

FIRST-PARTY VERSUS THIRD- PARTY DATA: WHAT YOU SHOULD KNOW

How First-Party Data Drives People-Based Marketing



IRON CITY MEDIA

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FIRST-PARTY DATA

There has been a major shift in consumers' online behavior as they have become increasingly weary of invasive data practices, and feel that brands ask them for too much information (according to an eMarketer study). Because of this recent paradigm shift, marketers are beginning to adopt a people-based marketing model, and realizing it's the best way forward for their organizations.

Why First-Party Data Drives Results

Accuracy and Authenticity

The customer-centric marketing model is the idea of providing a cohesive customer experience to the individual—or a single user—across multiple devices, and channels. And it's driven by first-party data.

"Consumers believe brands ask them for too much information, and they're growing weary of invasive data practices."

- eMarketer

First-party data comes directly from your target audience. Because of the source of this data, first-party data typically lends itself to be more accurate, authentic, and trustworthy.

Third-party data comes from an external source, and has become increasingly more difficult to collect, access, and match with the right person or audience. When it comes to serving your business objectives, third-party data may not perform as well as first-party data. In fact, there has been an increasing level of mistrust among marketers when relying on third-party data.

This shift towards a first-party data and the customer-centric strategy can result in a more complete and refined profile of your customer, and truly differentiate your business from the competition.

The State of Marketing Data

According to a 2018 CMO Survey conducted by Duke University’s Fuqua School of Business, “nearly two-thirds of marketing leaders state that their use of online customer data has increased over the past two years. Seventy percent of them also said that they were planning to make use of more customer data in the coming years”.

But it’s easier-said-than-done. It takes the right technology and strategy to effectively use first-party data in marketing and advertising campaigns. Advertiser Perceptions and MightyHive surveyed US digital marketers and found that they were, on average, “tapping into just 47% of their company’s first-party data potential”.

However, advertisers and marketers that rely on first-party data are finding they need to be more transparent about what the user will receive in exchange for their data. Marketers are finding they need to develop a more authentic approach in order to build rapport, trust, and connections with their audience.



Because third-party data comes from an external source, it can be challenging for marketers to pair the information with the right person.

TOOLS, TECHNOLOGY, AND THE BOTTOM-LINE

THE EARLY STAGES OF PEOPLE-BASED MARKETING

TOOLS & TECHNOLOGY

The tools and technology that marketers and advertisers rely on have been recently updating their technology and policies making it more difficult to track user activity across the internet.

Mozilla's Firefox, Apple's Safari, and Facebook's Ad Manager are continuously updating their technology to limit, or eliminate, third-party data targeting features. Marketing automation systems, such as Hubspot and Pardot, explicitly prohibit the use of purchased, rented, or borrowed third-party data contact lists.

So, here's the bottomline - by optimizing your campaigns with humanized data and focusing on the individual rather than the channel, you can foster an ongoing relationship with your customers and prospects by better communicating and serving them. This will help you focus on being responsive to customer actions and find that there is a greater chance of getting a positive response.

