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11 Ways to Boost Your DTC ROAS

with First Party Data

Until recently, DTC marketers relied heavily on third party data to target pai d media to acquire customers.

That all changed when Apple released iOS 14.5 in April 2021. With this update, Apple apps were required to ask permission to track users, and gain explicit permission to share their users' data with data brokers and marketers.

According to a study conducted by Flurry, 94% of Apple users in the US and 85% of Apple users worldwide chose not to be tracked by the apps they're using on their mobile devices. Google is moving in the same direction – taking steps over time to increase user control of third party data collection.

This "cookiemageddon" has been highly disruptive to advertising on Facebook, the No. 1 destination for DTC ad dollars. Not only has paid media and ROAS performance suffered, attribution has become far more difficult, making it incredibly hard to identify which channels are performing well. Pressure on DTC marketers has never been greater.

So the days of third party data are numbered. But even if sticking with it were an option, there's some great reasons to make the switch to focusing on first party data. We're going to talk you through 11 of them!

In a nutshell, first party data can help your DTC businesses scale more profitably, increase ROAS significantly, and give you a long-term competitive advantage - when paired with the right technology.

In this guide, you'll learn:

- **Why it's essential to make the switch to using first-party data now**
- **The benefits of using first-party data**
- **What strategies you can start implementing today to dramatically boost your ROAS**

Types of Data Explained

Many DTC brands promote their products using third-party data when they're just starting. That's understandable. After all, they don't have any first party data to use. However, once your DTC business starts gaining traction, you need to transition from third party data to first and even zero party data.

Let's do a quick refresher on the different types of customer data.

Third party data refers to information collected about users from another company. This type of customer data is different from Second party because all the information you receive is aggregated from various sources and is then pooled together. Second party data is another company's first party data.

On the other hand, first party data is data you've collected directly from people. Zero party data is proactively shared by the person to the company. With an understanding on types of data, you can begin to see why making the switch from focusing on third party data to first party data is an essential move. Now is the time to transition to using first party data for your paid and organic marketing campaigns. Following is 11 reason why.

Types of Data

There are generally three main types of data.

First Party Data

Customer data that you collect and own yourself, such as:
- Behavioral data from platforms
- CRM data
- In-store purchase data
- Survey data / customer feedback
- Social media profile data

Second Party Data

Similar to First Party Data, except it was collected by another source and sold or shared with you. There may be more restrictions with this data, and it can be less reliable since it was not collected directly for your needs.

Third Party Data

Aggregation of data that is held and sold by companies that do not own that data. Data may be custom filtered to make info more relevant, but often contains way more data than needed. Recent privacy laws make this data risky for advertising.

Who is Black Crow AI?

Black Crow AI is a new Machine Learning platform, already used by over 200 DTC brands like Solo Stove and Bearaby. We predict every site visitor's likelihood to buy - in real time, as they shop. This lets you harness the power of ML to massively improve your paid media performance, with no code from you. Installation is one-click.

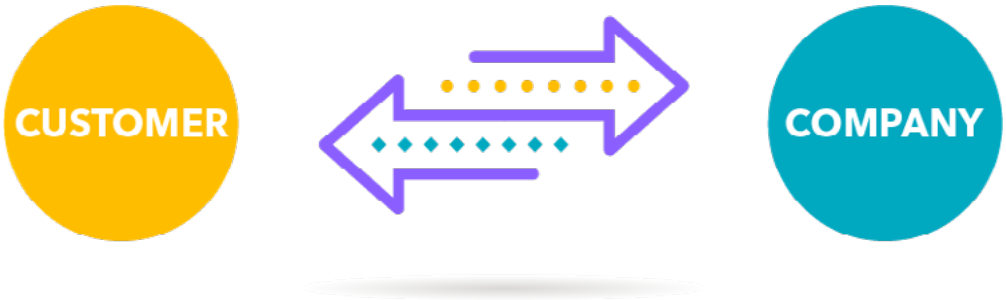
SAKARA · CHEERS · maurices · tinuiti · LIQUID I.V. · shortyLOVE · NEUROHACKER COLLECTIVE · EST. KORRES 1996 · WITHIN · Firstleaf · Bearaby · solo stove

11 Reasons to Switch to First Party Data

1 First Party Data is Better Quality Data

Since you collected the data directly from your site visitors and customers, it's far more likely that the information is accurate and current. More importantly, it tells you specific details about **your customers** and not someone else's. Your first party data is your competitive advantage - because no one else can access it or use it. It gives you better insights. You can be more confident in using the data to develop ads for your paid marketing campaigns that they resonate with your target.

Third party data comes from multiple sources, so it's impossible to vet the accuracy and reliability of the information you've been provided. It could be outdated or even falsified. First party data gives you better insights, and it's free!

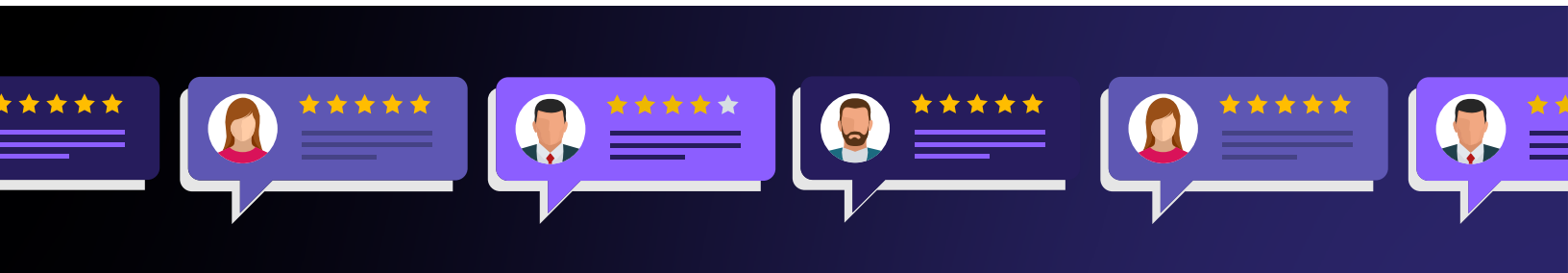


2 It Enables You To Provide Your Customers With Personalized Shopping Experiences

63% **of consumers now include personalization among the factors that determine their overall shopping experience online.**

Your customers' shopping experience begins when they arrive on your website. If you want to get them to stay and make a purchase, you need to ensure that you provide them with the customer experience they've come to expect among DTC brands.

When you take the time to collect and use first party data from your site visitors and customers, you can optimize their shopping experience on your site. And as you can see in this study performed by SmartInsights, your site visitors and customers will be thrilled to help you out with that.



Reasons consumers are willing to share their data:

90% To receive exclusive discounts on products I like.

87% To have issues resolved quickly and hassle-free.

85% To receive back-in-stock alerts for products I want.

82% To receive personalized product recommendations.

81% To find products faster and easier. Source

3 It Can Significantly Increase Your ROAS

Your company's Return on Ad Spend (ROAS) is the ratio of the revenue you generate from your products to the amount you spend for advertising them. ROAS is a huge problem for DTC marketers right now. 75% of marketers in the US and 89% in Europe say they face problems with falling ROAS.

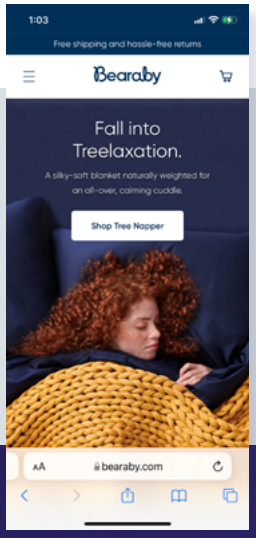
Unless, of course, you're using first party data for your paid marketing campaigns. Take the case of Bearaby, a DTC brand known for its award-winning weighted blankets. By shifting their Facebook remarketing strategy to focus on using primarily first party data it collected, Bearaby's ROAS increased by an impressive 120%!

Because first party data can give you new and better quality insights, you can radically improve ROAS.

$$\text{ROAS} = \frac{\text{Total Campaign Revenue}}{\text{Total Campaign Cost}}$$

Within 30 days Bearaby

- **Saw a 100% increase in conversions from its retargeting ads on Facebook, Google Search and Display, and Snapchat**
- **Experienced a 120% increase from its return of ad spend (ROAS)**



4 Enables You To Better Demonstrate The Value Of Paid Marketing

Not only can you drive better ROAS, you can better prove paid media performance, and with more granularity. First party data allows you to use multiple methods to evaluate the traffic you bring to a site with paid media. You're no longer reliant on attribution tracking - a method that is increasingly unreliable and unactionable.

For example, by understanding the purchase intent of the traffic coming to your site, you can more quickly assess the value of placing ads on a particular site, instead of waiting for attribution on a sufficient volume of purchases.

5 Gives You Better Consumer Insights

One of the biggest mistakes DTC brands make when launching paid marketing campaigns is developing creative campaigns without sufficient consumer insight.

You can fix this by incorporating knowledge derived from the first and zero party data you've collected into your paid marketing campaigns' concepting and creative development stages. The more you can learn about your target customer's pain points and goals, from them, the more your creative will resonate.

From there, you can develop your ads' copy so it shows how your product can be the solution to alleviate their pain or propel them to their goals, and feed this into your testing program

> **"Do a lot more creative testing! Try different ads, different copy, different calls to action."** Rishya Suresh, Bearaby

6 Helps You Increase Basket Size and LTV

With the cost of acquisition rising almost vertically in the last 18 months, maximizing the value you get from each customer is essential to achieve profitable growth. By analyzing the first party data effectively, you can do this by showcasing complementary products to push basket size up. You can identify and win back customers who have stopped buying or are at risk. You can identify your super customers and fuel their long-term engagement with your DTC brand. You'll need ML and AI to do this effectively – machines will identify patterns in user behavior that humans won't.

7 Gives You The Info You Need To Efficiently Diversity Into New Channels

If you're looking to expand your DTC ad spend into Google, Tik Tok and Pinterest, first party data can give you a huge head start. By understanding traffic quality beyond attribution, you can more quicky identify which channel is sending you high quality traffic. You can then focus on developing that channel.

If you're scaling up in a new channel – like Tik Tok – understanding which campaign or audience profile is driving the best quality traffic can cut your learning curve by weeks or months. First party data enables you to identify traffic quality indicators that's impossible with third party data.

> **"We also advertise with Google, most heavily with Google Shopping, and have been able to shift budget to Google. We have seen little to no impact of IoS 14.5 within Google and are fortunate we had an alternative to Facebook/Instagram."**
>
> shortyLOVE
> Rob Grossberg

8 Enables Better and Bigger Lookalike Audiences for Prospecting

Lookalike audiences are customer segments with similar demographics, online shopping behavior patterns, and traits to your existing customers.

Many DTC brands have tapped out on lookalike audiences based on buyers. First party data allows you to identify a broader group of potential customers who have an intent to buy from you. Producing an automated audience based on these high intent users enables you to find new prospects and scale these lookalike audiences.

This can be a great way to recover from IoS 14.5.

> **"I think the easiest suggestion is to focus more dollars in prospecting audiences. It is more important than ever to make sure lower-funnel initiatives are being fueled sufficiently."**
>
> tinuiti
> Cory Philipson

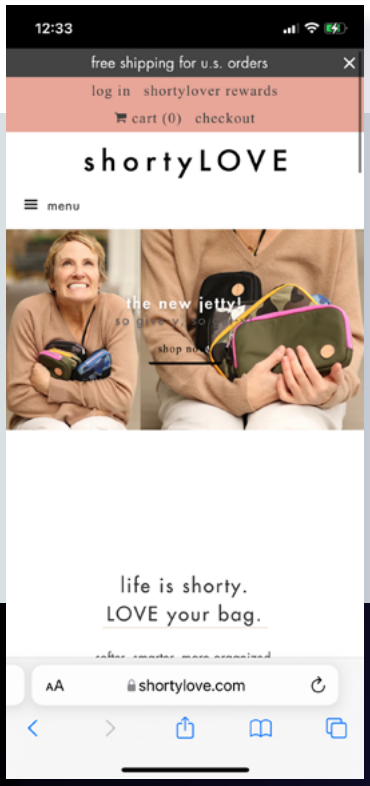
9 Transforms Retargeting ROAS

Another way first party data can help boost your ROAS is by enabling you improve and refine your remarketing. 98% of your first-time site visitors won't make a purchase, even if your ad did a great job to get them to visit your site.

You need a remarketing strategy that will put your products in front of your visitors in the other places they visit to get them to return complete their purchase. At the moment, you might be using a series of manually created audiences to do this. This is time-consuming and leaves money on the table. ML based retargeting can use your first party data more effectively.

> **"Black Crow is a crucial part of our marketing stack. They helped mitigate the effects of iOS14.5 by reducing our retargeting CPA by 40%, and at the same time increasing our prospecting audience size."**
>
> shortyLOVE
>
> Rob Grossberg, Marketing & Operations Lead

This is exactly what shortyLOVE did. After Apple rolled out its iOS14.5 update, shortyLOVE's remarketing campaign on Facebook suffered a significant decline. By combining first party data with the right tools, shortyLOVE was able to vastly improve their retargeting campaigns on Facebook, resulting in a 55% increase in their incremental net profit.



Within 30 days
shortyLOVE

- **Decreased its cost per ad (CPA) for its Facebook remarketing campaign by 33%**
- **Boosted its incremental net profit by 55%**
- **Reduced the CPA for their prospecting ads by 18%**

10 Aligns Your Brand With Consumers And Regulators Expectations Of Privacy

It's not just updates released by Apple and Google that you need to be concerned about. There are also the data privacy laws worldwide you need to consider.

Plus, since the Facebook-Cambridge Analytica scandal in 2018, consumers are becoming increasingly concerned about how their personal information is being used by social media and companies they've shared these with. Because of this, regulations like Europe's GDPR, HIPPA, and ECPA were passed by government agencies to ensure that companies won't misuse consumer data.

Before you collect first party data, you have the opportunity to inform your site visitors and customers why you're collecting their information and where you're going to use the data they provide. More importantly, first party data is not coerced from your site visitors and customers. You give them the freedom to choose if they want to share their information with you and how much information they'll provide.Not only does this make you compliant with data privacy laws, but it'll be something your audience will appreciate.

Consumers Want More Control and Education Around Data Privacy

I would like more control over the personal information I give companies and the way in which it is used.

79% Agree

I want more companies to take a more proactive role in teaching me about online data privacy.

53% Agree

Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree

Image Source from Gartner

> **"Your first party data enables you to break free from the mega-platforms and target audiences more effectively, regardless of changes in privacy setttings."** Richard Harris, Founder & CEO, Black Crow AI

11 Bonus Tip: Build Zero Party As Well As First Party

Don't just collect first party data. Your next step is zero party data.

Zero party gives you direct information from your customers and potential buyers about their context and intent. You don't need to extrapolate the data – you can know. If you want your site visitors and customers to share this personal information with you, you need to first give them something they'll find valuable.

DTC skincare brand, Glossier, for example, offers a free skincare quiz to its site visitors.

This is a win-win for both because Glossier's site visitors will learn what routine is best for their skin type. In exchange for this valuable information, Glossier can collect the first party data they need to retarget them with products that will suit them.

Glossier.

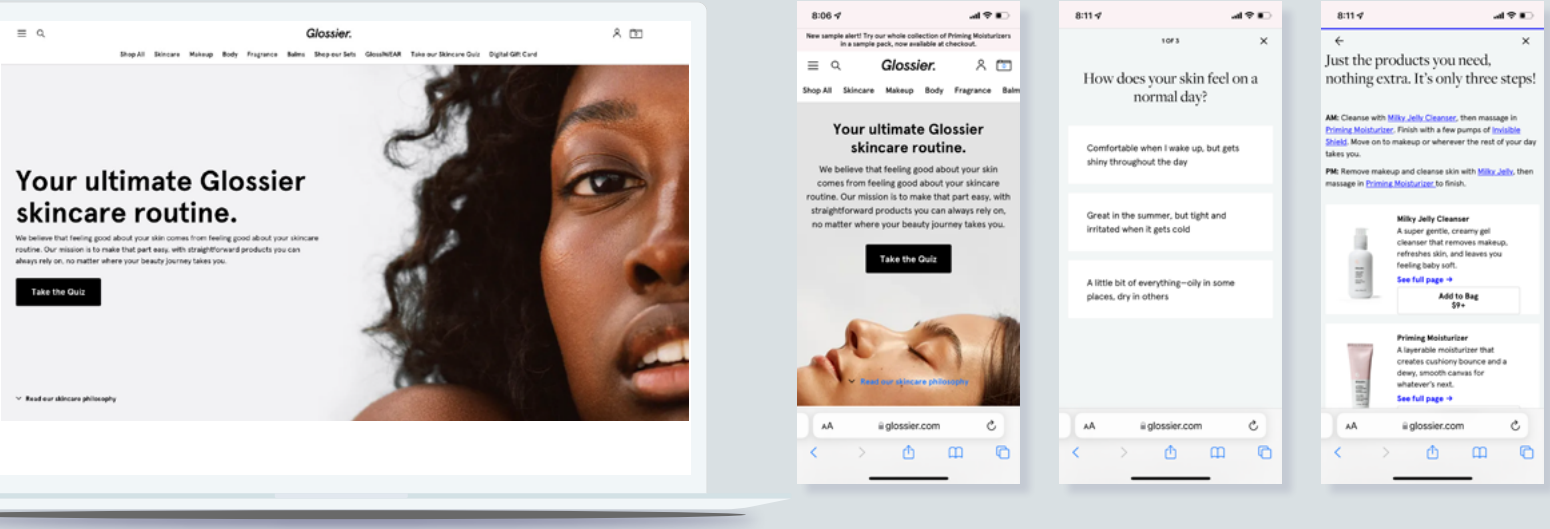


Image Source

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Make the Switch to Using First Party Data.

Third and second party is dying. Now is the time to make a proactive switch to focusing your DTC marketing on zero and first party data. Some good first steps are:

Invest in the Right Technology

Tools are essential to maximize the value of your first party data. Here are some ROAS boosting tools you need to maximize your use of the first party data you collect.

- **CRM**

  A CRM enables you to use the repository of the first party data like demographics and behavioral data you collect on your website, your social media accounts, and elsewhere on the internet. Salesforce or Agile CRM are often used by DTC brands.

- **Customer Data Platform**

  A CDP stores your first party data and enables you to leverage it in different channels.

- **Predictive Analytics Platform**

  A predictive analytics platform like Black Crow AI incorporates machine learning (ML) and artificial intelligence (AI) to help you understand the purchase intent of every visitor to your site. You can then use this to optimize your marketing activity – especially paid marketing.

Keep Your First Data Clean and Usable

Customers' buying behaviors will still change. Data privacy laws will be updated. You need to ensure that your first party data stays relevant and current throughout all this. Only then you'll be able to experience its benefits year after year consistently. Have a plan to identify what first party data you can collect. Ensure you're storing it safely and you're keeping it clean and usable. Identify which first data points could be most useful to you, and devise ways to collect that data from more people.

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The Black Crow AI Advantage

With more businesses adopting the DTC business model, smaller brands and startups need to find new ways compete against more established companies. And with Facebook advertising being an increasingly unreliable route to DTC scale, you may also be looking for other routes to your target audience. Using Machine Learning to leverage your first party data is one of the best ways to do both of these things.

The traditional route for ML is to hire an experienced team of engineers, data scientists and data analysts to build and train a machine learning model for you to use when designing your marketing strategy. The problem with this is that it can be costly. Not to mention that there's still the risk that you won't get the results you expect.

Black Crow Enables You To Leverage First Party Data

A better and more cost-effective way to leverage your first party datais using a tried-and-tested machine learning platform that you can quickly integrate into your Shopify store without having to do any coding. Since launching our business in 2020, our machine learning platform has been integrated into the websites of over 150 DTC brands. Within days of installing our tag on your web pages, you'll get access to valuable first-party data about your customers and site visitors in real-time. There's no need to worry about things like data normalization and training the model - we do that for you.

30 Day Free Trial

Unlike other machine learning platform providers that require you to put in an investment before experiencing any kind of result, we give you 30 days to thoroughly test our platform before paying. This is more than enough time for you to see the positive changes in your paid marketing campaign's performance with the help of our platform.

In effect, you'll be able to improve your CPA and ROAS for FREE!

If so, take a moment to book a demo with us today to learn more about how our machine learning platform can help you achieve your paid marketing goals.

Sounds Interesting?

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Book a demo today

25-50 % more customers for the same paid media spend