WTF

Is a First-Party Media Network?

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WTF is a first-party media network in 2021?

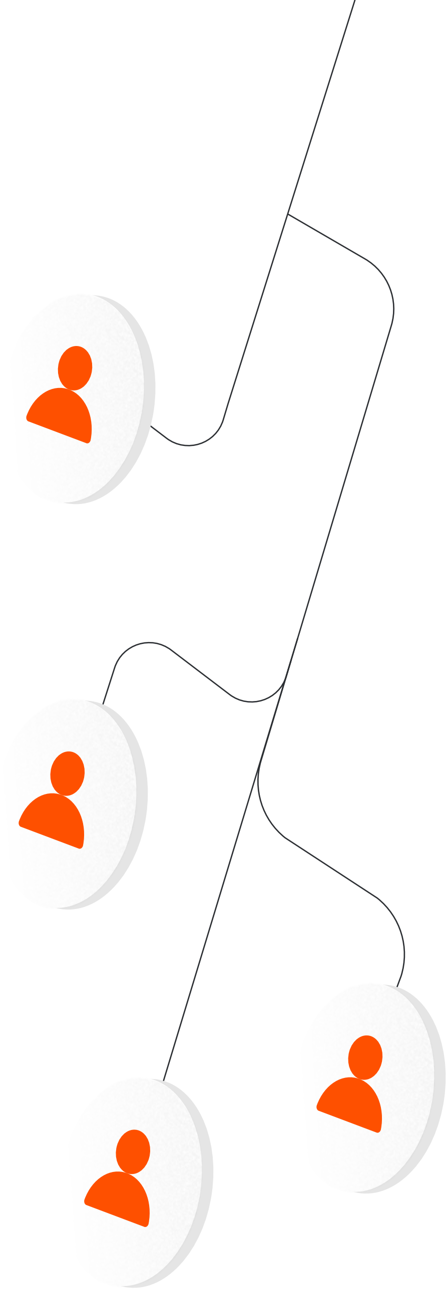
In 2021, marketers are faced not only with the challenge of abiding fragmented consumer privacy regulations and managing the now delayed deprecation of third-party cookies, but also (and most importantly) continued demand from consumers for improved, personalized and relevant brand experiences. In order to abide by the former and deliver the latter, access to a robust and ever-scaling network that enables marketers to use their own first-party data is now paramount to advertisers.

Doing all of this can take a tricky balancing act, one with many moving parts. Key to these efforts is first-party data management, an essential component of the marketer's omnichannel toolkit.

Technologies that improve marketing outcomes using first-party data are improving and driving new changes in the media landscape. Marketers have always wanted to maximize the impact of the impressions they make. In digital environments, automated feedback systems now enable marketers to continuously optimize their budgets, bidding and messaging strategies, but these were not designed to maximize the impact of first-party data. Publishers too are learning how collecting and managing first party data can enrich the quality of experiences they can offer their visitors while increasing monetization of their digital properties. But again, they lack the capabilities they need to advance quickly.

However, traditional networks of these kinds often miss essential opportunities. The evolution of first-party data solutions now stand to include elements such as commerce data and assets from both the demand and supply side. These components are enhancing and increasing the power of the data network as marketers have known it, and the result can be thought of as a first-party media network — one where a variety of stakeholders work together in privacy-by-design approaches that automate the interoperability, transparency and accountability around first-party data.

In this guide, Digiday and Criteo unpack the elements of a first-party media network — from who's involved in building and maintaining one, to the challenges media networks help marketers overcome. In the following sections, we'll explore how the first-party media network fits into the omnichannel e-commerce and advertising landscapes as they continue to evolve.



What's in this WTF guide?

- The component parts of a first-party media network and why advertisers should care about them
- The key signals to advertisers that they should consider a first-party media network
- The steps that advertisers should take before deciding to engage with a first-party media network
- A look at how first-party media networks play a part in the omnichannel marketing world
- The essential data governance, security capabilities and assurances a first-party media network should provide

First, what is first-party data, and what is commerce data?

First-party data is information that marketers and media owners collect directly from their own customers through their own sites, apps and platforms. These individuals have opted in to share this data, which is usually transactional, demographic or behavioral, but is not linked to directly identifying digital identifiers. Personal data consists of both digital identifiers and first-party data linked to these identifiers.

First-party data includes things like:

- First-party cookies
- Hashed emails, encrypted phone numbers and postal codes
- Household IDs
- Privacy compliant first-party data passed through third-party identifiers like RampID and netID

Consumers provide this information to marketers and media owners with the expectation of being better served. The value exchange they anticipate includes personalized ads, recommendations and digital experiences. Because consumers need to opt in to provide this kind of data, first-party data is compliant with privacy regulations.

First-party data also includes commerce data, composed of consumer intent data, including demographic and location information, logs of web page and products viewed and purchase histories for both online and in-store purchases. Media owners are important collectors of contextual data as well; the content they produce often describes product and service categories or covers subjects that are relevant to interest or use of certain products or services marketers offer.

Commerce data is useful, especially in conjunction with AI, in that it gives marketers the ability to spot patterns of publisher first-party data that indicate interest and intent with driving outcomes for marketers. These patterns enable more precise audience engagement, and give AI buying solutions the information they need to better allocate budgets, pricing and messaging to improve these outcomes. The better this feedback loop, the more value it provides to the marketers and publishers who depend on it to improve advertising effectiveness.

Commerce data is also useful to media owners, who can utilize it to better understand and segment their first-party audiences for improved monetization opportunities.

Got it — so what is a first-party media network?

A first-party media network is an integrated system of first-party data and AI that lets marketers and media owners connect, enhance and improve the scaled engagement and experiences that benefit all parties, most notably consumers.

To boil it down, the first-party media network simplifies three key processes for marketers and media owners, which we will explore more later in this guide:

- Onboarding and sharing their first-party data
- Amplifying their first-party data with insights from the network's database
- Leveraging this first-party data and commerce data to drive value for them and their customers

To achieve all of this requires a large collection of addressable commerce data. This enables the AI involved to continuously provide the most meaningful, actionable insight and apply that insight directly to the consumer experience being delivered. And it's not only the amount of data that is key to this process, but also the addressability of this data across media owners and their various contexts.

Why do marketers want to use a first-party media network in the first place?

In a digital ecosystem where difficult-to-scale first-party data is increasingly essential to understanding and engaging with consumers, marketers have many reasons to engage with a first-party media network.

For marketers, a primary goal is to effectively reach new prospects by engaging with them with relevant messaging at the right time and with the right frequency. But as platforms threaten marketers' ability to work with multiple partners and grow their businesses, first party media networks can help provide access to rich data that is privacy compliant, and at a scale impossible for most brands and media owners to amass on their own.

The interoperable first-party data in a media network gives marketers the tools they need to segment and scale audiences for more impactful engagement.

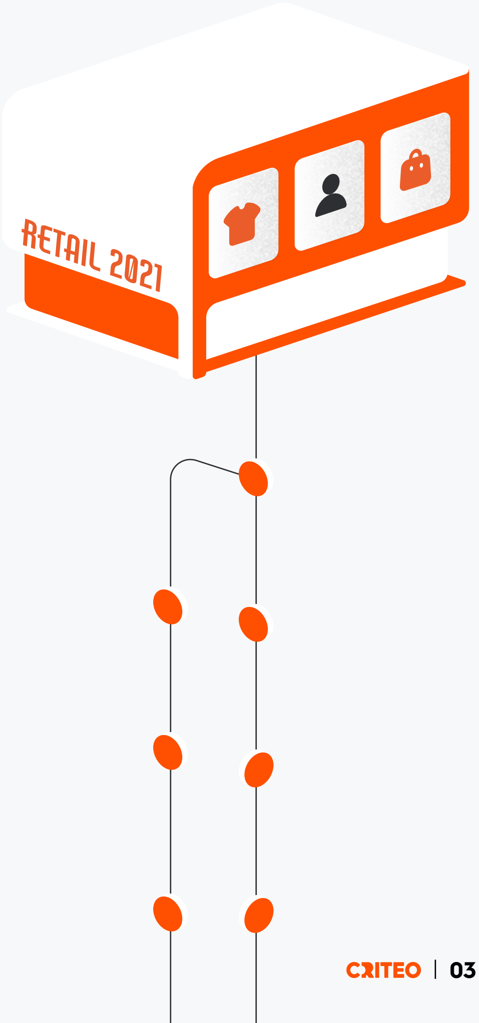
Who's involved in a first-party media network?

Often, it's a large retailer with its own masses of first-party consumer data — organizations such as Target, CVS and Amazon — that operates a retail media network.

For companies that don't feature that level of infrastructure and customer base, first-party media networks offer such capabilities to their participants. The first-party data of all participants is combined, improving the collective value for members without disclosing any competitively sensitive information.

The two key players that a first-party media network benefits are marketers and media owners. Marketers use their first-party data to better discover how to engage new customers and prospects with more effective digital experiences. Media owners use the network to improve the monetization of their audiences and inventory.

Consumers are direct beneficiaries of a first-party media network in that they receive greater access to ad-funded content and improved digital experiences. And as they opt in to the digital identifiers that the network relies upon, they can easily share their default privacy preferences with all network participants via a single click.



How do marketers get started with a first-party media network?

The first step for advertisers is to inventory all the consumer data they currently control across their various marketing systems. This could include explicit in-store and digital commerce information as well as the various identifiers to which this information is linked — i.e., names, addresses, phone numbers and digital identifiers.

Next, marketers should onboard this information to make it available to improve their advertising, taking care to ensure that they abide by regional privacy regulations. For some brands, determining permissions can be more complex than it seems. Consider a bank that has a partnership with a hotel brand for a loyalty credit card. Does that bank have permission to share a guest's purchase transactions with the hotel? Before determining whether to use a first-party media network, marketers need to answer questions like this.

Finally, advertisers need to be aware of how each type of data will be useful to them and how they can track the ways it is used. As Todd Parsons, Chief Product Officer at Criteo explains, "If I can't measure what is working and change those things that aren't quickly, then I'm opening myself up to increased media waste."

Ideally, first-party media networks simplify the process of automated decisioning while also maintaining consumer data protection by ensuring audits of the use of personal data from marketer to media owner. For instance, the network should not store personally identifying information such as email addresses, names and other personally identifying details. Instead, only properly de-identified or pseudonymized digital identifiers are used — changing the personal information into a random ID number is one example.

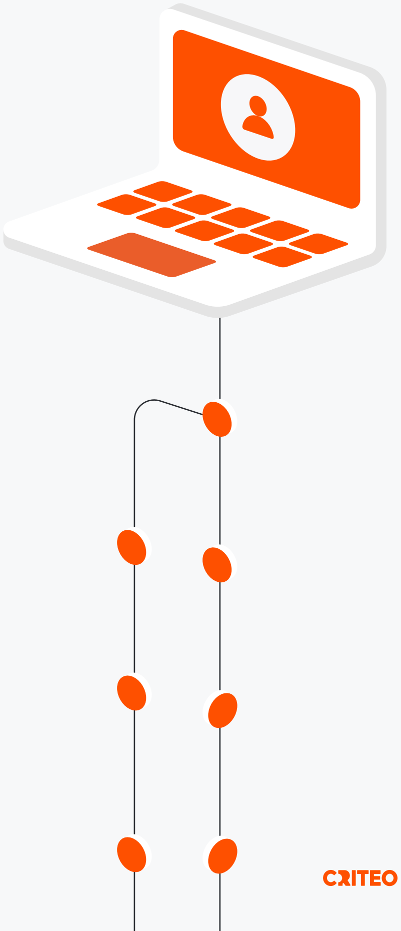
How do publishers and media owners fit into the first-party media network picture?

Focusing on strategies that quantify outcomes using first-party data helps improve effectiveness for both media owners and marketers. It's key to note as well that the permissions and safeguards that are required of media owners and publishers also apply to marketers' own digital properties.

Ensuring appropriate notice and choice is a necessary first step, but the key challenge is using the data that is available given the growing complexities of identifying the ideal contexts, messaging strategy and even sequences of communication across different devices.

"The problem with most marketers' picture," said Parsons, "is they don't necessarily have the dozens of specialists required to understand the nuances of how best to engage their audiences on each digital device, much less the systems in place to automatically adapt their tactics to ever changing user responses."

As we'll explore in the next section, this is a gap that first-party media networks are helping to close.



Can first-party media networks help with in-store challenges as well?

One complication for marketers today, and in the near future, is the omnichannel nature of retail and the places that marketers can reach consumers. The pandemic created a heavy reliance on online shopping and digital advertising channels because so many consumers were confined to their homes. Now, as the world begins to open back up, many consumers are reverting to, or adopting for the first time, a hybrid in-store/online journey.

So how does a first-party media network fit into an omnichannel ecosystem? For one thing, the data permissions that are ensured by a first-party media network allow for people to choose when they wish to have their various interactions with a brand synchronized across the many digital devices they use.

"While they may be comfortable sharing their identity to a salesperson in a store, they don't always equate that same comfort level when navigating to their digital property," Parsons said. "However, with a first-party media network, brands can continue to engage people consistently across devices without violating any expectations since it relies on appropriate notice and choice to work."

The changing and blurring of the retail and advertising landscapes additionally means that marketers' mindsets will change. Rather than focusing on having the most reach or the most frequent interactions with consumers or potential consumers, marketers are increasingly focusing on conveying value and delivering richer experiences.

An omnichannel world challenges the structures to which marketers have long conformed, one of them being the very idea of a rigid marketing funnel. First-party media networks have the ability to give marketers the flexibility they need in order to navigate this altering landscape in a way that puts consumers and their digital experiences at the center.

What are the markers of a successful first-party media network?

According to Parsons at Criteo, there are four essential components that make a first-party media network successful.

- First is the way the first-party data is secured. "Expectations are set around how it's used and minded," Parsons said, and this is called trusted data management. A big part of its value is making it easy for the data to be managed.

- A successful first-party media network helps answer the following question: "How do you anonymously join first-party data between a consumer, a publisher and a brand," said Parsons, "to which they opt-in, and then they appreciate, enjoy, and share — but how do you do that at some greater scale, so that it's not a one-off relationship that turns into yet another newsletter, subscription or credit card being left behind?"

- The third component is the involvement of both demand-side and supply-side players, or marketers and media owners. This is key because when players from both sides opt-in, adding their data to the collective network database, the AI involved is able to match information linked to digital identifiers to provide a more comprehensive, meaningful experience that they would otherwise not be able to access so simply.

- The fourth component of a robust first-party media network is the assurance of real-time feedback loops improving the value for all participants. This is essential, as Parsons explained, "so that whatever value comes out of mapping it and pulling it together is something that increases value for everyone." A successful first-party media network allows marketers to consistently engage desirable audiences across a wide scale of publishers, which in return drives higher value for publishers and the more accurately marketer can focus their limited budgets. The better the outcome, the higher the price marketers are willing to pay to engage that audience.

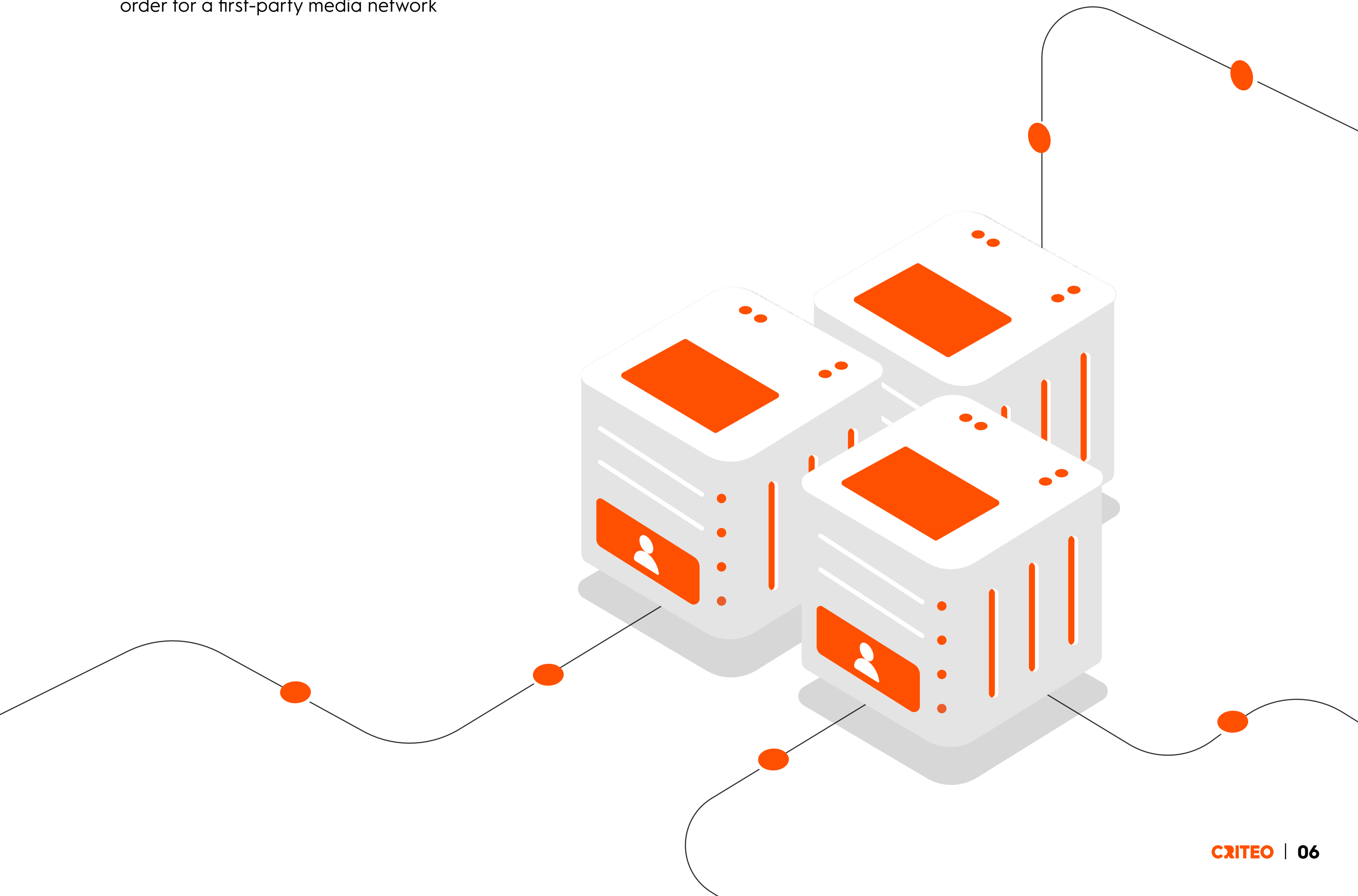
When approaching first-party media network solutions, critical characteristics of a solid network also include the following.

- A robust commerce dataset should include at least hundreds of millions of daily active users and ideally product SKUs in the billions.
- It is also crucial that the operators of first-party media networks are trusted and transparent. They must ensure that the consumer data that is a part of the network is collected and managed in a privacy-by-design approach, that it can be tracked throughout its use and that they honor people's rights, including the right to be forgotten or to opt-out of personalized marketing.

With the above details in mind, it is also crucial that the marketers and media owners in the network both benefit. In order for a first-party media network to work at its best, it needs to enable marketers and media owners to more easily exchange information using consistent addressable media identifiers that are enriched with demographic, behavioral or transactional information — improving the overall matching of marketing content to people in context.

As with all technologies, early adopters get an advantage, in that they are first to the line on testing, shaping standards and reaping the benefits of impactful engagements with customers.

While regulators have begun to prevent Google's continued interference with its rivals' use of such identifiers, the inevitable shift to improved use of first-party data is unchanged, and the advantage of a robust media network that can get brands and customers into an exchange of value is available, real and present, regardless of what the search giant does next year, and then in 2023 and beyond.



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