THE PROBLEM WITH NOT PUTTING FIRST-PARTY DATA FIRST:

Closing the customer engagement gap between strategy and execution starts with a foundation of high-quality data

by Jason Conley | Sr. Director of Solution Consulting, RRD Marketing Solutions

INTRODUCTION

I recently pitched a data management and integration solution to a B2C brand on the verge of going all in on a new software platform. At the end of the presentation, two of the company's marketing consultants approached me and said:

"Our client is set on going down a software path. We're trying to voice our concern because they have data problems. Their first-party data systems don't talk to each other and they think a new software platform is the silver bullet."

It wasn't the first time I'd heard something like that. The reality is too many organizations think off-the-shelf marketing clouds and customer data platforms (CDPs) present the database solution they need to close the gap between customer engagement strategy and execution.

This is flawed thinking.

Before committing to any major software purchase, it's critical for decision makers to take a step back and look at their organization's bigger data picture — starting with first-party data.

WHY MAKE FIRST-PARTY DATA A PRIORITY?

First-party data — you probably know it as the data you own. And as Forrester puts it, it's been around as long as your customers have.[1] This data is specifically about them because it's generated by them through direct interactions with your brand.

Forrester's Principal Analyst Fatemeh Khatibloo adds, "First-party data is governed by your firm's privacy policies and terms of use. It can provide valuable insights such as how a customer interacts with your brand, and because it's longitudinal, it can show how her behaviors are changing over time."[1]

Direct interactions with your customers can oftentimes be the most personal — most revealing — and they take shape in a variety of ways. In a recent Econsultancy report, these common first-party data sources were identified:

First-Party Data Sources Currently Used by B2B & B2C Client-Side Marketers Worldwide / September 2017

% of respondents	B2C	B2B
Online Analytics (e.g., Google Analytics)	81%	73%
Email Data	74%	78%
Customer Survey Data	69%	59%
CRM Data	63%	69%
Call Center Data	48%	32%
Offline Campaign Data (e.g., Direct Mail)	47%	45%
Mobile App Analytics	34%	26%
In-Store Transactional Data	34%	17%
Unstructured Customer Service Data (e.g., Chat Logs, Support Tickets)	29%	30%
Data from organization's connected devices (Internet of things)	19%	21%

Source: Econsultancy, "Marketing in the Dark: Dark Data" in association with IBM, Jan 8th, 2018

FIRST-PARTY DATA'S VALUE PROP

The data you receive directly from your customers is loaded with value — and potential

It's authentic and accurate. Unlike any of the third-party lists you've purchased in the past, which have a tendency to decay over time, your first-party data is genuine, transparent and up-to-date.

It improves personalization. Identifying customers at an individual level, well, that's every marketers' dream. First-party data makes that possible. It also empowers brands to develop more personalized communications relevant to a customer's needs.

It's not limited to online. Nowadays, most data-driven conversations tend to lean toward the digital arena. However, from in-store customer feedback to catalog registrations to call center notes, collecting first-party data improves the effectiveness of a multi-channel strategy.

It's cost-effective. When I say "cost-effective," I actually mean your first-party data doesn't cost you anything. The same can't be said for second- and third-party data, thus making it's expected ROI second to none.

It plays well with others. ResearchNow notes first-party data can lack "practical value for your growth marketing initiatives."[2] To really see your audience holistically, from all angles, it's important to join your owned data with second- and/or third-party data.

It's risk-free. Thanks to its transparent nature and built-in consumer consent, privacy concerns surrounding your first party data are small. Also, the odds of upsetting or annoying a customer are reduced with heightened targeting.

It improves the odds. Speaking of "heightened targeting," your customer's past behavior is truly the best predictor of how she'll act in the future. Strategies based on first-party data analysis enables marketers to better anticipate their customers future shopping habits and needs.

FIRST-PARTY DATA

Data you've collected directly from your own customers or visitors. This is often considered the truest, most valuable data you can collect on your audience.

SECOND-PARTY DATA

In short, this data type is another organization's first-party data. This data type is commonly shared through partnerships between non-competitive, but complementary businesses.

THIRD-PARTY DATA

Unlike the first two data types, this one is typically collected by an entity that doesn't have a direct relationship with consumers. This is a data type you pay for. It's also a data type that's sometimes knocked for its lack of transparency in terms of how it was collected and how up-to-date it is.

HOW TO OPTIMIZE YOUR FIRST-PARTY DATA

According to a study by Experian, which interviewed 1,000 employees (worldwide) who have visibility into how their employer manages data, respondents said "on average about 30% of their firms' customer data is inaccurate" and "about one-fifth of the study's respondents believed that more than half of their customer data was wrong."[3]

I think this is a safe space for us to exhale a collective *yikes*.

Maybe you've heard the saying, "garbage in, garbage out." It's popular in our data-centric space. Essentially, it means starting with low quality or incomplete data results in low quality marketing.

Audit Your Data — Thoroughly

There's a good chance data silos exist in your organization. This is most likely due to unaligned initiatives across your different marketing teams. Here's the thing: your data needs to run horizontally across these vertical departments. It must. And identifying those silos and then dismantling them will help you begin the process of creating a single database of sources.

Set Up Lookalike Modeling

Lookalike modeling reaches individuals who share interest profiles with your existing customer base. This best practice has proven itself as a reliable way to scale up growth, effectively extending your targeting — aka reaching more people and resulting in a higher engagement rate. Lookalike modeling can also be used to better engage with customers on the brink (e.g., first-time buyers, at-risk customers, lost customers, etc.).

Retarget with Confidence

Retargeting your customer with something they've already purchased. This creates such a missed opportunity, and it's something I see happen all the time. Lead your retargeting efforts with cross-selling and upselling. With the first-party data you own, you have the ability to show your customers products relevant and complementary to past browsing and purchase patterns.

Keep It Structured

Useful data is accessible and unambiguous. According to the U.S. Securities and Exchange Commission, "Structured data is data that is divided into standardized pieces that are identifiable and accessible by both humans and computers." The benefit: "Widely available software can be used to easily analyze vast amounts of structured data without extensive and burdensome manual processing."[4]

Go Offline to Connect

Consider this: Multi-channel marketers have documented a 28% increase in their conversation rate when pairing direct mail and digital ads.[5] The data you've collected from digital interactions can be used effectively to initiate personalized offline marketing (think win-back campaigns).

Fill in the Gaps in Your Customer Journey Map

What are your customers interested in? What useful data points are missing from your customer profiles? Better customer identity resolution starts with simply asking your customers for more information. The good news is this ask is no longer a shot in the dark. More than half of consumers are okay with providing personal information (on a website) as long as it's for their benefit and used responsibly.[6] By activating relevant pieces of data to address gaps in the customer journey, shopper pain points can be eliminated and a much more consistent customer experience is realized.

Stay on the Privacy Up-and-Up

Keeping your data safe and sound is critical. What are you doing to ensure you're complaint? If you're asking me: align your organization with a data management partner who proactively discusses compliance. In addition to that, manage who (internally) has access to your data. Not everyone on your payroll needs that kind of clearance.

SHAMELESS PLUG

Data is everywhere. And massive regulatory, technical, and legal changes have combined to make its stewardship increasingly difficult. RRD Marketing Solutions possesses a deep understanding of the requirements for governance in today's environment.

Our proprietary and customizable database designs provide safe and seamless integration with leading marketing tools, including:

- Campaign management software
- Email service providers
- Business intelligence / analytic tools
- Data management platforms (DMP)
- Content management systems (CMS)
- Customer data platforms (CDP)

CASE STUDY: IF THE SHOE FITS

Challenge:

With an aggressive email marketing plan and a customer communications strategy both lacking the support and leadership required to grow a global customer base, this multinational footwear company turned to a partner with proven expertise in data management and analytic insights.

Solution:

By leveraging this global brand's first-party data, we were able to produce a more focused picture of who its current customer is across channels and products. This meant the integration of numerous data sources — think e-Commerce, POS, ESP, as well as product and store information — into a single data source.

With a more focused customer view established, we developed:

- **Customer Profiles** to provide visibility into who customers are (demographics and interests) and how they engage with the brand (purchase behavior and engagement).
- **Predictive Models** to identify customers most likely to respond, optimize spend, and present next likely products
- **Analytically-informed welcome series** leveraging the models and next likely products, which personalizes the experience

Results:

A solidified customer contact management approach is now in place and takes into account customer lifecycle state, engagement, value, and product affinity.

To support our client's aggressive email marketing plan, contextual communications are populated via a feed of customer-specific data points incorporated into dynamic email templates (e.g., product ownership, product affinity, nearest store, response likelihood, value, recency, etc.). Their email frequency is now varied to incorporate individual customer email engagement as well as likelihood to purchase.

Utilizing this approach, our client's marketing resources can be optimized by investing in growth strategies to retain high value customers while also minimizing spend on low value customers. If you ask me, I'd call this a win-win.

USE CASE

Only **4%** of customers who purchased soccer footwear also made a purchase in motorsport. Through the utilization of first-party data to drive contact strategy, we've empowered the client to optimize its marketing spend and avoid a **96%** failure rate.

REALIZE YOUR FIRST-PARTY POTENTIAL WITH RRD MARKETING SOLUTIONS

First-party data is the most valuable information your organization gets its hands on. Are you doing enough with it to grow and retain your customer base?

Effective data utilization is the result of strategically combining disparate data assets in a way that makes the whole greater than the sum of the parts.

For organizations needing to integrate and manage a nearly limitless spectrum of data, RRD Marketing Solutions creates the central marketing brain. We offer a proven model that provides traditional cross-channel recognition for identified, authenticated data.

ABOUT RRD MARKETING SOLUTIONS

We're a new group of marketers, designers, data scientists, printers, photographers, researchers, analysts, engineers and more.

RRD Marketing Solutions helps brands optimize engagement with their customers, across all touchpoints — online, offline and onsite. The group activates marketing resources in the most impactful way, through a combination of predictive insights, inspired content and meaningful interactions.

We empower brands to execute marketing programs with maximum return and enables customers to experience brands in their own way.

Want to know what your customers will do next?
Our predictive insights will show you.

Want to connect with your customers on a personal level?
Our inspired content will tell your story.

Want to create engaging customer experiences?
Our meaningful interactions reach every touchpoint.

Optimize Engagement.
Visit MS.RRD.com

PARTNER WITH A LEADER

RRD Marketing Solutions knows the power of first-party data. Just ask Forrester Research, who recently named us a leader among customer database and engagement agencies.*

Discover how Forrester stacks up the eight agencies that matter most in this space.

DOWNLOAD THE ENTIRE REPORT — IT'S COMPLIMENTARY! — AT MS.RRD.COM/FORRESTER

"[RRD Marketing Solutions] focuses on first-party data, considering that the safest and most trustworthy way to connect with consumers…. RRD is a solid partner for marketers seeking a high-touch partner relationship — especially in retail and channel sales."

— Forrester

The Forrester Wave™: Customer Database and Engagement Agencies, Q2 2018

SOURCES

1 / Forrester: Consumer Data: Beyond First And Third Party

2 / Research Now: All Data Is Not Created Equal: Differences Between First, Second, and Third Party Data

3 / Experian: One-Fifth of Companies Believe Most of Their Customer Data Is Inaccurate

4 / Securities and Exchange Commission: What Is Structured Data?

5 / Compu-Mail: Direct Mail in a Digital Age

6 / Janrain: Online Consumers Fed Up with Irrelevant Content on Favorite Websites

rrd MARKETING SOLUTIONS