Understanding the value of combining first and third-party data
First-party data is a marketer’s most valuable data asset.

It’s what a company generates through interactions with their customers. It can include transaction data, website visitation, marketing, Customer Relationship Management (CRM) data and more.

All of these data sources can and should be used to inform your understanding of who your existing customers are and how to attract new ones. But, for all of its value, first-party data alone cannot be relied on to single-handedly drive the most optimized campaign strategy.
The amount of first-party data—and the audiences that organizations can reach with it—are finite. To expand the pool of potential buyers, marketers need to augment their first-party data assets with third-party data, which is sourced from outside the organization and delivers valuable signals about shoppers across many categories. When used successfully, third-party data lets marketers expand audience reach and extract more value from their own assets.

The combination of first and third-party data delivers a one-two marketing punch that gives marketers a powerful view into the interests, preferences, affinities and behaviors of customers and prospects alike. When marketers successfully combine and utilize this wealth of data about how and where their best consumers shop and conduct other activities, it becomes possible to attract new customers and retain existing customers in a highly targeted manner at scale.

“Leveraging third-party data allows us to see who our consumer is. We can see their whole lifecycle. When do they start researching our product? How do they fit in? What other products do they look at and what demographic are they a part of? Using that data helps us build better campaigns and better products.”

Scott Strickland, CIO Denon and Marantz

Onboard your CRM file

For most businesses, less than 20 percent of active customers are regularly visiting their websites. This is why it’s important to stay in the hearts—and on the minds of—the other 80 percent. Oracle OnRamp brings your first-party offline data online to reach your customers across multiple channels—with the right message, at the right time.

The crown jewel of first-party data is what a business has in their CRM file. It’s highly valuable because it’s known data about existing customers that marketers can apply directly to their digital marketing strategy. Whether the focus is cross-sell, upsell, retention, brand reinforcement or win-back, marketers can use an onboarding provider to convert their offline CRM universe into digital audiences for targeting online.
This allows businesses to cultivate and nurture existing customer relationships and gives messaging additional context to the type of consumer they want to engage with. For example, campaigns may require a higher level of personalization in messaging delivered to loyal customers than messaging delivered to inactive ones. Additionally, onboarding helps marketers bridge the gap between online and in-store shoppers.

Data onboarding also helps minimize wasted marketing dollars. Wasted impressions can be costly, but with audiences built from CRM data, organizations can maximize efficiency with tactics such as suppressing current customers from any look-alike audiences or other segments used in customer acquisition campaigns. Also, if segments allow for customers to fall into more than one audience, removing certain customers is important to make sure they receive the right message—and avoid duplicating efforts.

“We’re lucky enough to now be able to track any customer who’s visited Lay-Z-Boy.com, as well as who’s been exposed to any piece of media that we may serve up to them—and determine whether or not they purchased in-store or after the fact. So, using primarily anonymous data and first-party data to make that connection where previously it wasn’t possible.”

Eli Winkler, VP of Brand Marketing, Digital Customer Experience and Ecommerce, Lay-Z-Boy

Oracle Data Cloud gives marketers access to 5B global IDs, $3T in consumer transactions and more than 1,500 data partners available through the Oracle Data Marketplace. With more than 50,000 prebuilt audiences spanning demographic, behavioral, B2B, online, offline, and transactional data, we bring together more data into a single location than any other solution.
Create look-alike models

“Look-alikes,” sometimes called LAL, use third-party data to build models based on a high-performing set of attributes from first-party data. This essentially identifies users who “look like” customers who have already transacted with a business. Testing and evolving these models enables campaign optimization to uncover which segments drive metrics like lift, response rate and most-effective channel.

Intel markets and sells a broad spectrum of products, often through partners. Intel’s challenge is trying to reach those end consumers to highlight that Intel is inside those devices. Leveraging third-party data for its largest campaigns to achieve that targeted reach, cannot rely on first-party data alone. Intel needed to increase incoming traffic and the company wanted to do it in a smarter way. Intel developed predictive models using third-party data available in Oracle Data Cloud to generate Look-alike Models—large-scale audiences built from an ideal “seed” audience. Using this approach, Intel saw a 75 percent cost-per-engagement reduction for the campaign.

Determining the optimal tradeoff between scale and performance is a challenge. Everyone offers modeling solutions, but how do you know which one is the most effective at finding your most valuable consumers?

Most modeling solutions are based off demographic data, which is limited in its predictability. Oracle Modeling 360 takes a multi-dimensional approach to identifying your best audience through multiple model methodologies. Modeling 360 uses all data variables within Oracle Data Cloud to give you an optimal combination of accuracy and scale that is continually refreshed using machine learning for improved performance.
Reach is important, but it also needs to be relevant

Third-party data comes in various categories and sources, segmented to give marketers a variety of options for campaign execution. A long-held notion by digital marketers is campaign reach and targeting precision are at odds with online targeting and third-party data, and that the opposite of maximized reach is precision targeting.

Just ask our offline marketing friends in the catalog and direct-mail businesses. They want to be as focused and waste-free as possible given the high costs of delivery, and they target accordingly. These marketers demand that their impressions go to people most likely to make a purchase in the future.

Therefore, they are constantly refining their lists and strive to achieve a strong return on ad spend. Many digital marketers today believe they have to choose between maximizing reach or focusing on precision targeting for their online campaigns. The good news is they don’t! At Oracle Data Cloud, we know today’s online marketing capabilities allow advertisers to reach audiences at scale, while using data to prioritize reaching potential buyers.

We call it Relevant Reach.

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<th>Purchase-based</th>
<th>In-market</th>
<th>Demographic</th>
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<td>Decision-making influenced by the presence of previous transaction data.</td>
<td>Insights that demonstrate a customer is actively looking to purchase.</td>
<td>Social and economic information about populations including age, gender, income, education, type of residence, etc.</td>
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<th>Geographic</th>
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<td>Insights in relation to the location and attributes of a designated area, which may consist of size, physical characteristics, population and other metrics.</td>
<td>Observable actions and patterns of a particular individual or group in response to stimulation or stimuli.</td>
<td>An aggregation of values, interests and lifestyle information to create a profile for an individual or group with similar traits and beliefs.</td>
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Relevant Reach works by carefully crafting an audience of high-potential buyers based on the right purchase signal. From there, the more relevant the reached audience becomes, the better the advertising will perform in driving sales for the brand.
Advertisers traditionally relied on marketing research to choose which audience and media characteristics are most likely to be correlated with buyers. Today, sophisticated data modeling can vastly improve the precision of this process by ranking thousands of audience options on their ability to find buyers.

Our experience measuring the incremental sales lift from online campaigns strongly supports the conclusion that reaching relevant audiences drives superior lift. In a tightly controlled experiment conducted across 24 CPG online campaigns, we found the following:

Approximately 11 percent of demographic audiences (on average) consisted of individuals who also were members of a relevant purchase-based audience simultaneously deployed in the same campaign. The maximum overlap was 20 percent.

In a broader analysis conducted across 116 campaigns with diversity of advertisers, publishers and categories, we found that relevant, data-driven audiences drove +80 percent higher incremental sales on average relative to their native target counterparts within the same campaign.

The relevant data-driven audiences generated +80 percent higher incremental sales (per 1K impressions)—on average—than the demographic audience.

There are simple things advertisers can do in their campaigns to activate the concept of Relevant Reach. In the case of audience segmentation and analysis, data assets can be used to profile brand or category buyers of interest and inform the selection of audiences. Through profiling, advertisers learn more about who their buyers are, what else they buy and their interests.

For example, say a media planner is trying to identify audiences that will reach the most people in-market for a half-ton pickup truck. They’d typically start with obvious choices like, “In-Market for pickup trucks,” followed by a demographic audience (e.g., Male 24-35) to achieve campaign reach requirements.

We can do better with more intelligent, data-driven audience recommendations. In our pickup truck example, the five audiences with the highest buyer identification rate of eventual half-ton pickup buyers, based on data in the BlueKai Marketplace, include:

- Motorcycle owners
- ATV owners
- Bought Coleman products
- In-market for Texas acreage
- In-market for an RV
Summary

While first-party data is a readily available source of insights for understanding existing customers and targeting new customers, effective marketing strategies require more. By combining first-party data with third-party data available from external sources, marketers can take a giant leap forward in two key areas: effectively communicate with their existing customers and target a much wider audience of potential customers with highly relevant messaging that rises above the noise.

Oracle Data Cloud is the leading source of third-party data empowering marketers to better understand their existing customers, to create look-alike customer models and to execute advertising that reaches highly targeted audiences, at scale. Contact The Data Hotline to learn more and to consult with our team of data experts who can provide recommendations for any campaign objective using our best-in-class data solutions.