



# INCREMENTALITY AND WHY CUSTOMER DATA WON'T SAVE YOU

From Control Groups  
to Microsegmentation:  
Unleashing the True Power of  
Incrementality

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To start with, let's create a common understanding by exploring the fascinating concept of **Incrementality**.

## Understanding Incrementality

Incrementality in marketing refers to the business benefits, typically growth in revenue, that can be directly ascribed to the marketing efforts, above and beyond the background noise of brand loyalty.

It's an incredibly important metric for any modern marketing team, as in the current spend-cautious world we live in, budget holders, typically CFO and Marketing Procurement specialists are looking at what the crazy marketers are spending and saying to themselves "how much!?".

## The Struggle with a Seemingly Standard Concept

Despite its importance, it is still quite amazing to me how many organisations struggle with this seemingly standard concept. It is after all nothing new, to measure the performance of a campaign! But I like the term incrementality, and if nothing else it helps to give a name to your pain, since so many marketers experience difficulty with this metric.

The reason for this struggle is simple and starts to bring us onto our topic of **Customer Data**, and what might be going slowly wrong, if you're not already taking steps to address it.

Incrementality is a standard but difficult concept to achieve because connectivity between diverse technical solutions in your real estate, even after all this time and solution after solution, often just isn't there, or it is, but the process is manual, or takes days to activate response data and apportion to your activities.

## The Control Group Approach

On the face of it, the way to measure incrementality is as old as outbound marketing itself, certainly older than digital marketing, and the mainstays of the Marketing Automation revolution, with trendsetters like Optimove and Braze, established players like Acoustic, Adobe and Salesforce, and the granddaddy of them all, Unica.

The key to measurement is control, or holdout groups. If you'd like to know more about this, we recommend our "[Introduction to Successful Marketing Automation eBook](#)" available on our website for more details. However, this is only the first half of the puzzle that is incrementality, and unfortunately, this is where many organisations stop, either due to limitations of technology, understanding, or more often than not, time.

# Understanding control groups

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A control group refers to a subset of individuals who are not exposed to specific marketing efforts or campaigns. By comparing the behaviour and outcomes of the control group with those of the targeted group, marketers can isolate the true impact of their marketing efforts.

For example, let's say a company launches a promotional campaign to drive online sales. They create a control group consisting of randomly selected customers who will not receive any promotional messages. The rest of the customers form the targeted group, who will receive the promotional messages. By comparing the sales data of the control group with that of the targeted group, the company can measure the incremental revenue generated by the campaign accurately.

Control groups help filter out the external factors that may influence customer behaviour, such as seasonality, market trends, or existing brand loyalty. This isolation allows marketers to attribute business benefits directly to their marketing efforts, providing valuable insights into the effectiveness of their strategies.

## Welcome to the table - MicroSegmentation

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The other half of the incrementality equation, however, is down to the selection of your holdout control groups. Many Marketing Automation tools provide the capability to create holdout groups based on random selection, but how can you be sure that the holdout groups are representative of the groups you end up contacting? Only by measuring representative groups can you be certain you are making good incrementality measurements.

Several organisations I've worked within over the years have espoused the importance of the "NG sample", on the theory that Nottingham is broadly statistically representative of the overall UK. It isn't of course, but it definitely simplifies sampling processes when you can make such broad assumptions up front.

The better way to approach this is what many of the key players call **MicroSegmentation**, whereby your customer broadcasts are divided into many hundreds of small groups based on their data. Of course, you can only do this if you know a lot about your customers, and if you don't know a lot about your customers, you have a problem to solve before you can think about tackling incrementality. We know many approaches to this though, so if you think you do have this problem, we'd still love to hear from you.

MicroSegmentation creates another problem to solve though, of the marrying up of hundreds of offers with hundreds of groupings, not to mention the creation of the holdout groups on top. Some technologies, are finding this an ideal proving ground for Machine Learning (ML), to control the grouping generations both of your target and holdout groups based on data, and auto selecting the best offer from all the possible offers for each group.

Optimove, as an example, has addressed targeting precise microsegmentation with relevant offers by starting marketing with the customer, not with a product or campaign. Data on preferences and affinities enables the creation of like-minded small groups, while AI precisely identifies the most relevant and personalised recommendations, resulting in continual lift improvements over time.

## CDPs: Accessing Valuable Customer Data

With the meteoric rise of CDPs, we are able to access more of our data than ever before, bringing in a wealth of customers information behavioural, demographic, lifestyle, website, social media mentions and purchase history. CDPs are superb at identifying, merging and deduping customers from disparate sources and creating the single source of the truth, what used to be called the Single Customer View (SCV) many years ago when I started out in this game.

# Single Customer View – Single Source of Truth

Customer Data Platforms (CDPs) have become instrumental in managing and harnessing customer data effectively. One essential concept within CDPs is the Single Customer View (SCV). The SCV refers to a comprehensive and unified profile of an individual customer that consolidates data from various touchpoints and sources into a single, holistic view.

For instance, imagine a retail company that interacts with customers through multiple channels, such as online purchases, in-store visits, and social media engagement. Without an SCV, data related to each interaction would be scattered across different systems and databases, making it challenging to gain a holistic understanding of individual customers.

However, with an SCV powered by a CDP, all relevant customer data, including behavioural patterns, demographics, purchase history, and social media mentions, can be consolidated into a single view. This unified profile provides marketers with a comprehensive understanding of each customer's preferences, allowing for more personalised and targeted marketing campaigns.

CDPs are of course great at merging, deduping and identifying single views of customers, which is something we're seeing and doing more and more of all the time, but the fact remains that the data needs activation.

# Data Activation: Bridging the Gap

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Data activation platforms, like the ones I named earlier are great, with their respective strengths and weakness, but one area where many of them overlap is that without that data foundation, they rely on data being fed from somewhere else in order to make decisions, intelligent or otherwise.

Many marketing automation vendors though are starting to realise this challenge, and some now include built-in CDP functionality to overcome this obstacle, while others have ancillary products designed to meet these customer needs, some of these though are a CDP in name only. Others again go to market with a preferred CDP partner they pitch with, and one who you probably know well notably acquired one of the up-and-coming CDP vendors in order to steal a march on the competition, which was a very clever move.

Having separate Marketing Automation and CDP technologies might seem like a minor challenge, more of a headache to Procurement who do the contract negotiations than for you, especially once the systems are live and talking to each other. However, difficulties soon emerge when connecting up the two disparate data points, and in our experience, something is always lost in the translation when you try to marry up the taxonomies on both sides of the fence.

## The Challenges of Separate Platforms

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One of the main difficulties is that it can be very challenging to add new data points mid-stream as you learn more about what you want to do. It's impossible to plan up front for every eventuality, in fact, I don't like to – I find if I spend too much time on day one thinking about what I'll be doing on day 300, I know for a fact I'll miss something important.

When dealing with multiple technologies and integrations, there's always a cost, no matter how low-code, user-friendly and point and click the interfaces appear to be. That cost can be measured in time, money, and energy, and ultimately grants you little to no agility as a marketer. By the time you have changed the system to obtain the new data point you are after for a specific need, the need is often gone, or deprioritised. After a while, it can be easy to dismiss innovative ideas on the basis that you don't think it will be worth the hassle, based on how hard it was last time.

This is how organisations end up with suboptimal CX. It touches on another subject near and dear to my heart, **MarTechnical Debt**, which is a term I invented to encapsulate the decisions made in a company growing organically, that become the paving stones on the road to hell, with multiple vendors, integrations, and data sources, all doing broadly similar things in similar ways, with just enough distinction to make it harder to scale down again than is realistically feasible.

This lack of agility can lead to a lack of train of thought analysis in the business, something I consider essential when innovating new and clever solutions to listing revenue targets and increasing share of customer wallets.

The other prominent issue with using separate Marketing Automation and CDP platforms is that of Reporting and Analytics, and specifically, how do you go about combining analytics in a meaningful way

so that you have customer data and campaign performance, when you have gone to market with two separate systems?

In our long experience, we have found that it can be impossible to improve engagement if you don't have access to the history of customer data and campaign performance, and depressingly, this is when more technology is thrown at the problem, and marketers start to consider yet another provider, this time a Data Visualisation provider like Tableau, Qlik or Google Charts. More money, more contracts, more headaches for your procurement team and more MarTechnical debt.

## The Cookiepocalypse

Into this cauldron you then throw the affectionately named cookiepocalypse, namely the end of Third-Party data at the end of 2023 when Google retires the use of third-party cookie trackers on Chrome and forces all digital marketers around the world to focus their efforts on their customer, or First Party data. It's a solid move, it's what I would do, it is what Purple Square is doing, and what we're advocating our customers do, as a matter of urgency. Gone are the day of scattershot programmatic advertising. Anyone who wants to talk about cookie-less DMPs will be shown the door.

# 1st, 2nd or 3rd Party Data? What does it all mean?

## First-Party Data

First-party data refers to information collected directly from individuals or entities with whom an organisation has a direct relationship. This data is gathered through interactions, transactions, or engagements with customers, users, or visitors to an organisation's platforms or properties. Examples of first-party data include customer profiles, purchase history, website analytics, and user-generated content. First-party data is considered highly valuable due to its accuracy, reliability, and relevance to the organisation that collects it.

Key characteristics of first-party data:

- **Collected directly from the source (customers, users, visitors)**
- **Owned and controlled by the organisation**
- **High accuracy and reliability**
- **Provides valuable insights into user behaviours and preferences**
- **Enables personalised experiences and targeted marketing campaigns**
- **Helps improve products or services based on customer feedback**

## Third-Party Data

Third-party data refers to information collected by external entities that have no direct relationship with the organisation using the data. These entities collect data from various sources such as public records, social media platforms, data brokers, or other data providers. Third-party data is typically aggregated and anonymised, providing a broader view of consumer behaviour, market trends, and audience segments. While third-party data can offer valuable insights, it is important to assess its quality, reliability, and compliance with privacy regulations.

Key characteristics of third-party data:

- **Collected by external entities unrelated to the organisation**
- **Acquired from various sources and often aggregated or anonymised**
- **Offers a broader perspective on consumer behaviour and market trends**
- **Provides audience segmentation and targeting capabilities**
- **May introduce concerns regarding data accuracy, privacy, and compliance**
- **Requires careful evaluation of data sources and providers**

## What about second-party data?

Second-party data is obtained from a trusted partner or another organisation that has a direct relationship with the data source. In this case, the data source shares its first-party data with another organisation, creating a mutually beneficial arrangement. This type of data exchange typically occurs between organisations that share a similar target audience or have complementary business objectives. Second-party data can enhance an organisation's existing data set by providing additional insights and expanding the scope of understanding.

## What's the answer for your business?

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Way back in the title of this whitepaper, I have said that Customer Data won't save you. To be more accurate, I would say it won't save you by itself. Having a rich stream of customer data, frequently updated and nicely detailed is all well and good, but without an equally talented activation mechanism in the form of cutting-edge industry leading Marketing Automation to drive engagement the customers want, need, and deserve, it's only going to be good for reporting, and only then if you've remembered to keep up your data visualisation license.

So how can your business start to accurately measure incrementality? There's no cookie cutter approach because your CX vision, your people, your data, your processes and your technology are so distinct, having grown organically and given you your MarTechnical Debt. However, it's always worth a cold, dispassionate look at your underpinning technology. Does it do what you want now, let alone in an aspirational state?

If you'd like to have a chat with us about what we would do next in your position, we would love to hear from you.

## About the author

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Timothy Biddiscombe is the Managing Director at Purple Square CX. He's been helping clients with marketing-shaped technical problems for more than 20 years now, so you can definitely say it's in his blood! Nothing makes him happier than working with our teams of highly skilled experts to deliver cutting-edge, scalable and robust solutions for our clients, partners and software vendors. Timothy has been working at Purple Square since almost day one, helping the business to grow and seeing it develop and evolve into a globally renowned customer experience advisory.





## About Purple Square CX

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We are a Customer Experience Advisory that offers a diverse range of services aimed at enhancing customer interactions for businesses.

Our expertise lies in three key areas:

1. CX Advice and Strategy
2. Marketing Automation
3. Customer Data Platforms (CDPs)

Our team comprises CX strategists, architects, engineers, developers and builders, all focused on delivering against the five core principles of CX: Strategy, Operations, People, Data and Technology.

We build long term partnerships with our clients, that deliver their Customer Experience goals, both short-term and long into the future.

[www.purplesquarecx.com](http://www.purplesquarecx.com)