

3 customer ID challenges and how marketers can overcome them

Article



“[Marketers] need to have the ability to connect disparate data sources, while also getting consumers’ permissions and knowing how they want to be reached,” Tim Finnigan, director of product marketing at Verisk Marketing Solutions, said on a recent [“Behind the Numbers”](#) podcast episode. Here are three customer identification challenges our guests uncovered, and a few suggestions on how marketers can overcome them.

1. Changing data and different sources lead to attribution challenges

“Thirty percent of a business’s [customer relationship management] or data will go bad, or deprecate, or something will happen to it, so it’s ever-changing. You really don’t know 100% of your consumers all the time,” said Finnigan. For example, people can move, get married, or change their name. They can also come in through different sources (e.g., loyalty services, credit cards, or forms).

Finnigan described the strife of a leading streaming client that has access to millions of first-party consumer records, but its customers buy on different streaming channels and at different access points. These factors can cause marketers to have “messy consumer data” and make it hard to monetize.

Analyst insight: “Spending on US identity solution[s] has been steadily growing over the last five years,” wrote our analyst Paul Verna in our ID Resolution H1 2023 report. “Expenditures will reach \$10.4 billion by the end of 2023—a 13% increase over 2022 and more than triple the 2018 total, per Winterberry Group data shared with us. Driving these increases are digital channel expansion, rising demand for first-party data relationships, and adoption of costly technologies, such as [data clean rooms].”

2. AI could help with identity resolution

Finnigan hopes AI will progress to help marketers identify consumers or their attributes.

Verna said it would eventually, “but not yet,” and that attribution capabilities will get more sophisticated in the next couple of years.

Analyst insight: Generative AI can help marketers “identify new customer segments based on select criteria” and “personalize marketing efforts and help brands establish themselves within these segments,” wrote our analyst Kelsey Voss in our Power of Generative AI in the Buyer’s Journey report.

3. Varied privacy laws make it challenging for marketers to use data responsibly

Consumer privacy laws are constantly changing. “Consumers still want access to information and personalized marketing, but this requires quality data that’s ever-current. And it still needs to be collected responsibly,” said Finnigan.

The secret to leveraging identification data is “having what we call an identity spine or graph,” or “years and years of information on consumers,” (including how they want to be reached) to compile and turn into actionable and privacy-compliant marketing plans, Finnigan said.

Analyst insight: “Many advertising stakeholders are advocating for federal privacy legislation to alleviate the burden of adhering to different rules in different states,” wrote our analyst Evelyn Mitchell-Wolf in our Privacy Legislation and Regulation Explainer. In the interim, advertisers can focus on complying with more protective laws, explore resources from trade organizations like the Interactive Advertising Bureau, and practice self-imposed data collection.

Looking ahead: Given the uncertain economic climate, Finnigan said marketers need to be prepared for the unexpected. “[Marketers] need to ensure that consumer data is current to better understand in-market behavior and evolve with consumers, regardless of macroeconomic factors.”

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