unpacked
by flybuys

Why first-class, first-party data is the future of programmatic

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Welcome

We're Unpacked by Flybuys

The data division of Australia's most popular rewards program, Flybuys.

For 26 years and counting, Flybuys has been helping its members take more value from their everyday spending. Sounds good? Australia thinks so too. In fact, we have more than 8 million active members Australia-wide. And 15 Flybuys cards are scanned every single second. (That's a lot of beeps.)

Every scan tells us a little bit more about our members' shopping habits. Insights we've been able to leverage to test, learn and build out compelling data products within the programmatic and media landscapes.

Because that's ultimately what we're all about at Unpacked by Flybuys: using de-identified and aggregated first-party data to help brands and agencies better understand who their audiences are, how to reach them across their media channels, and how to measure the effectiveness of digital advertising.
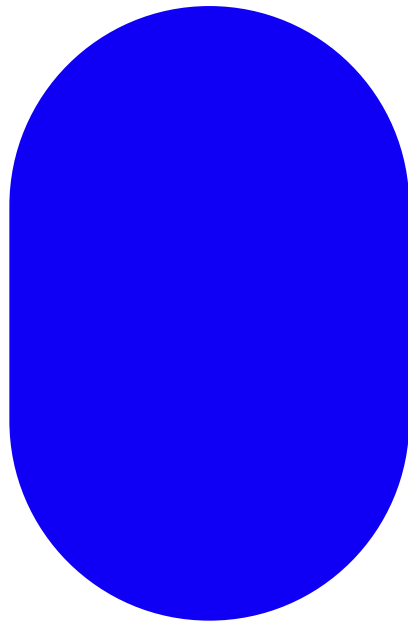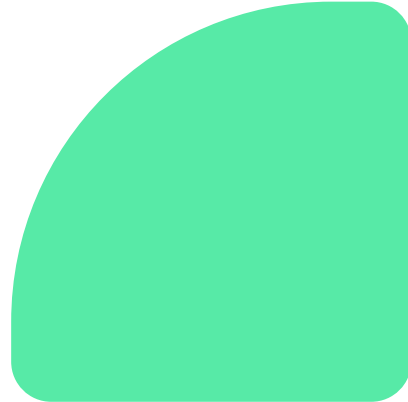
What's in this paper?

Over the last few years, marketers have watched the customer data landscape transform. As companies collect more data than ever, consumers are becoming more educated. They understand that data collection is part of our digital lives, however they expect something in return.

As for marketers, customer data is central to making real-time, informed decisions, through analysing and understanding customer behaviour at every meaningful touchpoint.

In this paper, we want to help you appreciate the value of first-party data, how it can lead your brand to engage with your customers better and we'll give you the know-how you need to start building your data strategy.

So, let's dive in.
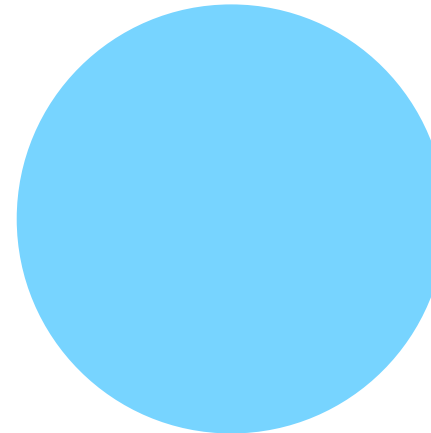
What is first-party data?

Did you know that there are many different types of consumer data? Depending on the quality of the data, where it comes from and what it includes – demographic details, behaviours, transactions, you could be looking at any of the four types of data:
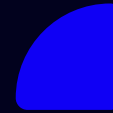
Zero-party data

Personal information a customer intentionally and proactively shares with a brand. Things like their email address, physical address, phone number, along with any personal interests they've explicitly shared with a business.

First-party data

Combining a customer's personal information data with their individual behavioural data collected by the company. Behavioural data covers things like a customer's purchase history, household make-up and how they interact with the company's websites, apps and products.

Second-party data

First-party data collected by one company and provided to another who wants to use it. Customer consent and privacy considerations come into play in connection with this type of data sharing and use.

Third-party data

Data purchased, sold, and aggregated by different providers. Often by businesses who have no direct link to the consumer. Customer consent and privacy issues also often arise here.

First-party data allows marketers to build their marketing strategies on a foundation of authenticated data sourced directly from consumers, marking a turning point from making assumptions and decisions based on anonymous device information previously.

When should you use it?

Brands and agencies can't underestimate the role of first-party data. Knowing how to integrate first-party data into your strategy is crucial in reaching your audience, and it has never been more important to provide more personalised, targetable customer experiences.

When first-party data is most impactful:

While you're getting strategic

First-party data shouldn't just inform your customer and marketing strategies, it should also lead your broader business strategy. A brand with no data-led strategy runs the risk of losing customers to those who do. Everything from product to operations; logistics to pricing; future business areas to growth opportunities can benefit. Take one of our biggest retail partners for example. They use key transaction growth and customer make-up data points within their individual stores to plan new store openings and their logistical needs.

At every stage of the customer experience

Informing seamless, consistent and relevant customer experiences is what first-party data does best. And incorporating it into every digital and physical touchpoint helps drive customers to a deeper state of loyalty. Good examples we see of this are businesses using their customers' offline transaction preferences to personalise that customers' online shopping experience – a level of service consumers have now come to expect from brands who inevitably know so much about them.

When you're growing your bottom line

In a world rocked by COVID-19, it's more important than ever for your marketing dollar to have real impact on your bottom line. First-party data can help you know where to spend it for best return on investment. A recent survey[1] showed that companies capable of linking their first-party data can double the incremental revenue from a single ad placement, and see 1.5 times the improvement in cost efficiencies, over companies with limited data integration.

[1]BCG Digital Marketing Maturity Benchmarking, January 2020.

Why should I use it?

It's no secret data-driven marketing is how market leaders are building their brands. 92% of leading marketers believe using first-party data to continuously build an understanding of what people want is critical to growth.[2] And here's what else it can do for your marketing strategy.

[2] Google, "An Audience of Individuals", 2017.

Drives accuracy and quality

Because first-party data comes directly from the source (i.e. real customers' shopping baskets), you can have greater confidence that your message is set to reach the right people.

Creates relevancy

As well as helping you to reach the right people, first-party data can assist you in ensuring your message lands at the right time in a customer's journey or lifecycle. In doing so, the whole experience can feel more personalised – and can also pay off in the form of higher cost savings and increased revenue.

Amps up cost-efficiencies

First-party data isn't just more accurate, it's often cost effective to collect and use too. Meaning fewer wasted media dollars.

Generates insights

By interrogating first-party data, you are able to understand your customers and their behaviours better, and make decisions based on how real people do real things. The insights you gather aren't claimed, inferred or probabilistic, they are a true representation of your actual customers. This is what is so powerful about first-party data.

Mitigates risk

As companies such as Apple and Google continue to make changes to tracking and third-party sharing policies, it will have significant impact for businesses that rely on them. By having your own data accessible, you can mitigate the risk of potentially losing access to data obtained via a third-party.

Cements measurement and attribution

Standard metrics are frequently no longer enough to justify media budgets, so building your strategy around data that can be connected to real-world customer actions gives you a more reliable picture of what's working and what isn't.

Your first foray into first-party data

1

Start with 'Why'.

Be very clear on your business objective and what you are trying to achieve. Sometimes brands can get overwhelmed by the sheer volume of data available for analysis, which distracts from the problem they're actually trying to solve. Instead, be selective, put structure around the kind of data you're using and keep coming back to how it can make you better at what you do.

2

Test. Learn. Then try again.

First-party data is all about insights. And the more you trial different objectives and engagement methods across customer segments, the more you'll learn what works and what doesn't.

3

Keep levelling up your strategy.

With every insight comes opportunity. Use them to take an iterative approach to strategic development and continuously improve what you're doing with first-party data.
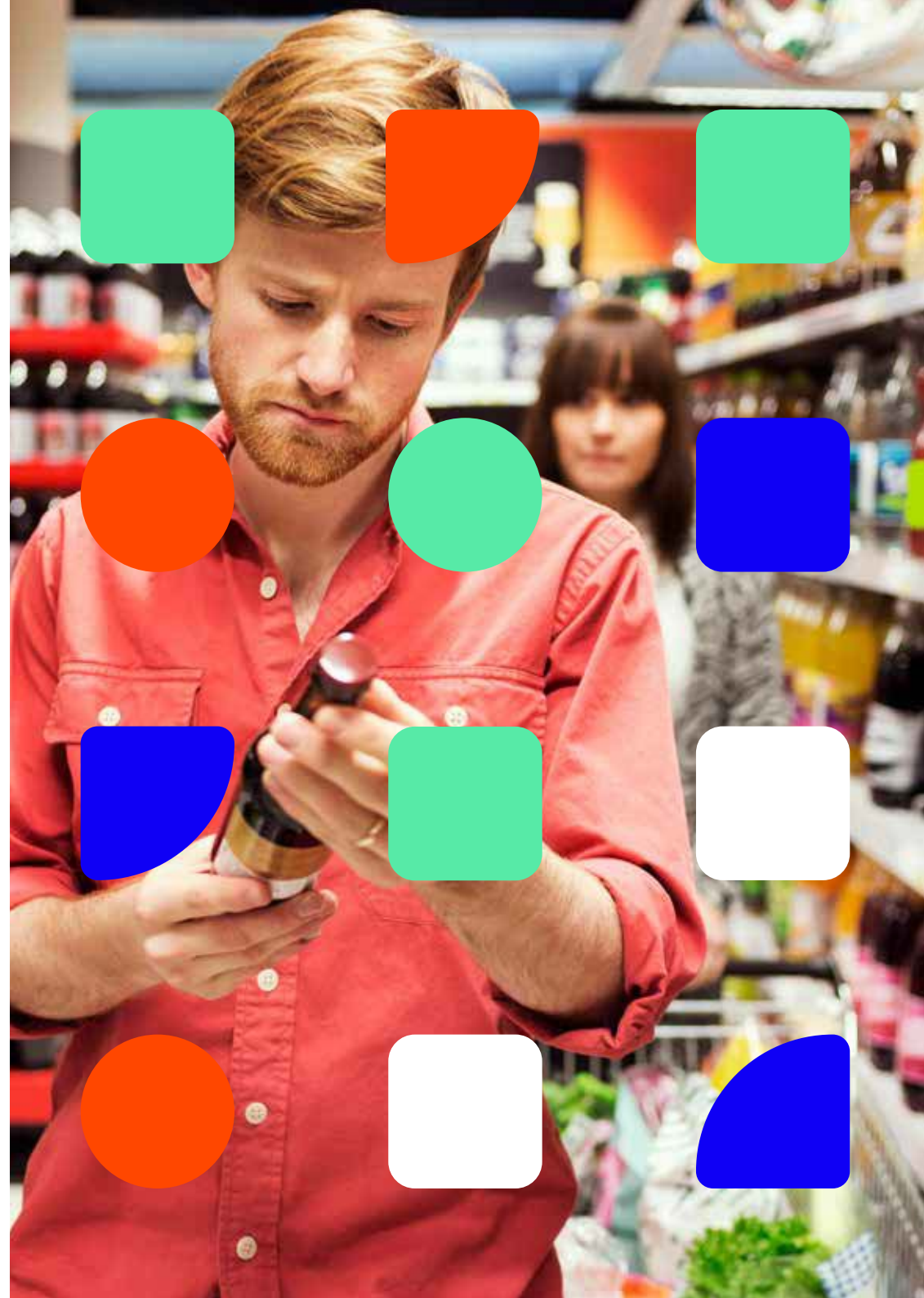
Case study:
Wine Time

A leading wine brand was looking to launch and drive sales of a new product range. They wanted to do it by targeting different types of consumers based on their profiles – but without breaking the bank.

We divided the audience between active and lapsed brand buyers. We also targeted consumers who had made purchases within the same categories, including those who bought a competing brand or alternate products.

We activated these segments programmatically across a range of display and video inventory across six weeks.

What were the results?

47%
Conversion uplift

What did we find out?

The brand was able to achieve a 47% conversion uplift, meaning that the people who saw the ad converted at a 47% rate higher than those who didn't.

We were also able to obtain data points across each different type of shopper. We saw for example that while active brand buyers had the highest conversion rate after seeing the ad, the lapsed buyers drove the highest sales uplift and return on ad spend across the campaign. This also uncovered

more information about their typical customer profiles: older couples and families were most likely to buy the wine after seeing the ad.

This now means the wine brand has more in-depth knowledge of its customer segments and where lies the biggest opportunities to drive sales – invaluable insight when planning their next campaign. We'll cheers to that!

Case study:
Energy Channelled

We worked with an energy retailer to help optimise its choice of media channels, based on how well each platform was helping to convert customers. In this campaign, the retailer was offering loyalty points to customers that signed up to a new electricity or gas policy.

Previous campaigns had run with up to two eDMs, programmatic display and paid social media posts. In this campaign, we wanted to understand how each channel helped convert customers, and which combination of channels worked the best. Using first-party data strategies, we were able to identify which channels were most effective.

What were the results?

5x
more likely to convert when seeing the ad across every channel

What did we find out?

We've always known that a good mix of channels makes it more likely for an audience to convert. And our findings validated that. People who saw the ad across every channel at least once, were five times more likely to convert than those who saw it on one channel alone.

And when deep diving into the results of how each channel performed, we found out that social media ads had the highest engagement rates, but also had the lowest conversion rates. Out of all channels, we found that the programmatic video ads performed best with highest conversion rate overall.

So, while in the past the energy retailer had been focused on optimising toward media engagement metrics alone, we found that this didn't necessarily translate to conversion. The brand now knows it's smarter to adjust its media strategy by putting more weight on the channels that most impacted conversion rates.

Riding the wave of upcoming changes
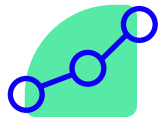
With Google's future plans for targeting and measurement, along with Apple's IDFA consent and iOS 15 privacy updates, we're heading straight for one of the most significant shifts in the data landscape. (Cue an impending sense of doom settling in across most of the industry.)

But we prefer to look on the bright side.

Although the way things we do things will change, we now have an opportunity to work with quality data - that will give organisations even better opportunities for targeting.

So, as the data tide turns, what's the key to riding the subsequent wave of changes? It is key to invest in a strong first-party data collection strategy, or to partner with a business that can help you.

With the way things are going, the importance of first-party data is set to continue into the future.

Let's talk transparency
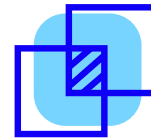
When it comes to data collection and use, customer consent and transparency are of key importance. They are principal drivers of the industry changes we've just highlighted.

At Flybuys, considerable research and analysis has gone into understanding what's valuable to our members and what they consider a reasonable use of their data.

Customers have communicated that they want transparency from businesses about what data is being collected from them and how it is used. They also want information about what rights they have to control this.

After collection, customers expect to see their data translated into a more meaningful experience. Like taking their transactional data and using it to personalise their individual offers or lifecycle comms. Through our research we believe that customers see this is as a reasonable value exchange with a business in return for the collection and use of their data.

Failing to meet this relevancy benchmark can leave customers wondering 'what's in it for me?'. Which is why a feedback loop can be so valuable in letting companies know when they're overstepping and underdelivering in the value exchange.

Designing a system of value will help you gain customers' trust. It could take the form of a loyalty program (we know a thing or two about this!) or a certain

Give me the take outs

> **So, when all's said and done, what are the key things to take away from this paper?**

Many customers expect a certain level of personalisation. They tell us all the time that they want to see products and offers that are directly relevant to them. They may even get upset if they don't. Those customers also usually do understand that this comes with a certain level of data collection.

So, that's where transparency with your customers is key as we move forward into a landscape where consent drives data opportunities.

First-party data can help you transform your marketing and business strategy. It will help you to keep up with the speed of change and expectations of your customers as you meet their needs. You'll make smarter decisions and spend your budget where it can really make an impact.

We'd love to keep chatting, as we're so passionate about this, so please reach out if you'd like to talk further.
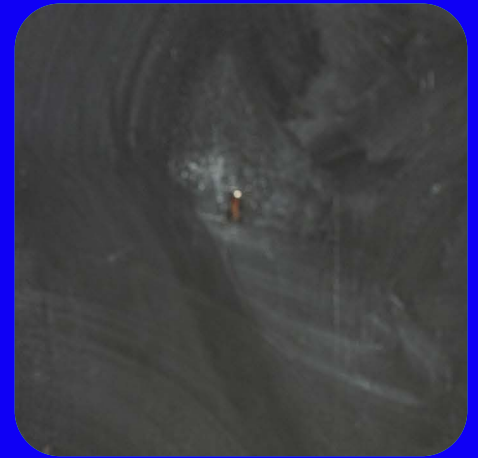
Who are we, again?

We're Unpacked by Flybuys, the data division of Australia's most popular rewards program, Flybuys.

We partner with agencies and brands to help them better engage with key consumer segments by seeing the impact of their marketing at every step,

using Flybuys' first-party data. We are leaders in arming FMCG marketers with better access to real data from real people, to see the true impact of their digital

marketing through accurate measurement. All content included in this paper is based on the experience of our team of marketing and data experts.

What can we help you with?

audiences unpacked

Finding your future customers based on how they buy.

- Learn more about your audiences with deep insights based on their purchasing behaviours.

- Base your brand's messaging, strategy and media off real people's behaviours – not guesswork.

marketing unpacked

Talk to the right people at the right time.

- Create custom audiences using thousands of combinations of customer segments.

- Activate segments based on purchase behaviours, demographics, life stages + more.

- Reach audiences via DSPs and on leading social platforms and publishers.

results unpacked

Measure your impact with transparent results.

- In-depth audience reporting unpacks how people responded to your ads, including who bought and who didn't.

- Test and learn to know your audience for next time and keep improving your ROI with every campaign.

- Close the loop with sales uplift and in-store conversions within the Coles Group.

Get in touch with the Unpacked by Flybuys team.

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