The brand's guide to evolving consumer relationships

Driving business outcomes with first-party data



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The relationship between brands and consumers has shifted rapidly away from brick-and-mortar stores and toward the digital world, with a 2021 McKinsey report finding that in certain markets, e-commerce has grown five times faster than prior to the onset of the pandemic.

Expanding data regulations, such as with GDPR and CCPA, coupled with platform changes — namely Apple's iOS updates, including ATT, and people's desire for more data privacy — has changed the mechanisms of the value exchange between brands and consumers.

And the brands that relied on third-party data for their digital activities will be increasingly challenged. Other modes of connecting with their customers are growing in dominance and include websites and apps, in-store data, CRM and messaging.

With consumers now having more control of their data, brands must present a clear value exchange in order to obtain consent. According to an internal Meta research study, shoppers are 2.6 times more likely to share their personal data with a shopping app when they're shown the benefits they'll receive in exchange for relevant shopping experiences, product recommendations and ads.

According to a 2018 Accenture survey, 91% of consumers are more likely to shop with brands that recognize, remember and provide them with relevant offers and recommendations. These same consumers are also more conscious about how businesses use their data.

This guide unpacks how three companies have navigated the evolving advertising ecosystem and found ways to better connect with their customers while utilizing first-party data to drive business outcomes.



Shifting to a personalized, customer-centric strategy at scale with first-party data

With a growing number of companies focusing on leveraging first-party data, shifting from acquisition-based approaches to retention-based ones is a logical approach, but can come with its own set of challenges.

For example, La Redoute, a France-based apparel and furniture retailer, had historically invested a large portion of its marketing budget in prospecting campaigns, even with an existing customer base of 10 million. When the company changed to be more e-commerce focused, customer retention and lifetime value became its key goals and metrics.

To support La Redoute's new global customer retention marketing strategy, the company partnered with Meta for a three-year test-and-learn program to reach and activate the retailer's customers while uncovering the profitability of its customers.

La Redoute's goal was to understand the value of leveraging its CRM database in this strategy and to optimize the program if the strategy proved successful.

In 2018, a conversion lift study targeting all users was executed to understand how fully utilizing its CRM data would impact profitability. The study matched existing customers to marketing exposure on Facebook and Instagram and allowed La Redoute to segment its database, measure profitability across segments and break down the results into different levels of exposure.

The study found La Redoute wasn't activating customers in the three-month post-purchase window.

In 2019, La Redoute implemented a new approach using its full CRM capabilities with a focus on uncovering the best strategy to reach and engage active customers using a multi-cell conversion lift study.

Tests indicated it was best to keep the targeting broad and let Meta's machine learning algorithm identify the right people within the CRM campaigns. Furthermore, removing certain lower-quality products from La Redoute's Instagram CRM campaigns didn't degrade performance.

In 2020, La Redoute started to work on refining its CRM strategy and optimizing its campaigns. The program highlighted increases in incremental ROAS with a single purchase over 12 months emerging as the most profitable segment. Importantly, ROAS increases were identified among customers who moved between segments as well.

"Over the years, Facebook became one of La Redoute's main media partners with regards to developing a winning CRM strategy, gaining a larger share in our media mix," said Amelie Poisson, Chief Marketing Officer at La Redoute. "We've managed together to increase Facebook contribution in customer retention and acquisition strategies, while reducing overall costs."

A key outcome of the program was a new emphasis on CRM campaigns. In 2018, the company was running 35% CRM campaigns and 65% prospecting, but by 2019 those figures changed to 69% and 31%, respectively.

With this, La Redoute saw a 21% decrease in CPA (calculation based on seven days post-click purchase) from 2018 to 2019 for its Facebook and Instagram campaigns and another 17% drop in the first two quarters of 2020 compared to the same time period in 2019.

When La Redoute began its digital transformation, it knew its customers were a valuable asset. Its three-year test-and-learn journey proved the value of its CRM and confirmed the company's decision to shift its main marketing focus to its existing customers across Facebook and Instagram.

Tactics and insights:

- While finding new customers is important, existing customers are one of a company's most valuable assets. Leveraging a CRM when goals have shifted toward retention and lifetime value is crucial.

- Test-and-learn programs can shed light on successful strategies and optimize existing ones, as well as identify the types of campaigns that are most profitable.

Leveraging CRM data to boost loyalty and generate qualified leads

In addition to increasing retention, first-party data from a company's CRM can aid in boosting loyalty, as was the case with the Italian fashion company Liu Jo.

Liu Jo boosted their CRM database by using store locator ads to encourage people to claim a free gift by visiting a local store and registering their information. This simple tactic resulted in an 82% increase in new loyalty members.

"This activity has been fundamental for acquiring new leads and driving people to our stores," said Anna Baschirotto, global marketing and communication director at Liu Jo. "In our stores in Rome, for example, we sold out in less than four days."

When working to identify more qualified leads, first-party data from a CRM can be helpful as well.

TECOBI, a company providing communication and advertising solutions to the automotive industry, had traditionally optimized ads by volume of leads. Working with Medved, a Colorado-based auto dealership group (since rebranded as Foundation Auto), they wanted to find a way to identify more qualified leads. TECOBI ran an A/B test in which one set of ads was optimized for volume and the other was targeted toward higher-quality leads that were likely to convert.

For the first cell in this split test, when someone clicked the button in the ad, a contact form opened that was pre-filled with the information from that viewer's Facebook profile. TECOBI's software then sent an automatic text message to that lead and a Medved (Foundation Auto) representative followed up with a call.

The second cell integrated TECOBI's CRM data to pull additional information on the lead, such as purchase intent — or actually purchases — and then sent that information to Facebook's server via TECOBI's server. This helped to train Facebook's machine-learning algorithm as it looked for more qualified leads. The rest of the actions followed that of the first. The cell leveraging the CRM data resulted in a 68% higher conversion rate and an 8% lower cost per qualified lead.

"This campaign proved that using Facebook lead ads optimized toward the conversion leads goal plus integrating our CRM system with Conversions API to send down-funnel customer activity data to Facebook substantially increased the quality of leads we received," said Jason Girdner, CEO at TECOBI. "It took less effort to sell our target number of vehicles, given we were dealing with fewer, low-quality leads."

Tactics and insights:

- Pairing store locator ads with an in-store incentive is an excellent way to boost CRM data while also increasing loyalty sign ups, for example.
- When looking for qualified leads, optimizing volume isn't very efficient, but leveraging CRM data to better inform lead data can make identifying the right leads much easier.



Using first-party data to inform and adjust targeting

Trendyol, Turkey's leading e-commerce company, sought to increase its active customer base to meet key growth targets.

While Trendyol segments customers within its CRM based on recency and frequency of past purchases and runs campaigns targeting these segments across different digital channels, the company had separate teams managing these campaigns. So, even though the teams were targeting the same customer segments, different teams managed Facebook, Instagram and Google.

Under this structure, investment decisions for each customer segment across channels were taken based on cost per transaction metrics using a last-click attribution model. An issue with this approach was the last-click model was not accurately capturing campaign performance, thereby hampering spend optimization across customer segments.

To understand where and when its ad investment was creating value, Trendyol and Meta engaged in a multi-year program by first measuring and quantifying the incremental impact on transactions for individual customer segments targeted with ads on Facebook and Instagram. Conversion lift studies measured the volume of incremental transactions by customer segments for a given amount of investment, providing the company with insights on how to optimize across segments.

Next, they worked to refine the customer segments. Experiments were performed to explore topics such as whether ads targeting customers recently reached by CRM activities drove incremental purchases or whether ads targeting frequent visitors convinced them to purchase more, and yielded valuable insights. For instance, excluding customers recently touched by CRM activities provided more efficient campaign results and targeting frequent visitors with ads led to increased incremental purchases.

The incrementality-based effort revealed Facebook and Instagram's true value for new customer acquisition and identified strategies for meeting the company's goal of increasing active customers. Because of this, Trendyol made key changes, such as refining its customer segmentation approach based on first-party data and shifting budget toward more incremental customer segments.

"Understanding the effectiveness of marketing investment is a priority for all advertisers and incrementality helps Trendyol measure the impact of our advertising activities on our brand and sales," said Erdem Inan, Chief Marketing Officer at Trendyol. "We use advanced measurement techniques to determine how and where marketing is driving value. Instead of speaking to people who would have converted without ads, incrementality allows us to focus on growing our customer base."

The effectiveness of Trendyol's marketing on Facebook and Instagram increased 58% year-over-year between 2019 and 2020, with both social channels performing 30% more efficiently than other media, such as digital and TV.

Tactics and insights:

- Identifying the right tool for measuring marketing effectiveness, such as incrementality, maximizes return on investment, enabling businesses to understand how much to invest and where to allocate budget.
- Continuous testing helps advertisers identify strategies that drive desired results and determine what needs to be modified, such as refining customer segments based on a channel's ability to meet the goal of increasing active customers.



First-party data and the future of brand-consumer relationships

With consumer data privacy laws and regulations continuously evolving, it's crucial that brands find a way to navigate this new dynamic with their consumers. Establishing trust and a clear, relevant value exchange is one key step to managing this relationship, as well as shifting to a personalized, customer-centric approach.

For brands to continue to thrive they also need to ensure they're leveraging their CRM data to increase their loyalty member base, generate more qualified leads and inform and adjust targeting.

In the midst of the ever-evolving consumer-brand relationship, some brands have updated their business models and KPIs to better reflect their new journeys and ensure they can continue to utilize first-party data to drive those business outcomes.

"First-party data is an opportunity for brands of all sizes," said Mike Bettan, marketing science partner, advertising ecosystem at Meta. "Consumers expect experiences tailored to their tastes and in the formats they prefer. Relevancy and privacy are not at odds with each other. On the contrary, innovative brands manage both for consumers' benefit. These are great examples for brands that leverage first-party data to improve consumer acquisition, purchase frequency and profitability."




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