



THE RISE OF FIRST-PARTY DATA



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Table of Contents

- 03** Introduction
- 06** First-Party Data Challenges
- 10** Ensuring the Quality of First-Party Data
- 15** 360-degree Customer View
- 17** Impact on CX
- 20** Business Value

Marketers are facing disruption at every turn. The industry is about to go through a reckoning that will forever change the way customers are targeted, engaged and converted. The demise of third-party cookies is here, and the \$152 billion US digital advertising industry stands to lose access to most third-party data.¹



Globally, the data privacy landscape is undergoing monumental changes which have long served as the backbone to the industry.² Without third-party cookies, and with a rise in consumer consciousness about the personal information they share in the public domain, brands will be blind to many of the behavioral and demographic insights that have historically helped them target cohorts of customers, drive web advertising and enhance any owned data.

Instead, brands need to rely on first-party data to drive their campaigns and personalize experiences, meaning the business imperative for marketers to build new data strategies has never been more time critical.



What is first- and third-party data?

FIRST-PARTY DATA: information collected by an organization directly from its customers. It can include online and offline data, such as purchase history, returns, web browsing, call center interactions and data gathered in-store. This information is used to create personalized offers including targeted adverts, relevant email offers and in-store upsell/cross opportunities.

THIRD-PARTY DATA: aggregated information about individuals, devices, and/or groups of customers, which is purchased from an outside source and often used to complement a brand's marketing efforts that utilize first-party data.



So, what's happening? Advertising technology providers, such as Apple and Google, are providing customers with control over their own data, which will limit the placement of third-party cookies on users' computers, phones and tablets. For example, Apple requires customers to opt-in to be tracked by apps a user installs on their iPhone or iPad, and Google is limiting the installation of third-party cookies.



Google's Product Manager, Steve Swan, spoke about the evolution of personal information:

“It's no secret that the digital advertising ecosystem is evolving. And at the center of all that change is user privacy. The way that publishers, advertisers and technology providers handle and activate user data is being reconsidered and re-imagined to more effectively protect people's personal information online.”

Aware of how valuable their personal data is, the modern consumer is critical when it is used poorly. In fact, 51 percent of consumers said brands are failing to personalize their experiences because the data they have on them is not accurate or up-to-date.³

And there lies another issue with third-party data: it is limited in its ability to engage customers due to inaccuracies or untrustworthy information. This, coupled with increasing privacy regulations such as General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA) are forcing companies to move away from using it.



First-party data challenges

While the use cases and return on investment from first-party data are plentiful, getting it right can be arduous, with 64 percent of marketers saying data management, data integration and data formatting are among their most time-consuming activities.⁴

First and foremost, customer targeting is impossible without accurate information about your audience. What's more, complete profile data can only come from one place: a company that is collecting data directly from its consumers.

Over the past year, enterprise data collection is estimated to have increased by 42 percent. But, organizations only gathered 56 percent of potentially available data and only around half of that was utilized.⁵ Why? **It comes down to people, process and technology challenges.**

And of course, there's the matter of regulation, privacy and the ethical collection of data. Consumer focus on privacy is climbing in line with increased regulation, and the trend to require users' explicit permission to share and use data generated from digital interactions.

Technology underpins the solution to all of these challenges, particularly in demonstrating relevant value in exchange for data to any one customer, and is exercising a duty of care over customer data.

People



- Lack of in-house resources and expertise
- Company culture gaps in being a customer centric, data-driven enterprise

Process



- Siloed departments
- Unclear data ownership

Technology



- Legacy platforms and siloed customer data
- Difficulty resolving identities and matching data across platforms

How to start collecting valuable, first-party data

Alternately referred to as the new oil, the new gold or the new currency, first-party data is unquestionably in demand, but it is only available under a select set of circumstances. This is especially true for 'zero-party data,' defined by Forrester Research as "Data which a customer intentionally and proactively shares with a brand."

Those two notions, where the customer has intent and is proactive in providing their information, are key to the ethical gathering of first-party data. So, how can it be achieved?

Most brands likely collect some form of data from any number of sources, such as through their website, e-commerce, mobile apps, call centers — the list goes on. Beyond collecting data, companies must also build consistent data capture processes to collect and apply data in a coherent manner and drive business use cases.

To build a comprehensive understanding of your customers, it's important to get a handle on any inbound customer information from streaming data, including:

- Web
- Internet of Things devices
- Events
- Social media advertising

It should also take into account batch data, from:

- eCommerce
- Models
- Point of sale
- Voice of the customer
- Data management platforms



71 percent

of consumers expect
brands to deliver
personalized interactions

Once brands have collected and linked their data, they can now use it to improve the relevance of campaigns, offers, messages and any other dimension of experience that consumers value.

We know that 71 percent of consumers expect brands to deliver personalized interactions⁶, therefore, it makes sense to capitalize on this preference and deploy personalized, real-time, relevant campaigns that meet customer expectations.

Personalization relies on having an intimate knowledge of customer journeys, and it is rapidly becoming expected as a standard service. According to recent research, 39 percent of consumers surveyed said that they will not do business with any company that fails to provide a personalized experience (up from 37 percent in a 2019 survey).⁷

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McKinsey research reveals that companies that excel at personalization generate 40 percent more revenue from those activities than those that do not.⁸

To meet consumer expectations, brands must deploy real-time decisioning, reaching a customer with a next-best action or offer on the channel that will be most effective, with the content that will be most relevant at the optimal time. Moving away from generic persona-based campaigns, real-time interactions target individual customers based on previous behaviors and current context to drive conversion.

But, how do you navigate the challenges of first-party data collection and management to make accurate personalization a reality?

Ensuring the quality of first-party data

The goal of data quality is not perfect data: it's data that is fit for purpose. But with an exponential rise in data, more departments requiring data to operate and data having a more meaningful impact than ever before, it's understandable why many companies run into issues.

It's a huge undertaking, yet the knock-on effect of poor data is a bigger risk, with 72 percent of decision makers claiming that inferior data quality has hurt customer relationships and 76 percent saying it has led to missed revenue opportunities.⁹

The process should begin with a clear definition of what data quality means to your organization, defined metrics and the process involved in your data quality program. Redpoint® rg1® can take the pressure off data scientists by resolving data quality issues at scale through automated and exception-based processing. The platform's pre-built functions offer:

- Data collection and evaluation
- Parsing data into elements
- Standardizing data into consistent formats
- Cleaning data to remove or correct invalid elements
- Automated identity resolution and matching
- Enriching data with related information
- Updating the master record
- Distributing data by sharing information with other systems
- Lineage reporting, which is tracing the source of a piece of data and any changes made during the data quality process
- Applying data stewardship

By ensuring quality first-party data, the ability to transform and personalize the customer experience becomes a reality.

21 cents

of every media dollar is wasted due to poor data quality¹⁰





Merging and linking data

Siloed data sources and multiple systems of record can be one of the most difficult challenges when it comes to collecting and leveraging first-party data. A campaign informed by unconsolidated or unaggregated datasets will fall short on results and could lead to reduced consumer trust and retention.

Redpoint rg1 transforms disparate data sources into a single actionable view by merging and matching customer records across separate systems. Capabilities include:

- Resolving non-exact matches across names, addresses and companies
- Associating multiple records to a single group, household or company
- Simultaneous matching, where one record can have different match criteria to avoid overmatching
- Tightening or loosening data matching rules down to the individual campaign
- Custom rules to meet regulation and compliance requirements
- Handoff to data stewards to manually review and edit

Identity resolution

Identity resolution functions to match data from various sources to a common identity or entity (e.g. person, household, business). As individuals engage with a brand in a variety of channels and potentially with multiple identities, it is critical to analyze, deduplicate and relate customer records in a precise way to build out customer profiles, aka the golden record.

Identity resolution is an ongoing process needed to continually enrich customer data with online and offline transactional and behavior data, third-party data (National Change of Address, etc.) and other demographic overlays.

Inaccurate matching (overmatching or undermatching) results creates friction in the customer experience through irrelevant offers or communications.

Marketers are turning to identity resolution to find, cleanse, match, merge and relate all the disparate signals about a customer to produce an accurate, complete and up-to-date view of the customer which is foundational for delivering personalized customer experiences.

However, creating golden records is only as good as the supporting data quality processes working in harmony with advanced identity resolution capabilities. The best solutions include a number of in-line data quality functions that operate at high performance, perfecting data the moment it is ingested from different data sources, and providing identity resolution that is tunable, transparent, and consistent for use for downstream processes.

Common Identity Resolution Applications

Eliminate Duplication – Using a combination of deterministic (rule-based) and probabilistic (analytics-based) matching, advanced identity resolution minimizes or eliminates interacting with duplicate records and other waste.

Understand Customers (household/entity) – Identity resolution in the building of a complete, accurate golden record (for both the individual and relationships with family members or workplaces) is key to understanding channel preferences and behaviors of customers to target them more effectively.

Implement Controls – Frequency capping and suppression rules placed on a unified customer profile helps eliminate sending messages, offers or content that annoys or confuses customers.

Extend Relationships – Identity resolution that brings in updated, real-time data ensures a golden record always reflects an up-to-date, complete profile of an individual/household/entity, allowing for consistent, personalized experiences across channels and devices—even beyond marketing into servicing, returns, warranties, etc.

Ensure Privacy & Compliance – Data privacy regulations give customers more control over how their data is collected and used, establishing guardrails for marketers in terms of managing ongoing permissions, preferences, response requests, and other controls guiding the use of personal data. Having an accurate single source of truth about each customer is foundational to these protections.

DID YOU KNOW

Deterministic matching

Identifies the same user across different devices by matching the same user profiles together with a common identifier, such as an email address.



Probabilistic matching

Uses advanced analytics to link customer records, e.g. identifying two disparate customer records that represent the same individual using multiple identifiers and “close enough” matches.



Availability across the enterprise

Once data is accessible, accurate and actionable, it's necessary to make it available across different systems, applications and touchpoints. This way, you can extract value from the customer data, or extract data from virtually any source or system in the customer's cadence.

Through the use of Redpoint's pre-built connectors, which integrate data from different tech stacks and allow for the efficient exchange of data between existing systems and applications, marketing is able to retrieve real-time data without the reliance on batch data, IT or data scientists. Redpoint's open garden approach also helps future-proof data, with flexibility to integrate new systems and touchpoints as they appear.

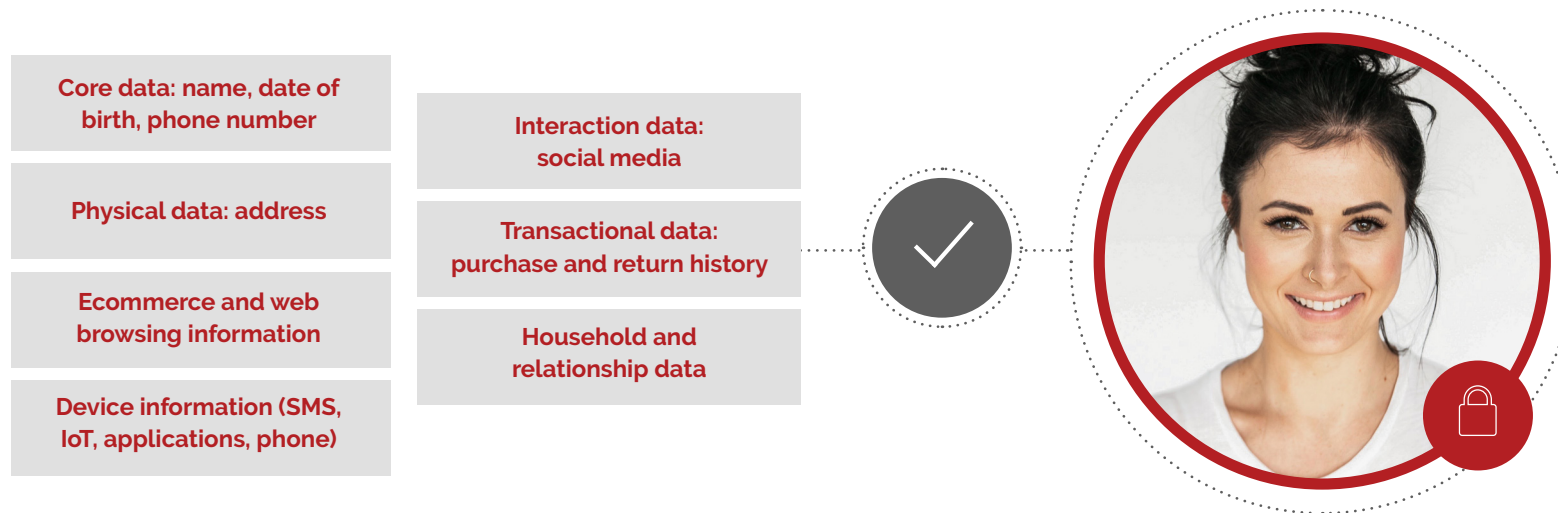
Track customer data across multiple sources

One certainty is that customer identifiers, from phone numbers to addresses to life stages and interests, will change. Therefore, it's important to manage a customer's data across the entire life-time of the customer record. This can be achieved through Redpoint's Persistent Key Management function, which tags a unique customer ID to each record, ensuring a customer can be identified in a uniform, consistent way with all activities attached and changing life events automatically updated.

Getting a 360-degree view of the customer

Creating a single customer view with a full identity graph along with all attributes and advanced aggregations is more important than ever for brands. Using first-party data to create a single customer view not only means a more accurate customer profile, but the opportunity to reach, engage, convert and build the loyalty of that customer.

A 360-degree view means having real-time access to everything that is knowable about each customer in one place. Also known as the golden record, this single source of truth is 100 percent accurate and combines all types of data, including:



A golden record can only exist if the data can be trusted. Anything from missing entries, inconsistent formatting, collection malpractice, sparse data or incomplete collection can have a marked effect on data quality, making it near impossible to figure out who a customer actually is. And the knock-on effect is remarkable, **with the average corporation losing \$12.9 million due to poor data quality every year.**¹¹

So, how can you get a full picture of each customer?

The key is having a Customer Data Platform (CDP) that includes automated in-line data quality and identity resolution capabilities. Having strong CDP capabilities means the access and management of any and all data across the enterprise. It takes into account data from any location or source, ingests and processes in real-time, merges and matches relevant information, automatically maintains data lineage and version histories and ensures an excellent caliber of data quality.



Find out how Redpoint Global can help you operationalize data flows and connect all types and sources of data across the enterprise through a single point of control.

www.redpointglobal.com/orchestration

How to improve customer experience using first-party data

It's clear the fundamental building block of perfect data is first-party data. But once you've started gathering customer insights, how can they be applied to different use cases?

The foundational way to create and sustain consumer relationships is through a value exchange.

A value exchange is a transaction between two parties in which both receive a benefit, in this case exchanging consumer data for an improved experience.



Only 56%

of marketers believe their organization offers a clear value exchange in return for customers sharing their data.¹²

So, how do the remaining 44% go about creating one?

First of all, it's integral to create an explicit contract with the customer to capture customer preferences and consent regarding customer data. Then, something must be offered back to the customer in return, for example:

- A seamless curb-side pick up in exchange for a cell phone number
- A series of deals for becoming part of a loyalty program
- A discount for signing up to a newsletter
- Unlocking benefits or free items for connecting to in-store WiFi
- More relevant offers, actions and messages personalized to the customer journey

If it's truly rewarding, fun, memorable or all three, a customer is more likely to share their information. Coca-Cola is one brand leading the way with its rewards program. Customers who sign up can redeem codes found on their products in return for sweepstakes entries, free drinks, discounts from brand partners and give charitable donations. In exchange, Coca-Cola collects a wealth of first-party customer data.

Personalization

When first-party data can inform a single customer view, where a brand knows each and every customer, it can power accurate, real-time, omnichannel campaigns.

The trend is moving toward being able to select the next-best, personalized action at the precise moment a customer engages with a company, for example highly relevant communications or offers.

Redpoint rg1 leverages real-time insights and activates them for personalization across the customer journey, enabling brands to operate at the speed of the customer and improve customer reactivation and retention.

Abandoned Cart

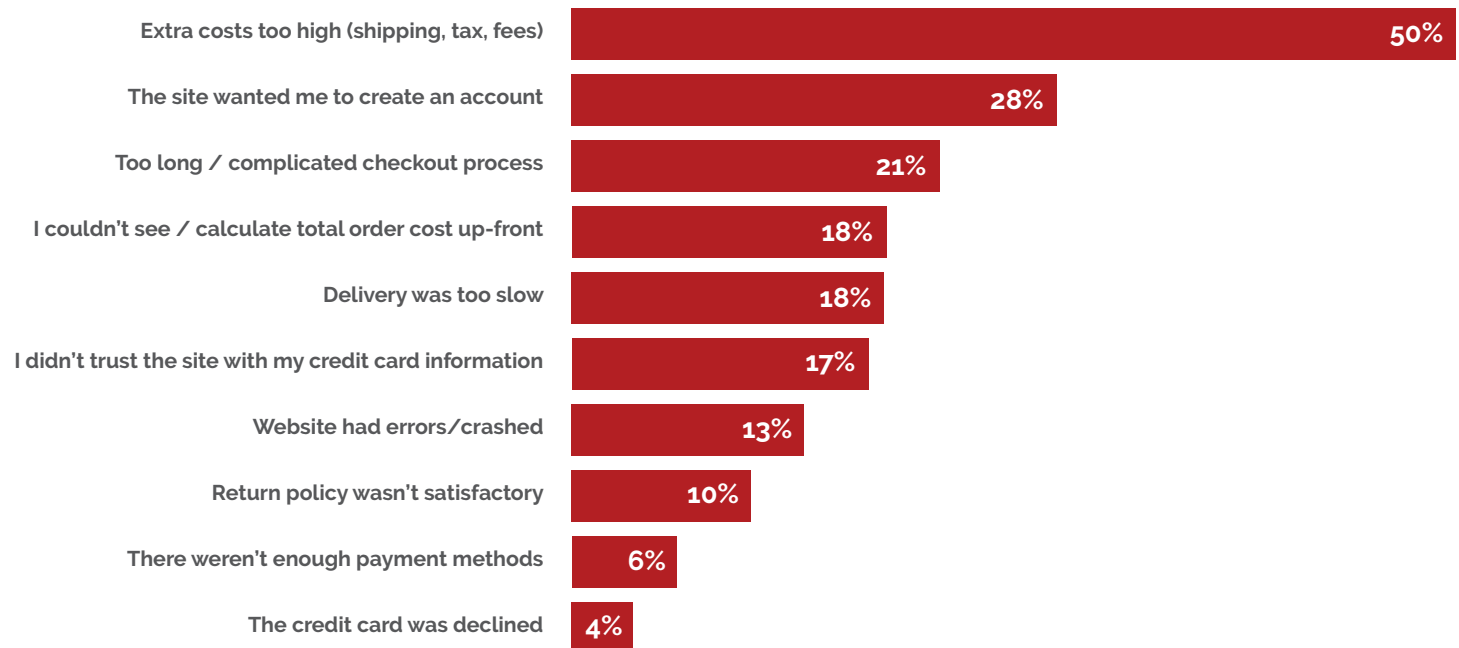
eCommerce is hit hard by abandoned carts, with nearly 70 percent of shoppers adding goods to their baskets but not completing the purchase.¹³ But imagine how being armed with data showing why website visitors left items in their cart and exited could drive revenue. There are various generic reasons customers don't check out, such as high shipping costs, complex checkout processes or long delivery times. By combining these with first-party data specific to your customers, a holistic view can be achieved and leveraged to drive abandoned cart strategies. One example is using data from similar customers or segments to inform next messages and direct the visitor back to a specific item in their cart, turning a lost sale into a purchase. Advanced use cases include partial cart abandonment, and messages as part of a BOPIS (Buy Online Pick-up In Store) customer experience.

Reasons for Abandonments During Checkout

4,560 responses
US adults • 2020
baymard.com/research

"Have you abandoned any online purchases during the checkout process in the last 3 months? If so, for what reasons?"

Answer normalized without the 'I was just browsing' option



The business value from maximizing first-party data capabilities

There's never been a more vital time to establish a contextual understanding of each customer and be able to adapt to their growing needs faster. Brands must move to leverage first-party data as the options to buy outside sources become more scarce and less effective.

With the death of third-party cookies imminent, brands capitalizing on their own customer data stand to benefit from:

Increased brand loyalty



82 percent of consumers are loyal to brands that demonstrate a "thorough understanding" of them as a unique customer.¹⁴

Improved revenue



Brands using first-party data for key marketing functions achieve 2.9 times revenue uplift and 1.5 times increase in cost savings.¹⁵

Better ROI



Companies that excel at personalization generate 40 percent more revenue from those activities than those that don't.¹⁶

Higher conversion



Brands that are considered "customer-centric" produce a conversion lift of 20 percent or more.¹⁷

Overcoming the challenges of building first-party data and achieving a 360-degree view of the customer can be straightforward with the right technology capabilities. While data is an ever-expanding skill within marketing's wheelhouse, marketers don't need to be data experts or add to the heavy resource burden on data scientists in order to scale up to highly granular views of individual customers.


With Redpoint, brands can personalize messages and offers in real time, across all touchpoints and stages of the customer journey. And brands can maintain oversight and security of customer data with the flexibility to keep your customer data behind your firewalls by using our private cloud deployment option.

The Redpoint rg1 platform offers customer data management that allows enterprises to orchestrate large volumes of data and operationalize the customer's golden record in real-time, across channels to transform customer experiences and drive tangible ROI. It also simplifies identity resolution by combining data fragments, such as customer identifying factors, behaviors and attributes, matching and relating elements, creating a consistent identity across any interaction or transaction and continuously updating the record.

Brands can benefit from automated machine learning to deliver highly personalized next-best actions to customers at speed. The platform offers an open garden approach so any existing investments in data and last-mile touchpoints can be integrated.

If data quality issues are front of mind, Redpoint also helps brands understand how recent and accurate their data is. The software automatically calculates a trust index so marketers can be sure their data is reliable, fit for purpose and supports their campaigns. And it provides the option to perform all data matching, merging, correlation and key management without the data leaving the security perimeter.

Overcoming the challenges of building first-party data and achieving a 360-degree view of the customer can be straightforward with the right technology capabilities.



Contact Redpoint
Global to discuss your
customer data goals
and find out how to
make them a reality.

There's no doubt the evolving data landscape is putting strain on brands' abilities to know and engage customers. With innovative technology though, brands are able to deeply know their customers and use insights to drive individualized and differentiated customer experiences. **With no bounds.**

Endnotes

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