

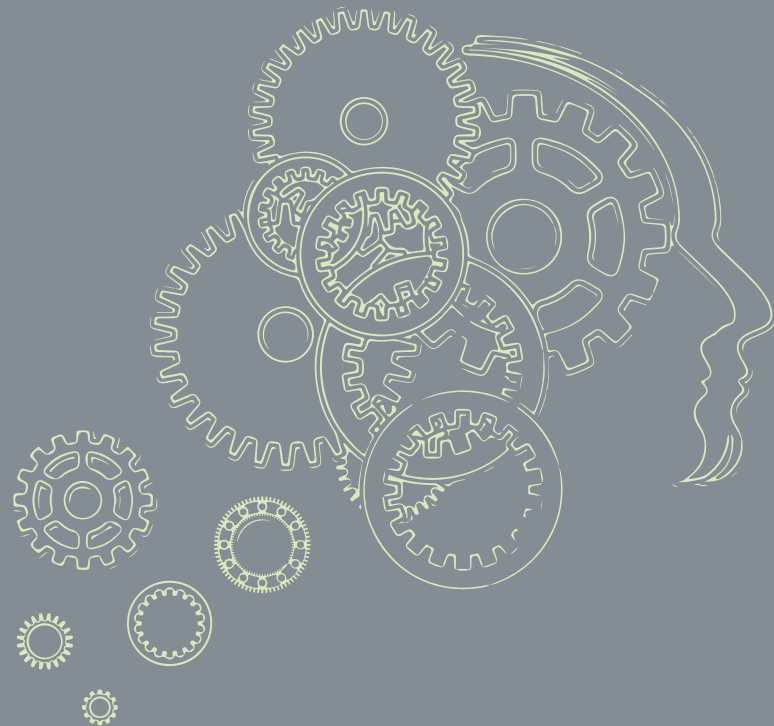
SALES  manago

Zero Party Data Revolution in Ecommerce

Get ready for the new
Data Privacy & Cookieless World

Ebook





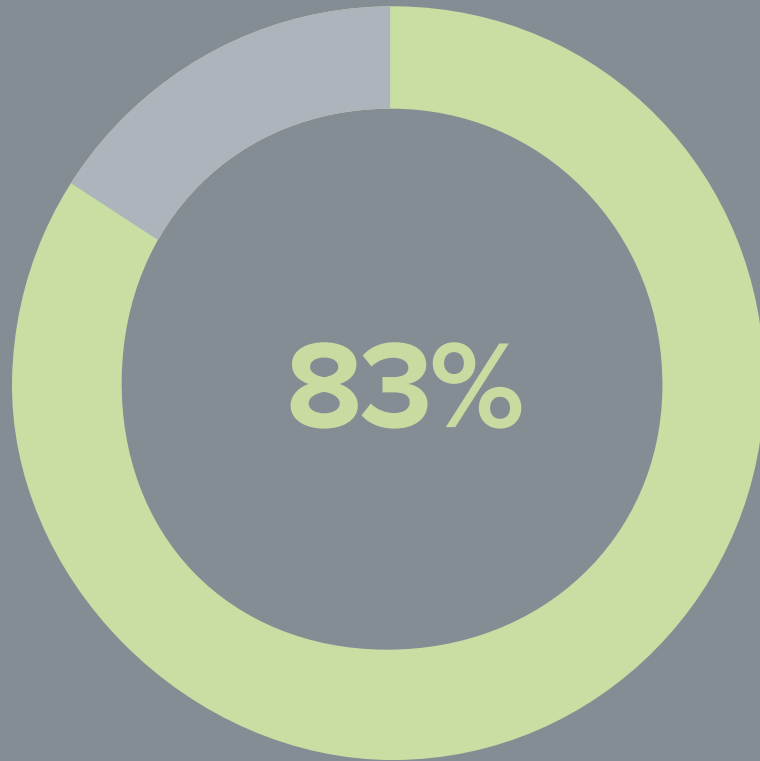
No AI
or Machine Learning
will ever know the
customers better,
than they
know themselves



Customers are not anonymous and they know what they want

Many marketing professionals fall into the trap of assuming in advance that they know what their customers want. This attitude tends to backfire, as customers often follow their own paths rather than aligning with the vision of brainiacs from Marketing departments. Therefore, one should consider whether the demand for more “human” marketing is real?





83% of consumers are willing to share their data to create a more personalized experience.
(Accenture)



Identity crisis in eCommerce

The most currently used types of datasets in eCommerce are:



first-party data



third-party data

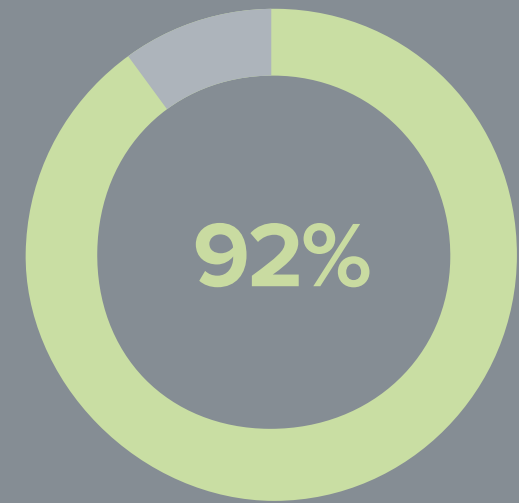
Both these dataset types come to you aggregated and let you only target generalized groups, not individual customers, with their specific needs and desires.

To address individual needs, you have to get to know your customers. For this purpose, you need new type of dataset:



zero-party-data

All 3 types of data are stored within cookie files



92% of customers appreciate companies giving them control over what information is collected about them.
(Salesforce)



Cookies

Cookie or cookie file is a piece of text stored in your browser's memory to collect information about your online behavior. Anytime the browser needs some of this important information, it uses it to retrieve important information.



Example

Imagine you enter a new website and register as a new user. Next time you'll try to log in, the website will prompt your username. The information about your nick isn't stored in a browser memory; it exists as a cookie file on your computer. While you enter the login page, the browser requests this information and automatically completes the username input field.

First-Party Data

First-party data is information collected through cookies and other tracking technologies by companies first-hand from their recipients.



Example

An example of first-party data could be the on-page behavior and transactional information collected by SALESmanago on a user's site. It's a bit like a good salesperson who observes and remembers their customers' habits in order to recommend them the most suitable items from their booth with no questions asked.

Third-Party Data

Third party data is customer information collected by companies that have no direct contact with those to whom the data relates.



Example

To understand how third-party data works, think of a municipal archive. This organization stores information from different administrative units. All the information is sorted and clustered. It can be accessed by different people often for a certain price. Third-party data works similarly. A company collects from other companies their first-party data about large groups of consumers, like winter sports fans, gamers or CEOs. You can have paid access to this data, but it will be already aggregated. Instead of knowing who exactly you are targeting, you will only know the general characteristics of the group, gathered from people's behavior on various websites.

Zero-Party Data

It is information explicitly given by the customer, which is proactively and voluntarily shared. Unlike the first- and third-party data, zero-party data refers to all kinds of information requested by brands and provided directly by customers.



Example

Zero-party data can be explained using an analogy to a brick-and-mortar store. When a person enters an aisle with a specific type of product, all they know is that they want an item from this aisle. It is often that the amount of available options is more a curse than a blessing. A store associate approaches them to help and starts asking questions. They ask about the customer's preferences, conditions, how they will use this item. According to this information, they help a customer pick the item that will suit them best. In this example, zero-party data are things the customer tells a salesperson which will help them find the right product.

Implicit vs Explicit knowledge

First-party as well as Third-party data provides you with implicit knowledge



Example:

First party data - your customer added a red sweater to the cart. You can presume, that she likes sweaters and red color.

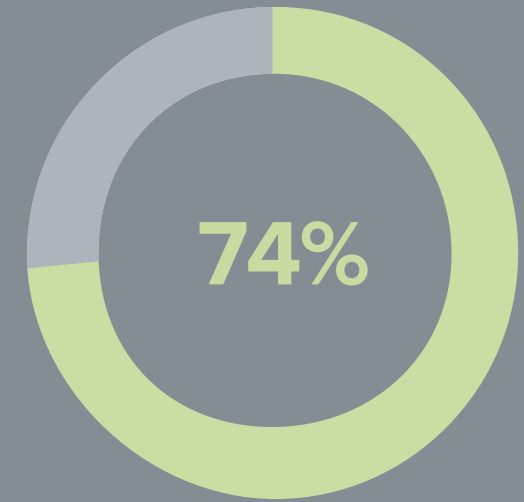
Third-party data - you bought an access to the customer dataset, containing females, that bought red sweaters recently. Also, you can presume, that they are some unified group of color red and sweaters fans.

Zero-party data provides you with explicit knowledge:



Example:

Using our Customer Preference Center, you asked your customers about their product preferences. It turns out, that a woman, who bought a red sweater recently in fact likes color blue. She also provided you with her price range. Now you know, that she likes sweaters, but prefers blue. And you can presume, that she bought a red one, because it was in her price range. To know this for sure, you can ask her further about this and sent her recommendations of blue sweaters within her price range.



of consumers say “living profiles” with more detailed personal preferences would be useful if they were used to curate personalized experiences, products and offers.
(Acenture)

Rented relationships vs Consent-based relationships

Rented relationships

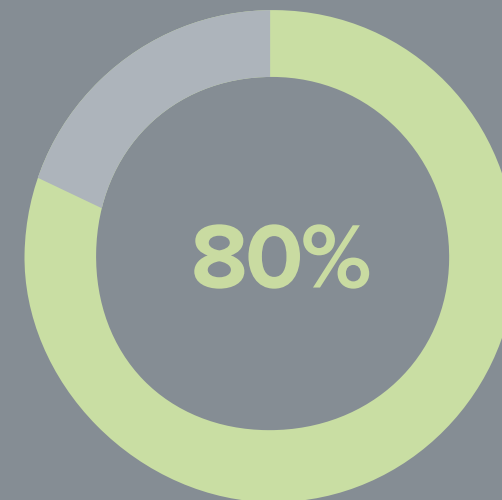
Third-party data-driven online marketing is all about rented relationships. The information you use to address potential customers does not belong to you, but to external parties. Working through intermediaries obviously has its upsides (such as access to diverse data from many sources), but it also has its downsides. First of all, you do not have direct access to the data and you do not own it. If the intermediary company turns off the tap, you lose the relationships you have built and the ability to continue operating. In this arrangement, you lack control over the data, how it is collected, transmitted, and analyzed.



Example:

An illustration of a rented relationship can be ads displayed to lookalike audiences on Facebook. You choose an audience through a wizard, set up a campaign, and trust Facebook to deliver it to the right people. Everything works ok until you operate in the Facebook space. Only when someone hits your page through the ad do you have a chance to start collecting first-party data on that person, but you have to remember that their primary relationship is with Facebook, not with you.

It is always their customer, not yours



of consumers are more likely to make a purchase from a brand that provides personalized experiences. (Epsilon)

Rented relationships vs Consent-based relationships

Consent-based relationships

A very different relationship between a brand and its audience is based on zero- and first-party data. Contact and data collection begins at the place where it will be used, i.e. in the company's own media. From the very beginning, the user is informed that you want to observe and record their actions. You ask their permission and let them know how you will use the data. In other words: you build a relationship based on informed consent. There are no middlemen in the whole process, no one keeps a file on the relationship and no one can steal it from under your nose. You are the one in control of the development of the relationship and the direction of the conversation.



Example:

A relationship based on zero- and first-party data can take different forms. For example, a person visits an eCommerce site. After viewing several products, they fill out a preference survey and leave an email address to receive a discount. You process this information to send an email with a discount code and suggest some products that match the stated preferences. During the next interaction, you suggest the person use the site's wish list mechanism. At the same time, you record their actions with first-party cookies. All of this knowledge is translated into personalization of the website elements and the best possible adjustment of communication in various marketing channels.

Relation with the customer is yours across all Customer Lifetime

Data Privacy compliance

Year after year, Data Privacy regulations around the world prohibit or severely constrict third-party data, because the customers have enough of spray-and-pray tactics of contemporary eCommerce marketing teams.



Data Privacy compliance



Some examples of Data Privacy legislations:

- California Consumer Privacy Act (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. It gives the consumer i.e.g. the “Right to be forgotten” or the right to opt-out of the sale of their personal information.
- General Data Protection Regulation (GDPR) gives EU citizens new control over their data and their interactions with companies.
- US Health Insurance Portability and Accountability Act (HIPAA).
- Electronic Communications Privacy Act (ECPA), the legislation extends government restrictions on wiretaps to include transmissions of electronic data.
- Children’s Online Privacy Protection Act (COPPA) gives parents control over what information websites can collect from their kids.



Cookieless world



Big Tech complied and started putting in place its own privacy measures:

- First, Safari killed the tracking cookie.
- Then, the iOS14.5 update limited the use of device IDs.
- Soon, Chrome will be eliminating the 3rd party cookies.

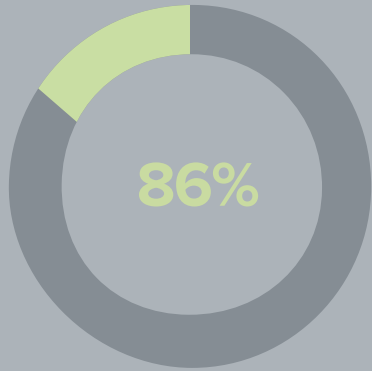
All of these changes are chipping away at how the retail and eCommerce industry has done marketing for years.

Zero-party data is the only reasonable answer

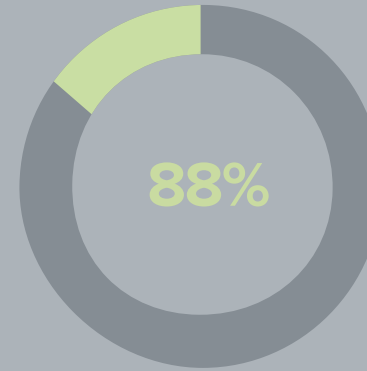
Collecting knowledge from own sources, like customers' carts (first-party data) and especially from direct conversation with the customer (zero-party data) can never be constricted or prohibited, because it would be like prohibiting a greengrocer's owner asking the customers, what kind of apples they like.



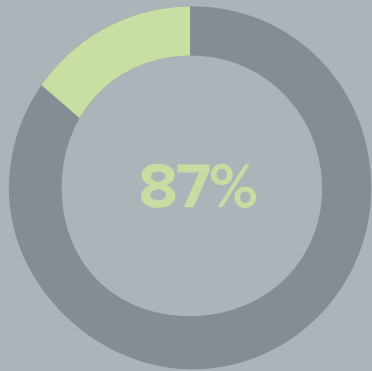
Green vs not so green data



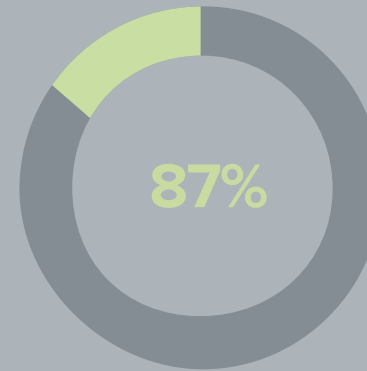
86% of the study participants responded that they were concerned about climate change. In comparison, consumers revealed a similar level of concern about the pandemic (85%), the health of their friends and family (79%), and the cost of living in their area (76%). Clearly, consumers feel that climate change affects them personally.



88% of the respondents stated that they would make a sustainable purchase when able.



87% of those surveyed said they want to do more to combat climate change.



87% said they would be willing to change services and the products they purchase to combat climate change.

Dentsu and Microsoft worldwide research project, surveying over 24,000 people from 19 countries, **TO UNDERSTAND CONSUMER PERCEPTIONS OF SUSTAINABLE BUSINESS.**

Green vs not so green data



“To survive the paradigm shift in the climate awareness of customers, it is time to turn eCommerce into ECOMmerce.”



Green vs not so green data

Storing and processing third-party data requires a lot of energy, enlarging the carbon footprint of the company using it. All data storing and processing requires energy, but these datasets do nothing to compensate.

First-party data also can do very little to compensate for the energy required to maintain it.



Intelligent zero-party data utilization might lead to a significant reduction of carbon footprint which results from the global growth of eCommerce especially in the area of logistics (shortening the supply chain leading to reducing emissions) and production (ability to reduce waste by super lean production).

7 ways to reduce your company's carbon footprint with zero-party data

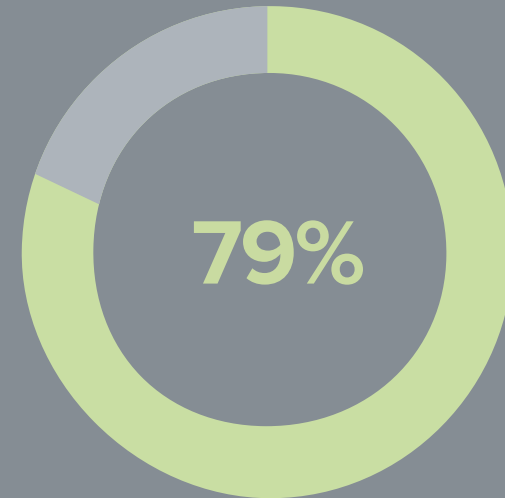
- 1** Zero-party data makes lean manufacturing superlean
- 2** Shortening the supply chain leads to emission reduction
- 3** Hyperpersonalization means cleaner, “carbon conscious” marketing communication
- 4** Custom packages
- 5** Custom delivery
- 6** Data-driven strategy: Fewer mistakes, reduced carbon footprint
- 7** Unified profiles mean less redundant data and fewer operations



Collecting zero-party data across entire Customer Lifetime

Throughout their lifecycle, a customer's relationship with a brand changes. Initially, they may be reluctant to share their story, so the first data requests should be low-key and reasonable, preferentially accompanied by a tangible incentive. In other words: don't force it! Adapting to the client's pace is crucial here.

As the relationship develops, people begin to trust brands and decide how intimate the interactions should be. When the relationship elicits more engagement, the greater the chance of gaining valuable personal information to better tailor the communication.



79% of customers are willing to share relevant information about themselves in exchange for contextualized interactions in which they're immediately known and understood. (Salesforce)

From onboarding to post-purchase with zero-party data

They mark three different stages of a relationship. At each stage, you will collect a different type of zero-party data.

Onboarding is when the person first identifies themselves on the site. You're just getting to know each other, so it's normal to ask for very basic information like favorite brand, clothing size, or dream vacation destinations.

Purchase is the moment when you get a formal confirmation of your preferences and you can learn a lot of practical things about the customer, like where to deliver the items.

Post-purchase is the time to see yourself in someone else's eyes. A relationship already exists, at this point, not only can you ask for feedback on the service or the product itself, but also for future wishes. You can also periodically update the information you have.

There are three milestones in a brand's relationship with its customers:



Onboarding



Purchase



Post-purchase

How to fuel CDP with the right data?

Many tools ensure the flow of valuable zero-party data to the Customer Data Platform. These include quizzes, pop-ups, and forms. The most advanced form that combines the capabilities of these features are state-of-the-art Customer Preference Centers. In a single place they allow users to share and manage the most important information about themselves and how they see their relationship with the brand. The centers allow the merging of different tools into the ecosystem that collects data from customers and aggregates it on the individual contact cards according to their wishes. This is done through the integration with other modules of the platform, like:



Landing page
(the Center itself)



Email



Pop-up



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