

**EBOOK**



## **The Open Garden**

Why Brands Are Saying Yes to a  
New Paradigm for First-Party Data

By Laura Lewellyn, VP of Data Strategy and Partnerships, Dynata



**dynata**<sup>™</sup>



# Industry in Flux: The Landscape of Data-Driven Marketing Is Changing

The use of third-party data in marketing, arguably the fuel that powered the explosive growth of data-driven marketing, is the subject of critical scrutiny throughout the industry – the result of important trends in consumer behavior and perceptions, and in the industry itself:

- Evolving consumer interest in personalized interactions – along with increasing concerns about privacy;
- A growing focus on quality and transparency in data, fueled in part by a changing regulatory environment.

This confluence of trends is changing marketers’ perceptions of the relative value of first- and third-party data. Today, marketers have an “incentive to use less third-party data that they obtain from companies without direct user relationships, and instead, use more first-party data they collect directly,” according to an article in eMarketer.<sup>1</sup>

The same article reports that 85% of brand marketers in the US and 75% in western Europe say that “increasing our use of first-party data is a high or critical priority.”

**The challenge for marketers** is how to go about doing that. Retaining and increasing the value of current customers can effectively be accomplished primarily with the use of first-party data. But acquiring new customers requires reaching beyond a brand’s own data resources.

At the same time, platforms such as Facebook and Google are walled gardens -- allowing first-party data in for targeted campaigns, but not providing access to data generated by the audiences within the platform for those campaigns. Changing regulations are imposing more restrictions on how data can be collected and used.

**Toward a solution.** In this eBook we look into these trends and how they’re reshaping data-driven marketing. We consider the challenges that third-party data presents to marketers. And we explore the ways the industry is responding – with innovative open garden solutions that can help brands expand the scope and application of first-party data, driving more value from the resources they already control.

**“Increasing our use of first-party data is a high or critical priority.”**

**85%**  
of brand marketers  
in the US

**75%**  
of brand marketers  
in western Europe



# Industry Voices

**“Brands need to rely more on clean data from their own loyal customers, who willingly give information in exchange for something they value. Most marketers intrinsically know this, but less than half use first-party data to target ads today because implementation and execution are hard.”**

**Justin Merickel**

VP Media Optimizer, Adobe Cloud<sup>2</sup>

**“Third-party data will become less and less of a priority as people learn how to manage and utilize their first-party data better.”**

**Hetal Patel**

Head Sales Research and Insights, Vox Media<sup>4</sup>

**“Today, data-driven marketers want more than big data; they want precise, authentic data to connect with their customers – consumers and business professionals – in the most relevant way possible.”**

**Gary Laben**

CEO, Dynata

**“I question the validity of third-party data moving forward. The brands we’re working with, including large CPGs, are realizing that a direct digital connection with consumers is extremely important – in fact, it’s a differentiator.”**

**Patrick Salyer**

CEO, Gigya<sup>3</sup>

**“Third-party data is here to stay – if it’s high-quality.”**

**Alice Lincoln**

VP Data Policy and Governance, MediaMath<sup>5</sup>

<sup>2</sup> “What Is the Future of Third-Party Data,” October 2018, eMarketer

<sup>3</sup> “What Will Be the Fate of Third-Party Data After GDPR?” April 12, 2018, AdExchanger

<sup>4</sup> “What Is the Future of Third-Party Data,” October 2018, eMarketer

<sup>5</sup> “What Will Be the Fate of Third-Party Data After GDPR?” April 12, 2018, AdExchanger

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# 1.

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## Industry Challenge



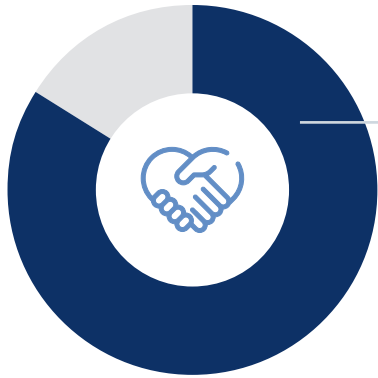
# Meeting Consumer Preferences and Perceptions

At the heart of data-driven marketing is the premise that both customers and prospects respond more positively to marketing communications that are tailored to their needs and interests, and think more highly of brands that deliver these kinds of personalized experiences.

That idea has been supported not only by research, but perhaps more convincingly by the near-universal adoption of data-driven marketing.



## Consumers Do Want Personalized Brand Experiences...



**84%**

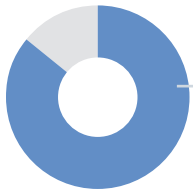
of customers say being treated like a person, not a number, is very important to winning their business<sup>6</sup>

**More than two-thirds**

of U.S. consumers say an offer just for them is more important than a promotion sent to everyone<sup>7</sup>



## Of consumers who have experienced personalization:<sup>8</sup>



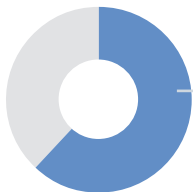
**86%**

say it influences what they purchase



**67%**

are highly in favor of personalized coupons



**62%**

are highly in favor of personalized offers or promotions based on previous experiences



**58%**

are highly in favor of product recommendations based on previous purchases



Meaningful personalization, however, is fueled more effectively by a brand's own first-party data than by purchased third-party data. First-party data captures voluntary, willing interactions between customers and a brand, often over time, to yield relevant insights with accuracy and reliability. An opinion piece in Adweek makes the case succinctly:

First-party data is your brand's data. It has been directly collected by your company based on direct interactions with your customers—not through web scraping or third-party cookies—and therefore has the fewest restrictions for use. It's also the most relevant because it tells you about your customers as individuals and how they interact with your brand, not the world at large.<sup>9</sup>

However, while consumers say they want personalized experiences and respond to them positively, they are also increasingly concerned about how marketers gather the data driving that personalization.

Simply stated, consumers are far more interested in protecting the privacy of their data today than just a year or so ago. A series of well publicized missteps and lapses in privacy practices from major social media platforms, as well as the steady stream of customer data breaches afflicting major global brands, has fueled this trend – and contributed to a high degree of consumer mistrust.

In one recent study,<sup>10</sup> 73% of shoppers believe that when they're redeeming an offer, brands use personal information without their consent.



<sup>9</sup> "It's Time to Stop Relying on Third-Party Data and Prioritize Consent-Based Marketing," Kabir Shahani, May 2018, Adweek  
<sup>10</sup> "Privacy, Personalization and Promotions," May 2018, SheerID  
<sup>11</sup> "Customer Experience Roundup: How Digital Factors Are Fueling more Personalized Content," August 2018, eMarketer.com

## ...But Not If It Means Compromising Their Privacy

# 40%

of consumers want to opt in to offers.<sup>11</sup>

# Only 13%

of consumers approve of brands gleaning information from social networks, including both activity and information explicitly provided<sup>12</sup>

# Only 8%

of consumers want brands to use social media likes and clickstream behavior when identifying them to receive a promotion or exclusive offer.<sup>13</sup>

# 40%

prefer that information be collected at the time of a form submission on the brand's website.

Surveying these trends, a recent article in Publishing Executive concludes that "data privacy has now become top-of-mind for people outside the digital advertising world." In this environment, the use of third-party data without full transparency into its sources can put a brand at risk. Conversely, a clearly articulated policy of using consensual first-party data can support stronger consumer relationships.

<sup>12</sup> "Customer Experience Roundup: How Digital Factors Are Fueling more Personalized Content," August 2018, eMarketer.com  
<sup>13</sup> "Privacy, Personalization and Promotions," May 2018, SheerID  
<sup>14</sup> "First-Party Data Will Be Increasingly Valuable to Marketers. Publishers Must Step Up," Denis Wilson, December 2018, PublishingExecutive.com



# Data Quality and Transparency

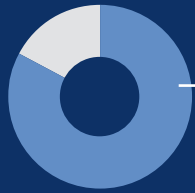
Brands are focusing more intently on quality and transparency in the data that drives their marketing programs, in large part to respond to the consumer priorities on meaningful personalization and privacy discussed above.

The era of “big data” certainly isn’t winding down, but the industry has reached an inflection point where simply aggregating more data is no longer the sole or even principal focus for brands. Instead, they are seeking greater quality in the marketing data they use.



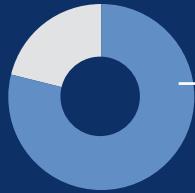
## The Focus on Data Quality

A global study<sup>15</sup> of more than 2,000 marketers in English-speaking countries conducted by Dynata revealed that:



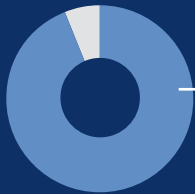
**83%**

of marketers agreed that the **“quality of data from internal data sources is very or extremely important.”** Only 6% said it is somewhat important, and none said it’s not important.



**79%**

of brand marketers strongly agreed that **“high-quality customer data is critical to business success;”** another 14% **“somewhat agreed”** – leaving only 7% that were neutral or disagreed.



**94%**

of brand marketers agreed that **“time spent on improving data quality is always well spent.”**

Quality of data is marketers’ single biggest concern, cited by **63%** of brand marketers – strongly outpacing the second concern, the expense of data, cited by just **39%**

A recent Dynata study showed that this emerging interest in quality includes the first-party data under a marketer’s direct control. Since so many of the factors that contribute to the quality of third-party data are beyond the end-users’ control, it’s only natural that concerns over it are even more pronounced.

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**In particular, marketers are increasingly aware of two fundamental issues that can affect the quality and value of third-party data, particularly when it is used independently of verified first-party data.**

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## 1. Data Aggregation Practices

The ways in which third-party data providers combine data points for specific individuals or individual activities into groups or categories that are useful to marketers can obscure the underlying data and compromise its value.

Consider, for example, two individuals who visit a website with features, reviews and pricing for new cars. One of the two is actually in the market to replace her aging family car. The other is a car enthusiast who is just checking out the latest model features and upgrades offered by his favorite brands.

To a marketer like a manufacturer or car dealership, these are very different data points. The first is a valuable and immediate lead; the second is not. If the two are aggregated with no additional qualifying data points, however, there is no way to distinguish which is which. Since the core value of data-driven marketing is insightful specificity to support relevant, personalized offers and messaging, aggregation practices that can bring fuzziness to data are detrimental.

To recover the data's marketing value, either the aggregator must connect multiple fields and data points regarding consumers to provide greater insights into their visits to the automotive website; or the marketer must accomplish the same thing, for example by using their own research data or other first-party assets.

## 2. Transparency into Data Provenance

The function of data aggregators is to collect data from multiple sources, bringing it together for the convenience of marketers. The source of the data, however, is rarely conveyed to end users, unless by specific request. This lack of transparency has multiple consequences.

First, the marketer doesn't know where the data comes from, nor the circumstances under which it was gathered. As consumers become more attentive to the uses and misuses of their data - and as these consumer concerns are reflected in new regulations - ignorance about the sources of third-party data can bring significant risks to marketers.

The lack of transparency also means that marketers often don't know what type of data they are getting - whether it is declared, modeled or observed. These distinctions are far from academic, as they directly affect reliability. Declared data is generally considered to be reliable, but in some cases involving aspirational products or services, observed data may actually be more useful.

Moreover, marketers are not able to leverage the unique characteristics and strengths of each kind of data when they don't know what kind they have, introducing additional uncertainty and fuzziness into their marketing efforts - an issue marketers may not be aware of.

Given these core issues with third-party data, it's no surprise that marketers are taking a closer and more critical look at their use of third-party data - even as the industry as a whole is taking steps to support greater transparency. For example, the Tech Lab of the Interactive Advertising Bureau (IAB) has developed and released a Data Transparency Framework that specifies disclosure requirements for data sellers, including attribute provenance and age, along with infrastructure and support to facilitate its implementation.

# Continuing Demand for Data, Uncertain or Diminishing Availability

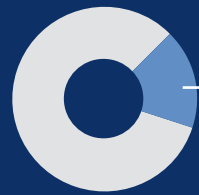
Despite the concerns that marketers have about third-party data, the need for it is not diminishing, particularly for new customer acquisition. If anything, the focus on achieving more meaningful personalization across more channels and devices is driving an increase in demand for consumer data.





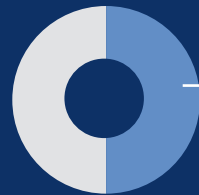
## Demand for Data

In 2018, key measures of data demand in the US<sup>16</sup> showed continued growth:



**17.5%**

year-over-year increase in expenditures on third-party audience data and related activation solutions, totaling more than **\$19 billion**.



**50%**

**growth in identity data assets**, used to recognize individual consumers across channels and devices.



For the first time, marketers invested more in digital data assets than in traditional data for offline communications – **\$3.7 billion versus \$3.6 billion**.



Data accounts for **10% to 12%** of display advertising budgets – more than **doubling** in five years

At the same time that demand continues to rise, the supply of data is becoming more uncertain. *Marketing Insider* recently featured a commentary with the alarming title “Data Drought Coming.”<sup>17</sup> It cites two major contributors to the predicted reduction in availability:

### 1. Restrictions on data collection and use, such as those imposed by the GDPR.

The regulations that are now or soon in force will undoubtedly affect third-party data collection. At the same time, they may also result in a new focus on transparency in data sourcing and on practices that respect consumer privacy while addressing marketers’ needs. These improvements in data quality will probably come with added costs.

### 2. Limited access to data from major sources such as Google, Facebook and Amazon.

The increasing prevalence of these walled gardens is doubly restrictive for data availability, in that it not only limits access to third-party data, but also prevents brands from gaining expanded data resources and value when using their own first-party data to target consumers within these platforms.

Marketers, in short, will be facing shrinking availability and higher costs for third-party data, providing yet another reason to leverage their own first-party data more effectively in marketing.



# 2.

## Innovation



# The Open Garden: Expanding the Value of First-Party Data

While marketers may disagree about the outlook for third-party data – some believe its use will diminish, others that its role is too important to shrink – most share the assessment that first-party data is growing in importance.

The questions for brand marketers, then, are how to gain more value from their own data, and how to leverage that value across more marketing applications.

To improve the quality and value of customer data, brands should first implement clearly defined and transparently stated policies governing its collection and use. They should also establish more rigorous practices in collecting consumer data at every possible touchpoint, and verifying its accuracy and currency regularly over time.

These steps, which brands can implement internally and immediately, will help ensure that first-party data is complete and current, providing a more effective tool for personalized and relevant communications that support customer loyalty and increase lifetime value.

However, expanding the use cases for first-party data – leveraging it in new or different marketing applications, such as acquisition campaigns – requires a more innovative approach, along with new industry resources.

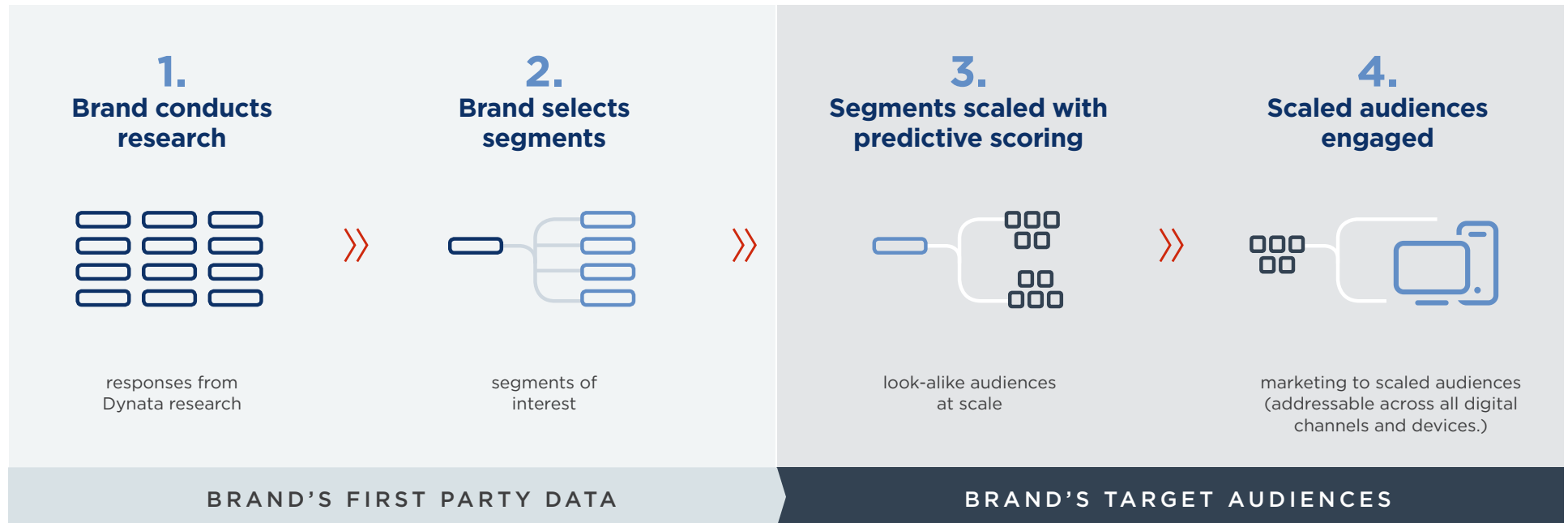
**Enter the idea of the open garden** – a platform that expands the scope and application of untapped first-party data. Dynata has pioneered a suite of solutions that leverages survey data collected by its customers.

One of these solutions first expands a brand's first-party data resources with the survey responses from research they conduct. These responses become the brand's first-party data, and can be freely analyzed for marketing insights, then segmented based on the brand's analytical findings and marketing goals.

This data is then used as high-quality seed data for an AI-powered predictive scoring engine that identifies highly accurate look-alike audiences at scale. These audiences are addressable across all digital channels and devices, including email, display, video, mobile and addressable television.



# How the Dynata Open Garden Works: Audience Expansion with First-Party Research Data



This open garden solution enables brands to expand the value and utility of their first-party research data in new and exciting directions. Dynata is currently exploring alliances and partnerships within the digital marketing ecosystem to create a whole landscape of open gardens that will help brands leverage their first-party data to achieve additional marketing goals.

The open garden approach is an important innovation in data-driven marketing. It enables brands to gain more value from their own data resources, while helping them address the multiple challenges of expanding their markets while meeting the needs of consumers in a dynamically changing data landscape.



## About the Author

**Laura Lewellyn,**  
VP of Data Strategy and Partnerships, Dynata

Laura has focused her career on helping to bridge the gap between consumer insights and big data, working with companies to imagine new and rapidly scale nascent business lines. At Dynata, Laura leads our data solutions product strategy and partnerships globally.



# About Dynata

Dynata is one of the world's leading providers of first-party data contributed by consumers and business professionals. With a reach that encompasses 60+ million people globally and an extensive library of individual profile attributes collected through surveys, Dynata is the cornerstone for precise, trustworthy quality data. The company has built innovative data services and solutions around its core first-party data offering to bring the voice of the customer to the entire marketing spectrum, from market research to marketing and advertising. Dynata serves nearly 6,000 market research agencies, media and advertising agencies, consulting and investment firms, and healthcare and corporate customers in North America, South America, Europe, and Asia-Pacific. For more information, go to [www.dynata.com](http://www.dynata.com).

