

FIRST-PARTY DATA — THE KEY TO SUCCESS

If you give a marketer a cookie ...

... or maybe you shouldn't.



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CONTRARY TO
POPULAR
OPINION, THE SKY
IS NOT FALLING;
IT'S THE
LIMIT

We all know at some point cookies will go away. But let's face it—cookies are the easy way out. They relieve us marketers of the hard work of building customer relationships, providing exceptional customer service, really understanding our customers' and potential customers' buying behaviors and preferences. We rely heavily on a black box to find likely consumers, when we really don't have to. But the truth is that when we do the hard work of collecting and using [first-party](#) data, our marketing programs will be more robust, targeted, and personalized and will lead to deeper, more nuanced, and more successful customer relationships.

Giving up cookies is sort of like going on the paleo diet—back to basics, keeping relationships at a primary level. The metaphor probably stops there. But focusing on first-party data opens up healthy and rich interactions between brands and customers.

Before we explore how to do that, let's review the types of data currently available.



Definitions

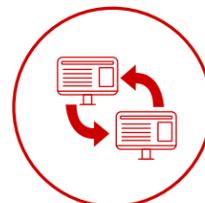
As a marketer, you currently have potential access to all of these types and sources of data. However, much of third-party data will soon go away because cookies are being phased out and increased requirements for privacy are just over the horizon. As we noted in a recent blog post, a bill was recently introduced into both houses of Congress to ban advertising surveillance (collecting data without permission), and at least 38 states now have privacy legislation in some form either recently passed or pending.

[Click here](#)
to view
our relevant
blog post



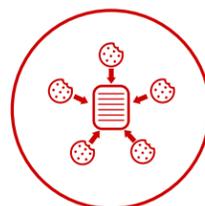
First-Party Data

Data collected by the brand directly from customers and/or requestors. In addition to data from purchases (online, off-line, in-store), brands can collect first-party data from sources like mobile apps, websites, social media, SMS, email, surveys, beacons, customer service interactions, CRM systems, QR codes, chat boxes, after-sale contact, and call centers.



Second-Party Data

First-party data collected by another entity, such as a publisher or other brand, which they are willing to share for some mutual benefit.



Third-Party Data

Information about consumers gathered by an aggregator through multiple sources, frequently using a cookie on a website, often without the consumer even being aware (e.g., website visited, cell phone number, social media preferences).



Zero-Party Data

Data provided voluntarily by a consumer, usually in exchange for something of value to the consumer (e.g., email address for 10% off first order).



The good news is: You own your first-party data and your zero-party data, so you can use them in developing and executing your marketing strategies and you don't need permission to do so. However, you must respect any recipient request to opt out from receiving your promotions.

As [data-driven](#) (one might even say data nerd) marketers, we have developed a framework for optimizing your use of information to optimize your results. Here are the steps to creating and implementing a strategy based on the data you own that will deliver more to your bottom line than any program built on cookies.

Step 1: Understand the data you currently have and the value that information represents.

Step 2: Determine actions necessary to increase the usable information you have and to fill in the gaps.

Step 3: Create an omnichannel strategy grounded in the data you have to reach both customers and prospects.

Step 4: Recognize that you cannot stop at the sale but must continually be refining your relationship with those who make up your marketplace.

STEP

1

Understand the data you currently have and the value that information represents.



At the very least, your data will include those pieces of information gathered through some sort of action taken by the brand in response to an action by a consumer—such as a sale; request for information; call to customer service; purchase behavior/history/subscriptions (products/services/channel choices); and, potentially, communication preferences. Additionally, you may have more personal/demographic/interests/life stage data that consumers provided voluntarily in response to some sort of request or offer from the brand, such as filling out a form to sign up for a loyalty program or newsletter or taking a survey.

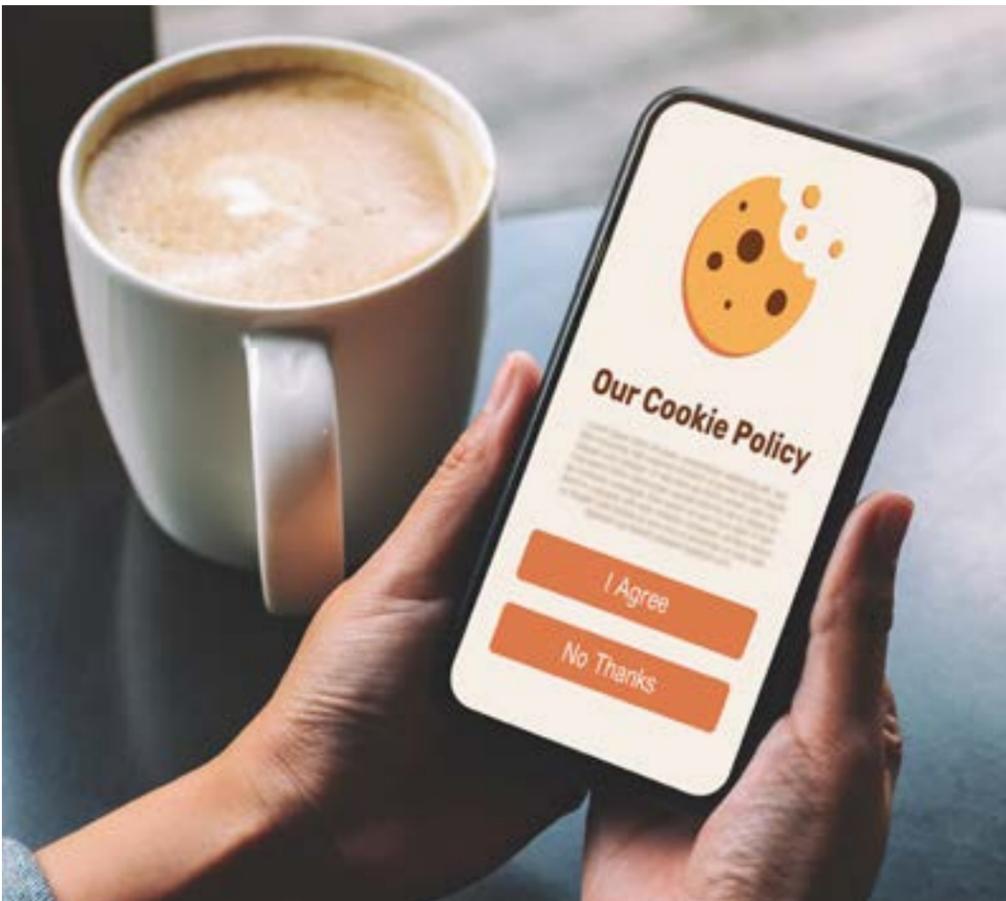
- Determine where all your data resides. Identify all the pieces of information you have.
- Consolidate and unify that data; take it out of any silos. Make sure you can consolidate data from various streams into one database / CRM system. The objective is a single, unified view of each customer in order to achieve the goal of creating meaningful, personalized customer experiences. To be most effective, this data needs to be part of an open data framework that can pull multiple, disparate pieces of information together to create a whole bigger than the sum of its parts.

Creating this unified view will enable you to identify your better customers—the ones who are likely to continue to spend—as well as the ones who may be at risk for churn and who appear to have lapsed. It becomes clear the different groups / segments require different strategies.

STEP

2

Determine actions necessary to increase the usable information you have and to fill in the gaps.



There are two major gaps. First, there is always more information you can gather on your customer base. You have several ways to fill out your customer profiles. You can turn to a third-party data aggregator (e.g., LiftEngine, Equifax, Experian, Oracle) that can provide demographic, psychographic, lifestyle, and purchase behavior data appends for your customer file. And/or you can reach out to your customers to ask them directly for information, through loyalty sign-up forms, surveys, games, sweepstakes, or product wish lists. Product wish lists will yield more reliable data, but you may need to offer customers something in return for providing that information.

As you collect data from your customers, it helps to be transparent and direct in your request, and to explain why you are collecting the information and the benefits of providing the information. And if you can offer something of value in exchange for the data, that is a win-win.

Benefits can include such things as the opportunity to participate in advisory panels or new product development, or surprise gifts either with a purchase or sent alone.

It is also important to remember that customers can opt out of sharing data, and the brand needs to respect that decision.

The second gap is prospect data, which is more challenging to generate. Without using cookies, you can reach out to potential customers directly through a variety of options, which can be part of your omnichannel marketing strategy, described below.

The idea is to spark a sale through these communications, but a prospect inquiry is also valuable. Once you have contact information, you can continue the conversation. And the more information you have about a customer or prospect, the richer and more personal, robust, and potentially respectful relationship you can create between the brand and the consumer.

STEP 3

Create an omnichannel strategy grounded in the data and touchpoints you have to reach both customers and prospects.

The goal is to recognize how this view of your customers—and, to the extent you have information from requestors, your prospects—can feed into a personalized relationship that offers value to both the customer and the brand. The plan is two-pronged, reaching current customers to increase their lifetime value to the brand and growing the customer base through prospects.

In general, about two-thirds of sales will come from existing customers. Increasing customer retention by just a small percentage can up profits by 25% or more.¹

The obvious conclusion, then, is to increase the number of existing customers. Obviously, this is easier said than done, especially if our magic box is going away.

Building trusting, personalized relationships with customers is key. Technology can support development of these interactions through identifying the customer data you have that can form the basis of a specific communication, promotion, or offer. Those promotions and offers can reflect an understanding of past product purchases, previous purchase channel executions, geography, life stage, interests, and even communications preferences (one customer may prefer SMS notifications while another wants email and a third wants to make sure she receives the catalog).



¹<https://www.smallbizgenius.net/by-the-numbers/customer-loyalty-statistics/>

To keep increasing the number of your customers and the influx of first-party data, it is necessary to execute prospecting strategies, which becomes more challenging without the use of cookies. However, we have had good, measurable success with a number of methodologies:

- The most straightforward method to reach prospects is through contextual advertising. This requires partnering with publishers and content sources that provide information related to your product or service. Consumers who see your ad and are interested can click through, scan a QR code, go to your website, or call a number, depending on where the ad was placed.
- A tried-and-true methodology is doing customer modeling for direct mail communications. Using lists and/or co-ops, you can find potential customers who are similar to your existing customers and reach out directly. This can also be combined with email appending for another channel of communication.
- Work with second-party data providers—those publishers, retailers, financial services, and others who have gathered their own first-party data and are willing to merge your data with theirs to target lookalike or direct customers. These partners will model against your file to create target segments for given products or promotions.



STEP

4

Recognize that you cannot stop at the sale but must continually be refining your relationship with those who make up your marketplace.

Trust is paramount. In addition to loyalty programs as a way to provide additional value to customers to strengthen the relationship and build trust, as noted above, customers can be asked to participate in advisory panels, new product development, and product reviews.

According to the Qualtrics XM Institute (formerly Temkin Group) customers who have had an excellent experience with a brand (described as “adoring” with respect to the brand) are more receptive to brand offerings and interactions with the brand, specifically 93% more likely to repurchase, 87% more likely to recommend, 87% more likely to trust the brand/company, and 63% more likely to try new offerings.¹

The use of first-party data can be a major part of customer journey orchestration, which uses data captured to provide a unified, holistic view of the customer that fuels relevant reactions in real time delivered through the brand's MarTech stack.² That is, technology can allow a brand to interact with an individual customer's actions/behavior rather than sending a non-personalized email. Transforming the customer journey by understanding and using data to move the customer experience to a new level of interaction will deliver improved metrics for both brands and customers. Boston Consulting Group says revenue will grow 10% to 20%; cost efficiencies of 15% to 25% will be achieved; and customers' advocacy ratings will increase 20% to 40%.³



¹ <https://www.xminstitute.com/blog/want-loyal-customers/>

² <https://cloudblogs.microsoft.com/dynamics365/bdm/2021/09/20/customer-journey-orchestration-the-next-frontier-of-connected-experiences/>

³ <https://www.bcg.com/publications/2019/transform-customer-journeys-scale-transform-business>

First-party data — the key to success

It all comes down to making sure the right information is in front of the right person at the right time through the right touchpoint. And it is not only to make the sale. It starts with some sort of indication of interest and continues through the sale and follow-up and ongoing interaction.

Gathering and using data comes with a responsibility to be good stewards of the data, making sure the information is used for two-way beneficial interaction, not just trying to sell more.

Whether or not you are ready to make the leap to full-blown customer journey orchestration, with the help of a partner steeped in data-driven marketing strategy development, execution, analysis, and continual refinement, you can be sure using your deep understanding of your customer will drive improved performance and satisfaction on both sides of the relationship.

Let us help you plan your CRM strategy and identify how best to expand your data to drive prospects and loyal customers.



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LET'S TALK

