How to Optimize Your First-party Data Strategy: 
Data Enrichment for Cookieless Marketing
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Introduction

Centralized customer data is at the core of a successful long-term customer engagement in the new digital age. It is essential for superior customer service and delivering on customer expectations. But in order to draw useful, reliable insights from your customer data, you need to have an accurate snapshot of your customer—with as much information as possible.

A significant change affecting marketers is the end of third-party cookies. Cookies have long been a primary tool for tracking and collecting consumer data on the internet. But times are changing. Google may have delayed its plans to block third-party cookies from its Chrome browser to 2024, but it will happen. Apple is already giving consumers the ability to opt-out of tracking and third-party cookies on its Safari browser and in apps on iOS devices.

Marketers need to evolve past the use of the third-party cookies. And that means first-party data has become even more valuable. You need to find more ways to get consumers to share more of their information with you to continue to deliver connected customer experiences to them across all your channels. This might include more lead gen forms, finding ways to get consumers to self-segment through registration or preference selection, or other tactics that help you understand your target audiences.

In addition to prioritizing their first-party data, marketers are also investing more heavily in a first-party data strategy. That means using first-party data to guide practices ranging from audience identification to measurement. For the “dataverse” outside first-party data, marketers are evolving their targeting and measurement practices. Ultimately, intelligent use of first-party customer data is how you will continue to power customer engagement with personalized experiences.

In this guide, you will learn about:

- The four types of data, including zero-party data
- The importance of data enrichment
- How to optimize your first-party data strategy
The Four Types of Data

There are several types of customer and audience data, each with its own set of benefits and challenges that can guide your strategies. And while all types of customer data helps us build better experiences to some degree, they are not all created equal. Let’s look at the types of data you can use and how they differ from each other.

First-party Data

First-party data is data you collect directly from interactions with your customers and audiences on your own channels. Examples of first-party data include demographics, purchase history, website activity, mobile app data, email engagement, sales interactions, support calls, customer feedback programs, interests, and behaviors. You collect this data through the sales of your products and services, through support processes, forms on your website, subscriptions, surveys, social media connections, and marketing programs.

In terms of all data types, first-party data is the most valuable because you collect it directly and know it’s high quality, accurate, and relevant to your business. It’s not hard to collect first-party data. All customer-related systems collect some customer data. The challenge is that they all gather, store, and manage it differently, leading to inaccurate and inconsistent data between systems. The best way to ensure your customer data is consistent across all of your systems is to leverage a centralized platform, such as a customer data platform, to consolidate, standardize, and make it available to all systems regardless of where it was first collected.

Second-party Data

Second-party data is data you acquire from a trusted partner. In most cases, you know the partner, which means you know the data quality and accuracy—and you know the partner is compliant with data and privacy regulations. You also know the data is relevant because it comes from a partner with whom you have a mutually beneficial relationship.

You can also buy second-party data by connecting with partners through second-party data marketplaces. When you acquire data this way, you can discuss the data with the partner and select only the information you want. If you decide to go this route, you can be sure the marketplace is trustworthy, the partners you are connected with are reliable, and their data is collected and managed correctly.

In many ways, second-party data is identical to first-party data, because it’s collected in the same way, just by a partner. There are a few benefits to using second-party data:

- It enables you to scale by connecting with new audiences that match your own audience data.
- You can combine it with your first-party data to build improved predictive models. This is especially true when you don’t have a lot of customers from which to develop predictive models.
- You can develop better audience insights by analyzing a more extensive audience group. Combining your first-party data with second-party data may help you find new ways to reach your audience or find new audiences to reach out to.

Collecting second-party data is straightforward; you get it from the partner. Once you have it, you need to manage second-party data the same way you do first-party data, which means you need to store it securely and make it available to your systems through the same methods. You should also validate and clean your second-party data the same way you do your first-party data to ensure it is accurate and relevant.
Third-party Data

Third-party data is data you acquire from a data aggregator. Data aggregators do not collect data directly, but obtain it from other companies and compile it into a single dataset. As a result, the data can come from many different data sources; some large, others small, and there's not always a clear definition of the audience that data comes from.

Most third-party data is purchased through a DSP (demand side platform) or a DMP (data management platform) for advertising. There are also many third-party data marketplaces, including Acxiom, Nielsen, Google, and OnAudience. There are several reasons you might want to purchase third-party data:

• It helps you reach a broad audience for your advertising programs.
• When combined with first-party data via data enrichment, it can help you improve targeting.

Third-party data is bought and sold programmatically. The datasets are usually very large. The biggest concern with this data is that you do not know where it came from, so you can't ensure its reliability or accuracy. You also can't be sure it was collected according to privacy regulations. Therefore, when you select a third-party data provider, you must do your research and understand where and how the data was collected.

Zero-party Data

Businesses need to understand their customers on a much more intimate level if they are going to create differentiating personalized experiences and build brand loyalty. Zero-party data is the best way to do that.

Zero-party data is a type of first-party data. Initially coined by Forrester Research, zero-party data is defined as “data that a customer intentionally and proactively shares with a brand, which can include preference center data, purchase intentions, personal context, and how the individual wants the brand to recognize [them].”

Examples of zero-party data include data a consumer explicitly provides, such as communication preferences or the types of information they want to receive. Interests consumers share with you are another example. It can also be data obtained through gamification, such as quiz results.

Since zero-party data is given freely, you have permission to use it to personalize offers, content, and other experiences. At a time when privacy regulations are increasing, and consumers are becoming more and more particular about how their data is captured and used, having access to zero-party data is crucial. Because it comes directly from the customer and tells you exactly how that customer wants to interact with your brand, zero-party data—when connected with more traditional first-party data—can help you craft a truly personalized, connected customer experience.
## Comparing the Four Types of Data

<table>
<thead>
<tr>
<th>First-party Data</th>
<th>Second-party Data</th>
<th>Third-party Data</th>
<th>Zero-party Data</th>
</tr>
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<tbody>
<tr>
<td>Direct relationship with the customer</td>
<td>Indirect customer relationship</td>
<td>Indirect customer relationship</td>
<td>Direct relationship with the customer</td>
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<tr>
<td>Collected with consent</td>
<td>Collected with consent</td>
<td>Unknown if it’s collected with consent (depends on the data provider)</td>
<td>Collected with consent</td>
</tr>
<tr>
<td>Individual data</td>
<td>Individual data</td>
<td>Aggregate data</td>
<td>Individual data</td>
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<tr>
<td>High accuracy and reliability</td>
<td>High accuracy and reliability</td>
<td>Low accuracy and reliability</td>
<td>High accuracy and reliability</td>
</tr>
<tr>
<td>Not shared with partners</td>
<td>Shared only with trusted partners</td>
<td>Shared with many companies</td>
<td>Not shared</td>
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</tbody>
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| Examples:  
  • Customer email  
  • Phone number  
  • Purchase history  
  • Support history  
  • Loyalty program info | Examples:  
  • Website activity  
  • Social media profiles  
  • Customer feedback  
  • Survey responses | Examples:  
  • Income  
  • Age  
  • Education  
  • Websites visited  
  • Survey responses | Examples:  
  • Communication preferences  
  • Product preferences  
  • Interests and specific needs  
  • Customized account configurations |
The Obligations of Customer Data: Privacy and Compliance

Businesses face many regulations that govern the collection, storage, usage—and even disposal—of customer data. To avoid litigation and build long-term trust with their customer base, businesses need to stay on top of these regulations—which can vary according to industry and geographic location. Privacy regulations like GDPR in the EU, CCPA in California, and many others in progress, means that it is becoming increasingly important that companies collect customer data appropriately and are transparent on how that data will be used.

The way we collect and use customer data is evolving as customers become more informed about what information is collected, how it’s used, and their right to privacy. Consumers are tired of being bombarded with irrelevant content and advertising. Many are choosing not to provide their data to companies because they don’t understand how their information is being used and if it’s properly (and securely) managed. Naturally, marketers are concerned with the privacy implications of data enrichment as a practice. But data enrichment isn’t about accessing private data. It’s simply collecting data that is already public and combining it with existing data.

It’s rare to find a company that relishes the process of explaining their terms and conditions and privacy practices to their prospects and customers. Most people don’t bother reading these long documents, and those that do find their legal jargon difficult to decipher. Yet, it’s crucial for companies to provide notice to their customers about what information is being collected, how it is used, and with whom it is shared. It can actually be an opportunity for marketers to highlight how customer data can be used to the customer’s advantage.
How to Use Your First-party Data

Unlocking the power of all your first-party data is the key to maintaining a competitive edge and delivering a consistent experience to all your customers, across all channels. Ways in which you can use first-party data include:

**Personalization of Web and Mobile Experiences**

Personalization goes far beyond putting a consumer’s first name on a web page or in an email. First-party data includes what products a customer has already purchased from you, enabling you to provide related offers when they visit the website or highlight content related to using those products. For example, suppose a customer spends a lot of time watching videos on your website. In that case, you know they like video content, and you can highlight more video content on product pages or in the resource section of your website.

**Advertising**

With first-party data, you can deliver better-targeted ads across all your advertising platforms. For example, you could pull a specific list of customers that bought a specific product and target them with a set of ads for accessories for that product. If you want to drive registrations for a product-related event, you can deliver targeted advertising to your customers who have purchased that product. Since you know your customers, their interests, and their past behavior, you can offer hyper-relevant advertisements to a receptive audience.

**Behavior Prediction**

Predictive analytics enables you to analyze the activity of consumers and predict what they are most likely to do next (also known as next-best action). For example, by analyzing website traffic patterns, you learn that a consumer typically follows a particular path through the website, viewing certain pages and product information, and is therefore highly likely to buy a certain product. You can then surface content, products, and sales or special offers that drive that desired behavior.

**Audience Insights**

Audience insights allow you to look at a group of consumers with similar traits and analyze their activity with your company, whether that’s content they consume, products they purchase, traffic patterns on the website, or something else. Suppose you know a consumer matches a defined audience, and your analysis shows that the audience spends a lot of time looking at camping equipment during the summer months. With this insight, you can surface sales to this audience related to products that fall into this category. Audience insights also help you understand what content is working on your website, what features of a mobile application are most popular (or least popular), where shopping cart abandonment happens most often, and more. Use this information to improve experiences, delivering the information, capabilities, products, and services that your audience most wants.

In all these examples, the goal is always to understand the customer well enough to create the personalized experiences they have come to expect. It’s critical to be transparent and open about what data you are collecting and how you will use it, as well as give customers the ability to update that information where possible, or opt-out if they change their mind.
Five Best Practices for Getting the Most Value From Your Customer Data

1. See the customer in a sea of data

2. Deepen your customer understanding at scale

3. Protect the customer and yourself

4. Make teams and systems customer-aware

5. Delight with connected customer experiences
Data Enrichment for Cookieless Marketing

Your customer datasets are growing exponentially, with new collection methods, new formats, and new touchpoint opportunities. You probably already know a lot about your customers’ interactions with your brand—what they’re doing on your website and on your app, which emails they open, what they buy, and when they contact customer service.

But here’s the thing: targeting and persuasion are tough without a lot of very accurate and specific information. With details about a customer spread throughout dozens of martech platforms, it’s hard to get more than a fuzzy picture of each person.

Marketers attempting to reconcile a truly accurate snapshot of the customer know the pitfalls of combining customer records from multiple systems. This is where data enrichment can help by applying powerful identity resolution algorithms to populate customer records with the most accurate and recent information.

With data enrichment, you can create highly detailed and accurate unified profiles of your customers by gathering data from a variety of external sources, then combining that with your own proprietary data. Once you’ve got the profiles right, you can use them, update them, and add new data to each profile about what each customer finds appealing and persuasive enough to close a sale.
The Data Enrichment Process

Data enrichment is a methodology that applies tools and processes to improve data quality of digital customer profiles. Many of today’s companies store their first-party customer data in CDPs that can be accessed by other systems when needed—for marketing, sales, or support purposes.

Once a company has decided to enrich their data, here’s what the process looks like:

1. Data is ingested from multiple sources and appended to existing individual customer data tables by integrating taxonomies, ontologies, and third-party libraries as a part of the data processing architecture. Duplicate records are removed. Data is then validated and tested, and updated in a continuous process.

2. Once data is cleansed and stored in a central location—such as a CDP—marketers and data analysts can analyze it to gain insights and to inform campaign strategy. Is a new model of your product doing well with a particular customer segment? Is demand higher in certain geographic locations? Which segment of existing users is most likely to churn?

3. You can use powerful machine learning to build new customer segments and then create advanced models with which to analyze those segments. Segments can be activated into a variety of campaigns designed to increase sales, boost engagement and reduce churn. With a CDP, the process happens continuously with no need for intervention or oversight on your part.
How to Put Data Enrichment to Work

Data enrichment helps with many important business operations, such as prospect profiling, ad targeting, identifying lookalike prospects, and message personalization. Your customer data comes from many different sources, such as email lists and lead forms. However, issues arise when the source of that data either lacks credibility and/or enough information to make the dataset valuable. For example, many businesses rely on lead capture to source customer data, but it's a delicate balance to get accurate information without turning customers away with long forms. When customers act as your primary data source, you can end up with inconveniences like multiple phone numbers, or even fake names and email addresses.

The real value of data enrichment, ultimately, lies in what you do with your customer data. Data enrichment helps with key business operations, such as prospect profiling, ad targeting, identifying look-alike prospects, and message personalization. Using powerful machine learning, you can build new customer segments and create advanced predictive models to analyze those segments. You can pinpoint key target groups of prospects and improve efficiencies across your campaigns.

Data enrichment tools serve the purpose of filling in the gaps left by incomplete or incorrect information. The first-party data you already have can be matched with zero-party data, and second- and third-party data. A system for data enrichment then appends new information to the records that are already captured and stored, pinpointing key target groups of prospects or improving efficiencies across your campaigns.

For most companies, data enrichment isn't something you do once and then never do again. Think of your customer data as a snapshot in time. People move; they get married; their income levels change—the possibilities are endless. In order to help avoid personalization failures for your company (if your information is outdated), data enrichment processes need to run on a continuous basis.

Most larger companies, with many prospects and customers, find it most efficient to rely on a repeatable process—making marketing programs more manageable and scalable. In order to continue learning about their customers, and gleaning ongoing insights, a repeatable and ongoing data enrichment process is necessary.
### Seven Benefits of Data Enrichment

1. **Segment audiences**
   Enriched data provides you with an opportunity to segment customers according to new parameters. These segments can then be used to power targeted campaigns across a wide range of channels.

2. **Expand your reach**
   You can use data enrichment to analyze patterns, experiment with different markets, or expand the scale of your campaigns. This can help you identify new customers and segments for targeted personalization.

3. **Turbocharge lead scoring**
   Data enrichment can add critical new information to existing leads to make each lead score significantly more accurate.

4. **Make new customer acquisition easy**
   With in-depth insights into your existing customers, you can build more sophisticated buyer personas. You’ll improve customer acquisition strategies because you’re always talking to the right people at the right time in their buying journey.

5. **Make personalization pay off better**
   Demographic and behavioral data can provide important insights that enable you to offer personalized coupons and shopping recommendations just when they need them. This builds customer loyalty because customers feel like your organization really “gets” them.

6. **Improve customer experience**
   When you’re able to identify customer hobbies, interests, likes, devices, and channels, you can design each touchpoint and message to meet customers exactly where they’re at in the customer journey—and deliver exceptional service.

7. **Customize offers and customer experiences**
   Customers don’t all use your product the same way. With data enrichment, you can customize their experience from day one.
Optimizing Your First-Party Data Strategy

Your data is only as good as your data management strategy. You need to develop the right strategy to collect, store, manage, and share your first-party data across the company, so every department delivers consistent, relevant, and impactful customer experiences.

The first step is to understand your requirements for customer experiences across the entire organization. Once you know what you want to do, you can figure out what types of data you need to implement those experiences. Next, you need a way to bring all your data together, so it can be validated, cleansed, standardized, and compiled to make available to everyone who needs it. This includes zero-party data, but also any kind of relevant second- and third-party data that can help complete a holistic picture of your customer.

Finally, it’s critical to continue to test and measure the impact of your overall strategy. This will never be a “set-it-and-forget it” situation. Your customers’ needs and interests will change, so you have to keep innovating. You will always need to think of new ways to collect and update data, stop collecting specific data, start collecting other types of data, integrate new source systems, and more.

To optimize your first-party data strategy, follow these steps:

**Define Your Goals and Objectives**

The first thing you need to understand is the goals and objectives for your business. Is your goal to sell a certain amount of a product, acquire new customers for a new product or service, improve customer support, or build loyalty? Once you understand your goals, you can start to map out the activities and tactics you will perform to achieve them. It’s the activities and tactics that inform the type of customer data you need.

**Identify Customer Data Sources and the Type of Data Collected**

Now it’s time to understand what customer data sources you have and the types of data you already collect. First, look at the systems you currently use and document the data collected by those systems. There might be data hidden in siloed applications or outdated solutions. A data source mapping project gives you a clear picture of the customer data you have now and the data you still need to collect. Be sure to note if the data was collected under any relevant privacy regulations.
Develop a Data Standardization Strategy

With customer data spread across systems in the company, you will find that similar data is often stored in different formats, updated on different schedules, and is usually not consistent. To leverage this data in your marketing and sales programs, it must be integrated, for consistent access across all the systems that store it. If it's not uniform across all systems, you risk building customer experiences on different data, leading to frustrated and confused customers. A data standardization strategy defines how each data type should be formatted and stored, and how it's updated across systems. This strategy also describes how customer data is cleaned and validated, including the tools that you can use for data cleansing.

Implement a Data Management Solution

When first-party audience data is spread across the company in different systems, it’s challenging to leverage that data consistently across all your customer touchpoints. Implementing a tool like a customer data platform (CDP) helps you connect all these systems and unify customer data in a central system. You can then build a single view of the customer and leverage tactics to enrich your first-party data to improve experiences further. Marketing, sales, customer success, and other groups can then access this centralized data to ensure the experiences they create and deliver are all built on the same information, providing a consistent, accurate, and relevant experience across all channels.

Data Enrichment

Using data enrichment, you can create a detailed composite of your customer by gathering additional data and combining it with your first-party data. Once all the data is stored in one place, you can analyze it to gain insights, inform your business strategy, and adapt as customers change the way they interact with your brand. Using powerful machine learning, you can build new customer segments and create advanced predictive models to analyze those segments. You can pinpoint key target groups of prospects and improve efficiencies across your campaigns.

Include Zero-party Data

Adding a focus on zero-party data to your overall data strategy gives you unprecedented insights. Zero-party data can be collected for customers and prospective customers alike. Access to this data type means that you know what customers want; they've told you. You don't have to infer it from less reliable data, and you don't have to make best guesses regarding intentions.
How Treasure Data Can Help

Creating a unified customer profile using a customer data platform solution such as Treasure Data Customer Data Cloud can supercharge your ability to use first-party data efficiently and effectively. Customer Data Cloud is a centralized customer data foundation that can deliver value across every part of the business. It allows you to meet your customers’ needs, understand their pain points, and build trust.

Customer Data Cloud offers powerful profile management. First, the platform combines datasets—such as customer demographics and thousands of behavioral data points—into a single environment. Once that data is ingested and unified into a complete customer profile, an analyst can correlate the data to look at the relationship between email click-through and purchases. They can then view it in dashboards or export it into a data visualization tool. No background in data science is required as the data can be easily visualized through multiple interfaces.

Once the data is unified into profiles, marketers can also build segments with particular sets of shared attributes, such as shoppers who have abandoned their shopping cart in the past seven days. The platform can also estimate fields for propensity models within specified parameters. Using predictive scores for such things as likelihood to buy and a wide variety of attributes, you can immediately use a segment to activate campaigns.

Treasure Data Customer Data Cloud acts as a permanent home for all of your data and enrichment processes, where anyone can analyze customer journeys, start to create models, and understand customer lifetime value (LTV). Customer Data Cloud allows you to study behaviors throughout the funnel, and conduct time-series analysis to look at customers over longer periods of time. You can easily spot patterns in any demographic or behavioral attributes, slicing and dicing the data as needed to refine it through dynamic segmentation. Through the analysis and the study of these behaviors, you can discover opportunities for data enrichment—where data might be missing, and where you need to fill in the gaps.

To learn more about Customer Data Cloud, please [schedule a custom demo](#) with one of our experienced CDP professionals today.

Learn How PMC Built Its First-party Data Strategy

[Watch Video](#)
Conclusion

With the economy in a downturn, acquiring new customers is becoming more challenging. But retaining existing customers and building true loyalty to a brand is an equal challenge. It only takes one bad experience for a customer to switch to a competitor. And that experience could be as simple as repeatedly sending ads for a product they've already purchased.

Conversely, consumers willingly trade their information for more relevant, personalized experiences, especially if they trust you and want the value you are offering in exchange for that data. It then becomes critical that you act on that data to deliver the experiences customers want and expect. That value exchange is what you need to grow loyalty and retention.

A solid first-party data strategy based on data enrichment unlocks new opportunities for better segmentation, personalization, and customization at every step of the customer journey. Over the long-term, better use of first-party data helps you deeply understand who your customers are and what they expect from you. In turn, this helps you fine-tune every campaign and communication, which means you can spend less to get better results. And that's a powerful combination.
Treasure Data Customer Data Cloud helps enterprises use all of their customer data to improve campaign performance, achieve operational efficiency, and drive business value with connected customer experiences. Our suite of customer data platform solutions integrates customer data, connects identities in unified customer profiles, applies privacy, and makes insights and predictions available for Marketing, Service, Sales, and Operations to drive personalized engagement and improve customer acquisition, sales, and retention. To learn more, visit www.treasuredata.com.

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