



How to Grow Your Shopify Store with Your Brands' Existing Customer Data

A step-by-step guide to boost your customer acquisition and retention efforts using the data you already have.



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Introduction

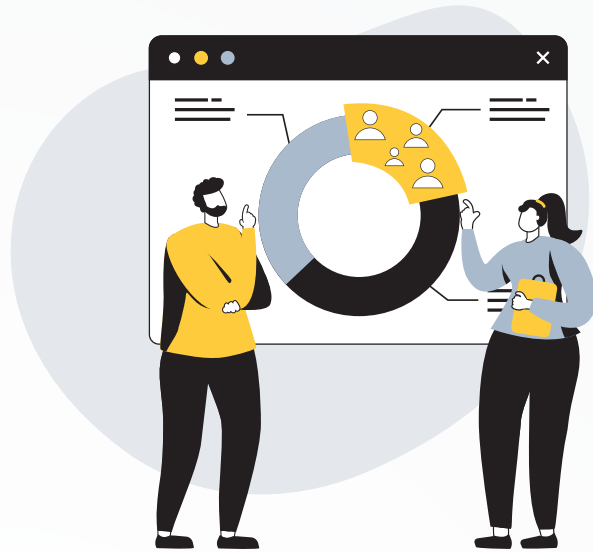
Most brands running an online store via Shopify have all the customer data they need to drive significant growth for their business. Data that can answer questions like: which products are most effective at converting new customers or what's the cost of acquiring a new customer? And data that can drive really effective marketing segments and budgeting decisions.

Whether your brand has 2,000 customers or 2 million customers, the data you have can provide critical insights about the next right decision. But deriving insights from data is an overwhelming task, so brands tend to rely on the analytics provided by Shopify or other third-party apps and call it good.

While these analytics can drive value for your brand, there's still a lot of room to squeeze more growth out of your first-party data and resulting analytics. There's a major untapped opportunity here for most DTC brands, which doesn't require a data team or even a dedicated data science resource.

This guide will help DTC brands better understand how to use their first-party customer data to scale their business.





Defining customer data

For the sake of this guide, the term “customer data” is used to refer to two specific types of data available to Shopify, Advanced Shopify and Shopify Plus users. This data is collected every time a customer enters the required information to make a purchase, and is your brand’s first-party data.

The Two Types Of Data Are:

Order Data

A customer's request to purchase one or more products from a shop (with or without discounts).

Customer Data

Information about a shop's customers, such as their contact details, their order history, whether they've agreed to receive email marketing and if they have an account.

Order data and customer data are what feed your Shopify Customer Reports, including: customers over time, first-time vs returning customer sales, customers by location, returning customers, one-time customers, at-risk customers and loyal customers.

These reports are used by brands in a variety of ways, from segmenting marketing audiences, to store location planning and even product decisions.



Is first-party data enough?

When it comes to strategic decision-making, first-party data really is enough. It can take brands really far in their marketing and customer experience efforts, guiding effective budgeting decisions and resulting in more customer acquisitions and higher rates of retention.

Of course, there's a lot that can be learned from zero-party data like a post-purchase survey; matching your first-party data with responsibly collected third-party data can enhance personalization abilities.

But if your brand only has first-party customer data, you can make decisions today that will help move the needle toward meeting your goals.



Getting your data ready to use

Every paying customer in Shopify has many different pieces of data associated with their account. Or - on the flip side - many different, disconnected accounts associated with their shopping history. With this much data in any scenario, the chances are high that some of it is inaccurate or invalid.

In fact, more than half of the Shopify data that comes through our system typically needs to be cleaned.

By far, the highest impact data point for DTC brands is the email address. Within Shopify, email is assumed as a unique identifier. This means that any time a shopper uses a different email address for any reason, they're assigned a new customer id, creating a duplicate account for the same shopper. Even if their first name, last name and phone number are exactly the same. This can cause the paying customer count to be much higher than the actual number of paying customers (we've seen up to 10%).

Many brands will try to resolve duplicate accounts by hand. But when you consider typos, formatting and intentional misinformation...it can be really hard to write programming language that accounts for every possible circumstance. Looking through .csv files by hand to see if a customer accidentally added an additional letter to their email address or used an invalid phone number so they don't get robo calls leaves a lot of room for error.

Getting your data ready to use (continued)

All of these examples plus so many more can make it very difficult to link data across platforms and around IRL customers. Imagine running a local advertising campaign or choosing a store location because it appears a large percentage of sales are coming from that zip-code, but then finding out the sales are actually coming from a reseller. Or going all-in on an expensive marketing campaign that wins first-time buyers who never buy your brand again or pay back the cost of acquiring their purchase. The importance of accurate customer data cannot be overstated.

Cleaning, validating and unifying customer and order data can seem hard and expensive. Most growing DTC brands don't have an internal tech resource dedicated to this task, and even those that do find themselves constantly reinventing the wheel.

Using a trusted third-party to seamlessly clean and unify Shopify data before it's used for analytics can inject the confidence your brand needs to fully trust its data with important decisions.



Prioritizing your data efforts



Three of the primary areas DTC brands differentiate themselves in a crowded market are through customer experience, marketing and operations. These areas allow brands to stand out and compete against traditional retail brands, and puts the response to a customer's activity directly in the hands of the brand. Each of these functions rely heavily on customer data, and can stand to benefit greatly from better data integrity.

In practice, most DTC brand leaders are so busy just making the next decision to serve customers today, they don't have time to build out a full data function. And the task seems herculean, so a lot of valuable data gets left on the table. By first understanding where the biggest data issues lie, your brand can decide whether to prioritize changes for marketing, customer experience or operations. And you can start to make better decisions this month (without hiring any staff, learning any coding language or retooling any of your business practices).

Using data for a better customer experience

Often, the most important considerations of all is customer experience. A lot of effort, energy and expense is put toward creating the best experience - optimizing every touchpoint a customer might have with your brand. It makes sense, since **seventy-three percent of consumers** point to customer experience as an important factor in their purchasing decisions.

In the e-commerce world, the customer experience revolves heavily around what happens on your website. From finding it, to each product page, to the checkout process all the way to confirmation email. While we could write a whole book about how to use customer data to create the optimal customer experience, we'll just focus on one example each for the pre-purchase, purchase and post-purchase steps of the process.



73%

of consumers point to customer experience as an important factor in purchasing decisions

Pre-Purchase: use clean and unified customer data to choose website product leaders

When a semi-interested party first visits your website, it's important to immediately make your value clear. How are you going to make their life better? Maybe your homepage isn't the right place to put a product that has a loyal, cult following...but rather to showcase a product or product-line that is effective at winning first-time buyers.

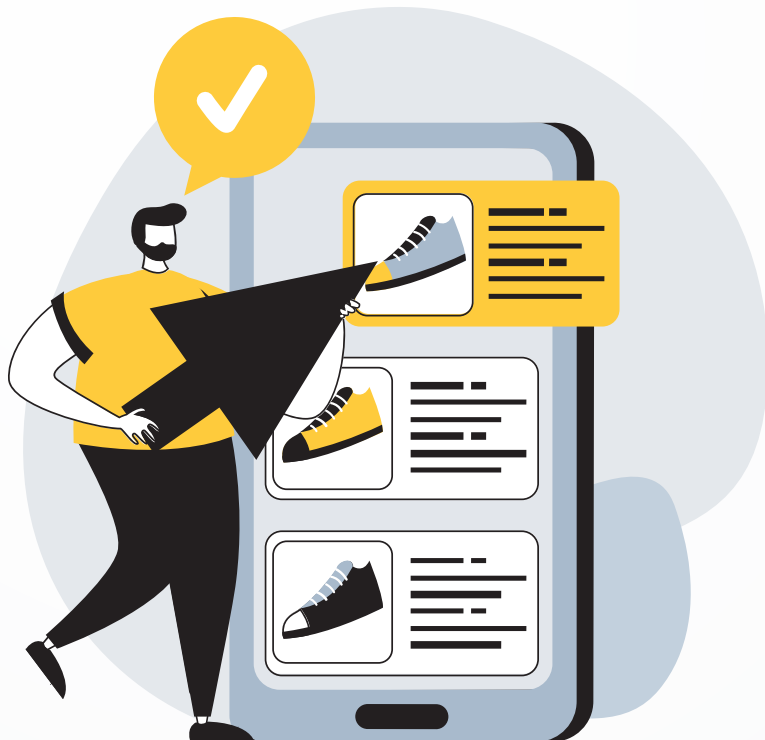
Of course, this is only possible to do when you actually know who your first time buyers are. This requires you to know that Sharon.shultz@gmail.com is the same customer as Sharon@shultz.com.



Purchase: Use clean customer data to upsell or cross-sell

Now that you've got the customer hooked with your basic offering, it's critical to show them what they're missing. Maybe they're missing out on a much better product fit (because they live in a zip code with different weather) or maybe there's a subscription plan that will get them free shipping and a discount. Customer data will tell you which upsell is attractive to first-time buyers, loyals, etc.

There's nothing a customer loves more than a brand that knows what they want.



POST-PURCHASE

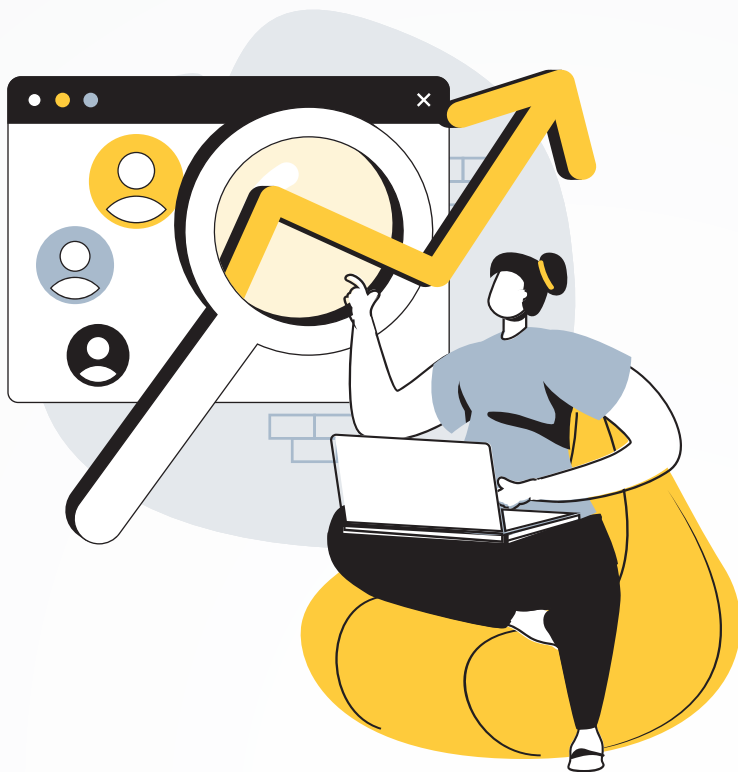
Use customer data to give customers a reason to return

With clean data unified around IRL customers, you can treat your customers like you know them. Because you do.

It becomes possible to prioritize loyal customers in the chat queue, deliver offers that reward repeat purchasing and create an overall personalized engagement.

Of course, this is only possible if the customer data actually shows the right information about real people.





Using customer data for more effective marketing

Of course, every brand relies on marketing to grow. DTC brands, especially, have seen major success from social marketing campaigns. Raising capital to saturate the market with their message via social media advertising has often resulted in scale.

And since no one needs a primer on the importance of personalization in 2023, we'll immediately jump into how better customer data can result in better campaigns. (read: more products sold and greater loyalty driven for fewer marketing dollars).



Using Customer Data For More Effective Marketing

Make sure your marketing segments are made up of IRL customers

Shopify offers 10,000 free marketing emails every month and charges \$1 for every 1,000 emails beyond that number. Their automations are relatively easy to set up. Whether your brand uses Shopify, Klaviyo or another third-party for its email marketing, it's important that marketing segments are made up of [all] your real life customers.

Clean, unified data is the only way to ensure your well-planned messages get in front of the intended shopper cohorts.

And you can stop wasting money marketing to the same person more than once.

Reward repeat purchasing

It's a well known fact that keeping existing customers costs less than winning new ones. But it's only possible to reward loyalty if data is unified around real customers and real customer activity.

This means that every email address, social media profile, physical address and phone number Sharon Shultz has ever used when interacting with your brand is boiled down to the truth and combined under one customer id.



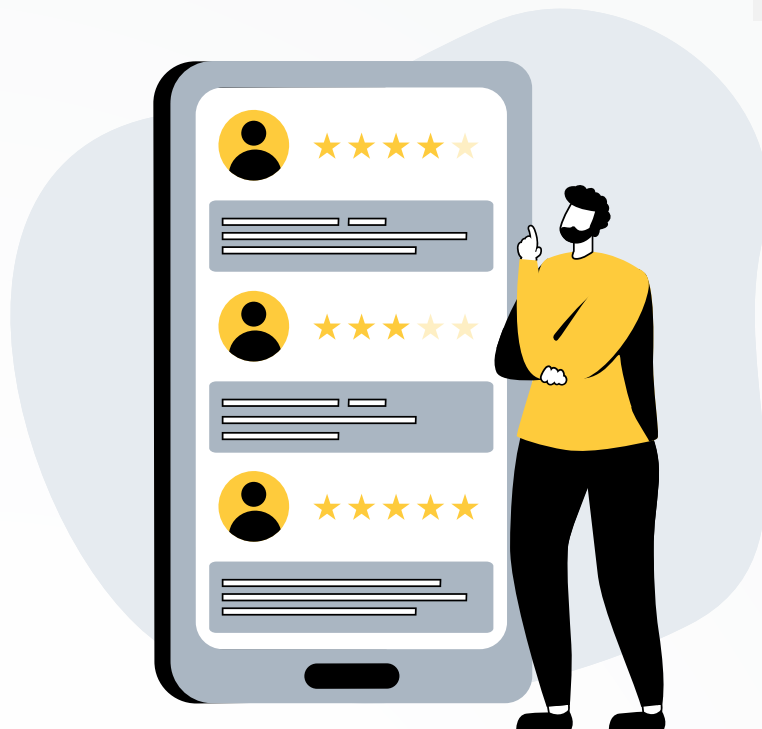
Using Customer Data For More Effective Marketing

Make major spending decisions that result in more sales

Sometimes, the next marketing campaign is really high stakes. It's the billboard in Times Square. The one that's going to help your brand scale. The results are being scrutinized heavily and you need to be sure the cost won't outweigh the benefit.

Quality customer data is the only way to make the right decisions about which products to feature and which audiences to reach, with the confidence that the cost of acquisition will be paid back.





Using customer data to make operational decisions

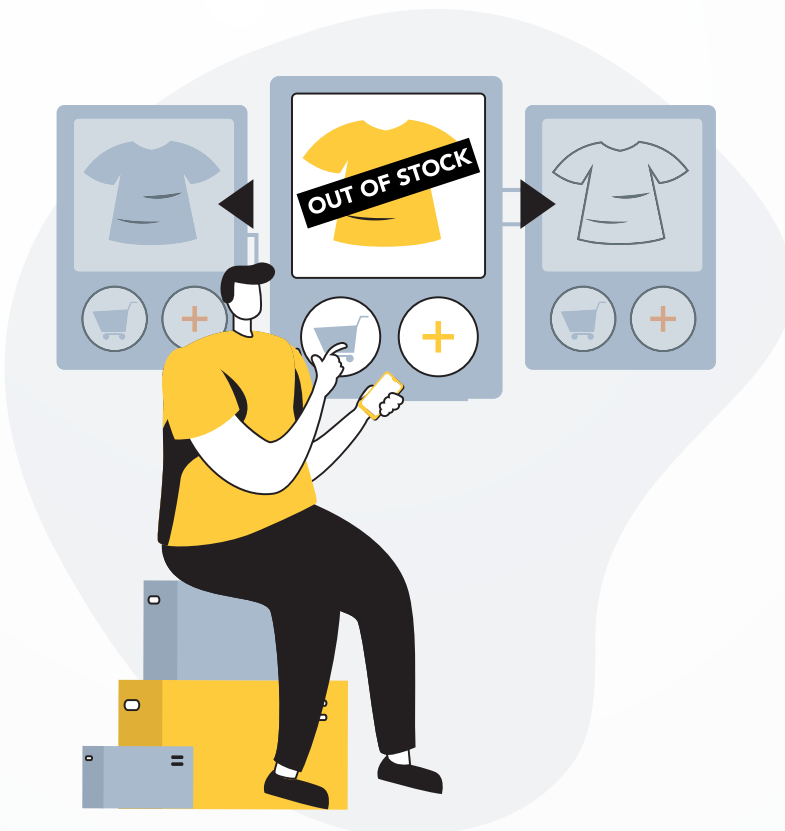
Trend projections. Inventory forecasting. New store locations. Business policies (like lifetime guarantees). This list covers just a few of the decisions in the hands of the operations team that have serious financial implications.

Getting one of these slightly wrong can mean an entire line of clothing is a flop, there's a million in leftover excess inventory or the cost of the policy eats into profit. Imagine opening your first physical store in a zip code associated with a large percentage of orders, just to find out it's a dropshipper? Potential disaster.

But just like with CX and marketing, unified data can guide the operations teams toward decisions that result in the outcomes your business wants.

Forecast inventory more effectively

Knowing the customer journey is the best way to forecast inventory needs, and proper ordering is an issue clean data can certainly help solve. Do customers buy your products in a certain order? Is there a large portion of customers poised to hit step number four on their journey? You can be prepared when they do, because no one wants to see the dreaded “out of stock” message.



Using Customer Data To Make Operational Decisions

Evaluate major policies like lifetime guarantees, free shipping or flexible returns

Are these potentially operationally intensive or expensive practices worth the cost? Thinking about these policies as late-stage customer acquisition costs, does customer acquisition cost then become higher than customer lifetime value? Mattress companies with a no questions return policy, for example, have to pay for mattress removal and donation. With clean data, it's possible to reevaluate these policies and correctly calculate their value to the business.

Who knows, maybe they're holding back growth? Or maybe a new policy would catapult growth to the next level.





Using Customer Data To
Make Operational Decisions




Link purchase and return data to get a real picture of average order value

We've seen it over and over again. When using different systems for online purchases and returns and in-store point-of-sale, it's hard to link the data. Sometimes a data warehouse is used to put all of the data in one place, but it's still not unified.

For example, an online purchase followed by an in-store return will very likely not be connected to the same customer id, which throws off average order value and every other important metric. This could be an immediate way to increase LTV, simply by getting the numbers right.



What DTC brands have to say

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Orita is the world's leading data confidence platform. Our software transforms raw customer data collected across platforms into a refined asset, allowing DTC first brands to make confident decisions based on their real customers. With clean and deduplicated data, companies like Caire Beauty, California Cowboy, Dormify, Huckberry, and Shameless Pets have been able to accurately calculate important metrics and gain a complete understanding of the customer journey.

For hundreds of dollars, millions of clean records can flow seamlessly between your business and the tools you rely on (like Looker, Lifetimely, Klaviyo, etc).

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