

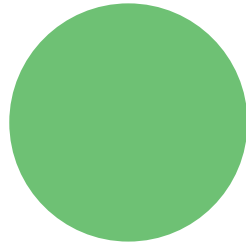
What is 2nd Party Data?

Leverage More Customer Data to Achieve
New Levels of Marketing Insight



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One Introduction



Terms sometimes get coined before most of us really know how to define them. We all started talking about the millennial workforce when most of us thought they were the people starting to work in the last five years, instead of a demographic group of workers born between 1980 and 2000 who are characterized by different job satisfaction and remuneration standards from previous generations. Then we did the same with globalization. That is, until social media meant even the smallest businesses could have international influences and operations inconceivable when the term was introduced. Now, everyone's talking about 2nd Party Data, often not in very specific terms at all.

**So why is 2nd Party Data
important? And why do you
need to know about it?**

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One Introduction



2nd Party Data allows marketers to understand how their customers are interacting with other brands. Based on this new insight, they can anticipate their customers' needs more accurately, and create segment-tailored offers that are timely and compelling.

Two Defining 2nd Party Data (Looking Beyond Provenance)

The reason why traditional definitions of 1st, 2nd and 3rd Party Data can be confusing is that they're focused solely on provenance: i.e. where the data came from. It quickly gets complicated as data starts being used by different parties, for different purposes.

1st Party Data collected by a brand, for example, can become someone else's 2nd or 3rd Party Data. It all depends on how they use it, and what they use it for.

So let's take the use cases as the foundation of our definitions of 1st, 2nd and 3rd Party Data:

1st Party Data

This is simply the data a brand collects, either actively or passively, from consumers that interact with the organization directly.

1st

2nd Party Data

2nd Party Data is 1st Party Data that two or more parties decide to share on a "private" basis for mutual benefit, meaning that no one else can access or view it. It also requires mutual customer records. In other words, 2nd Party Data is data shared only on the segment of customers you have in common with your data partner/s. This way, you're able to learn how your own customer interacts with your partner brands – giving you more insight into their needs, preferences and behaviors.

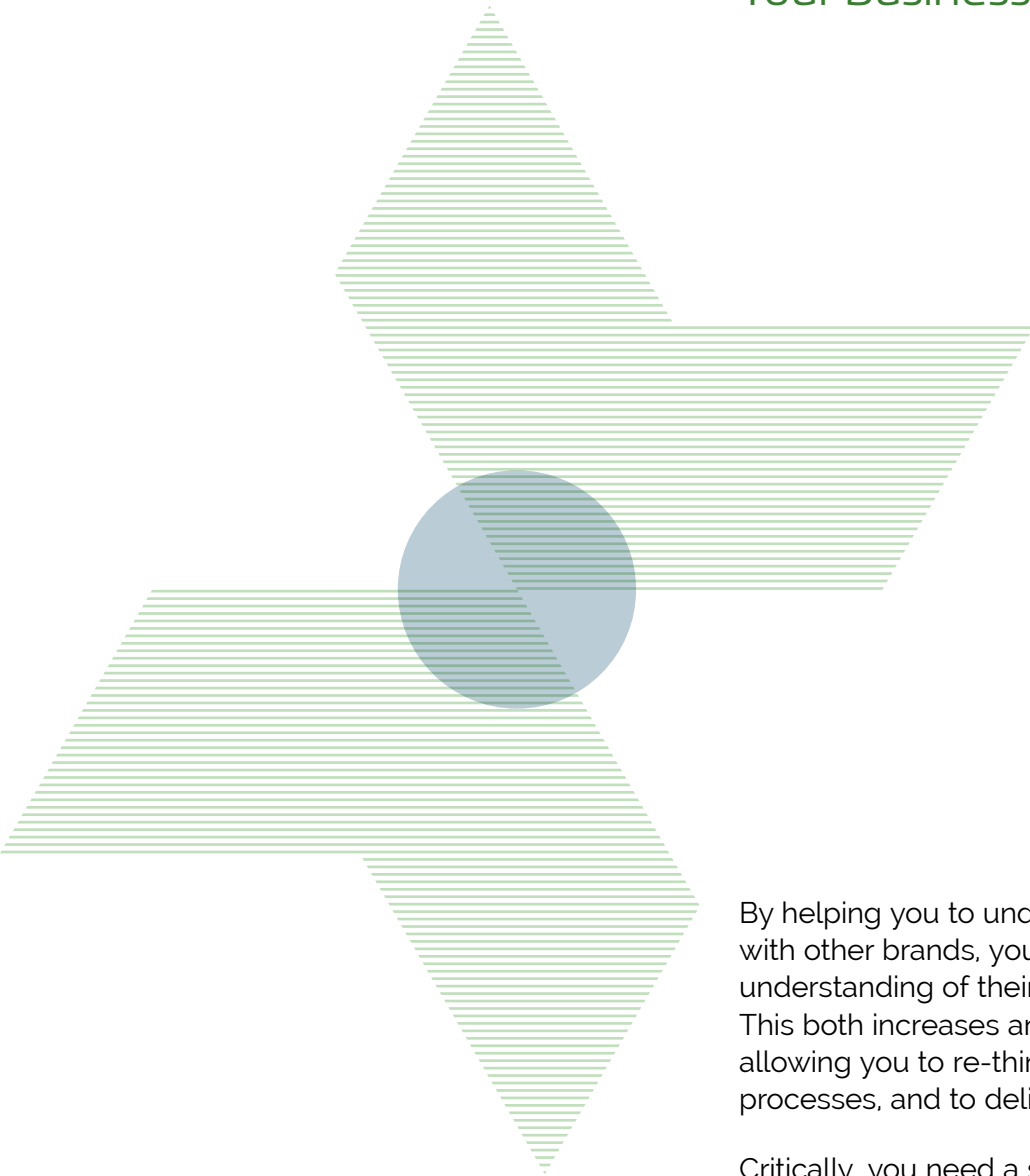
2nd

3rd Party Data

In terms of provenance, 3rd Party Data is data that has been collected by another brand about people who aren't known to your organization. The simple fact that the data relates to another brand's customers – not yours – is what makes it 3rd Party Data. Whether 3rd Party Data is bought, or shared privately, there are specific terms for using it – and you need to know what those are before you get started with 3rd Party Data.

3rd

Three How Can 2nd Party Data Help Your Business Grow?



By helping you to understand how your customers interact with other brands, you can gain a broader and more nuanced understanding of their needs, preferences and behaviors. This both increases and contextualizes the value of your data, allowing you to re-think your targeting and audience creation processes, and to deliver timely, personalized offers.

Critically, you need a safe and secure environment that allows you to integrate data without exposing customer information. Here, you can gain this insight while ensuring compliance with data privacy and protection.

Three How Can 2nd Party Data Help Your Business Grow?

2nd Party Data provides two unique opportunities in terms of helping you increase your success and your bottom line. These are:

1) Enhancing marketing based on new customer insight

1st Party Data can tell you a lot about your customers, but it's far from a complete picture. By contrast, incorporating 2nd Party Data allows you to build a layered and more complete view of individual customers that drives far more relevant, meaningful and personalized marketing that can improve engagement and marketing ROI.

2) Disrupt how you create audiences and find efficiencies

By disrupting your approach to building audiences, you can test new ways to achieve better results with far fewer online impressions, which can help you lower costs dramatically. You can also engage more techniques, like collaborative targeting and customizing content for customer segments, helping you to make your proposition more relevant and more compelling.

Three How Can 2nd Party Data Help Your Business Grow?

Here are just a few examples of how 2nd Party Data has helped organizations in different sectors drive revenues, and to build stronger, more profitable customer relationships. For example, if you discover your customer buys high-end products from your 2nd Party Data partner, you can use that information to create offers around your own portfolio of premium products.

Room deals for airline customers

A global hotel chain is partnering with a leading airline to boost hotel sales. If customers frequently book flights, but only rarely book a stay with them, they can be targeted with special hotel offers based on their flying history. This shows the power of 2nd Party Data in terms of targeting the right customers with the right offers to increase lifetime value and loyalty.

A recipe for success

A large supermarket is working with a high-profile clean living and baking magazine that prizes fresh, seasonal ingredients. Based on this 2nd Party Data partnership, the supermarket can send relevant offers for recipe ingredients to magazine readers as they shop in store. Targeted ads can direct a customer to seasonal plums that are required for a dessert recipe that they have bookmarked in the online magazine, for example. Customers' favorite recipes are indexed, helping customers find what they need easily and increasing per-customer spend in store. There is also evidence that these customers purchase more food products in general from the supermarket – not just the ingredients featured in the magazine recipes.

Energy efficient marketing

A leading energy company is working with a home builder to market solar panels, high-quality insulation, and other products to existing energy customers that can help them improve their homes and reduce costs. Using data from the home builder, the energy company sends personalized long-term energy savings estimates to customers based on the square footage of their property, the number of residents at the address, and current energy usage figures at the home. The personalized nature of the communications increases customer confidence that savings figures are accurate and helps to increase solar panel and insulation uptake.

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Four The Future of 2nd Party Data: More Partners, More Insight

If partnering with another organization gives you a more complete view of your customers, it stands to reason that even more partners gives you even more insight.



Four Delivering the 2nd Party Data Vision: Governance is Everything

A 2nd Party Data arrangement with multiple partners sharing their customer information sounds great. But the question for organizations is how to make the vision a reality, while also complying with constantly shifting regulations and rules on how customers' data can be used and shared.

To address this issue, leading data solutions partners provide secure mechanisms and environments for sharing data in the cloud, with pre-defined policies on which data can be shared, how it can be used, and by whom. Encryption and other data protection technologies ensure that data can never be accessed by unauthorized parties.

When evaluating your strategy on how to effectively share your data or bring data in from other brands, you need to consider the impact on the consumer. The best 2nd Party Data providers ensure that all data is subject to consumer control and that it is used in accordance with consumers' wishes.

The importance of notice, choice and control
2nd Party Data providers who do not understand the concepts of consumer notice, choice and control in terms of how data is used risk breaching consumers' trust – with severe and lasting negative impacts for the organization. Having the proper governance in place is critical.

Notice, choice and control is all about:

- Letting your customers know that you're planning to share their data before you do it
- Giving them the chance to opt out if they want to
- Being clear that another company could target them just because they shop with you
- Making sure that cookies are deployed on your site by a trusted third party, rather than giving the partner brand direct access, e.g. hotel and airline

Anonymizing data for even more control

As an additional layer of data protection, the best 2nd Party Data providers help to "anonymize" the most sensitive customer information – often known as Personally Identifiable Information (PII). This approach means that all of a customer's identifiable details are removed from the record being shared. Once de-identified they can safely and securely match them with an existing record for the same customer at the partner brand. This way, you get all the information you need about the customer's preferences without exposing PII.

Five Take The First Steps on Your 2nd Party Data Journey



By building 2nd Party Data into your overall business development and marketing strategy, your organization can gain new customer insight and use it to generate targeted campaigns that drive short-term gains. This kind of segment-specific and personalized approach to marketing can help you improve customer satisfaction, loyalty and retention long term – and that's the real promise of 2nd Party Data.

To find out more and to take the first steps on your 2nd Party Data journey, contact our expert team at:
info@acxiom.com
call 1-888-3ACXIOM.

You can also visit acxiom.com to learn more about this and other ways you can leverage data to increase your success and grow your business.

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Acxiom provides the data foundation for the world's best marketers. We enable people-based marketing everywhere through a simple, open approach to connecting systems and data that drives better customer experiences and higher ROI. A leader in the ethical use of data for more than 45 years, Acxiom serves thousands of clients and partners around the globe and seeks to power a world where all marketing is relevant.

For more information, visit [Acxiom.com](https://www.acxiom.com)