

Zero-ing in on Zero-Party Data

The New Gold Standard of Consumer Data

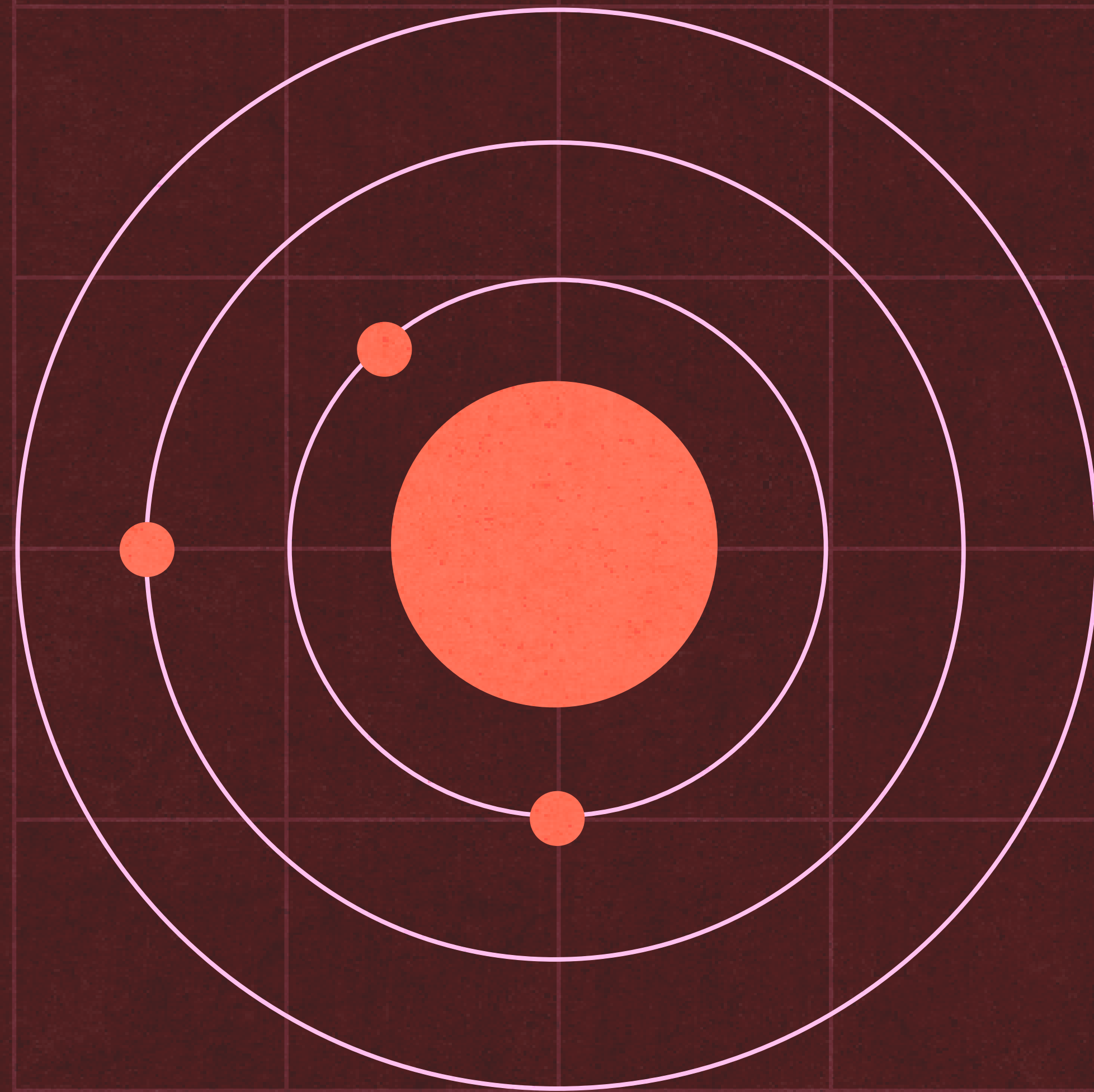
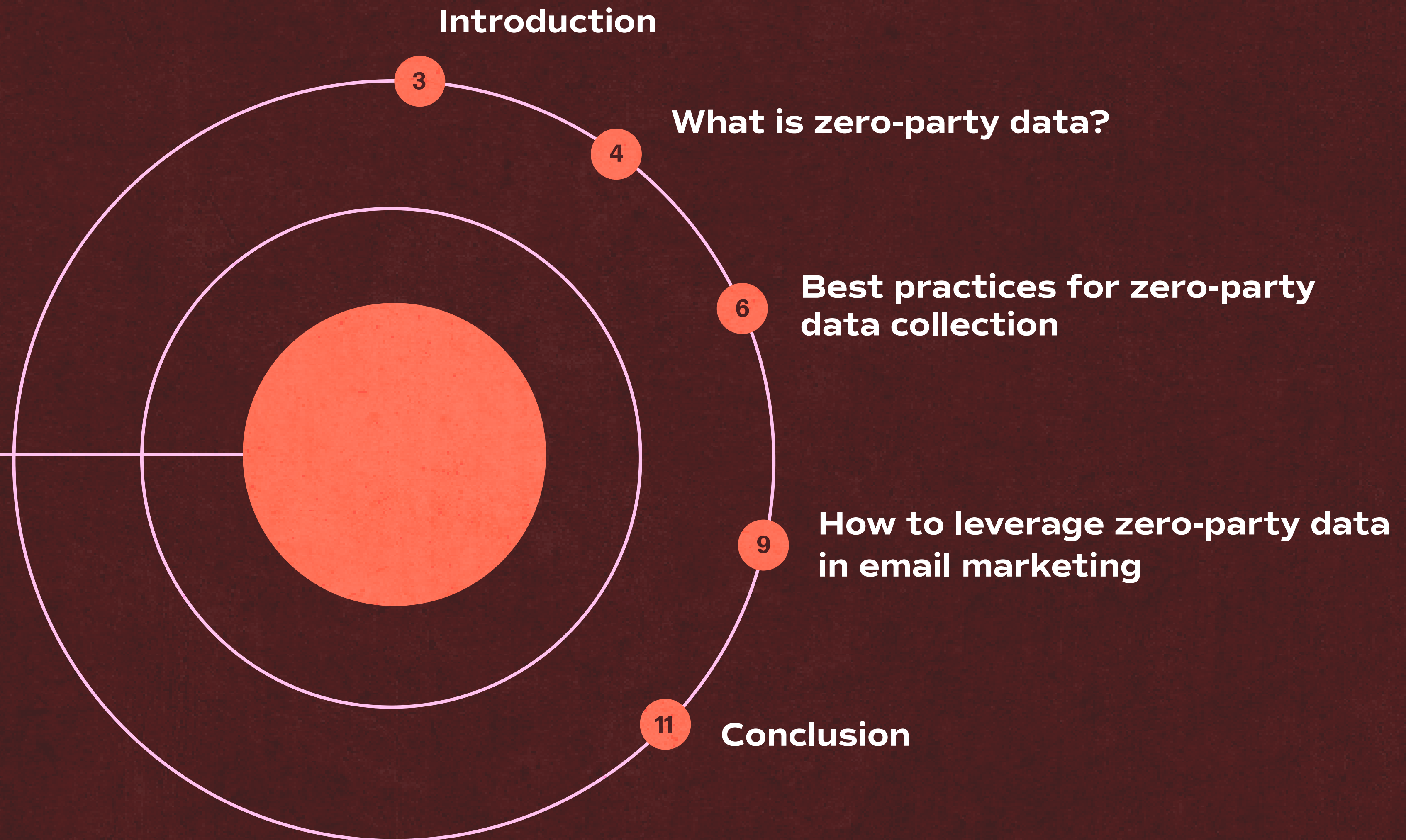


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Introduction

The hottest marketing debate of 2022? Personalization versus privacy.

Today's consumers have high standards. They expect personalized, relevant messaging from brands. This goes beyond basic retargeting ads or putting a first name at the start of an email.

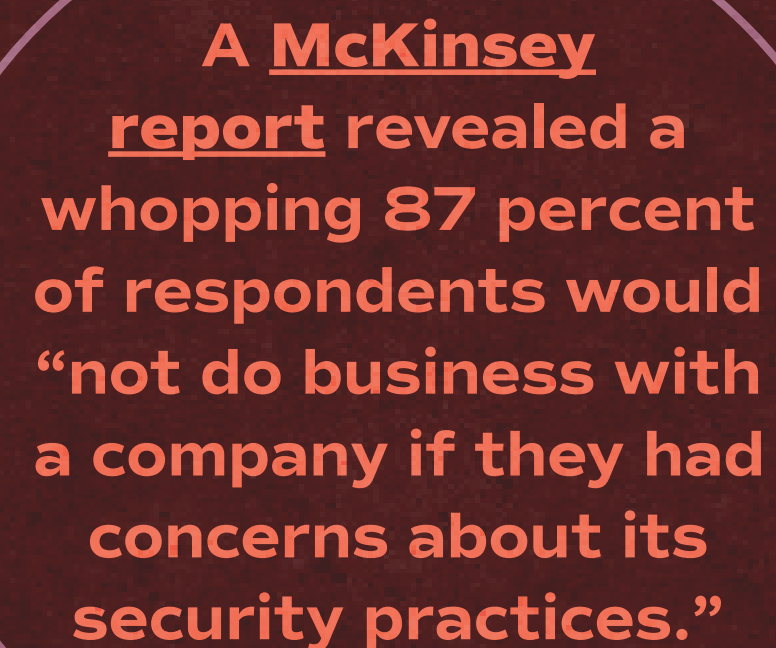
Seventy-two percent of consumers say they only engage with marketing messages that are personalized and tailored to their interests, according to [SmarterHQ](#).

But at the same time, consumers are increasingly hesitant to share personal information that fuels these tailored campaigns. It's easy to see why—in the first half of 2021 alone, data breaches exposed **18.8 billion personal records**.

These growing consumer privacy concerns have led to a wave of government crackdowns over the past few years—including **GDPR** in the European Union, **PIPL** in China, and various privacy laws across the United States. And with Google leading the charge, third-party cookie usage is crumbling quickly.

It's the classic Goldilocks scenario: Marketers need to steer away from messaging that's too impersonal or invasive, and find a balance that's "just right."

Unfortunately, delivering that "just right" level of relevance in an email just got a lot harder with the arrival of Mail Privacy Protection.



A [McKinsey report](#) revealed a whopping 87 percent of respondents would "not do business with a company if they had concerns about its security practices."

The Apple effect

To give consumers more control over their privacy, Apple announced **Mail Privacy Protection** (MPP) in June 2021. MPP blocks tracking pixels from collecting information, meaning senders no longer know when recipients open an email. MPP also prevents senders from identifying a recipient's IP address, prohibiting online activity tracking, location identification, and insights into recipients' read times.

Marketers are still discovering the full effects of the new feature. But as adoption rates climb, they're losing valuable signals that indicate how to personalize messaging and which content is relevant for a particular audience.

How can email marketers maintain consumers' trust while delivering the personalized experiences they demand? By implementing a solid strategy for zero-party data.

Let's zero in.

What is zero-party data?

Zero-party data is information a customer shares voluntarily with a brand.

This data helps email senders deliver highly personalized brand experiences, resulting in higher open rates, click-throughs, and conversions. It's not a new concept, but the introduction of MPP has thrown it into the spotlight.

For marketers questioning if we really needed *another* data type, here's what sets zero-party data apart.

It's accurate. Zero-party data goes straight to the source: the consumers themselves. Consumer-provided information eliminates some of the inaccuracies found in second- or third-party data.



It's compliant. Email marketers won't end up on the wrong end of evolving privacy laws and regulations.

It's free. No need to settle steep tabs with third-party data providers.





There's no "creep factor." Telling customers why you need their data (rather than taking it without their knowledge) goes a long way towards earning their trust—a key step towards building a lasting relationship.

However, no data type is perfect. Zero-party data can be more difficult to collect than other data types, since it requires effort on the part of the consumer and typically requires brands to offer something in exchange for information (more on this later).




Choose one ✕

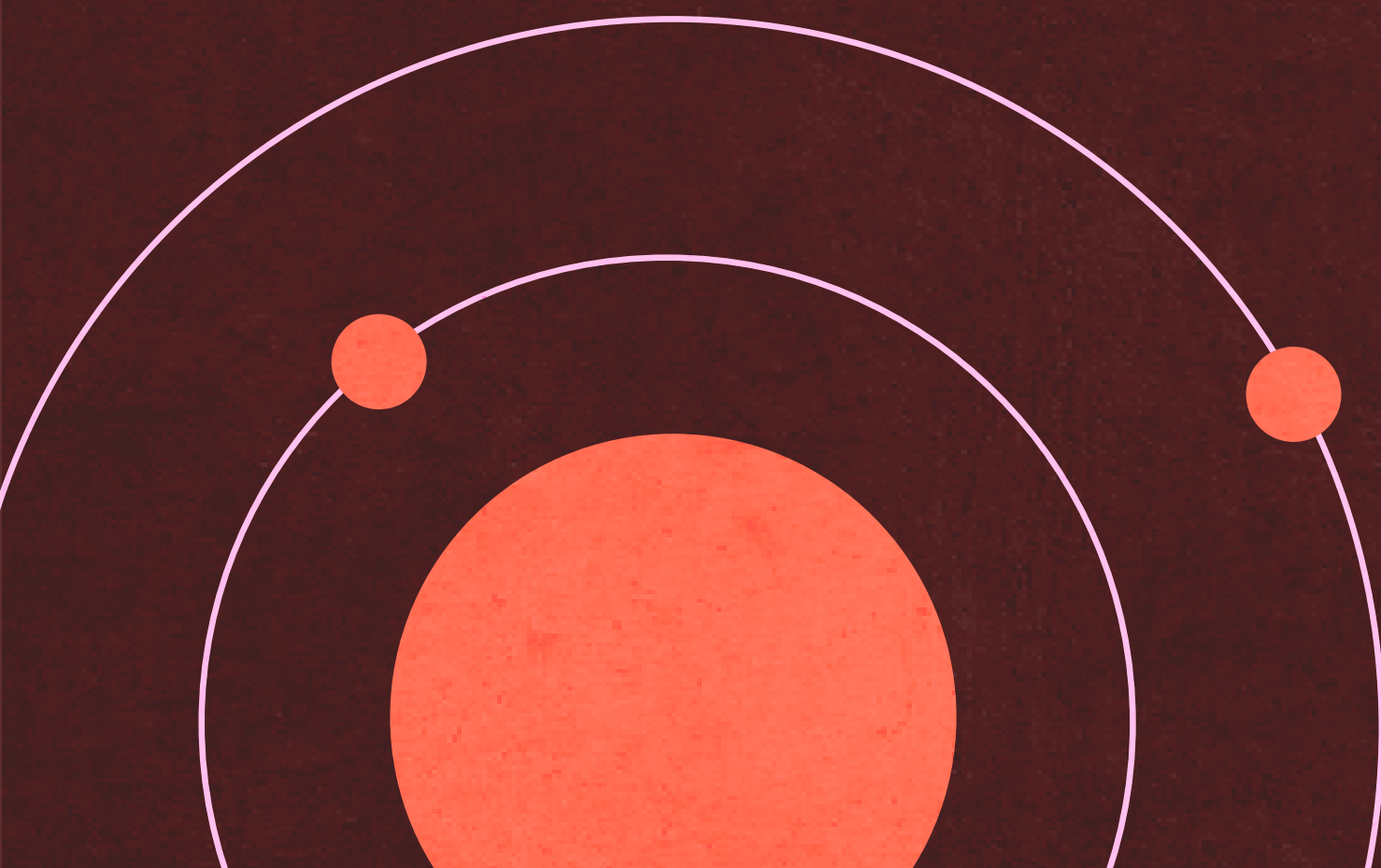
 

What is your favorite? ✕

What are you looking for? ✕



How is zero-party data different?

Zero-party data can be used in conjunction with, or in lieu of, other consumer data types. For email marketers struggling to keep their data types straight (especially now that we're adding a new one to the mix), here's a quick crash course:



First-party data

Information a company collects from its own channels, including website interactions, social media, email, call centers, purchase history, etc.

First-party data is trustworthy, unique to your organization and offers valuable insights into customer interests. However, it can be limited in scale and doesn't offer insights into new audiences that have never engaged with you.

First-party data is often referred to as "implicit data." Consent to collect first-party data is implied from consumer behavior, whereas in the context of zero-party data, it's explicitly provided.



Second-party data

Another company's first-party data that you can access. These companies are usually platforms like Google or Facebook, publishers, or non-competitive brands with whom you partner.

Given the limited amount of first-party data typically available, many organizations turn to second-party data collection to grow their databases and gain information they need to target niche audiences.

Buyers usually know the collectors of this data, meaning they can trust its accuracy and can be confident that consumers consented to share their information.

The biggest downside to this data type is that it's not your data—your access to this information lasts only as long as your agreement with the data provider.



Third-party data

Aggregated data bought from outside sources that are not the original collectors of the data.

Third-party data might include consumer visits and browsing activity tracked via cookies or survey responses from outside sources. This data is usually sold on a data exchange or marketplace.

Third-party data helps email marketers increase their subscriber lists and reach new audiences quickly. However, it comes with its fair share of risks.

Consumers are unaware you've purchased their data and might be wary when your team reaches out. Since there's limited transparency into how the data is collected, the quality of the data you're purchasing might be questionable. And failure to navigate the evolving consumer privacy laws at play when using third-party data may result in steep non-compliance fines.

These pitfalls in mind, marketers relying on third-party data will want to prioritize other sources of information quickly, particularly as third-party cookies disappear.

Best practices for zero-party data collection

Given the vast potential of zero-party data, it's easy for marketing teams to get excited.

Devising a concrete method of collecting this data is considerably more difficult. The trick lies in providing the right motivation for customers to share their personal information.

Email marketers looking to go from “zero” to “zero-party data hero” should follow these best practices for data collection:

Narrow it down

Don't collect data just for the sake of doing so. Chances are you'll only annoy your consumers with repeated requests for information and overwhelm your database with useless data. Start by undergoing a **data profiling** exercise and determine which customer datapoints you can *actually use* to personalize emails, like age, location, or product preferences.

Implement an omni-channel approach

Different customers prefer different engagement channels with your brand—and a good zero-party data strategy meets them where they are. That's why it's important to develop an omni-channel approach. Any data collection tactics should be implemented across multiple channels as appropriate. Standard channels include:

Physical stores: Asking consumers to sign up for a loyalty card or provide an email address can provide a treasure trove of information about their preferences and shopping history.

E-receipt: Brands should prioritize the channels that are more likely to deliver engaged subscribers. Research shows people who sign up for e-receipts are naturally more engaged with email and thus more primed for loyalty. In a **study** sponsored by Validity, respondents who indicated they “like e-receipts” were significantly more likely to check their inboxes at least hourly.

Social media: A quick poll on Instagram or LinkedIn is one of the fastest ways to collect zero-party data—and the low-effort nature of the activity makes consumers more apt to engage.

Company website: Point consumers to your preference center (more on this below) or introduce mini polls or quizzes on your homepage to gauge their business goals early into the relationship.

Email: Send appetizing content in exchange for a form fill, or offer product discounts in exchange for personal information.

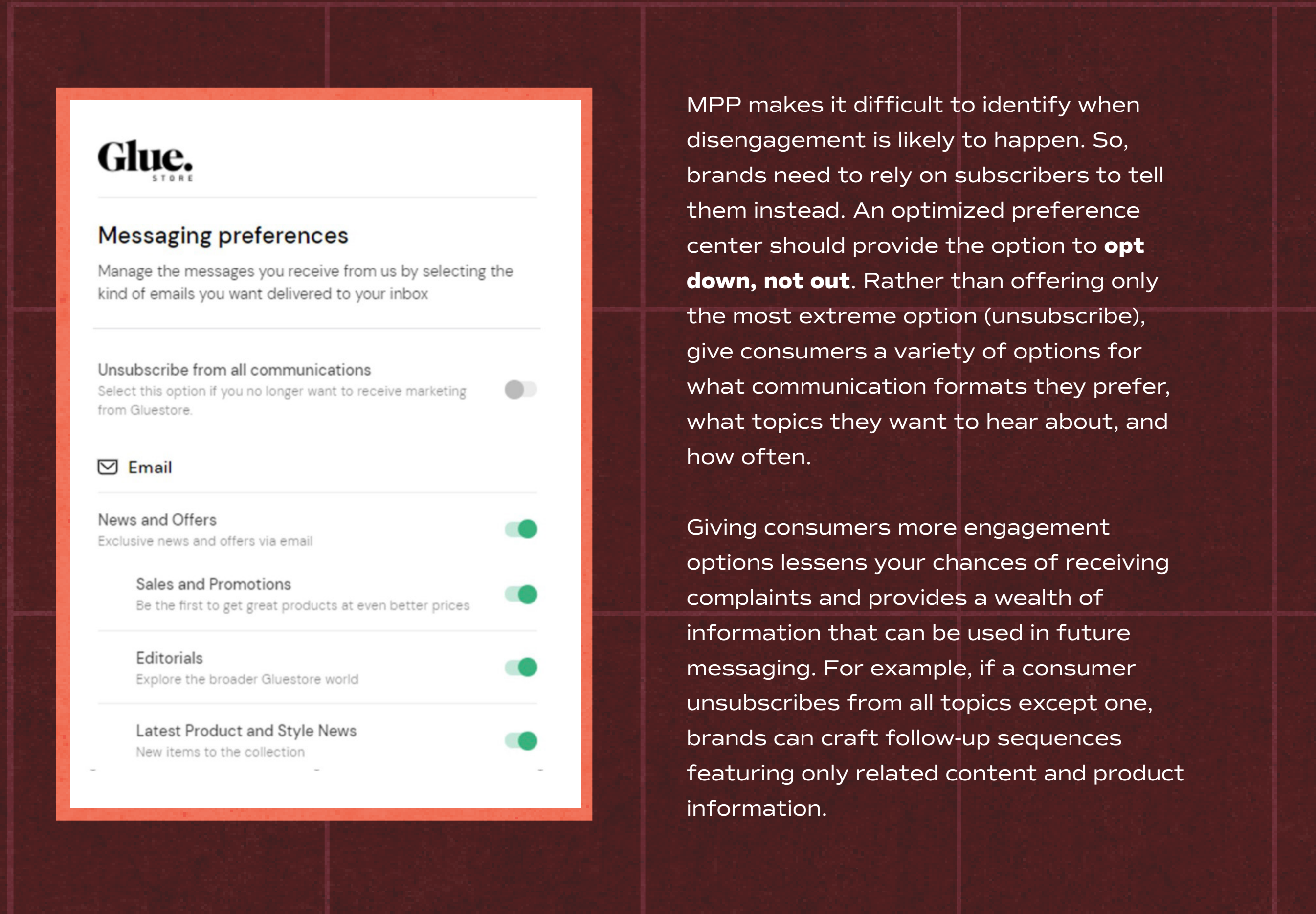


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Promote your preference center

Few brands actively promote their preference centers—many from a mistaken belief that giving unengaged customers the opportunity to unsubscribe is worse than keeping them in the program. Encouraging consumers to manage their communication preferences might result in some unsubscribes. But more importantly, it will give you valuable insights into the customers that *actually want to hear from you*.

Ramp up your preference center promotion by including a link to the preference center in every marketing email (preferably at the top of the email), starting from the point of signup.



MPP makes it difficult to identify when disengagement is likely to happen. So, brands need to rely on subscribers to tell them instead. An optimized preference center should provide the option to **opt down, not out**. Rather than offering only the most extreme option (unsubscribe), give consumers a variety of options for what communication formats they prefer, what topics they want to hear about, and how often.

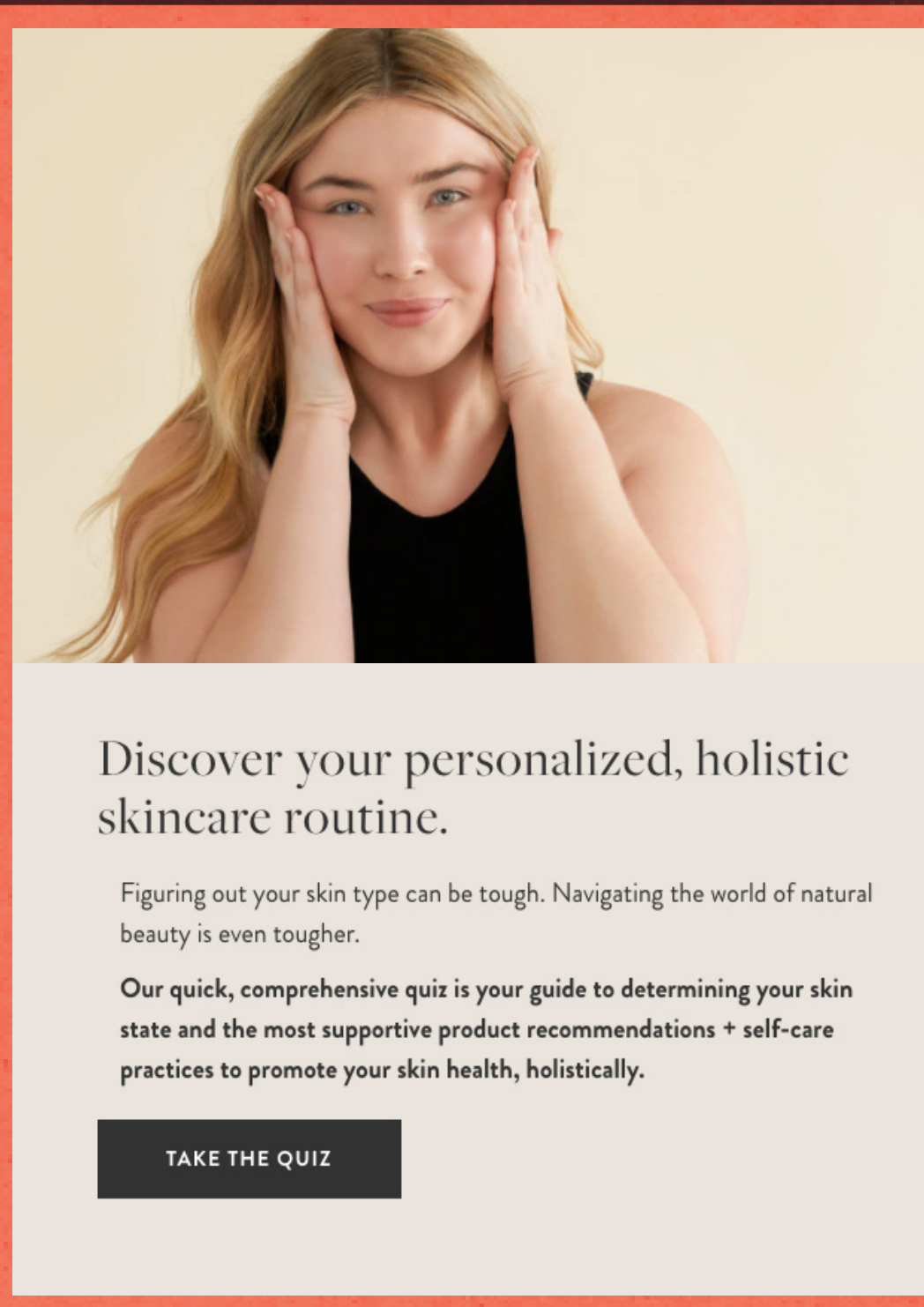
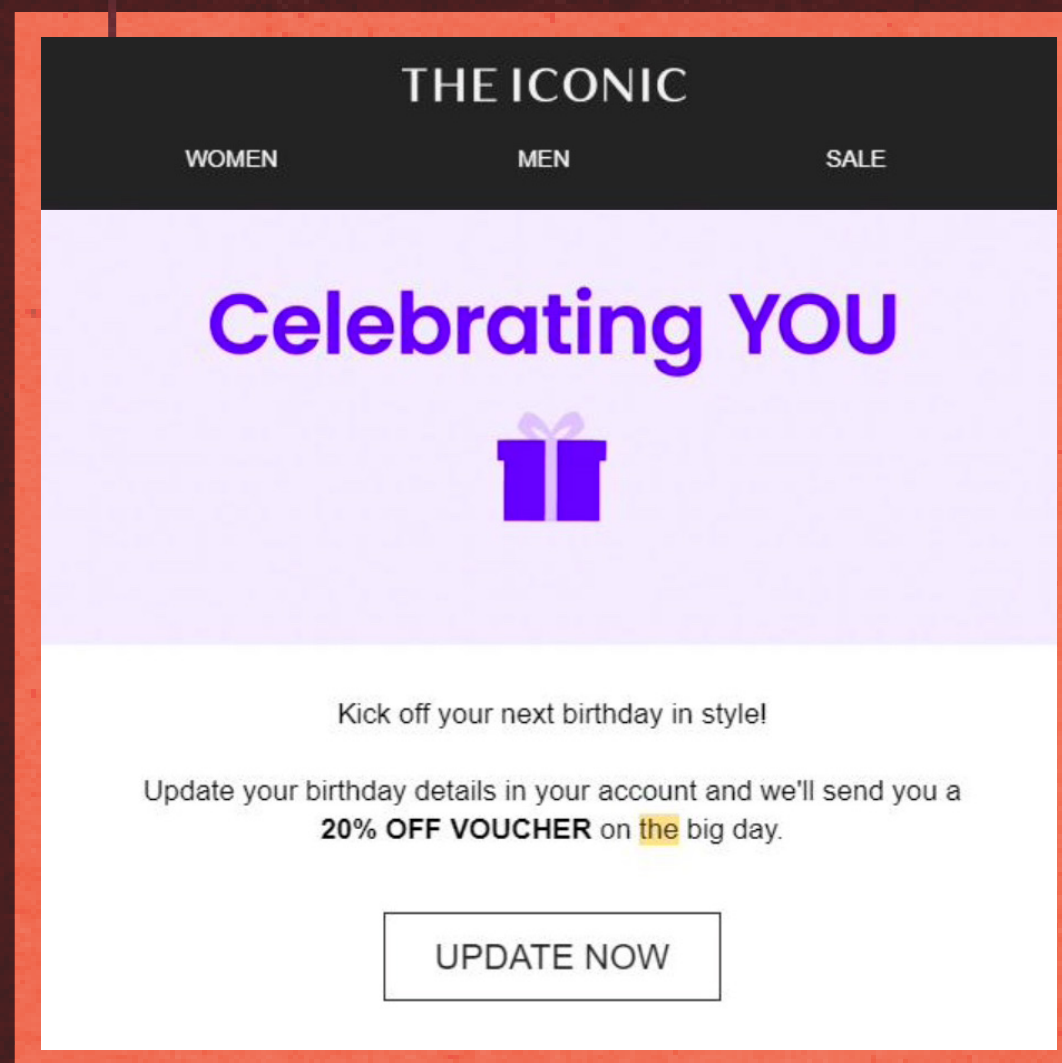
Giving consumers more engagement options lessens your chances of receiving complaints and provides a wealth of information that can be used in future messaging. For example, if a consumer unsubscribes from all topics except one, brands can craft follow-up sequences featuring only related content and product information.

Senders should also add email sends dedicated to encouraging preference center use.

Offer incentives

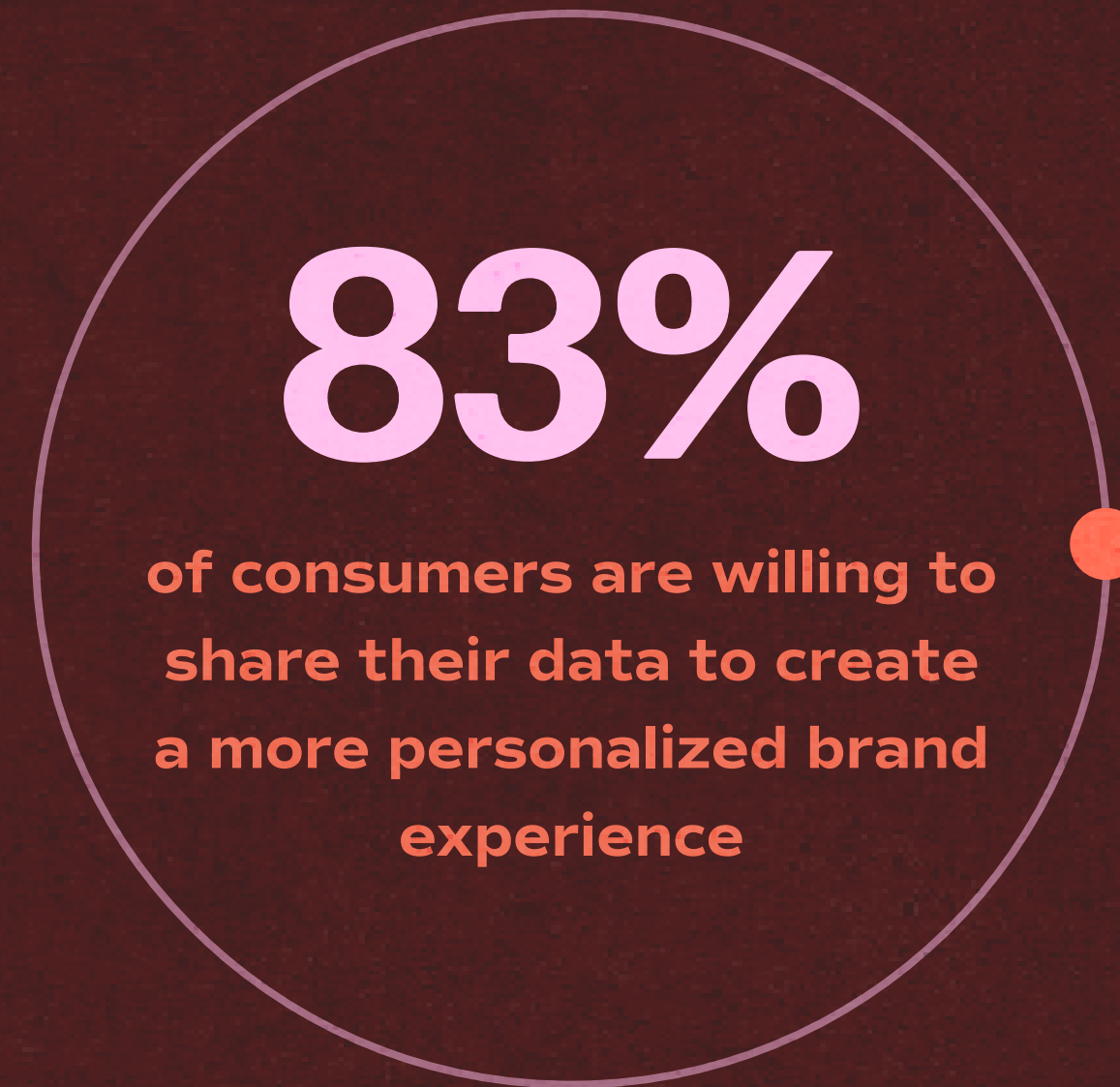
Consumers know their data has value—and strong relationships are built on a fair exchange of value. To share their data, email subscribers need to believe they'll get value from the sender that is similar to the value the sender gets from them.

For example, date of birth is a powerful piece of personal data for email marketers. Incentivizing subscribers with the promise of a birthday present makes them more likely to provide this information. Discount coupons, loyalty points, and exclusive content are other go-to incentives.



Quiz them

Buzzfeed made quizzes cool again. Offering a quick product recommendation quiz either via email or social media is a win-win: Consumers get insights into which products are right for them and brands get personal information to fuel targeted follow-up activities.



Be honest

When customers know *why* you want their personal information, they might be more willing to share than you'd think. Especially when they know you're using it to enhance their experience—not your own bottom line. According to a **report** by Accenture, 83 percent of consumers are willing to share their data to create a more personalized brand experience. In any request for consumer data, clearly explain how this information will be used to improve their experience with your brand.

How to leverage zero-party data in email marketing

Once you've amassed a solid amount of zero-party data, the question is what to do with it. In short, personalization is the name of the game.

Armed with sufficient zero-party data, personalization methods might include:

- Crafting personalized subject lines
- Creating highly targeted list segments
- Recommending products that align with expressed likes and interests
- Scheduling communications to fall when when customers might be running low on a certain product
- Sending yearly or monthly summary emails recapping customers' interactions with your brand
- Sending emails at the frequency of their choice
- Sending birthday communications/promotions

According to **research** from Validity, only 15 percent of consumers say they receive relevant emails. Yet 59 percent of marketers surveyed think they're sending relevant emails. Bridging this disconnect should be a top priority on your zero-party data journey.

No matter what twists and turns your brand's customer journey takes, it contains various opportunities to collect zero-party data. Brands typically see success from requesting personal information and contact details at the point of signup, and saving requests for more detailed information about consumer interests for follow-ups, progressive registration tactics, and ongoing use of preference centers.

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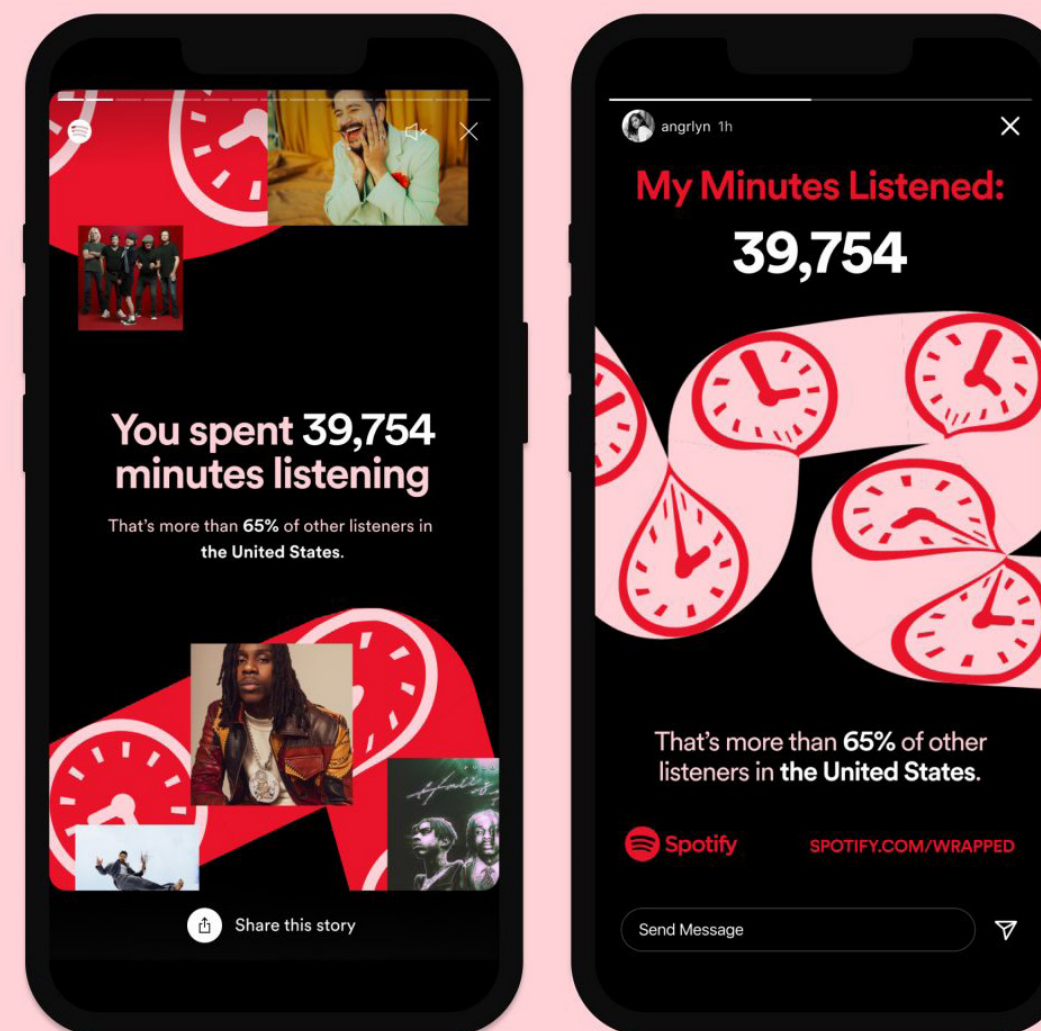
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Adopt a consumer-first mindset

However you use zero-party data, a successful strategy requires reframing your expectations as an email marketer. Rather than viewing customer data as something you should collect and hoard to boost your revenue, view it as a means of enhancing the customer experience.

As a starting point, find ways to use this data to talk about your *customers*—not your brand. There’s a reason why Spotify’s “**Year in Review**” feature is so popular: It references Spotify offerings, but it’s all about the customer.

A consumer-first mindset also means meeting consumers’ expectations for how their data will be stored and used. If a customer visits your preference center and indicates they only want to hear from your brand once a week, live up to your promise—without looking for wiggle room.



It's not a one-and-done process

Zero-party data is quickly becoming the gold standard of consumer data.

However, a notable shortcoming of zero-party data not yet mentioned is its shelf life—it starts going stale the moment it's provided. Brands should actively seek ways to keep their data up to date.

This might include collecting age by date of birth so it's always correct, rather than hard coded as a supplied value. Senders should also set parameters to refresh or update their zero-party data regularly.

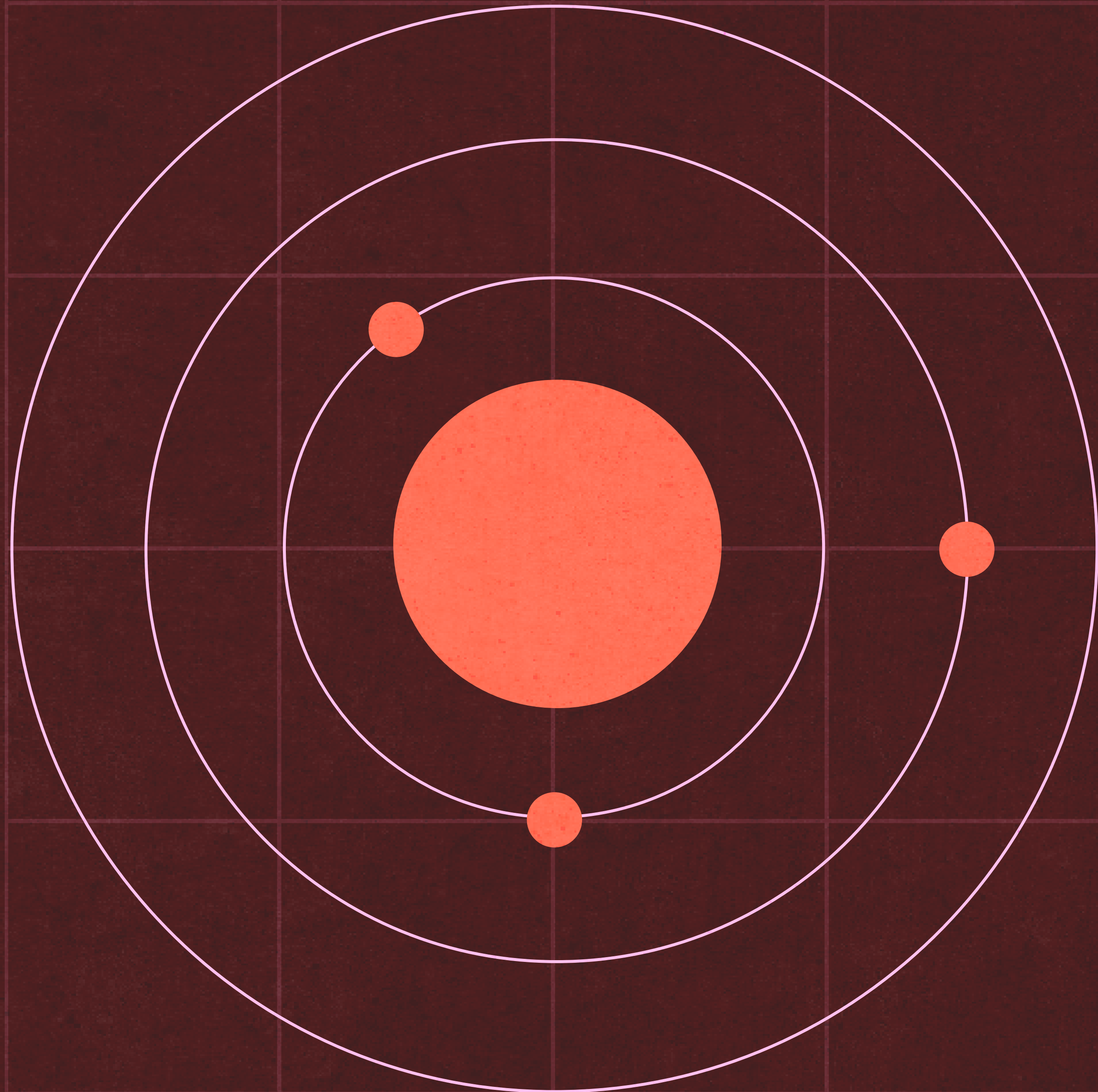
Conclusion

Email marketers can finally quit the juggling act. Zero-party data makes it possible for personalization and privacy to coexist.

As more consumer privacy legislation becomes law and prosecution grows stricter, signs indicate zero-party data is the future of brand marketing. This means those wary of implementing a zero-party data strategy should get on board sooner rather than later.

Depending on your business, a successful zero-party data strategy may benefit from a technology partner like Validity. Validity's suite of best-in-class email success and data management solutions—including **Everest**, **BriteVerify**, **DemandTools**, and **GridBuddy Cloud**—make it easy to collect, maintain, and leverage consumer data.

To learn how Validity can help you implement a winning strategy for zero-party data, **schedule a conversation** with our experts today.





Businesses run better and grow faster with trustworthy data. Tens of thousands of organizations rely on Validity solutions – including Everest, DemandTools, BriteVerify, and GridBuddy Cloud – to target, contact, engage, and retain customers effectively. Marketing, sales, and customer success teams worldwide trust Validity solutions to help them create smarter campaigns, generate leads, drive response, and increase revenue.

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