

INTRODUCTION

In today's data-driven advertising marketplace, many digital marketers are using their own first-party data to reach customers and prospects with targeted, tailored messaging. For brands, the ability to leverage information gleaned from their own properties can be a powerful tool – but only if done right. This Videology Knowledge Lab delves into everything you need to know about first-party data.



WHAT IS FIRST-PARTY DATA?

First-party data is information collected by a company about their customers or website visitors. This information may include data about who they are, or information about interactions they had with a brand, such as website visits, registrations or purchases.

The data is stored in a database – usually through a third-party Data Management Platform (DMP), and may be used by the company to retarget or tailor messaging to an audience based on their behaviors or attributes.

HOW IS FIRST-PARTY DATA COLLECTED?

First-party data may be collected in a variety of ways, but is always collected by the company themselves (or through their DMP); this is in contrast to third-party data which is purchased from an outside data provider, and can include information on individuals who have never interacted with an advertiser's brand.

Data can be collected by a company through both online and offline means. Some examples include:



Online

- Placing a pixel on a website to track on-site actions such as purchase history, browsing, or dates of purchase
- Placing a form on a website to gather information about a visitor
- Social interactions (i.e. a “like” on Facebook)
- Email communications



Offline

- Filling out a printed form
- Loyalty card usage
- Store visits/foot traffic – may be obtained through “beaconing” to track a visitor's path through the store via a mobile connection (opt-in is necessary)

HOW IS FIRST-PARTY DATA USED IN DIGITAL ADVERTISING?

According to a recent survey commissioned by Videology and conducted by Advertiser Perceptions, **69%** of digital advertisers say they use their first-party data for media planning or buying, **61%** say they use it to develop insights about their customers, and about **50%** use it to maintain customer relationships.

For a company with enough resources, collecting and implementing first-party data can open a wealth of opportunities for advertising and Customer Relationship Management (CRM). Knowing a customer's buying history or on-site actions can help an advertiser pinpoint the right person with the right message.

For example, a company may look to reach:

- A customer who has made a specific purchase in the past
- A consumer who has perused their website, but not made a purchase
- A consumer who has shopped for a specific item, placed it in their shopping cart, but failed to make the purchase
- A customer who lives in a specific area or who falls within a specific demographic group

First-party data can be used at any section of the marketing funnel, as it helps to enhance the advertising experience. Many advertisers choose to use first-party data alongside third-party data – leveraging the information about their own customers to make other data sets more accurate.

There are many ways for advertisers to get creative with first-party data. Check out the box to the right for more ideas.

How First-Party Data is Used for Marketing



**Source: Advertiser Perceptions, Omnibus Study, June 2017

Creative Uses of First-Party Data



Think first-party data is all about retargeting? Consumer data obtained through a simple pixel on a brand's website can be a gold mine if you're willing to get a bit creative with how it's used. For example:

- **Use reverse targeting to drive new customers:** Consumer data gathered through a web site tag can be used to suppress existing customers, resulting in a segment of new customer prospects.
- **Reach customers across devices...even TV:** Tying digital data to TV data through a 1:1 match can allow marketers to reach their known customers not just on laptops, mobile, or connected TV, but also on their TV sets
- **Utilize CRM data to model high value customers:** While first-party data is often used to reach a brand's exact customer base, it can also be used to model prospects who look like your current customer base.
- **Determine optimal frequency and avoid overexposure:** First-party data can help to pinpoint the right frequency and reach to drive a specific outcome among current customers, who may need less exposure than a non-customer or a new customer.

Learn more about how Videology used these approaches to drive outstanding results for clients on [our blog](#).

WHAT ARE THE CHALLENGES OF USING FIRST-PARTY DATA?



Cost: Although first-party data “belongs” to the company using it, that does not mean it is free. Collecting, maintaining and implementing first-party data drives costs, so it’s important that a company consider the ROI of putting it into action.

Scale & Accuracy: In order to drill down on specific customer behaviors (such as purchasing a select item or living within a certain area), it’s important that an advertiser has enough scale to make the targeting possible. In some cases, first-party data alone can fall short in providing enough scale to reach an accurate audience profile.



Implementation: While collecting first-party data can be fairly straightforward, implementing this data in a way that benefits the bottom line can be more of a challenge.

The key to addressing all of these challenges is working with the right DMP or Advertising Technology partner to collect, analyze and help implement first-party data. A sophisticated DMP can provide a full strategy for making use of first-party data, including combining it with other forms of data, to make sure it is cost-efficient, scalable and accurate.

WHAT ARE THE BENEFITS OF USING FIRST-PARTY DATA?



Relevance: Leveraging first-party data means an advertiser knows who they are reaching. When used for retargeting, it also ensures they are reaching consumers they know are interested in their brand.

Cost Efficiency: Creating an advertising plan using first-party data can drive more efficient messaging and targeting, meaning a brand can spend less money reaching the right customer with the right message.



[Studies have shown](#) that acquiring a new customer can be over ten times more expensive than retaining an existing customer. When used properly, first-party data can drive cost efficiency and customer loyalty in a way that will benefit the bottom line.

Hiring the Right Talent to Manage First-Party Data

In today’s data-heavy advertising environment, how can companies ensure they are finding the right talent to manage their vast amounts of customer data? Should they be looking for advertising professionals who can learn data science, or data scientists who can learn advertising?

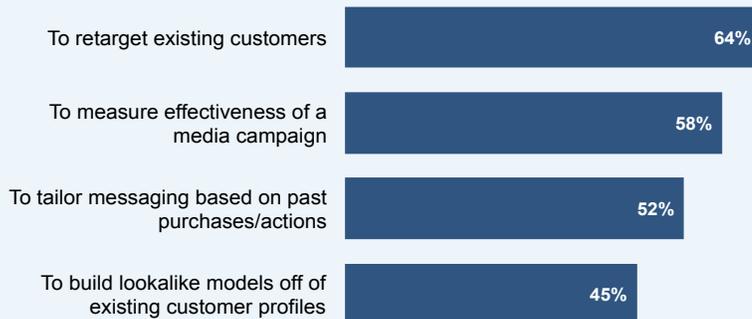
Videology’s founder and CEO, Scott Ferber, posed this question to a panel of advertising professionals from Viacom, NBCUniversal, Publicis, and MDC Media Partners, at 2017’s VideoNuzé Online Video Ad Summit.

The consensus was that it is a mixture of both disciplines, and each case may have a different answer. The key is finding someone who can provide a new way of looking at things, and solving new problems head-on. Additionally, all panelists stressed that whether a data team lead has a stronger data science background, or a stronger advertising background, the most important piece is finding someone who can collaborate across teams and share their knowledge to solve business problems.

To watch the full panel, entitled “[The Data Gold Rush: How Investments Are Paying Off](#)”, visit the [VideoNuzé website](#).

WHAT ARE ADVERTISERS' PERCEPTIONS ABOUT FIRST-PARTY DATA?

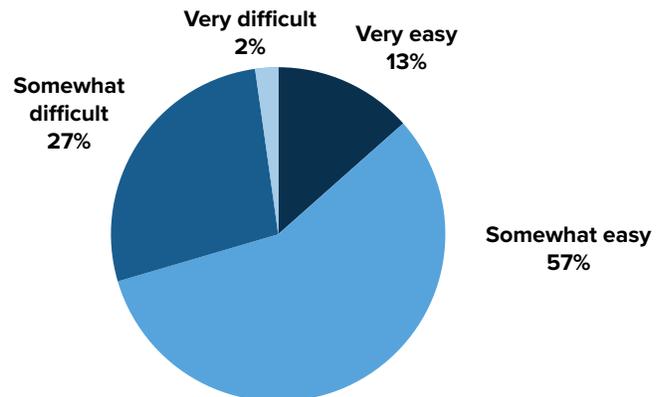
How Advertisers Are Using First-Party Data for Media Planning & Buying



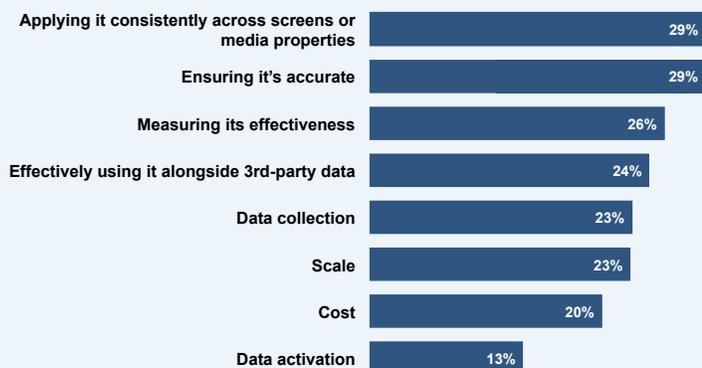
Advertisers and Marketers are using first party data most often to retarget existing customers, however more than half are also using it to measure the effectiveness of a media campaign or to tailor messaging based on past behaviors.

Ease of Activating First-Party Data

While the majority of Advertisers and Marketers say that activating their first-party data is "somewhat" or "very" easy, nearly 30% of respondents say that activation of their data is difficult.



The Biggest Challenges of Using First-Party Data



The biggest challenge Advertisers and Marketers face when using first-party data is ensuring it's accurate, and finding a way to apply it consistently across screens or media properties.

VIDEOLOGY'S APPROACH TO FIRST-PARTY DATA

At Videology, clients are encouraged to leverage their first-party data whenever possible. To ensure sufficient scale, we help our clients use their first-party data alongside other third-party data or, in some cases, to use it as a seed to develop a model leveraging third-party data.

Videology also provides clients with the opportunity to **leverage first-party data to inform their linear TV buys**. Through our unique 1:1 match with the Nielsen panel, we can tie a brand's first-party data to a TV audience, to drive results on both digital and linear screens.

To make the most of all kinds of first-party data, **Videology partners with all of the major DMPs**, including Acxiom (LiveRamp), Oracle, Nielsen (eXelate), Krux, Lotame, Adobe, Neustar and KBM Group.

The top 5 industry segments utilizing 1st party data are:

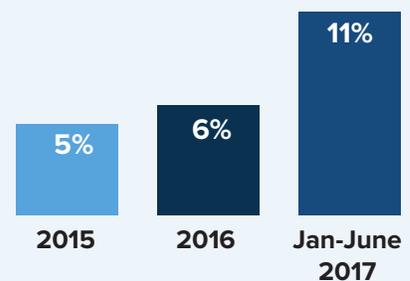


Note: First-party data isn't the same as "personal data." At Videology, we do not collect/use/store personal data in our platform.

First-Party Data in the Videology Platform

Over the past few years, advertisers in the Videology platform have increasingly been relying on first-party data to reach their audience. Since 2015, the percentage of campaigns utilizing first party data segments in the Videology platform has increased from **5%** in 2015 to **11%** in the first half of 2017 alone. Today, **25%** of the impressions served on the Videology platform leverage first-party targeting.

Videology Platform Campaigns Using First-Party Data Segments



ABOUT VIDEOLOGY KNOWLEDGE LAB

Videology Knowledge Lab is an educational series meant to shed light on the key topics impacting advertisers and agencies in today's video advertising world. These byte-sized pieces will provide definitions, data and straightforward explanations of complicated subjects, to bring simplicity and clarity to an otherwise complicated industry.

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