Ethical Aspects on Customer Tracking

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Customer Tracking?

Customer Tracking:

Customer tracking is the way to track consumers behavior with their data that allows them to deliver highly personalized, relevant content and recommendations.

Customer Data?

Customer Data:

Customer data is the behavioral, demographic and personal information about customers collected by businesses and marketing companies to understand, communicate and engage with customers.

Types of Customer Data:
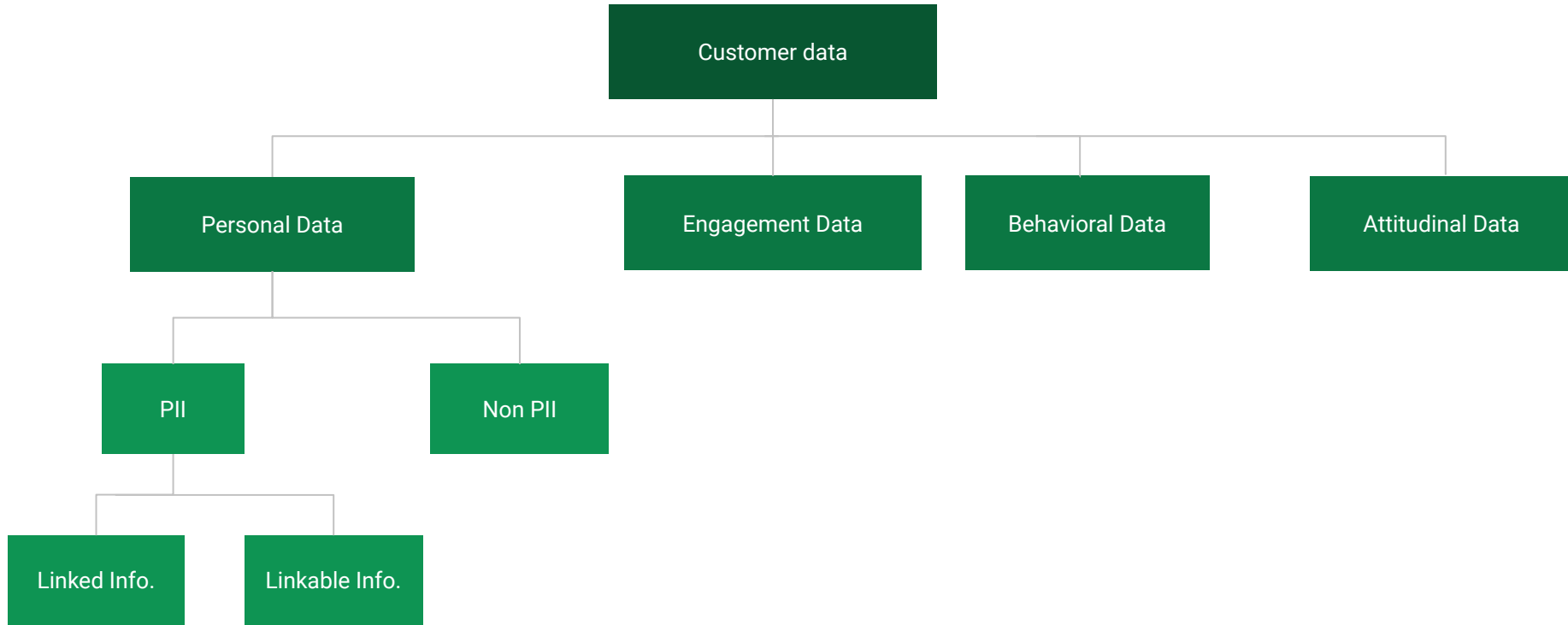
1. Personal Data (Cont.):

Personally Identifiable Information (PII)

Linked Information:	Linkable Information:
1. Full name	1. First or last name
2. Physical address	2. Location — Country, state, city, ZIP code
3. Email address	3. Gender
4. Login details	4. Race and ethnicity
5. Driver's license number	5. Age group
6. Social security number	6. Job details
7. Passport number	
8. Credit/debit card details	
9. Date of birth	
10. Phone number	

1. Personal Data (Cont.):

Non-Personally Identifiable Information (Non-PII):

Non-PII is the opposite of PII, which is anonymous information and can't be used to identify any one person.

Examples of non-PII include:

1. IP address
2. Cookies
3. Device IDs

2. Engagement Data:

Engagement data tells you how your customers interact with your brand via various marketing avenues.

Here are the inclusions of each channel:

1. Website and Mobile App Interactions
2. Social Media Engagement
3. Email Engagement
4. Customer Service Information
5. Paid Ad Engagement

3. Behavioral Data:

Behavioral data helps you uncover underlying patterns that your customers reveal during their purchase journey.

Here's how you can gather this data:

1. Transactional Data
2. Product Usage
3. Qualitative Data

4. Attitudinal Data:

Attitudinal data is driven by the feelings and emotions of your customers.

Here are a few examples of attitudinal data:

1. Customer satisfaction
2. Sentiments
3. Product desirability
4. Preferences
5. Motivations and challenges
6. Purchase criteria

Why Companies Need to Track Users?

Importance of Customer Tracking:

❖ Make data driven decision.

❖ Survive in a competitive marketplace.

❖ Improve Return on Investment (ROI).

Benefits of Customer Tracking:

Effective usage of customer data helps you improve the online shopping experience for your customers and fine-tune various processes in your company, generating a positive impact on your profitability and customer lifetime value.

Benefits of Customer Tracking (Cont.):

i.) Identify your most important customer segments: Your customer data allows you to segment your customer base and identify the most important customer segments for your company.

ii.) Attract and retain more high-value customers: Once you know your most important customer segments, you'll be more effective in attracting and retaining the right-fit customers.

Based on what you know about your existing top customers, you can create better custom and lookalike audiences for your paid ad campaigns and email marketing initiatives.

Benefits of Customer Tracking (Cont.):

iii.) Improve onboarding to encourage the second purchase:

Your onboarding campaign must-haves are:
1. Thank you and email confirmation
2. Welcome to the community
3. Pre-delivery
4. Educational content
5. Shipping confirmation

iv.) Personalize the online shopping experience:
Customer data, first and zero-party data, in particular, help you create personalized user and customer experiences on various channels.

Benefits of Customer Tracking (Cont.):

v.) Keep customers engaged between purchases to prevent churn:
Customers don't churn overnight. Before they leave you for good, there are a series of signals or red flags that you can observe in the customer behavioral data.

vi.) Have a unified view of customer data:
A unified view of customer data helps your teams create seamless experiences with better interactions that keep the customers satisfied. Data unification can significantly change the way your teams interact with your customers.

vii.) Improve real-time response based on customer data:
When you sync your customers' responses with your follow-up flows, you are more likely to generate a positive impact on satisfaction levels and retention rates.

Benefits of Customer Tracking (Cont.):

viii.) Leverage a unique set of data accessible only to your company:

Building better customer relationships starts at the intersection of data management and marketing automation. You have more than a customer base – it's a data set unique for your business.

Analyze customer data and identify the things that your customers have in common.

Parameters that a company use to track an user:

1. Previously used search terms: Interest
2. Pages viewed: Intent
3. Amount spent on a website.
4. Actions performed on a website: add to cart/ favorite/ purchase
5. Ads shown to the users:
6. Session duration: session login
7. IP address and location
8. Clicks
9. Days since last visit.

How the user tracked?

7 Ways to Collect Customer Data:

Marketers can collect data from every channel that the customer interacts with the brand on.

7 Ways to Collect Customer Data (Cont.):

1. **Website Analytics:**

Your website is often the primary channel that your customers interact with. You can collect customer data such as their demographic and geographic characteristics along with engagement and behavioral data.

- Tools such as Google Analytics, Mixpanel, Piwik PRO, and Matomo

2. **Social Media:**

You can know a lot about your customers based on how they interact with you on social media. You can up the ante of your customer data collection activities by investing in social media ads.

7 Ways to Collect Customer Data (Cont.):

3. Tracking Pixels:

A tracking pixel is a piece of HTML or JavaScript code inserted into a website or an email that records every visitor landing onto your website or opening the email.

4. Contact Information:

Contact information is perhaps the most important information from the perspective of communicating with your customers.

For instance, longer forms will be ineffective early in the stage. Make sure to provide appropriate rewards/incentives when your customers provide their data.

5. Customer Feedback and Surveys:

Customer feedback and surveys are effective to gather interests, tastes, and preferences of your customers.

7 Ways to Collect Customer Data (Cont.):

6. Customer Service Software:

A customer service software helps you understand the instances when your customers seek help, problems existing in your product, the complexity of those problems, the medium your customers choose to connect with you, how long it takes to resolve a query and how it can be optimized.

7. Transactional Information:

Depending on your business model, there are different ways to collect transactional customer data.

Ethics on Customer Tracking

Law and Ethics:

- Law is created with an intent to maintain social order and peace in the society and provide protection to all the citizens.

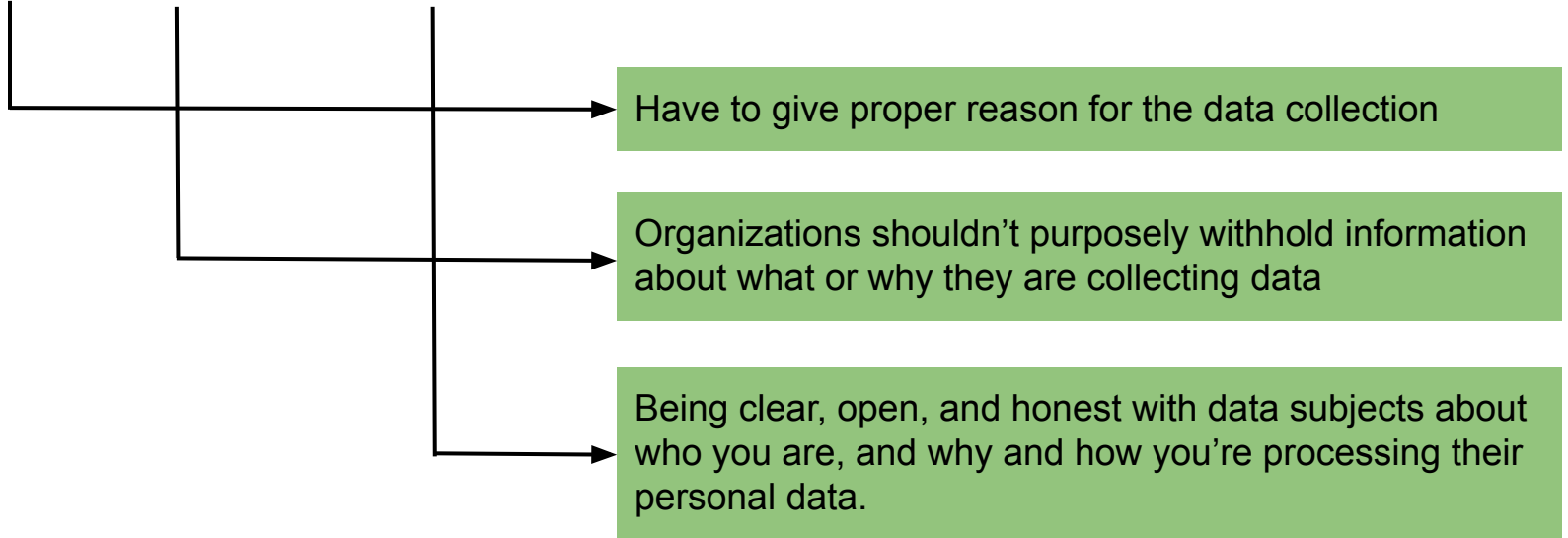- Ethics are made to help people to decide what is right or wrong and how to act.

Is there any law on customer tracking?

General Data Protection Regulation (GDPR):

- The General Data Protection Regulation is a law that sets guidelines for the collection and processing of personal information from individuals.

- The law was approved in **2016** but didn't go into effect **until May 2018**.

- The GDPR provides consumers with more control over how their personal data is handled and disseminated by companies.

- Companies must inform consumers about what they do with consumer data and every time it is breached.

- GDPR rules apply to any websites regardless of where they are based which means it must be heeded by all sites that attract European visitors, even if they don't specifically market goods or services to EU residents.

7 key principles of GDPR:

 # 1: Lawfulness, fairness, and transparency:

Have to give proper reason for the data collection

Organizations shouldn't purposely withhold information about what or why they are collecting data

Being clear, open, and honest with data subjects about who you are, and why and how you're processing their personal data.

7 key principles of GDPR (Cont.):

 # 2: Purpose Limitation:

- This purpose limitation means data is "collected for specified, explicit, and legitimate purposes" only, as stated in the GDPR.

- Your purposes for processing data must be clearly established.

- If at any point, you want to use the data you've collected for a new purpose that's incompatible with your original purpose, you must ask specifically for consent again to do it.

7 key principles of GDPR (Cont.):

 # 3: Data Minimization:

- Only collect the smallest amount of data you'll need to complete your purposes.

 # 4: Accuracy :

- It's up to you to ensure the accuracy of the data you collect and store.

- Set up checks and balances to correct, update, or erase incorrect or incomplete data that comes in.

- Also have regular audits on the calendar to double check the cleanliness of stored data.

7 key principles of GDPR (Cont.):

 # 5: Storage limitation:

- According to the GDPR, you have to justify the length of time you're keeping each piece of data you store.

- Data retention periods are a good thing to establish to meet this storage limitation policy.

- Create a standard time period after which you'll anonymize any data you're not actively using.

- This time period based on company to company.

7 key principles of GDPR (Cont.):

 # 6: Integrity and Confidentiality:

- The GDPR requires you maintain the integrity and confidentiality of the data you collect.

- You must ensure that you have appropriate security measures in place to protect the personal data you hold.

- You must protect data from unauthorized or unlawful processing and accidental loss, destruction, or damage.

7 key principles of GDPR (Cont.):

 # 7: Accountability :

- The GDPR regulators know an organization can say they're following all the rules without actually doing it.

- That's why they require a level of accountability: You must have appropriate measures and records in place as proof of your compliance with the data processing principles.

- Supervisory authorities can ask for this evidence at any time.

Ethics on Customer Tracking:

 # 1: Not Granular Level Tracking:

- Granular level tracking means, tracking with knowing precise data.

- For example targeting with longitude and latitude, or precise age.

- **Rather than:** For location use city/state and for age use age group.

Ethics on Customer Tracking (Cont.):

 # 2: Check Consent Regularly:
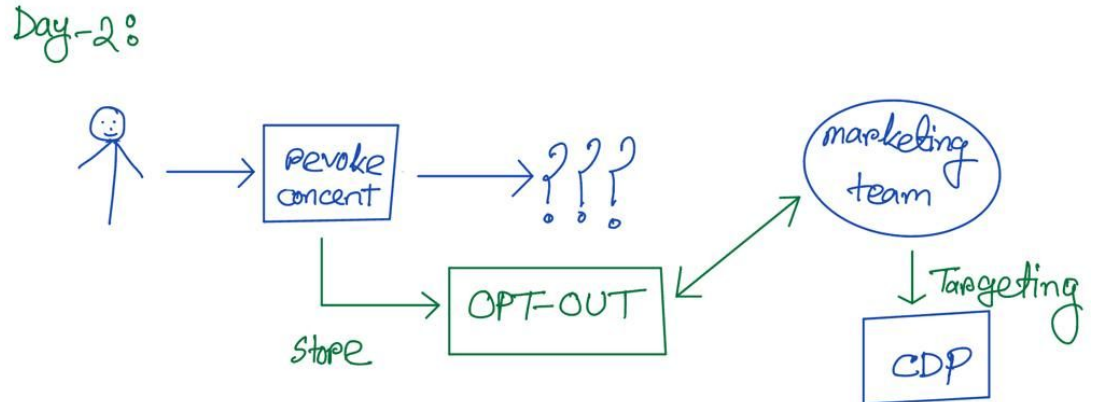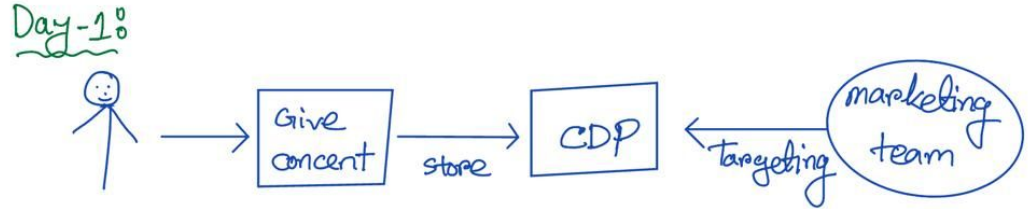
Ethics on Customer Tracking:

 # 3: Store Hash Values Instead of Plain Text:

- No system is 100% secure. A system could be corrupted or hacked by unethical groups.

- So, the only reason to protect is to store/transfer with cryptographic hash function.

 # 4: Do Not Target People with Color, Races, Religious Ethnicity and Political Identity:

- 2016 presidential campaigns & Facebook–Cambridge Analytica data scandal.

Ethics on Customer Tracking:

 # 5: Targeting with Clinical Data is Prohibited:

- Target a specific group of people, whose are suffering by a critical decease.

 # 6: Reduce Bias-ness of Any ML Algorithm:

- Check if the targeting algorithm has any bias-ness into specific group of people.

 # 7: Targeting Non Adult Data:

- Targeting not adults are prohibited.

Ethics on Customer Tracking:

 # 8: Time to keep the Data:

- No fixed time periods are given into GDPR.

- For cookies: 90 Days.

- For MAIDs: 180 Days.

 # 9: Benefiting Customers:

- To establish a win-win situation.

- May introduce some loyalty program.

Resources

- https://www.spiceworks.com/marketing/customer-data/articles/what-is-customer-data/

- https://www.omniconvert.com/blog/customer-data-benefits/

- https://www.metarouter.io/blog-posts/the-ethics-of-collecting-consumer-data

- https://www.linkedin.com/pulse/ethics-customer-behavioral-tracking-jascha-kaykas-wolff/

- https://en.wikipedia.org/wiki/Facebook%E2%80%93Cambridge_Analytica_data_scandal

- https://www.adexchanger.com/the-debate/3rd-party-behavioral-tracking/

- https://www.onetrust.com/blog/gdpr-principles/

- https://www.lytics.com/blog/ethics-of-customer-behavioral-tracking/

- https://www.futurelearn.com/info/courses/introduction-to-machine-learning/0/steps/262219

- https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/guidance/ethics-and-data-protection_he_en.pdf

Thank You