DATA STRATEGY

What GDPR Means for Data-Driven Marketing

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A topic of much discussion in recent months has been the implications of the General Data Protection Regulation (GDPR) on the availability of data. Today data is the lifeblood of effective marketing, used to obtain insights into as-yet-unknown customers, to enrich audiences who pass through websites and apps, and to better target and optimize advertising campaigns. In May 2018 when new data privacy regulations come into play marketers must prepare for a seismic shift. Here's what marketers need to know to prepare their customer data strategy to comply with GDPR regulations without sacrificing marketing effectiveness.

What exactly is the GDPR?

It's an important new privacy law, designed by the European Commission to hand over more control to EU *citizens* around the use of their data. The law applies to any business that processes the data of European citizens regardless of their location.

One of the most disruptive elements of the GDPR is the need for brands to obtain informed and unambiguous consent to process a user's data for each individual use case their data will be used for. This represents a stark contrast to the way in which most consumer data is collected today, through invisible tracking pixels tied to cookies, largely harvested without the end user's consent or knowledge.

What are the different types of data relevant to GDPR?

the different types of data in play today.

Data can be broadly broken out into 3 distinct categories, 1st, 2nd and 3rd party data.

1st Party Data:

This is data collected via YOUR owned properties and is your most valuable asset because of its exclusivity, provenance and high quality.

Best of all it is free of charge! 1st party data includes but is not limited to:

- Customer information held in your CRM

- Behavioural data gathered from your sites and apps

- Identifiers associated with your customers (email, IDFA, etc.)

- Marketing & advertising campaign data (impressions, opens, etc.)

Because you only know who you know, the obvious downside to 1st party data is its lack of scale and availability – most of us aren't (yet!) lucky enough to have our entire addressable market in our CRM database.

1st party data has a number of clear benefits when compared to other sources of data, namely:

CRM data eliminate the need for guesswork.

- It is exclusive – only your business has access to the data.

- It is of high fidelity – your business is the source of the data, leaving nothing to chance in terms of quality and provenance.

2nd Party Data:

Put simply, 2nd party data is just someone else's 1st party data.

A relatively new concept, 2nd party data has entered the marketer's lexicon as digital brand partnerships have become more common and relevant brands have buddied up to share their insights around consumers.

For example, a leading music streaming service might work closely with a company who sells tickets to concerts, and want to provide more relevant ticket offers to it's customers who are listening to music on the platform. Through 2nd party data sharing, the ticket retailer will be able to target country and western tickets to just those people who live in the Kenny Rogers audience segment the music streaming service built.

For a 2nd party data partnership to make sense there needs to be a good overlap in audiences, and a clear and beneficial value for the consumer.
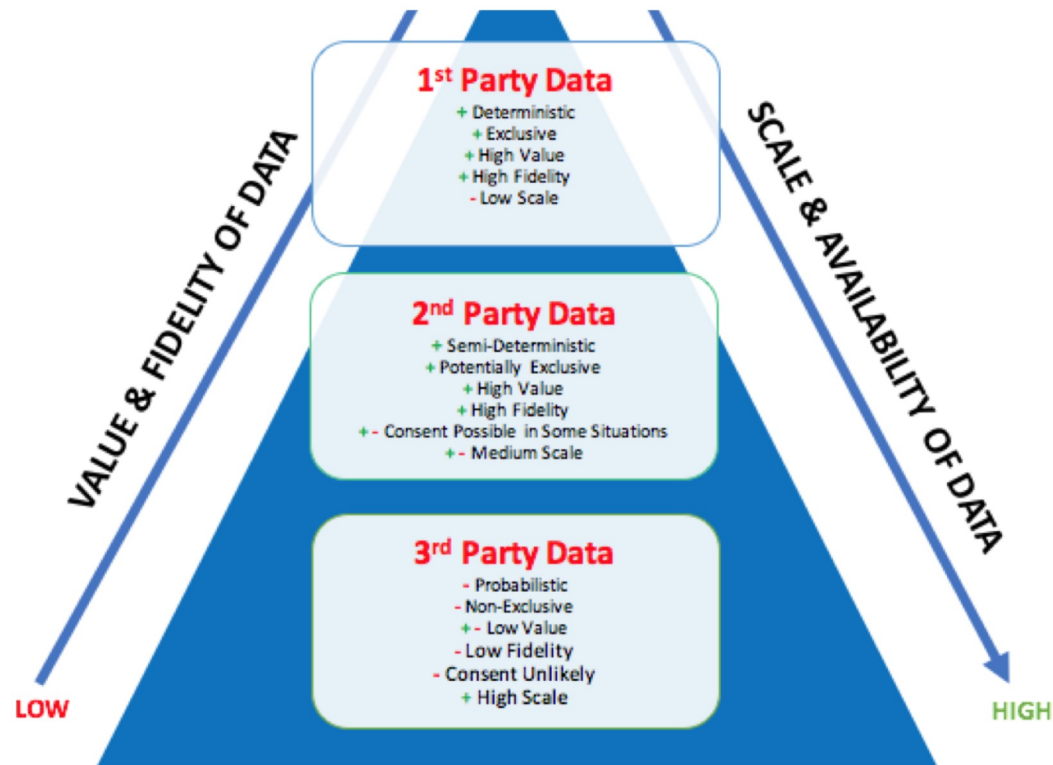
3rd Party Data:

external sources. 3rd party data's primary benefit is its huge scale and availability.

This scale, however, is at the expense of exclusivity and accuracy.

It can be very hard to derive the exact source of 3rd party data, and it has questionable competitive advantage given that it is made available to everyone, including your competitors.

3rd party data varies wildly in price, and the majority of audiences in-market are probabilistic or inferred.

A good way of illustrating this is what I like to call "The Hierarchy of Marketer Data":

How will GDPR impact each of these different types of data?

The GDPR stands to greatly reduce the availability of 3rd party data in the EU. That means that, by mid-2018, we can expect to see the hierarchy above turned on its head:
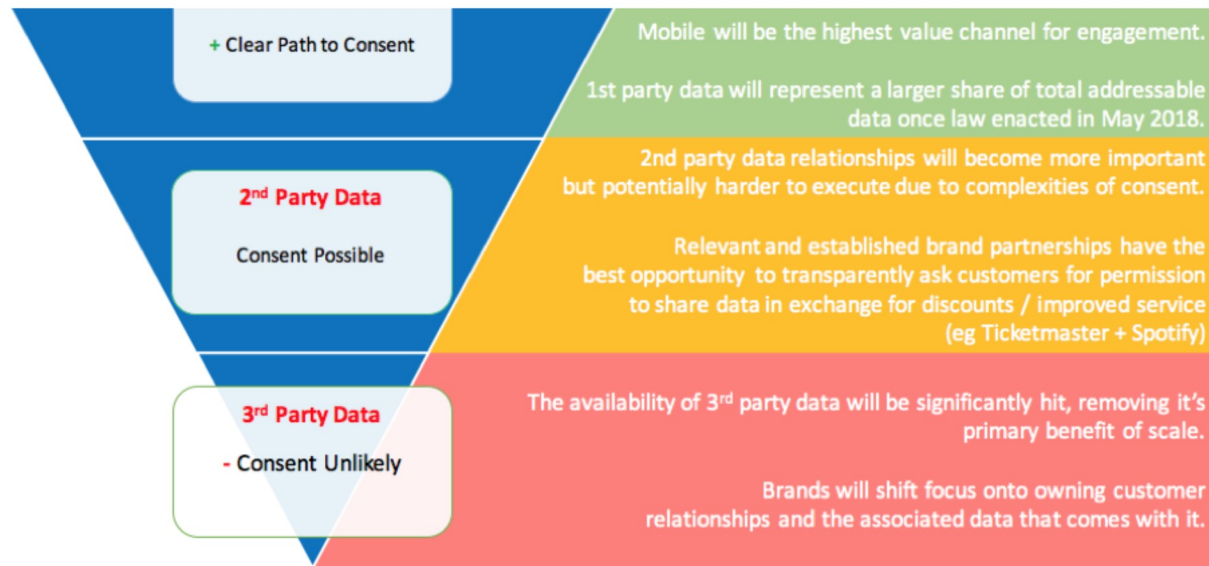
Once clearer requirements for consent are in place it is unlikely that the majority of consumers will willfully opt-in to their data being traded when there's no immediate upside for them.

What are the implications for data-driven marketers?

In the absence of these broad, high-volume audience data-sets, marketers will need to renew their focus on building deep and long-lasting customer relationships – relationships that will furnish their brands with insights over the long-term, and act as a solid, deterministic base for audience targeting and personalization downstream. With this shift, mobile will further cement itself as the highest value channel for customer data collection given its intimacy, the relative permanence of identifiers, and ability to re-engage.

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Unfortunately, many of the web-centric marketing technologies employed by brands today were not architected to handle the complexities of mobile or personal data. Many systems also operate on a basis of anonymity, collecting data via presumptive opt-out clauses which greatly reduces accuracy and fidelity of the information they hold. This simply won't fly under the new regulation.

It's no coincidence that we see Customer Data Platforms, and more specifically mobile-first platforms like mParticle, coming to the fore at this time of increased scrutiny. Brands that are not investing in modernizing their customer data strategy face a cliff-edge when GDPR comes into play.

Check out our Customer Data Strategy Playbook

Article originally published on the mParticle blog: https://www.mparticle.com /blog/what-gdpr-means-for-data-driven-marketing/

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Tim Norris
General Manager EMEA at mParticle
3 articles

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Thomas van der Biezen   ⋯   20h
Social Strategist at Greenhouse Group (GroupM/WPP). Blogger at socialstrategist.nl

Hey Tim, thanks for your elaboration. I have a question with regard to Facebook and Google, both in the 2nd party data pool. What do you think will be the impact on their power and their duopoly. Gr Thomas

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Tim Norris   ⋯   20h
General Manager EMEA at mParticle

I would actually put G&F into the 1st party bucket in the context of this post, as the data they hold is passed directly from consumer to them. They are marketers themselves, of course.

However, both should also considered to be Data Processors. They represent "2nd party" relationships in the context of a B2C marketer passing customer data into G&F suite of products.

Both G&F offer services that are so useful, and widely used, that obtaining consent from consumers will not be the big challenge. Rather it will be handling the complexities of ongoing compliance, given the humongous scale of consumer data they both hold.

One of the more complicated aspects of GDPR is the right for end consumers to request to see those data being held on them by a particular data controller. This is going to require a lot of new processes to be put in place.

Further, one will be entitled to request that all those data are deleted from both con-

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Net net, G&F need to hire significant volumes of people to manage governance, and invest in automating consumer request processes (far too much data for manual). Some bottom line impact, but their power will prevail.

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James Dunne   ··· 2d
People. Brands. Strategy. Technology. Culture. Ideas. Coffee.

Excellent article.

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Tim Norris   ··· 2d
General Manager EMEA at mParticle

Thanks James

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