



# It's Time to Change Your Data Strategy

Shifting to First-Party Data for a Better Customer Experience



# The Current State: Data is Where CX Begins and Ends

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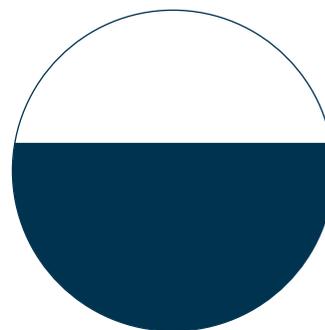
**Third-party data is quickly becoming second class.**

With customer data increasingly driving the personalization strategies fueling the customer experience across marketing, sales, and customer support, your data strategy has never been

more important. Customers expect consistent experiences across the myriad channels they interact with— whether in-store, on the website, or in an app.

**69%**

of U.S. online adults shop more with retailers that offer consistent customer service both online and offline.



## Your customers want every experience to be **personalized**.

The era of one-to-many engagement is over. Your customers need each experience to be relevant — something as simple as knowing what pages a customer has looked at on your site before they call into the help center can go a long way. Without personalized, relevant experiences, consumers will choose to go elsewhere, whether you're a B2C or a B2B company.

Customer data is what fuels the teams and technologies responsible for your customer experience, but for years there was little incentive for companies to prioritize customer data as an asset itself to be taken care of and safeguarded. Now, consumers and regulators alike are pushing new data privacy rights. These rights, like the ability to know what data companies collect, to delete that data, and to compel legal action when

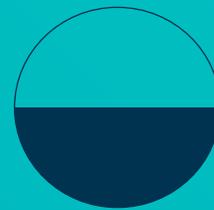
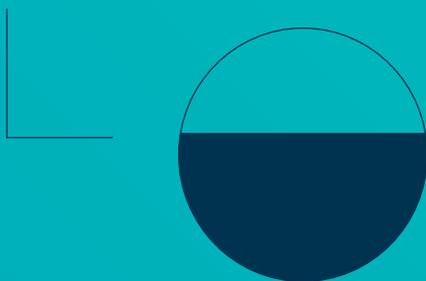
it's misused, are now compelling every company to pay attention to the data.

Companies like Apple and Google are using privacy as a marketing tool. Browsers are competing for users based on how safe their products are. As a result, many third-party data sources have been drying up. Marketers are losing access to data that once fueled their ad campaigns due to changing attitudes and laws around privacy.

To take on personalization and privacy, you need a unified view of customer data at an individual level to deliver relevant experiences with consent. It's a stark change from the past when siloed teams worked in siloed tools to deliver scattershot campaigns. Not only is this a bad experience, it opens you up to risk.

# 66%

of B2B customers stopped buying after a bad customer service experience. (Zendesk)



# 52%

of B2C customers stopped buying after a bad customer service experience. (Zendesk)

The demise of third-party data won't mean the end of marketing or cross-departmental CX. What it does mean: in order to scale engagement across all of your tools and all of your channels— accurately and with consent— you need to rethink the kind of data you're using, how you're collecting it, how it's distributed, and how you keep it secured.

So how do organizations address this challenge today? What data should you collect, how can you protect it, and— most importantly— how can you ensure you're delivering experiences that matter to your customers?

# It's Your Party: Know Your Data Types

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Now, more than ever, where you get your data matters. That's why understanding the difference between the different types of data— zero, first, second, and third— is critical to plotting out the right strategy to keep your data secure and your customers happy. While first and third-party data are the most commonly discussed, it's also important to understand zero and second-party data (see the chart "A Brief Guide to Data Types").

While third-party data has comprised the majority of the data that marketers and analysts work with (because it was easy and readily available), the evolution of data privacy regulations and the rigors of crafting personalized customer experiences are elevating first-party data.

Third-party data is less than ideal to meet those two demands. It can be risky and error prone, and for companies that rely on it, that data will be harder to come by and work with in the future. The CCPA specifically defines the structure and handling

of third-party data to ensure that it is indeed anonymous and never "de-aggregated," making it more arduous to manage an increasing effort of doing so beyond the scale of ROI. And if your company is selling third-party data (advertisers, for example), the challenges increase even more.

First-party data, on the other hand— along with zero-party data— are collected and controlled by you. Thus, it gives you an opportunity to establish efficient automation aligned with privacy requirements and marketing needs to procure because you have to earn consumers' trust first.

Since this data is collected on your web properties, apps, or independent systems and sources of data, the information can flow in real time from the moment it is produced. That is, of course, assuming you have set up a customer data supply chain connecting customer data to the systems that deliver the customer experience.



# Comparing First and Third-Party Data

Since it is collected along with consent— when customers authenticate or opt-in to cookies— the data is accurate and complete, perfect for delivering personalized customer experiences.

<b>Third-Party Data</b> (suboptimal source, can be risky and error prone)	<b>First-Party Data</b> (ideal source for better customer engagement)
Less accurate	Accurate
Incomplete	Complete
Often not collected with explicit consent	With consent
Shared with other organizations	Not shared with other organizations
Aggregated insights, less timely	Individual insights, timely

# A Brief Guide to Data Types

Data Type	What is it?	Why do I need it?	Examples
<b>Zero-Party Data</b>  Identity Data Customers Want You to Have	The good stuff (with a side of consent)! This is the data customers give to your company in exchange for a better experience or enhanced benefits.	In a post-GDPR world, companies need more permission to engage in personalization. Having your customers authenticate— i.e. login— and share data with you amplifies the value of your first-party data and helps you maximize a data-driven CX strategy.	<ul style="list-style-type: none"><li>• Personal information</li><li>• Potentially sensitive data (political opinions, for example)</li><li>• Intentional behaviors</li><li>• Preferences</li></ul>
<b>First-Party Data</b>  Behavioral Data Used to Enrich Identity Data	More of the good stuff. This is the data your company gathers from consumers interacting directly with your brand that helps enrich the identity data you've collected.	First-party data is the backbone of understanding the customer experience. With first-party data, you can analyze how consumers interact with your brand to improve the experience and deliver better engagement holistically and individually.	<ul style="list-style-type: none"><li>• Behaviors or actions from your website, app, product</li><li>• Email or SMS interactions</li><li>• Purchase history</li></ul>
<b>Second-Party Data</b>  Behavioral Data Shared Between Companies	Not commonly used, this is the data other companies collect from consumers interacting directly with their brand. Depending on the regulation, second-party data may be considered “sold” data and subject to regulations like third-party data (see: CCPA).	You might not (often second-party data is only used in limited verticals like car manufacturers). If you work with trusted partners, it may make sense to extend your audiences and create synergistic experiences. Trade shows and webinars are two ways to accomplish this.	<ul style="list-style-type: none"><li>• Behaviors or actions from another company's website, app, product</li><li>• Email or SMS interactions</li><li>• Purchase history</li></ul>
<b>Third-Party Data</b>  Identity and Behavior Data You Have to Buy	Data collected by an organization that doesn't have any direct link to the customer. Usually, the data is collected by data aggregators for the express purpose of selling it to other companies.	What was once the backbone of advertising and marketing is diminishing in value, but when used carefully it can provide targeted data to improve your campaigns. May cost you more than what you pay upfront.	<ul style="list-style-type: none"><li>• Demographics</li><li>• Behavioral</li><li>• Contextual</li></ul>

# Why Should I Switch to a First-Party Data Strategy Now?

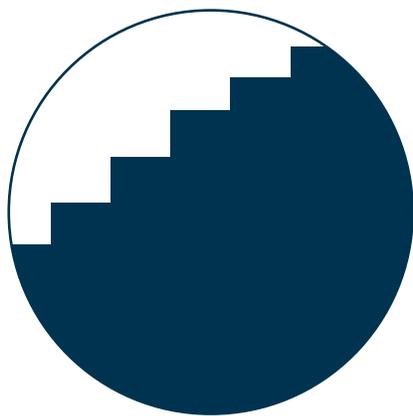
## Meeting the needs of now and the future.

The days of delivering marketing outcomes and CX strategies on the basis of third-party data are coming to an end. But the degradation of third-party data's value doesn't mean personalization or marketing are over. Even in the world of display advertising.

When SPRING, a company within Axel Springer, Europe's largest publisher, was faced with continuing their web advertising in a post-GDPR world, they needed a way to personalize their ads while remaining compliant with regulations. Faced with ad-blocking rates as high as 30 percent within European countries in the EU, SPRING Axel

Springer adopted a first-party data approach to their ads by employing a combination of enterprise tag management and a Customer Data Platform.

Even though SPRING Axel Springer historically operated with third-party data, they were able to transform their digital strategy by using first-party visitor data in Audiences to enrich their desired DSP segments and create personalized, dynamic advertising campaigns. This not only improved conversions, but switching to a first-party data strategy helped align teams across the organization who were now relying on a unified set of customer data.



**\$19.2 billion**

—an annual increase of 17.5%—spent by U.S. companies on third-party data acquisition and management solutions in 2018, despite the potential of regulation, according to a report by the Interactive Advertising Bureau.

Third-party data can be very helpful as a complement to your first-party data. But it shouldn't be relied on for long-term strategies. The temptation of third-party data is that seems like a simple way to ramp up your sales funnel, but

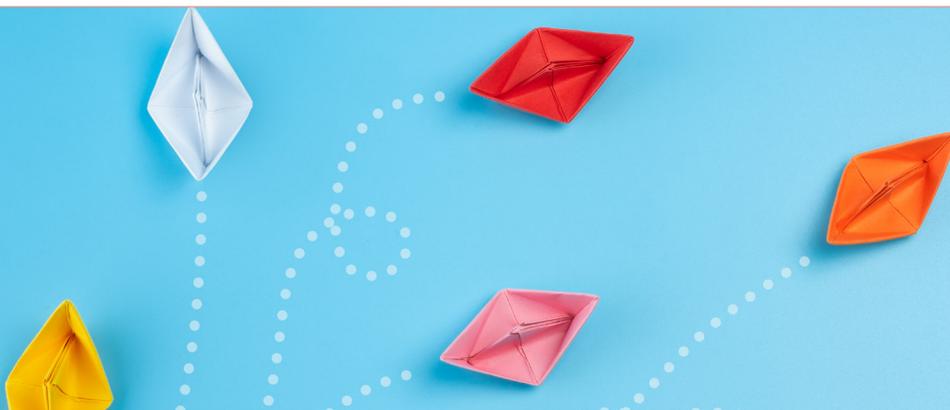
the cost and the outcomes leave little margins in most cases. The value of first-party data is realized when you have a strategy in place to turn it into actionable insights that continue to get better—not worse, like third-party data— over time.

## 3 Key Reasons to Shift to a First-Party Strategy

2020 marks a watershed year for the transformation of the importance of first-party data.

Here's why you should move away from third-party dependent strategies as soon as possible.

- 01** Web Browser Changes
- 02** Data Privacy Laws
- 03** Personalization without third-party data



# The Benefits of a First-Party Data Strategy

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Switching your marketing and CX strategy to a first-party data strategy isn't swapping out one set of data for another. It's complementing this existing approach with richer and more strategically-aligned data that maps to your organization's revenue goals. Building a first-party data strategy (which we'll cover next) requires a robust yet adaptable customer data supply chain to move from collection to unification to activation.

Turning to a first-party data strategy unlocks a

host of use cases that can help you unlock long-promised business goals like digital transformation. Let's take a look at what first-party data can enable your company to do when you pair the right technology with the right people and strategy. We'll only cover a few new capabilities, including scalable customer acquisition, single view of the customer, improving time to insight, and governing data according to customer consent. Depending on your industry and CX/Marketing needs, your first-party data strategy may focus on other goals.



## Benefit 1

# Scalable Customer Acquisition

### Benefits Gained: Generate Revenue | Team(s): CX and Marketing

Collecting first-party data is the first step— an email, a social media handle— but getting them to become customers is another hurdle. As consumers bounce between touchpoints, companies need to be able to react across channels in real time. By integrating all of your data sources into a vendor-neutral customer data supply chain, you're better able to analyze and engage an individual users' actions. Down the line, this provides an opportunity for personalized marketing that turns consumers into customers.

One of the ways you can do this is through

lookalike marketing. You know what your high-value customers look like and how they act. Turning that first-party data (purchase and behavior data) into targeted campaigns to convert other like-individuals into high-value customers (whether that data comes from first or third-party) is now possible. By using first-party data to craft highly targeted ads to directly target consumers that are displaying intent and affinity to become high-value customers, you not only generate higher lifetime values, but save money by reducing unnecessary ad spend.



## Benefit 2

# Improve Time to Insight

**Benefits Gained: Generate Revenue, Agility | Team(s): Analytics and Data Science**

First-party data is great, but there is so much data in so many places that generating high-quality insights can be slow and laborious without the right strategy in place. With a vendor-neutral customer data supply chain, you can reduce the time-to-insights needed to generate revenue. If you can identify and engage consumers from the first moment instead of seven days later, then you've got a much better shot at striking while the proverbial iron is hot.

Time to insight depends on your ability to capture high quality data and correlate it to individual profiles in real time— also known as identity resolution. With a Customer Data Platform, you can use any one of multiple identifying data points for visitors as the north star through which to stitch all of that valuable first-party data together. From there, data can be analyzed at the individual level and put to work in various channels to provide better experiences or deliver personalized messaging.



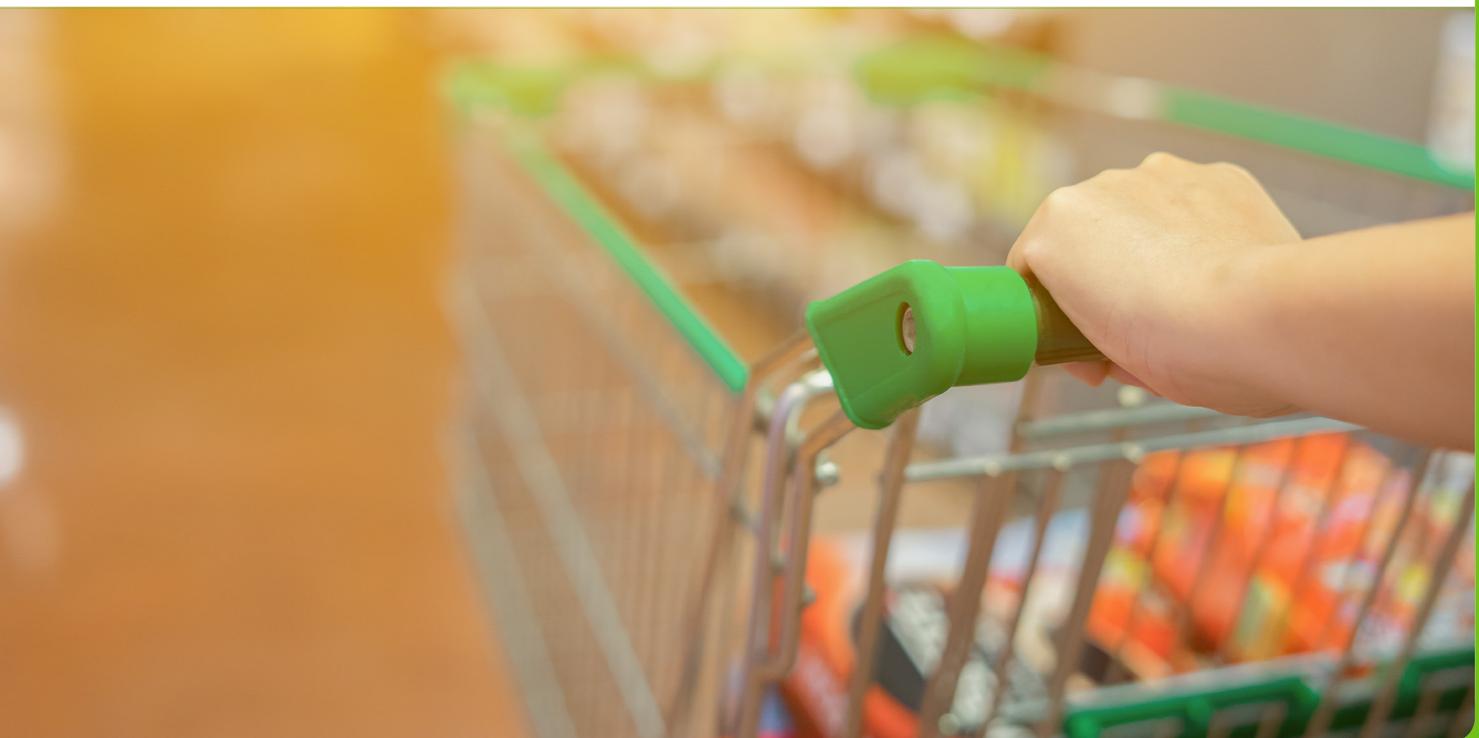
## Benefit 3

# Govern Data Use According to Customer Consent

**Benefits Gained: Assist with regulatory compliance, data auditing and traceability, single point of data control | Team(s): InfoSec, Development, Analytics**

One of the inherent challenges of third-party data is managing the complexity of consent and various overlapping regulations. The same goes for first-party data, though you've cut out the middle man (which is very helpful). When consent is captured on your website (via those ever-present banners), the opt-ins and opt-outs must be tied to a profile and acted upon. Because there are a variety of things to opt-in or opt-out of, managing what data needs to be shut down and what data can continue to be collected gets tricky.

With a Customer Data Platform linking consent data to the customer profile (which is tied to all of your data sources) the labor involved with complying with regulatory privacy legislation is drastically reduced, making data auditing and traceability scalable. Let's say that this customer has said that they only want to opt-out of your personalization cookies and data collection, then the customer's data will not be added to on-site (personalization/display), yet could still be added to social/email. Without a single point of data control through the CDP, companies run the risk of acting against the customer's wishes because the preferences have yet to be disseminated.



# How to Build the Right Strategy: Think Data-First

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First-party data, the data that defines your customers' experience with your brand, is your most valuable asset. It's how you understand your customers, how you improve their experience — it's the benchmark for your entire company's performance as a brand. As data volume, variety, and velocity continue to outpace many teams' capabilities, organizations face the challenge

of collecting, transforming and putting customer data to use while adhering to new and evolving regulations. That's why we advocate for a data-first strategy, which depends on a real-time data collection foundation that's vendor-neutral, governable, and built to scale.

## With a data-first strategy, organizations can:

### 01

Reduce wasted time and development resources spent in cleansing data and integrating data as well as deploying new technologies

### 02

Break down organizational data silos and deliver better customer experiences with more comprehensive customer data

### 03

Audit data flows and ensure compliance with data privacy regulations

# What got you here, won't get you there— so how do you approach this challenge as an organization?

The first thing to know is that it doesn't have to be all or nothing. A data-first approach built with first-party data in mind doesn't happen overnight. You can incorporate first-party data with third-party data if that works better for your business. Many businesses will continue to operate with some level of third-party data because it is needed for additional reach and scale.

**A data-first data strategy** is the key to manage your entire event data flow. This approach means you get more out of your data, your data is better protected, and you're better positioned to do more with that data in the future.

## 01

Connects all data types (first and third party)

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## 02

Supports compliance (reduce risk and engage based on customer preferences)

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## 03

Works with the technology stack you have (or as it evolves)

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## 04

Delivers data in real-time (to deliver better customer experience – right message, right time)

# Your first-party data strategy doesn't have to be finalized before starting.

However, if you can start to build a data framework that sets the standard for data as a valued company asset, you'll help accelerate your company's digital transformation, personalization marketing initiatives, and compliance efforts.

So start with the customer data framework. Where does data come from? How does it get from point

A to point Z? Is that data being transported in a timely manner? Is it trustworthy? With an honest evaluation of your data supply chain, you'll find where your company is excelling and where there are gaps that could lead to risk.



# Building a Sustainable Data Supply Chain

Four Tips to Ensure the Sustainability of Your Data Supply Chain.

## 01

### Get Buy-In Early

Developing a first-party data strategy goes beyond marketing to impact many customer-facing departments. Identify the key stakeholders early on to get their buy-in on any new strategies or technologies, and to determine what data will be collected. Form a multi-departmental team to oversee the strategy long-term.

## 02

### Standardize, Standardize, Standardize

Your first-party data is your own company's asset. As such, your company should determine the standard naming conventions used during collection to ensure consistency and clarity.

## 03

### Review Regularly

Put in place a process to validate data to ensure it is consistent, accurate, and usable. Consult your key-stakeholder team to ensure that the evolution of your tech stack is being integrated into your first-party data strategy. Don't leave new data sources out.

## 04

### Activate Conscientiously

Once your data is consistent, activate it across your different channels. But do so in a way that respects the wishes of your customers in how you use their data.

# How Brands Are Putting It All Together

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The evolution of how companies collect and use data in this era of consumer privacy has the interesting effect of leveling the playing field for once-disparate industries. Highly regulated industries like financial institutions and healthcare are developing the customer-centric policies and experiences that have been a hallmark of high-growth retail companies for the last 15 years. On the other hand, those high-growth retail and travel companies are facing stiffer regulations on the way they use data— not yet at the level of HIPAA, but heading there.

The companies that are taking their first-party data strategy seriously by investing in Customer Data Platforms, robust server-side and client-side data management, and machine learning capabilities are the ones leading their industries into this new era of privacy and personalization.

Leading healthcare companies we work with like Providence St. Joseph Health are turning their attention to more personalized experiences. PSJH, for example, is tying together offline and online data sources to personalize their patient call centers. With Tealium AudienceStream CDP delivering first-party data to enrich data from the

CRM, PSJH call agents have detailed, real-time information to understand who is calling and where they came from— providing faster, better experiences in an industry where time is of the essence. Doing this while maintaining the security of data that is expected of a healthcare provider requires a rock-solid customer data supply chain.

When GDPR arrived in the EU, leading European hotelier Barcelo Hotel Group sought to create a governable data supply chain as the backbone of their customer-centric vision for the company. When they relied on marketing agencies and third-party data, they didn't have access to all of their own data, making it difficult to keep up with their own business' needs and the needs of their customers. By pairing Tealium's Tag Management System and Customer Data Platform with Barcelo's Best-of Breed Marketing Cloud and Data Management Platform, Barcelo significantly improved its advertising success, even in Europe's increasingly regulated environment. In two years, Barcelo increased revenue by 37% and decreased marketing costs by almost 6%.

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At the end of the day, whether you're in healthcare, retail, travel, restaurants, technology, or even government, consumers expect the same thing: seamless customer experiences personalized to their own tastes, multiple channels through which to engage, and the ability to trust that their personal data is in good hands.

With the right customer data technology at the heart of your first-party data strategy, you'll have the ability to adapt to new data sources, feed that data into advanced technology like machine learning, and scale for future growth.

That technology— if you haven't guessed it already— is the Customer Data Platform. While it does not stand alone, it is the cornerstone of a customer-centric approach to first-party data collection and use. It enables your personalization efforts while helping you meet the demands of privacy regulations.

Switching to a first-party data strategy won't happen overnight, but you can unlock the pathway by investing in a data-first Customer Data Platform like Tealium AudienceStream.





# Collect, Enrich and Take Action on Customer Data

Tag Management • API Hub • Customer Data Platform • Data Management • Machine Learning

Tealium connects customer data— spanning web, mobile, offline, and IoT devices— so brands can connect with their customers. Tealium's turnkey integration ecosystem supports over 1,200 client-side and server-side vendors and technologies, empowering brands to create a unified, real-time customer data infrastructure. The Tealium Customer Data Hub encompasses tag management, an API hub, a customer data platform with machine learning, and data

management solutions that make customer data more valuable, actionable, and secure. More than 1,000 businesses worldwide trust Tealium to power their customer data strategies.

For more information,  
[visit tealium.com](https://tealium.com)

