our clients and the brands that we support to change their growth trajectory based upon developing a customer intelligence function.

[00:03:59] **Jennifer Sain (Host):** So, even at a time when there might be budgetary concerns, you would still advise your clients to prioritize a customer intelligence strategy. Is that right?

[00:04:10] **Tate:** That's right. I mean, we think it's paramount for success. We think that having a sound customer experience is table stakes to compete today. You know, we look at the broader economy where we are today. So, depending upon how, when someone listens to this next comment might not age so well, but as we enter the fourth quarter, we're in the fourth quarter of 2023. What we see are two things. One, we see a macroeconomic environment where there's a lot of uncertainty. Are we gonna be in a recession? Are we in a recession? Are we not? There's just a ton of mixed signals that are atypical historically. So, there's a lot of confusion around the outlook. And the second thing we're seeing as a result of that is budgets are tightening and consumer spending is tightening.

[00:04:53] **Tate:** So, the competition for the budget dollar then, to go out into the market and earn a dollar from a [00:05:00] consumer is getting more and

more difficult. And so, if we believe if you don't have a really a deep understanding on who your customers are and what they want, how you want to interact with them in a very respectful way, in a way that's meaningful to them, you're going to lose market share. But those firms that get it, right? We believe there's an opportunity in this challenging market to take share.

[00:05:22] **Jennifer Sain (Host):** As I'm listening to you, I can absolutely hear the imperative for a company to include customer intelligence in its planning. So I wanna jump back to a stat that you talked about earlier. Just so I'm crystal clear. It was that 96%, is that the number of brands that are not leveraging.

[00:05:40] **Tate:** No, they believe that customer intelligence, you know, customer intelligence is a broad term. So let me be more specific. They believe that leveraging data and then applying analytics to that to develop an understanding around their customers and what they need and want is very important. Only 4 percent of them believe that it's a differentiator for them in the marketplace today.

[00:05:59] **Tate:** Meaning 96 percent believe that there's opportunity to improve. Gotcha. Was that surprising to you? It's really surprising. The 4 percent is a surprise because I, you know, I find like most brands when you interview them, whether they truly believe that they've got a differentiated capability, you know, all of us, I think in life, sometimes from time to time struggle with self awareness and, but the fact that like 4%, there's only 4%, 96 percent self-reflective say we're doing this. In some form or fashion, because we know it's important, but we haven't figured out really how to make it a differentiator, how to, to make it, how to use it, to [00:06:40] set us apart in this crowded marketplace, that's becoming even more and more competitive.

[00:06:46] **Jennifer Sain (Host):** So assuming now that brands and clients were super smart and listened to you and said, okay, we're going to implement a customer intelligence strategy. I believe that in your research, there was four pillars that would be integral to that strategy. Can you talk more about those?

[00:07:02] **Tate:** Like with any strategic imperative within a brand or within a company, step one is, at the highest levels of a company, it has to be embedded in the strategic mindset. The organization has to recognize and believe in and want to invest in and give that investment time to make a difference. The customer intelligence function, so we don't all believe in it. We're not in it together. Like it's going to be a challenge. So, step one strategic alignment. Step two is in pillar two is having a healthy data foundation upon which to generate

customer intelligence. One of the challenges that we often see with brands today is there is so much data available, not only their own first-party data.

[00:07:45] **Tate:** There's loads of third-party data that they can go out and acquire. And then, as they intersect and interact with consumers, particularly in a digital way, there's all of this exhaust that's generated. And so, they have data lakes, interacted with one brand the other day that doesn't have a data lake now. They're talking about their data ocean internally. And it's so much data, so much potential intelligence, that it's creating confusion. And what is the data that matters? And so, stitching the data together at a consumer level [00:08:20] sounds easy. It is difficult when you have terrestrial data and you have digital data and resolving that back to an individual, but that creating that foundation that's healthy and that's accurate.

[00:08:31] **Tate:** And that's usable. That's pillar two. And it sounds easy. It is not as easy. But again, because it used to be easy like 20 years ago. It was super easy even longer than that because there's just a limited amount of data. Today it's very, very difficult. The third pillar then is around analytics. Having all the data together and having it healthy, that's sort of interesting. Where it becomes meaningful is when you have an analytic enablement function that is sophisticated enough to then take that data and there's a ubiquitous number of tools that you can use. Finding the one that's right for you is another discussion. But having an analytic function that can take that data, information, and transform it into actionable insights, That's pillar three.

[00:09:20] **Tate:** So now we've got something that was interesting in the data health. We've got something that's now meaningful. We've got insights. And when it really becomes the most impactful is the fourth pillar, which is the operations and support. So how do we take those insights and now engage with consumers, extract the interaction data from that, and then further refine it. So over time, right, we've, we've, we've got insights, we're acting, we're gaining more information, more data. We're putting that back into the till and we're turning over time and getting smarter and smarter and more efficient. And what we'll see when all of these four pillars are in place. We've got a strategic mindset around customer intelligence.

[00:09:58] **Tate:** We believe in it. We've got healthy data. We've got an effective analytics operation, effective analytics environment and capability. We've got operational and support. We'll start to see the hockey stick effect in terms of business performance, in terms of growing your revenue, not losing customers, growing them as well. So, we've got more customers coming in. We're keeping the ones that we have. And overall, when we stack all that

together, we're starting to really grow in a really meaningful way, a transformational way as compared to many of our company's history.

[00:10:27] **Jennifer Sain (Host):** All right, so talking about those actionable insights, is there any client that very smartly listened to your sound council, but implemented a customer intelligence strategy in a really innovating or surprising way? Because everyone loves a real life example.

[00:10:42] **Tate:** Well, we work with brands, of course, across all industry segments from the largest banks in the US you know, we work with the top 10 US banks. We work with all the payment networks. We work with retailers. We work with all of the major telco carriers. We are unlike other agencies within the IPG holding company. We're a non-conflict agency or non-conflict entity, I should say. So, we have vast opportunities to learn from our clients and to work with them and to help and to guide them. You know, I've spent a lot of time with our financial services clients, and there was actually one of our wealth management clients.

[00:11:22] **Tate:** One of my favorite examples is they have loads of data from third-party data to their own data, to market data, consortium data. It's all there. And over time, they're trying to figure out, okay, how do we identify consumers that have the ability to invest with us? That we want to go out and find and acquire them. An interesting thing about wealthy consumers is those that typically have wealth or a large or high number of investable assets, they don't want to tell you that, right? So, third party data is very difficult to tease out because people who have money don't want you to know they got it.

[00:12:00] **Tate:** And those that maybe don't have quite as much investable assets, they aspire to, and so they're a little more, let's just say they're ambitious about the self, the data they report on their ability to invest. So now what do we do? You got to look for small data elements that can be meaningful, that can identify and unlock pockets of potential consumers. And this one firm stumbled upon tile roofs. So, we actually have a data element that says if you don't have a composite roof or wood shake roof, but you have a tile roof, right, where you've, or a slate roof, like where you have craftsmen who've come in and put a roof on, that is not an inexpensive proposition.

[00:12:43] **Tate:** And so, they ran a trial to say like, well, what if we target that those people who have tile roofs and see what happens? Well, lo and behold, like they unlocked a segment that they hadn't been targeting and they were able to acquire more customers that way. That's wild. But isn't that crazy, right? So that just speaks to like the unique. Insights that can be found through having

data in a meaningful way that's loads of it. But it's attached to very specific individuals or households that you can market to in an addressable way offline or more efficiently online, you can do that engagement, but you [00:13:20] can't, you cannot identify them and opt in action against that if you don't have the data health and you don't have the analytics environment associated with it.

[00:13:29] **Jennifer Sain (Host):** That's wild. The specificity of tile. That's just, yeah, that kind of blew my mind. So. Now I'm hungry for more. Is there any, any other trend or, you know, anecdote like that, that you've noticed in the customer intelligence data, um, perhaps in another industry or, uh, maybe something more general that just was really just surprising for you or kind of hit you the way that just hit me.

[00:13:53] **Tate:** It's a great question, Jen, and having worked in Acxiom for so long and engaging with all these customers, particularly those that are the most sophisticated around data and identity and analytics. I guess, to some degree, I've become numb to like things that are like really surprising because there are example after example of that. I think if we all just take a step back and we think, okay, so the pandemic changed a lot, right? So, there are years where we were, most of us were just at home and we, it was always this trend toward digital. Commerce and consumers moving towards a more digital experience. Well, the pandemic didn't change the trend, but it accelerated it.

[00:14:27] **Tate:** And so now, now, when you think about your own personal experiences and you think about those in a digital way, why do you choose the brands that you choose? Well, they get in your algorithm. That's one way, but that's some of the things that work with our brands are doing around how to get in search. And like, what do you have out there digitally? And like, that's a whole thing that other agencies, not just Acxiom within IPG do. Isn't it the brands that present you with a relevant offer based upon where you are in your life and what you might be looking for, isn't it the brands that deliver on experience when you interact with them, they live up to their brand promise.

[00:15:04] **Tate:** And don't you get tired of the ones who keep hammering you over and over again for something that's not relevant because they clearly don't know who you are. Of course, we can just look at just our own experiences, our own experiences and understand the importance of having customer intelligence and knowing who your consumers are.

[00:15:22] **Tate:** It is. Top shelf customer experience is table stakes in the world that we operate today. It's not just like a nice to have, it's not something that, you know, you can use to differentiate yourself if you don't have top shelf, and

I'm not talking about like regular old, like premier, if you're not making these investments at a strategic level. It will impact your business and the results that you achieve.

[00:15:46] **Jennifer Sain (Host):** All right, so the impact of the pandemic, this landmark time in our history was, as you say, an accelerator for a lot of trends. So here comes the next big thing, because we got to talk about the elephant in the room. So can you talk about how AI factors into everything we've been talking about? And before you answer, I just want to tack on one qualifier, how ethics and privacy factor in. You know, at the top you had mentioned when talking about Acxiom's core work, that you talk about the ethical collection of data with your clients and of course, consumer privacy. Um, and ethics is a huge part of the discourse right now around AI. So I would love it if you could just speak to all that.

[00:16:24] **Tate:** I think it's a great question and just a really interesting topic that we can go, we can go explore in multiple ways. I think for me, taking a step backwards, I can remember when, like, first hearing about ChatGPT, months ago, whatever, like, oh, that's kind of interesting. Like, let's see what that's about. To where we are today, where everyone is talking about AI and everyone is having an AI strategy or all the vendors out there are now coming forward with an AI driven capability, which by the way, I would caution against at this point. Like everybody's talking about it, but it hasn't been around that long enough to be matured and be super reliable to make a huge bet on.

[00:17:07] **Tate:** That's something that we have to explore. We had a client event. It was just two weeks ago. We had an analyst there. It's a gentleman by the name of Ron Shevlin. He's with Cornerstone Advisors. Really, really smart guy keeps up with all the industry trends. And he gave this analogy as he was talking about AI and just think about. AI in this way, AI is a goldmine for you to go really pull out some incredible insights. The challenge is it's in a landfill. So, you got this goldmine in a landfill. And I just thought that that was a tremendous analogy; is not mine. It's Ron Shevlin's. But it speaks to this. There's an old adage in direct-to-consumer marketing, when you take in all this data.

[00:17:53] **Tate:** To identify who you want to market to on the other side of the process or the funnel, so to speak, it's garbage in garbage out, right? So, we believe that you really got to be intentional around the data that you pull into your AI engine and how you have that organized around consumers. If that is wrong, it doesn't matter how powerful AI is. It can hurt your business. And if AI is an accelerant for all of us, the damage will be accelerated. So, it's really

important to, uh, to point to the understanding the data and what you're putting this AI capability on. The other thing is at the same event, we had a couple of other industry analysts and because of how fast AI is moving, it is going to be, there are two data points that I think are important that I'll share here, and then we can sort of take this to where we want to go.

[00:18:45] **Tate:** Um, one was AI is not regulated heavily, like a lot of other tactics that we have. And so as brands, it's up to all of us to self regulate how AI is used in our business. Um, ensuring that it's harnessed in a way that's productive for the individual consumers that we serve. I have one of my colleagues eloquently put it, math doesn't have morals. So again, it's really all up to us. I make sure that AI is used in an ethical way. The second thing that they shared though, which is a little bit counterbalance to that, was if you and your company, if you don't have an AI strategy and you don't have a focus on driving AI strategy forward, again, this is not me.

[00:19:29] **Tate:** This is an industry analyst you're behind. It's that important and it's moving that quickly. So, I think those three things at a high level, or when we talk about AI, garbage in and garbage out data health is really important. It's a gold mine in a landfill. Two, is there's not a lot of regulations around it. It's up to us to do what's right and self-regulate and protect consumers. And then, you know, that third one is important for the future. If you don't have an AI strategy now, you're behind.

[00:20:03] **Jennifer Sain (Host):** So yeah, that's a precarious place to be in, to find that balance of being cutting edge while also being quite strategic, you know, to find out, is it that gold mine in a landfill, which I love by the way, or is it the canary in a coal mine? With that in mind, what do you think next year has in store for AI or what do you hope it does?

[00:20:20] **Tate:** Thanks. Yeah, I think you just sort of, um, led me right to an interesting place as we talk and look at, look at 2024 and in the future and, you know, the next research that for which Acxiom is going to be focused on, it's this whole notion around where AI and marketing collide.

[00:20:36] **Tate:** And we've got three predictions around that. The first one is predictive personalization. So, we are entering an era of hyper-personalization, the ability to be very specific in interaction with consumers in-store, but more importantly, online. And we think that AI is going to really accelerate predictive personalization with only 13 percent of brands currently using predictive personalization. We think that quick adoption of that can create some level of competitive advantage. The second prediction, when we think about 2024, is we

think there'll be an emphasis on healthy acquisition and retention. Almost three-quarters of consumers are willing to stay loyal to brands if they deliver them a great customer experience. So, it's just leveraging AI to power or boost those acquisition and retention strategies and customer treatments.

[00:21:32] **Tate:** We also believe that can be a differentiator. The third one I would mention in terms of 2024 and as we look forward, we believe that AI is going to help with customer services. And they're going to become more proactive. So, customers, if they trust a brand, and trust is earned by respect, using their data in an ethical way, in a way that is to their benefit, and being relevant with your interactions and meeting them where they want to.

[00:22:03] **Tate:** That's how brands can develop trust with their consumers. They will share information with you, and 35 percent of customers actually prefer they're willing, not the 35 percent consumers are more willing to provide that information. And as a result of that, if customers can have effective communication, 35 percent of them actually prefer to speak to and work with a chat bot, versus an actual individual. And so, if that's the case, then AI can be based upon the customer intelligence that we've built over time, to accelerate the effectiveness of that interaction with that chatbot for one-third of all customers out there. That is a huge number of consumers that want to interact in this way.

[00:22:48] **Tate:** So, look, these are three predictions. Predictive personalization, healthy acquisition and retention, Consumer services being more proactive. That's one, two, and three. This space is moving so fast and so quickly. That is just the tip of the iceberg. I think we at Acxiom, we are certainly leaning into AI across our helping us to accelerate the development of what products we have. Helping with our analytic engagements. But more importantly, working with our customers to help them leverage AI as an accelerant to improve their customer intelligence. To improve and optimize the efficiency and the effectiveness of their interaction with their consumers to help them acquire, retain, and grow more.

[00:23:32] **Jennifer Sain (Host):** So in addition to AI, are there any other trends that you anticipate will have a big impact on customers, brands, clients, companies going forward into 2024?

[00:23:44] **Tate:** Well, we're in prediction season, certainly for 2024 in our industry. And just in general, I think the megatrends that I think matter most are what I mentioned previously, the broader economic conditions, the uncertainty, the tightening of consumer spending based upon inflation. Consumers are still

spending, but the competition for that dollar is increasing. That competition for that dollar is only being exacerbated by the number of new market entrants as we go digital, the barrier for companies to enter and compete for consumer spending is lower. So, there's more and the watch out that I would have around trends is this, there are going to be many companies out there offering silver bullets to solve for all of these challenges between economic uncertainty, inflation impacting the amount of products consumers can buy, AI, et cetera, and at the end of the day, for me, for my money, it comes back to blocking and tackling. It comes back to doing the core things that are required to drive your business forward, which at the end of the day is understanding who your consumers are, interacting with them in a way that's meaningful, that builds trust and continuing to serve them and meet their expectations from a customer experience on a day in and day out basis.

[00:25:12] **Tate:** That is what is going to continue to set brands apart. Those who tend to rely or over pivot towards going all in with what they believe and what they've been sold as a silver bullet based upon a presentation that they've seen from some vendor out there. Because it's hard and everybody's looking for an easy button, there is no easy button. We've all got to lean in and continue to do the hard work that's required to really understand our customers, acquire more. Grow them, because we'll be able to retain them. So, I wish I had like a, you know, a new, a list of the top 10 or another top three. There's certainly no shortage of those, but for my money, I think it's core, like leveraging data to be smarter and having a data driven business.

[00:25:56] **Tate:** Our CEO, Chad Engelgau has this saying, he's like, you will, companies will be data driven or they will be left behind. And I certainly believe in that, too, as we enter 2024 and beyond.

[00:26:08] **Jennifer Sain (Host):** Oh, I love that. And that is such a perfect place to wrap up. Because like you said, everyone's making those predictions and, you know, looking for those silver bullets, but to kind of have it rooted in, you know, the evergreen, the things that don't change and a really solid foundation. I think that's all anyone can ask for looking into next year.

[00:26:25] **Tate:** So, before we move too far off from that, I do, I do want to be clear. Like, I'm not saying we shouldn't be evaluating all these new tools that claim to be shiny objects, right? Because we should, there's value that can be unlocked there, but I wouldn't go all in on them.

[00:26:38] **Tate:** I would maintain the core, like tried and true methods, and look to augment and find differentiation with some of these new platforms that

are out there. That's certainly what we do at Acxiom. It's what we work with our clients to do. It's a matter of prioritization. Thank you for having me. I really appreciate the opportunity. It was great to spend time with you and talk about what we're seeing in the business. So thanks again.

[00:26:57] **Jennifer Sain (Host):** Absolutely. And thank you so much, Tate, for being here. This was a lovely conversation. I love talking with you so much, and I know our listeners are just going to get so much value out of all the insights that you shared. For all of our listeners, the report that we referenced on customer intelligence is available on intelligence at intelligence.interpublic.com. Along with a trove of other thought, leadership insights and research from around the Interpublic network. Thank you so much for listening and we'll see you soon.

[00:27:26] **Outro:** Thank you for listening to the Collective Intelligence podcast for more marketing insights and ideas Please subscribe to this podcast or visit intelligence.interpublic.com.