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The First and Zero Party Data Handbook

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Why Cookies Are Off the Menu

Consumer Demand for Privacy Means a New Way of Marketing

For years, the way brands interact with their digital consumers has depended on a small piece of data— a tiny text file living on your computers and devices that's commonly known as a third-party cookie. Accessed by servers and the websites you visit, third-party cookies have helped businesses track visitors anonymously from site to site, providing a better idea of who each user is and what they're looking for.

It's that information that's helped fuel an age of digital personalization. By tracking third-party cookies, advertisers and marketers have tried to put the right ads in front of the right people and target their campaigns to those most likely to respond. And while their rate of success has been spotty, users have gotten used to the results that they've seen: in an online survey by Forrester, an average of 71 percent of consumers expressed some level of frustration when their experience was impersonal.

Personalization strategies based on third-party cookies have never been perfect, though. They've often involved guesswork and wrong or outdated assumptions regarding user intentions — and have raised constant concerns around data privacy.

That's where zero and first party data strategy fits in. Based on intentionally volunteered, user-controlled data, and drawing on other data types — especially valuable first-party behavioral data — it's both compliant and precise.

First Party Data: Why It's Important

Let's start with a basic definition. **First-party data is data you collect directly from your customers and audiences through interactions with them.** It includes demographics, purchase history, website activity, interactions, interests, mobile app data, and behaviors–such as clicking on an email or reading an article on a website. You collect this data through sales of your products and services, through support processes, forms on your website, subscriptions, surveys, social media connections, and so on.

Other data types — second-party data, third-party data — are not collected directly from your customers, but are indirectly obtained from other sources. Because you get first-party data directly from customers, it is incredibly valuable.

Customer experience is continually evolving, largely because consumers are getting smarter. The internet has given them more access to information to help them make purchase decisions, and their expectations about how companies should treat them have grown.

Consumers willingly trade their information for more relevant, personalized experiences. With access to first-party data, you have accurate, relevant data in your hands to build those experiences. A poor customer experience often results in the customer going elsewhere, taking their information and business with them.

Zero Party Data: Why its So Valuable

Zero-party data is marketing gold; useful, knowledgeable intel about your target audience that has all the power of cookie targeting without any of that creepy, "big brother" vibe attached to it. Zero-party data is the best data to have because it is given willingly by consumers themselves. While some other solutions to replace third-party cookies have been bandied about zero-party data is being rightly viewed as the most transparent method for targeted, precision marketing to carry on.

With zero-party data, both the intent and the use of consumer data is directed by the user themselves. With zero-party data, brands are asking customers directly for not only their demographic facts, but also delving into preferences, goals, future purchases, and what they want from their experience with the brand, just to name a few areas of inquiry.

This data is provided expressly from the consumer themselves, making it incredibly accurate and therefore, extremely valuable. It's also a much more egalitarian way to market to your audience, because zero-party data is typically provided by the customer in a quid pro quo environment, given by them in exchange for special offers, rewards, or a better, more personalized brand experience. In short, zero-party data is a "win-win" for everyone, and those brands that get out in front of the ZPD trend now are destined to reap the data-driven benefits.
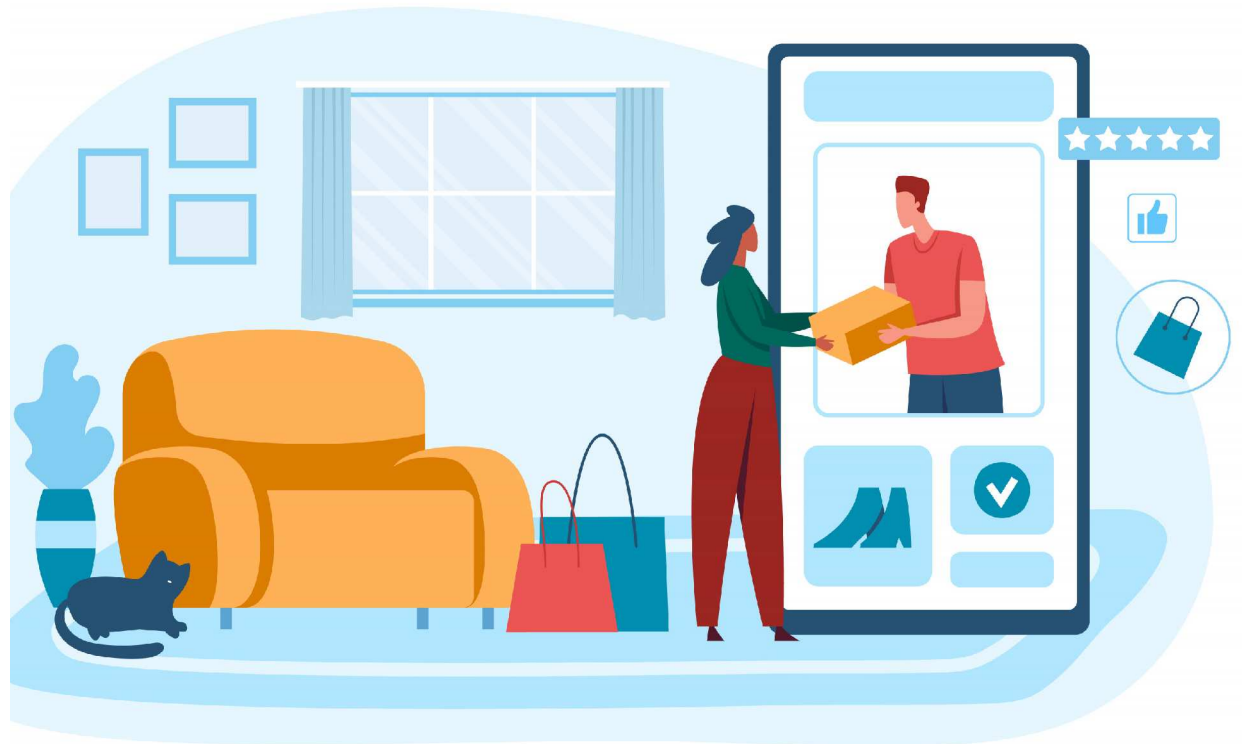
To Utilize First and Zero Party Data You Need a Robust Data Marketing Platform

As the customer desire for greater personalization and privacy has risen, technology has also advanced to help brands achieve that personalization, with greater ease and at scale. One tool that brings together key elements of personalization and solves the challenges of measuring ROI and managing the new customer data is a robust customer data marketing platform like **Group FiO's Insight Marketing Platform.** Deploying first and zero party data and maximizing personalization requires a data-driven platform that allows marketers to collect, analyze, and respond to user behavior in real time across your ecosystem. FiO's Insight Marketing Platform gives marketers the ability to create ongoing personalization across multiple channels.

Data: Group FiO's Inisght Marketing Platform serves as a data ingestion tool, capturing first party data via your ecosystem, developing zero party data personas, and storing behavioral data about that visitor for later use.

Content: Not just for your marketing team, a robust CDP like **Group FiO's Insight Marketing Platform** can store a variety of offers, collateral, and calls-to-action content which can be accessed from a central repository and displayed through the web to the visitor in real time.

Technology: As you'd expect, the **FiO IMP platform** helps collect and store comprehensive data, present offers, and establish customer preferences, but is also imbued with a machine learning layer that allows for real time capabilities such as single segmentation and scalability.

Targeting: FiO's IMP can distribute messages and campaigns directly to your website, but can also serve as an orchestration engine, passing consumer data to email and mobile tools, achieving reach across channel quickly.

Measurement: FiO's IMP allows for this measurement to occur continuously, as A/B testing results are documented, and engagement, clicks, purchases, cross-sell and upsell are also measured.

The Privacy/Personalization Paradox

The new era of privacy has created a catch-22 for marketers. Today's consumer expects true personalization, bespoke content and tailor-made product recommendations. But this is tough when contrasted with government legislation for increased privacy, tighter data controls and the right to have information erased with the click of a button. **This is the personalization-and-privacy paradox.**

For marketers who are stuck relying on third-party data sets, cookies, and past purchases to power personalization strategies, this is something of a headache. But for those marketers who are prepared to move to a first and zero party data strategy by asking rather than inferring, this is an opportunity to build more meaningful and lasting connections with consumers.

The reliance on third-party data is not just bad practice; it's often bad data because it's commonly amassed from a host of unrelated and unreliable sources like credit scores, cookies and click trails. As a result it quickly becomes outdated and has no direct relationship with the individual consumer which ultimately hampers the quality and effectiveness of your campaigns. Consumer preferences, budgets, household sizes and the like all evolve and change over time. Credit scores fluctuate, and third-party consumer data rapidly becomes useless.

The Solution: Zero- and First Party Data
It is possible for marketers to collect data that is willfully shared directly with them by the consumer. This is zero-party data.

Forrester describes this as a class of data that "a customer intentionally and proactively shares with a brand. It can include purchase intentions, personal context and how the individual wants the brand to recognize her." In other words, not first-party data with a millennial rebrand. First-party data is collected during sales and includes things like purchases, mailing address, date of birth and the like: purchase history, rather than purchase intentions.

Marketers can collect zero-party data by connecting directly with consumers and gathering the data, insights, and permissions they need to power truly personalized marketing. Rather than inferring, they're asking, and consumers are willingly and intentionally sharing.
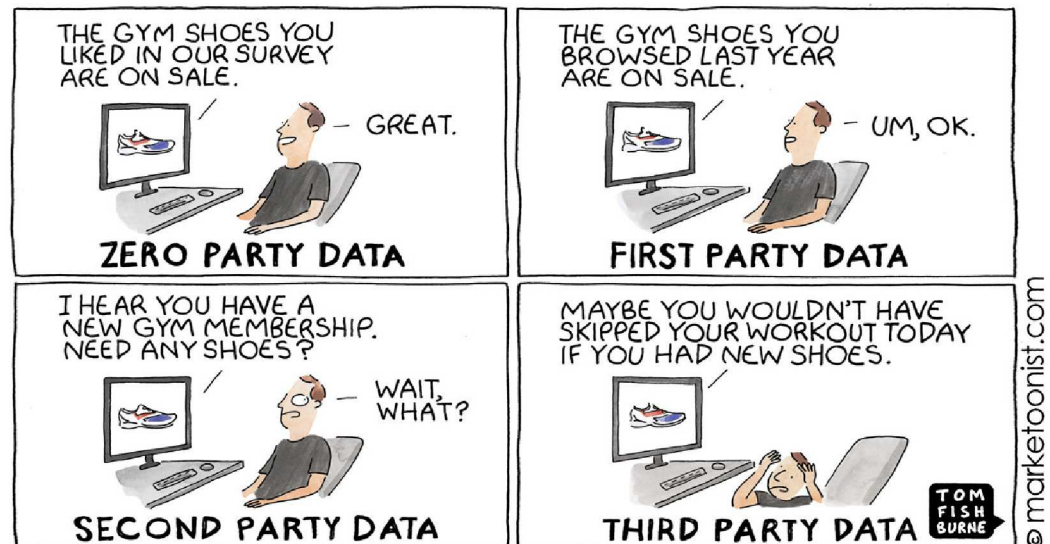
The Value Exchange Model: Giving Something to Get Something

It's important to remember that today's consumers are very reluctant to give up their personal demographic, behavioral, and purchase data for nothing. Modern brands need to proffer a value exchange; offering something of value or benefit to the consumer in order to receive their data to optimize your marketing efforts.

To collect the data required to power true personalization, consumers need to be engaged, valued, and receive something in return for their attention and preference data. Marketers can deliver this through interactive experiences that conduct research, accrue opt-ins, and deliver an altogether better experience for the consumer.

Communication tools like questionnaires, polls, quizzes, contests or social stories can incorporate gamification mechanics that give consumers a genuine reason to engage and submit their first- and zero-party data. And it doesn't always have to be a discount or big-time prizes; offerings like exclusive content, social kudos, personalized recommendations and loyalty points can also serve as a motivator for the collection of opt-ins, fist and zero-party data.

Capturing consumer motivations, intentions, interests and preferences at scale and in a "moments-in-time" atmosphere allows for a personalized customer experience. And by leveraging the right data and offering a value exchange, your customers will tell you what products they desire, what they look for in a service, and what motivates them to purchase.

Moving to a zero-party data strategy means that your audience building and profiling doesn't stop, but that it also allows for change. This keeps your data accurate, relevant and current because the data points are coming directly from your audience.

How to Deploy First and Zero Party Data to Boost CX, CLV, and ROI

When you've collect, build and deploy first and zero party data with a robust platform like **Group FiO's Insight Marketing Platform**, you have built-in access to AI tools and technologies, which can be a major part of creating highly personalized experiences while still respecting the sweet spot of consumer privacy. Some ways to maximize this new data effort include the following:

Personalized Online Experiences

Using first and zero party data, you can create a better experience for your customers in a multitude of ways. This can be done by implementing recommendation engines products and service built on both prescriptive and predictive analytics, offering targeted content, creating customized gamification segments, and personalized landing pages.

Comprehensive Quote to Order

Getting live and running with a full customer lifecycle field service management and marketing program is no problem with GroupFiO's integrated approach. Manage the entire customer lifecycle from first entry point to continued marketing efforts using a data-driven platform that involves and invests your entire ecosystem.
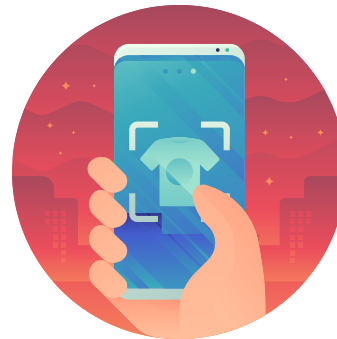
Mobile Optimization Expertise

Today, most customers access the internet on their mobile devices more often than computers. AI tools and technologies such as chatbots, automated A/B testing for mobile apps, and unification of data across devices can help you adapt your data to cater to the needs of mobile users.

Intelligent eReceipt Technology

Create unlimited branded customization and discover new marketing real estate for special offers, coupons, and more with a dynamic e-receipt strategy that forges customer trust. By providing customers with a thorough record of their purchase history, brands can demonstrate a true commitment to total transparency

The Ultimate Goal Zero and First Party Data: a Single 360 Degree Customer View

Building a 360-degree view of the customer provides benefits to businesses across various sectors, whether it is a retailer, a healthcare provider, or a bank. The reality is that as more and more customers expand their digital footprints, they create a pool of invaluable data about their customer journey--from data on recent purchases to day-to-day interactions with the brand.

In order to truly benefit from this data, businesses must aggregate customer information, behavior and data-- all in one place. This helps businesses better drive marketing and sales growth, better understand customer behavior and, most importantly, deliver a more personalized customer experience. With a 360-degree customer view, every company can have a reliable view of their customers and relevant attributes so that any employee or system has access to the customer information they need to move the customer along the customer journey.

You'll also need an understanding of what types of data points should inform your content strategy, and how you should target customers using that intel. The customer content journey isn't always easy to map out, as so many things can impact purchasing decisions. However, it's important to have content that addresses each stage, which allows you to provide content that meets customers where they are on the journey and hopefully nudges them forward.