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Introduction

The age of data-driven marketing is over—if it ever existed at all. Marketing has always been the driver, data the fuel. And, for years, fuel was plentiful. There was data from third-party resellers, second-party data from marketing partners, and first-party data from multiple channels, each with varying octanes of efficiency.

But shifting sentiments in consumer privacy and growing concerns around digital security have created a fuel crisis. With third-party data sources drying up, brands must now learn to become not just savvy energy consumers but tireless energy creators by leveraging the one data source that is still widely available: first-party data.

Effective marketing strategies build relationships, and first-party data is all about understanding the relationship between brands, channels, content, and consumers. This is the best data to have because it’s consent-based, behavioral, individual, reliable, and actionable. It is also, however, some of the most difficult data to capture. After years of dependence on third-party data providers, many brands are unsure where to begin in collecting and capitalizing on first-party data. Others have used first-party data as a supplemental source and now worry if they have enough data to drive meaningful interactions.

The good news is that you don’t need to go “Mad Max,” alone and in the wilderness, in your pursuit of first-party marketing fuel. Highly successful brands such as Netflix, Lululemon and Spotify have already shown the way, proving that first-party data marketing is not just possible but has the potential to power your competitive advantage. The guidance of leading business consultancies, the
availability of centrally managed first-party data in cloud platforms with machine-learning capabilities, and the rise of customer data platforms (CDPs) are powerful allies in the pursuit of first-party data marketing strategies. And third-party data isn’t completely disappearing—but instead adapting to the heightened requirements of customer privacy.

In this whitepaper, we’ll show you what the road ahead to a first-party data marketing strategy looks like: Where to start, what your priorities should be, what you’ll need to know to succeed, and what that success will look like when you get there.
The Private Road: How Did We Get Here?

Before we look at the road ahead, it’s important to understand how we got here. The fall of third-party data began with the rise in consumer privacy rights. The Global Data Privacy Data Regulation (GDPR) in 2018 was a watershed moment for consumer privacy, but the shift in consumer sentiments toward stronger privacy protections had been brewing for years. Web browsers, which had long collected third-party cookies for re-sale, began to pivot away from third-party data collection. Google Chrome, the world’s leading browser by market share, announced that it will phase out support for third-party cookies.

Today, GDPR and similar legislation being enacted around the world require that brands have a first-party relationship with consumers before collecting data about them. In addition, consumers now have the choice to opt in or out of personalized data collection. Consumer privacy protection is a fundamentally good thing because trust is a cornerstone of the brand-consumer relationship. These new privacy requirements, however, also make it more challenging for brands to provide the personalized digital experiences that consumers still very much want.

The rewards to solving this challenge of “personalization with privacy” include stronger customer loyalty, deeper consumer trust, and highly personalized marketing campaigns and experiences. Think of how Netflix uses your viewing behavior to make personalized recommendations and create new content. Or how Amazon delivers unique product recommendations that adapt to your changing interests. These brands have unlocked the secret of generating an endless supply of first-party data: gaining consent and consumer trust through better content. They are living and very successful proof that consumers will share personal information with brands that respect their privacy and deliver great personalized experiences in return.
Creating a First-Party Data Marketing Strategy: Where Do I Start?

In a first-party data marketing world, owning the customer relationship means owning the customer relationship data. First-party data ownership is a process with its own lifecycle and evolving best practices. Unlike data management solutions of the past, first-party data solutions focus on capturing accurate behavioral data across channels, generating insights from that data, and feeding those insights into real-time decisioning and campaign offers.

The first step to building an effective first-party data platform is to define the customer data architecture with a customer data platform (CDP) and cloud technologies at the core of the platform. A CDP is a unified source of first-party data that stores, analyzes, activates, and orchestrates behavioral insights from across channels to support real-time activation in marketing campaigns and customer experiences (learn more here). The cloud provides a scalable platform for data storage, artificial intelligence, machine learning, and other advanced analytics.

Once the first-party data platform is in place, there are a number of steps that brands can take to improve the effectiveness of their first-party data marketing, such as:

- Inventory third-party tags and identify first-party data replacements
- Plan ahead to understand organizational readiness and how signal loss will impact marketing efforts
- Build a singular customer ID system that can scale and support living profiles
- Create a data council of cross-functional members to focus on key data issues including compliance, privacy, consent, dissemination, and storage

- Deliver omnichannel customer experiences that leverage behavioral insights consistently across digital, mobile, and physical channels as well as sales, marketing, and customer support teams

- Get ahead of changing compliance and privacy requirements and ensure these are built into business processes to maintain customer trust

- Run better campaigns with frequent experimentation, data clean room capabilities, and privacy-centric ads

- Make security a priority through a strong cybersecurity plan that includes what to do in the event that data security is compromised

- Plan for resistance to “new” first-party marketing processes, provide plenty of training, and win over first-party data champions with initial use cases that generate quick ROI
Optimal Uses Cases: What Does Success Look Like?

It’s important to align first-party data marketing efforts with the right kinds of use cases. In a sense, marketers must become first-party data advocates in their organizations and drive change from within. For example, while a CDP can deliver long-term value by supporting new, behavioral segments of your customers, using a CDP to eliminate “engaged” customers from target acquisition campaigns can deliver short-term ROAS (return on ad spend) and build critical buy-in for first-party data marketing strategies. In our experience, there are several use cases where first-party data, CDPs, and the cloud clearly and consistently excel.

Better Targeting through Behavioral Segmentation

With CDPs, brands can build behavioral segments of their customers that target audiences much more effectively than third-party, demographic-based customer segments. A segment defined as “customers who have purchased winter clothing from our brand and have visited our site three times in the last month” is far more likely to respond to a campaign advertising women’s wool sweaters than a broader segment of “women in X age group with Y income.” These segments can then be enriched in the cloud through AI and machine learning to reflect customer lifetime value, predict behavior, calculate propensity to buy, and more.
Personalized Content and Product Recommendations

Look no further than Amazon to see how first-party data can drive better content and product recommendations. Instead of using broadly defined segments and static demographics to create the next best offer, Amazon leverages first-party data to predict which product should be offered next to each customer. The secret to Amazon’s success is their ability to do this at scale across millions of customers—and you can too, with the right CDP solution supported by the cloud.

Enriched Customer Insights for Holistic Experiences

Behavioral data isn’t simply another marketing silo of data. It needs to be integrated with data from across the business—including third-party data where it makes sense and supports customer privacy—and used consistently across channels and operations, including sales and customer service. Consider, for example, how a customer’s call into a tech support center might impact the next best marketing offer or how understanding a consumer’s behavior could lead to better service experiences.

Real-Time Decisioning and Journey Orchestration

First-party data is all about building better relationships with your customers. Relationships change and grow over time. Consumers may remain in the same demographic categories for years, but this doesn’t reflect the dynamic nature of our own lives. Behavioral data changes with our behaviors and allows brands to create personalized customer journeys that stay current and meaningful. Importantly, a first-party data platform will help brands stitch these journeys and experiences seamlessly across digital platforms and channels.
The Next Step: How Do I Implement a Customer 360 Infrastructure?

Your data-driven marketing efforts shouldn’t come to a stop or adopt ineffective workarounds because of third-party data collection barriers and customer privacy restrictions. Brands need to adapt to the new data landscape of consumer consent and first-party relationships. Those companies that learn to collect and capitalize on their first-party data will not only survive in a post-privacy world but thrive just as Stitch Fix, Uber, and dozens of other digital-native brands continue to do.

Adaptation will require a shift in thinking and a shift in technology partners. CDPs, cloud-powered machine learning and artificial intelligence, and strategic marketing alliances all have a role to play. Accenture and Lytics and Google Cloud technology are ready to help you take the next critical steps in building an effective first-party data marketing strategy. We can show you how to build and implement a customer 360 infrastructure, improve the creative brief process, trade in one-off campaigns for highly engaging customer journeys, create seamless customer experiences across all your channels, and shift your data strategy from building bigger data warehouses to building deeper relationships.

By recognizing the value of first-party behavioral data, you’ve already taken the first step. Talk to us, and we’ll help you go from there.

Find out how a customer data platform can help you reach your campaign goals with first-party data in our CDP 101 Guide for Marketers