First Party Data

Holds The Keys to "Future-Proofing" Marketing Profitability

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Digital Marketing Whitepaper

NATIONAL POSITIONS
PROFITABLE INTERNET MARKETING

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THE DATA DISRUPTION

Industry changes surrounding data privacy in recent years have had a profound impact on digital marketers and online advertisers. According to Statista, adjusting to privacy regulations is having massive impacts across the board, with nearly **40% reporting limitations** in *data availability* and consumer tracking, **32% having reduced** *targeting capabilities*, and over **40% considering new** *marketing channels* altogether.

In digital marketing, success hinges on *decision-making speed and accuracy.* At best, **both** are being impacted. At worst, past marketing investments may become obsolete due to this increased focus on data privacy. According to Gartner, **85% feel that in 2022**, "significantly more" of their organization's marketing decisions will be based on marketing analytics. While at the same time, **73% of marketers** also fear that the emerging privacy concerns are going to impact these efforts.

FOR MARKETERS...

For marketers, it can feel like trying to fit a square peg in a round hole.

We need to adequately represent our brand's image, benefits, and values programmatically to our customers while adhering to the data privacy concerns they may have.

Failure to do either of these can **quickly damage the bond** between our *brands and our customers.*

And with nearly **80% of consumers** saying that they will move to competitors if their data is misused, this is not a problem we can simply ignore.

80%
Of consumers say that they will move to competitor if their data is misused.

GATEKEEPERS OF DATA

Google, Facebook, Apple, and the like are the data gatekeepers that advertisers in the digital world rely on for their data, and in turn, **marketing ROI**.

This is not a demonization of any of the aforementioned entities but rather an *awakening to the realization* that in order to secure our marketing profitability in the future, we must reassess how we **collect, leverage, and respect** *consumer data.*

So, where do we go from here?

How do we pivot, change, and take some of this power back so we are not purely beholden to the whims of these legacy data gatekeepers?

KEYS TO THE FUTURE

We believe that **First-Party Data** *holds the keys* to enriching our own brands on our terms - the ways we see fit.

Through **investing in our own First-Party Data**, the ability to assess success, understand our customer base, and invest strategically in ways that are unique to our individual business models - **becomes a reality.**

There will be challenges along the way but it is time to turn the page on the previous decade and explore how more **effectively approach the future,** with *First-Party Data tracking.*

88%

Of marketers say collecting first-party data is a priority.

THE DICHOTOMY OF MARKETING DATA

THE NECESSITY OF DATA FOR ALL PARTIES

When it comes to collecting and leveraging digital marketing data, the main challenge is **striking the balance** between *respecting the concerns* customers have surrounding their personal privacy and still *providing them with the personalized experience* they desire from brands and marketers alike.

As nearly every aspect of successful digital marketing hinges on providing the best user experience possible, the **only reliable path for satisfying** this insatiable customer need is through the *strategic use of data.*

So, how do we fit a square peg *(limited data)* in a round hole (*personalized user experience)*?

This very real juxtaposition between wants and needs is putting brands and marketing agencies alike in a **precarious position** that needs to be remedied where both *data wants and personalization needs* can coexist for the foreseeable future.

A (CONSUMER) THIRST FOR PERSONALIZATION

A major factor surrounding data access for our customers is **personalization** throughout the customer journey.

We believe that i*t is not the use* of high-level consumer data that is causing friction and concern amongst our customers but rather the *perceived*—**or sometimes very real**—*exploitation* of that data.

If data is used with care in ways that add **value to a customer's experience** with a brand, this is a *mutually beneficial* relationship for both parties.

The reckless use of data via spam emails, endless cold (or robo) calls, or unsolicited SMS messages (just to name a few) interrupt daily routines and disrupt lives.
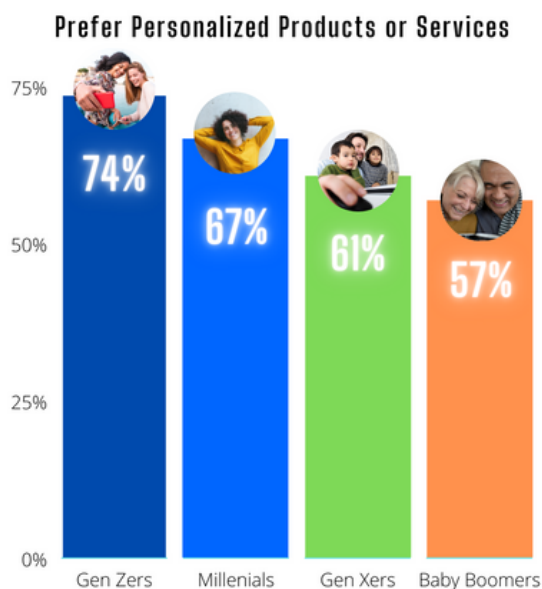
When the customer's overall experience is personalized, they experience intrinsic value. When their life is disrupted, everything flips. Value has been taken, trust has been broken, and, at worst, personal boundaries have been violated.

All of this is to say that customer data must be handled with the utmost care and even compassion. **The desire for a personalized experience from our customer base is undeniable,** and they understand that specific high-level data is likely to be exchanged to accomplish this.

As brands that provide goods and services in the online space, it is *our responsibility to find the balanced personalized experience* our customers expect without crossing the line.

As you will learn in the following sections of this document, **much of this friction can be alleviated through a focus on enriched first-party data** and a reduction of reliance on second- and third-party data sources.

Prefer Personalized Products or Services

Gen Zers 74% | Millenials 67% | Gen Xers 61% | Baby Boomers 57%

ADDRESSING CONSUMER PRIVACY CONCERNS

1. Be Transparent

Transparency surrounding customer data is no longer an option—and it certainly isn't negotiable. The days of black hat customer acquisition (or retention) tactics are gone. Consumers, as a whole, have grown wise to the power their personal data holds.

2. Adhere To Privacy Laws

Brands that don't take these concerns (and emerging laws surrounding them) seriously not only risk the trust amongst their customer base, but they also risk opening themselves up to legal action. In short, trying to skirt privacy concerns is a lose-lose situation.

3. Build Trust - Minimize Friction

/n this new age of consumer privacy, the burden (or opportunity) is on all of us to address these concerns head on—to establish trust and minimize friction.
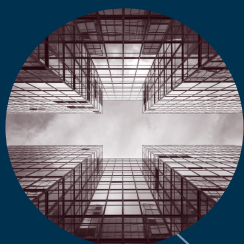
4. Strengthen the Customer Experience

We believe that a proactive, transparent approach to addressing such concerns through customer or prospect interaction throughout the customer journey will only strengthen the ability to collect and leverage first-party data from direct consumers.

"While many advertisers may see these steps for the protection of consumer privacy to be a hindrance, we see it as an opportunity to build greater affinity with consumer bases."

DATA'S IMPACT ON RISING ADVERTISING COSTS

Finally, there is the direct issue of increased advertising costs that are being fueled by the reduction of robust consumer (and consumer experience) data metrics, including:

- *Third-party data*
- *Second-party data*
- *Mobile OS data (Apple vs. Android)*
- *Cookie browser data (Firefox, Chrome, etc.)*
- *Device-specific data (mobile vs. desktop)*

If even general performance, demographic, and geographic consumer data (both past and present) is reduced or eliminated, this greatly impacts online advertisers' ability to efficiently connect with their intended audience.

Budget allocations for digital advertising campaigns that have been honed over months or years of testing and optimization may once again begin to bleed ad dollars due to the inability for accurate targeting.

Advertisers can end up spending more while converting less—higher ad cost and lower ROI.

*This very real scenario of rising "ad waste," which will burden the growth aspirations of all digital storefronts, may be our most relevant motivation for placing greater focus on **first-party data.***

This shift to first-party data can address the optimization of ad budgets more rapidly and improve campaign ROI to exceed "pre-data disruption" levels.

3RD

2ND

TYPES OF DATA AT RISK

THIRD-PARTY DATA

The majority of businesses advertising online either have or do leverage third-party data to connect with their customers.

Platforms like **Google Ads and Facebook Ads** were built on this type of data, and the majority of us striving to effectively target and attract new business online have leveraged it.

While it is often provided by *third-party data marketplaces*, like those mentioned above, it is also often provided by DSPs (demand-side platforms) or a DMP (data management platform) for advertising purposes.

In short, this is data that we either pay to acquire or pay to have access to so that we can leverage it.

Additionally, it is usually going to be the most general and/or unreliable data when it comes to accuracy or effectiveness.

T*ypically third-party data* is leveraged for volume and generally vast availability; however, this also means it is the lowest "vetted" data as to how it aligns with our target customers. **Quantity not quality**.

SECOND-PARTY DATA

Second-party data is not going to be as at risk as third-party data; however, any data that is coming to your business directly is going to be at some level of risk.

Usually, second-party data is *acquired via a trusted partner* with which you share a mutually beneficial relationship—this can be a great source for second-party, referral-based business opportunities.

As we are often more likely to do business with direct business contacts that we trust—if we refer someone to a partner or we get a referral ourselves, there is already a **level of built-in trust** which may streamline the acquisition of this new business.

There are businesses that, for all intents and purposes, do sell second-party data. *A service broker who connects businesses with financial advisors might be one example.* All in all, the data is likely to be more valuable, but the business using it must ensure that it is coming from a trusted source.

WHEN IT COMES TO DATA, EVERYTHING IS CONNECTED

Every emerging problem previously presented (rising ad costs, consumer privacy concerns, the desire for personalization) all loop back to why data is a necessity: **Everything is connected**. *Like a stack of dominoes, as one falls—so do the rest.*

Therefore, it is up to us as business owners, ecommerce brands, marketers, and even agencies to confront these growing and connected issues proactively, and the first step may reside in **focusing on first-party data**.

BACKGROUND OF DATA DISRUPTION

While the subject of **consumer data privacy** is a hot topic today, it was not so long ago that the lines between consumer data and advertising were nebulous at best.

The general public has been able to see the heads of Silicon Valley giants from **Google**, **Facebook**, and **TikTok** testify before Congress more often than they can count.

The issue of privacy has evolved into a mainstream talking point.

While there may be debate surrounding the *accuracy of the real-world representation of this data* in mainstream media by those who do not interact with it on a regular basis, **what is not debatable** is that the wheels of change have already been set in motion.

It is worth unpacking the **recent industry developments and responses** to consumer data privacy to better understand how we can prepare and adapt.

The following are some of the previous disruptions that have occurred, leading to a domino effect that continues to impact the ways in which **we market and advertise our brands** today.

The Data Protection Directive (1995)

While the Data Protection Directive was introduced long before the prominence of personal computing—and well before our "always connected" world—the groundwork was being laid for discussions we are still having today.

In short, the Data Protection Directive was introduced in the European Union in 1995 and was centered around seven principles outlined by the **Organisation for Economic Co-operation** and **Development's Recommendation** of the Council Concerning Guidelines Governing the Protection of Privacy and Trans-Border Flows of Personal Data.

These seven principles *(actually created 15 years prior)* included **notice**, **purpose**, **consent**, **security**, **disclosure**, **access**, and **accountability** when it came to consumer data. Several issues quickly began to occur due to the non-binding nature of this directive in addition to changing data privacy laws depending on where you happened to be on the European continent.

All this to say that the groundwork on which the General Data Protection Regulation (GDPR) would build upon (and eventually replace) was already in place back in the mid-1990s.

EU General Data Protection Regulation (2018)

The GDPR officially phased out and replaced the contents of the **Data Protection Directive** *on May 25, 2018, and was one of the first major disruptions for online marketers, advertisers, and businesses alike.*

Essentially, the GDPR laid down new rules surrounding how **governments**, **businesses**, and **other entities** would be able to interact with the *personal data of citizens or residents within the EU.*

Building upon the seven principles outlined in the Data Protective Directive, the GDPR included a swath of violation descriptors as deep fines for overstepping.

This quote, directly from GDPR.EU, says it best, *"Don't even think about touching somebody's personal data — don't collect it, don't store it, don't sell it to advertisers — unless you can justify it…"*

There was now a clear line in the sand—the protection of consumer data of those residing within the EU. This meant that **even brands residing outside** of the EU (like those in the US) would need to adjust their business practices if they crossed into EU territory, as ecommerce business is bound to do.

The California Consumer Privacy Act (2018)

Perhaps in response, support, or simply coincidently to the GDPR, the California Consumer Privacy Act (CCPA) was signed into law in September of 2018.

Seeing as the current CCPA clocks in at around 36,000 words—which you can read in its entirety here—for our purposes, we will default to the more concise description below.

As outlined by the California Attorney General, "*The California Consumer Privacy Act of 2018 (CCPA) gives consumers more control over the personal information that businesses collect about them and the CCPA regulations provide guidance on how to implement the law."* This law includes **the right to know, right to delete, right to opt-out, and right to non-discrimination.**

Currently, the US has no federal blanket laws like the GDPR, meaning that the CCPA was the first statewide law designed to force some level of transparency between businesses and consumers when it comes to the leveraging (and limiting) the use of consumer data.

Google Announces the End of Cookies (2020)

Cookies (for the uninitiated) are basically tiny text files that record actions that users take as they move about online.

A myriad of basic functions we take for granted—like seeing our name on a website chatbot saying "Welcome Back" or a notification that "you have an item in your cart"—have been fueled by cookies.

From a marketing and advertising standpoint, **cookies have been even more valuable**, helping businesses provide a more personalized brand experience to those who have interacted with our brands. In many ways, they have become vital to effectively market in the digital space. However, it seems that Google has put a ticking clock on how much longer brands will be able to leverage cookies... sort of.

According to Google, this move to eliminate cookies is to combat an "erosion of trust" amongst their user base.

Stating that, "72% of people feel that almost all of what they do online is being tracked by advertisers, technology firms or other companies, and 81% say that the potential risks they face because of data collection outweigh the benefits, according to a study by Pew Research Center."

Google Announces the End of Cookies (continued)

However, **there is one very interesting observation that even Google highlights in their documentation:** "first-party relationships are vital."

Google plans to **"continue to support first-party relationships"** on its platforms to help empower partners and businesses to continue their direct customer connections. **This is the opportunity that we believe** every business online needs to hone in on if they expect to effectively leverage ad platforms (like Google) in the near future.

Apple's iOS 14/15 Update (2021)

The latest disruption has come from (perhaps) the unlikeliest of places: tech giant Apple. In early 2021, as the latest iPhone updates began to roll out,

Apple was highlighting one main update feature louder than all others—user privacy. Apple's senior **VP of Software Engineering** stated, *"Privacy means peace of mind, it means security, and it means you are in the driver's seat when it comes to your own data."*

The main disruption for online advertisers came in a preemptive option iPhone users were given to opt-out of app tracking upon updating their iOS.

This "flip of the switch" sent advertisers scrambling, as huge segments targeting evaporated and vast amounts of historical data would soon become inaccessible.

This latest situation highlights yet another real-world consequence of placing our reliance on consumer data too far away from our own businesses. If a shift like this can impact our ability to reach roughly half of our customers almost overnight, then **it is time to plan for the future—starting right now.**

IT'S TIME TO FACE REALITY

It started with directives, then legislations, then state laws, and now the private sector.

Every domino that falls, no matter the motivations, makes it more likely that this reality **will soon impact every brand that does business online** today - and in the future.

There is a high likelihood that you have been impacted already—whether you know it or not—and none of us can be strategic if we are wearing blinders.

The waves of change are beginning to crest, but we believe that the utilization of ***first-party data holds the keys to staying afloat and riding out the storm.***

It's time to find out how.

88%

OF MARKETERS SAY COLLECTING FIRST-PARTY DATA IS A PRIORITY.

- MarketingDive.com

THE FIRST-PARTY DATA PIVOT

Investing our time, effort, and resources into collecting and leveraging **first-party data may be the answer to combating the disruptions** presented throughout our observations.

By rethinking our relationship with customer data and focusing on our first-party data sources as our primary means of gaining valuable insights, we can begin to regain our "data footing" *and future-proof our success.*

More importantly, for businesses, marketers, and digital marketing agencies alike, we are able to (in essence) take our power back. **More accurate, profitable, and even personalized** digital marketing strategies can once again be realized by using first-party data.

True attribution of advertising and marketing channel success can finally be uncovered, and additional data sources can be enriched and made even more robust.

You may not even know that, as an online brand, you already have (or should have) access to some first-party customer data sets, including your CRM, ecommerce transactions, and, of course, your most valuable data set—your company email list.

But all the aforementioned is just scratching the surface.

AdTribute

AI-FUELED, AUTOMATED, AND STREAMLINED

It's time to go beyond developing more "buckets" of data, and we are determined to do just that.

We need to be able to apply, correlate, and attribute the data to the success of our marketing investments with accuracy.

How can we use our first-party data to improve customer journeys, *boost campaign conversions, and rapidly optimize our ad sets*?

These are just some of the solutions we are striving to make a day-to-day reality with **National Positions' proprietary technology—AdTribute.**

It's time to unpack how AdTribute's ethical approach to first-party data is going to change the game for businesses, digital advertisers, and digital marketing agencies.

ADTRIBUTE THE VISION

Our core vision with AdTribute is to combine the collection and application of first-party data with a turnkey solution. Eliminating the time lag between the collection of first-party data and the useful application of that data in order to attribute marketing success.

We are proud to say—this is exactly what AdTribute provides. Now online advertisers will be able to:

- *Attribute campaign success*
- *Rapidly optimize ad budgets*
- *Streamline A/B creatives testing*
- *Gain clear customer journey insights*
- *All at the same time.*

And because every attribution metric is fueled by your brand's first-party data alone, these data insights are more accurate than any external data source could ever attempt to be. *First-party data collection, application, and visualization, combined with accuracy, is now a reality.*

/AD TRIBUTE THE SOLUTION

Our patented cloud-based technology integrates directly with your ecommerce website and paid media campaigns, email platforms, and a variety of additional conversion touchpoints.

Whenever a customer converts, our technology "*fingerprints*" the customer's action as well as the *journey* that led to their conversion.

This alone tackles a huge issue marketers and businesses that are running multiple campaigns currently face.

When there is a conversion, every platform wants to claim a win. With AdTribute, **we have eliminated the guesswork**.

ADTRIBUTE'S PAID MEDIA INTEGRATION & OPTIMIZATION

No brand, marketer, or agency likes having to cross-check data across various paid media platforms, so AdTribute provides a solution.

The AdTribute platform **seamlessly integrates** paid media campaign data (*Google Ads, Facebook Ads, etc.*) directly, so **you know** which campaigns are performing the best.

All of your campaigns, ad sets, and ad testing variations are included, so you can make important ad budget decisions faster than ever before!

ADTRIBUTE'S CROSS-CHANNEL SUCCESS ATTRIBUTION

You will no longer need to base critical marketing (and budgetary) decisions on **guesswork or assumptions**.

AdTribute's ability to not only track real-time conversions but also **attribute success** to the *proper marketing channels* gives you critical insights needed so you know what's **converting** the best. Our technology provides critical metrics, *so you know where to focus and attract more quality lead traffic.*

ADTRIBUTE'S AI-ENHANCED MODELING

In digital marketing, it is often said that connecting with the right customer at the right time is half the battle—and *AI is helping AdTribute crack the code.*

To make first-party data more valuable, *AI promises to model predictive behaviors surrounding* buyer activity. In short, we are aiming to be able to **predict customer journeys** by combining not only attribution data but also contextual and behavioral first-party customer data.

ADTRIBUTE'S VISUAL PORTAL

Once your campaign tracking is set up in AdTribute, you can access all of your *first-party data, conversion tracking, channel success attribution, and paid media campaign conversion metrics* **in one place.**

Our **visual cloud-based portal** is simple to navigate and designed to provide straightforward insights—not endless buckets of data. We have designed AdTribute specifically so businesses of all types **can make faster** (and more profitable) marketing decisions.

AD**TRIBUTE** AND CUSTOMER LIFETIME VALUE (LTV)

Having the streamlined ability to **track critical conversions and accurately attribute revenue** automatically gives you valuable insights as to the preferred communication channels of your customers.

Leveraging and refining these conversion touchpoints allows you to focus and *optimize marketing budgets* and focus on the touchpoints that **provide the greatest customer LTV.**

FUTURE INTEGRATIONS AND CAPABILITIES

AdTribute will continue to be updated, enhanced, and streamlined. Our overarching goal is to use first-party data to help advertisers more efficiently spend their advertising budgets via the most practical decision-making tool for the marketing industry.

We are taking the **guesswork out** of ROI and success attribution. We are **removing the need** to parse through data to find correlations by **proactively providing** the valuable data needed to scale digital marketing strategies efficiently.

Better personalization, targeting, messaging, positioning, and budgeting all reside in the ability to acquire, leverage, and correlate first-party customer data.

AdTribute is our solution not only for adapting to changes in data privacy but, more importantly, for future-proofing the industry for whatever it may hold.

AD TRIBUTE

CONCLUSION

PREDICTING THE FUTURE OF DIGITAL MARKETING

Those who do not consider the past are destined to repeat it.

We can't say that we have a crystal ball for what is coming next, but when it comes to the subject of marketing data, the writing is on the wall.

Do we still hope that in the future we're able to use data from various sources to make better marketing decisions? Of course.

However, are we ready to go all in and bet that the consumer data we have access to today will still be with us next year or in the next five years? Absolutely not.

We believe that focusing on first-party data is our most secure and direct path for a successful future. We can't wait for you to experience the difference that AdTribute will make for your marketing—both today and in the future.

AD TRIBUTE

For more information or to get a one-on-one demo of AdTribute you can contact our team using the information below.

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ANY QUESTIONS?