



POSSIBLENOW™

Consent, Preferences, Insights, Compliance

TRUST
Be Human



TRUST, TRANSPARENCY, CONTROL THE NEW CUSTOMER IMPERATIVES

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We empower the individual's voice, so that trust is built and relationships are enriched.

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About PossibleNOW

With greater choice, more sources of information, and social media outlets to voice their opinions, consumers have never been more powerful and demanding. In response, modern marketers have adopted more customer-centric strategies which establish more direct relationships with customers and engage them in customer journeys made up of highly personalized experiences across touchpoints and channels. To be effective, these strategies require visibility into the always-changing attitudes, needs, and preferences of individual customers – visibility found in the form of data. Data is the lifeblood of modern marketing – it is the fuel required to deliver the personalization of products and services customers now expect.

Businesses are entering an era in which this rich, detailed personal data is becoming increasingly scarce due to declining consumer trust, mounting privacy regulations, and disappearing sources third-party data.

However, consumers have shown a willingness to share personal information with companies they perceive as trustworthy, making trust a primary factor of determining if a consumer will give companies access to their data - data marketers can then use to deliver the high-quality experiences they want.

Companies that invest in and master the dynamics of trust in their customer relationships will be able to build their own data assets, accessing the rich, personal information they need directly from their customers. Their ability to establish and grow customer trust will become a significant competitive advantage.

Three Trends Leading to Data Scarcity

Marketers and advertisers are facing an inflection point in the availability and permitted use of consumer data. The era where personal information from 3rd-party sources was abundant and freely available is coming to an end, in part as a backlash to the mishandling and misuse of this data by companies.

Digital consumer platforms like Amazon, Netflix, Facebook, and Google led the way, leveraging the data they collected to personalize the engagement and online experiences of their customers. Those same platforms also allowed advertisers and marketers to access and use that data (available as 3rd-party data) for insight into consumers' interests and behaviors - and then target them with relevant communications and offers.

But an ongoing string of massive, high-profile data breaches (eBay, Equifax, Yahoo, Marriott, LinkedIn, AOL, Apple, Facebook...the list goes on) and increasingly invasive marketing practices has triggered growing consumer anxiety over the safety of their data and distrust that companies utilize their data ethically.



“ 75% of adults online currently use at least one "privacy preserving" tool like an ad or cookie blocker.

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- Forrester Research

Rising from these circumstances, 3 major trends are combining to severely limit the amount of consumer data that marketers and advertisers will have available to them in the future. The resulting scarcity of data, especially rich personal data used for personalization, could leave companies without the inputs for customer insight they need to deliver satisfying customer experiences.

- **Consumers now proactively resist tracking and data collection.** After a decade of being subjected to irrelevant, spammy emails, random robocalls, interruptive pop-ups, and creepy, retargeted banner ads and an endless string of data breaches consumers are unhappy that their personal data is out of their control. They are skeptical that the data is being used properly and anxious that their information is not kept secure by the companies that have it. As a result, consumers have begun to proactively resist collection of their data by adopting privacy-preserving actions - 75% of adults online currently use at least one “privacy preserving” tool like an ad or cookie blocker (Forrester).
- **Privacy regulations continue to proliferate.** The EU’s General Data Protection Regulation (GDPR 2018) led the way for legislation protecting consumer privacy, data rights, limits on the amount and types of data companies can collect on consumers, and how it’s used. For example, under GDPR companies can no longer collect and keep data simply because it might have future value and purchasing 3rd-party data for uses like marketing lists is constrained. Similar laws are pending in Japan, Indonesia and many other countries.

In the United States the California Consumer Protection Act (CCPA 2018) and California Privacy Rights Act (CPRA 2020) are modeled after parts of the GDPR – and after their passage, momentum for US-state level privacy legislation is at an all-time high. Similar laws have passed in Nevada and Virginia, and consumer privacy bills limiting data collection use are active in a dozen other states.

- **Third-party data providers are restricting access to their data.** Large consumer platforms (Facebook, Amazon, Apple, Google) have decided to lock down access to their data assets. They are, in part, responding to their customers’ call for greater privacy by cutting back on outside access to the data they continue to collect within their “walled gardens,” as well as changing their data collection and privacy practices.

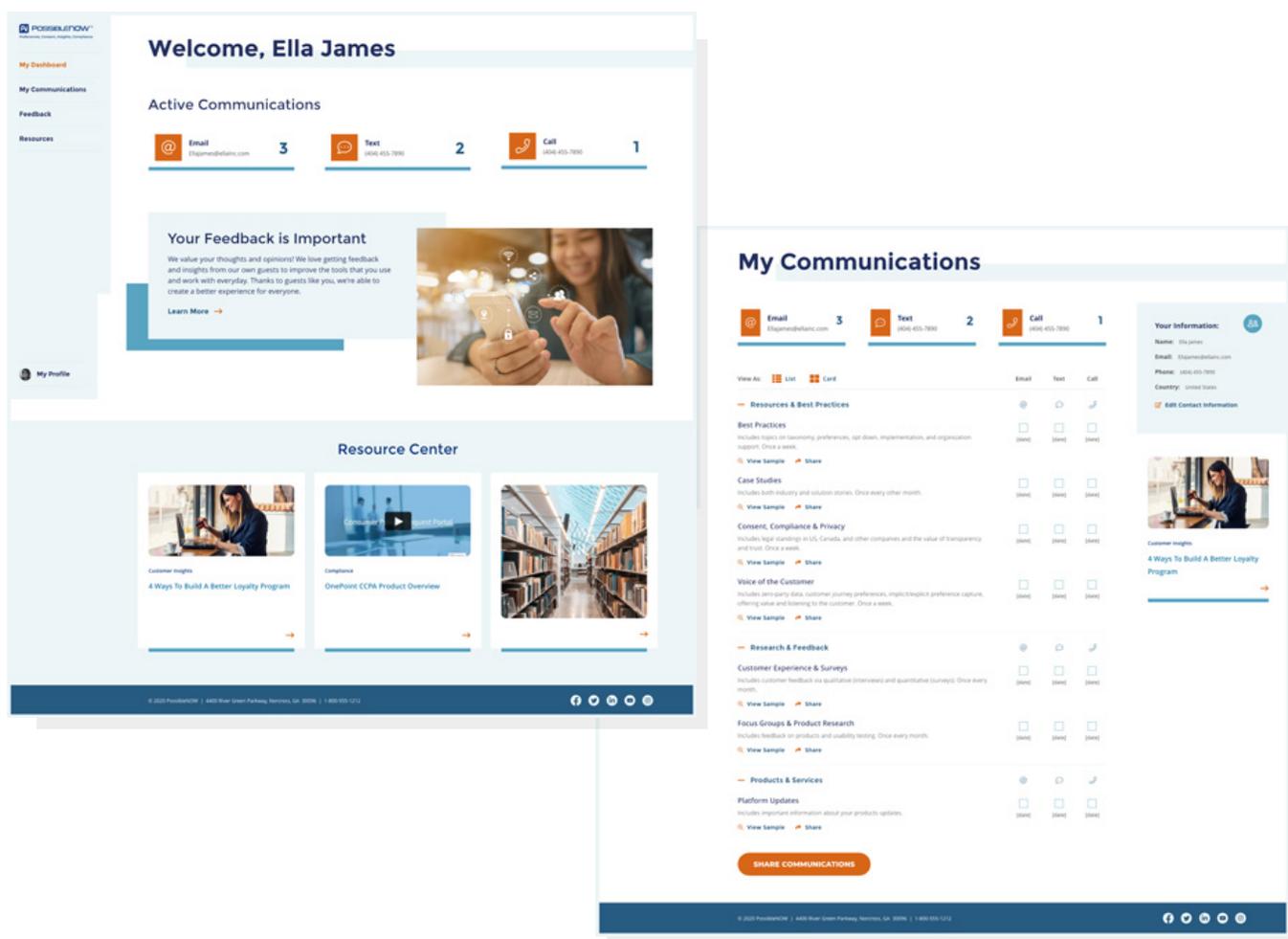
Some, like Apple, are making privacy an integral component in their branding and core values – leading to significant changes in the way their marketers, products, and systems manage user data to increase consumer control and privacy. For example, the Apple Safari browser, which accounts for nearly 60% of mobile traffic, stopped supporting 3rd-party browser cookies (used heavily by digital marketers to track the behavior of and profile consumers) in March 2020. Similarly, Google is pursuing strategies to protect privacy for users of their Chrome browser, seen in 2/3rds of web traffic. As part of that plan, Chrome will cease supporting 3rd-party cookies in 2023.

Each of these 3 trends limit the availability of data and together they represent a significant reduction in the amount of personal information companies can access and process. As consumer data becomes increasingly scarce and challenging to acquire, marketers will be forced to rethink their strategies for sourcing the high-quality data they need to generate customer insight and provide the relevant, personalized experiences customers love.

Businesses Should Collect Data Directly From Their Customers

In light of these developments a strategy marketers should consider is to collect the data they need directly from their own prospects and customers. Despite the growing dissatisfaction consumers have with the ocean of poor data and marketing practices they are exposed to; they have shown a strong willingness to share their personal data with brands that they do trust. Therefore, companies perceived as trustworthy by consumers will be in the best position to secure access to vital data – getting it directly from their customers.

For these companies, the strong, trusted relationships they have with their customers will emerge as a sustainable, strategic advantage. And the value of this trust will skyrocket as consumer demand for personalized experiences continues to expand and external sources for personal data disappear.



Understanding the Four Categories of Data

There are many types of data, so, for the sake of clarity and context let's review some definitions – and introduce an important new category of consumer data – zero-party data!

1st-Party data – This is internal data that a brand owns. It's typically data that a business has collected about a customer during an interaction with them. The classic example is data that is collected in an eCommerce system from a transaction, which can contain valuable information like a customer's identity, email address, what they bought, and how they paid. Other systems gathering 1st-party data include CRMs, contact center systems, and marketing automation platforms.

2nd-Party data – This is data that the brand gains access to through a partnership with an affiliate or partner – it is data for customers that two or more parties have in common, being shared between them on a private basis, for mutual benefit. Examples include campaign response data a bank shares with its credit card or mortgage affiliate or an industry association that shares member information with a marketing partner.

3rd-Party data – This is external consumer data that has been compiled from sources such as credit bureaus, telephone companies, or public government records and offered for sale by a broker. A brand can then use this data for executing marketing campaigns or many other purposes. Appending consumer data from an external 3rd-party list can add valuable demographic and psychographic attributes to 1st-party customer records – information that might improve targeting and segmentation, or support data analytics and modeling. However, 3rd-party data is often notoriously outdated and inaccurate.

Zero-Party Data – To develop a deep, accurate understanding of customers, the most valuable information a customer-centric marketer or CX professional can have comes directly from customers themselves. Data that is shared directly by a customer to a brand is commonly referred to as "Zero-Party" data, a term coined by Forrester Research.

Forrester Research defines Zero-Party Data as data a customer intentionally and proactively shares with a brand, and might include preference center data, purchase intentions, personal context, and how the individual wants the brand to recognize them.

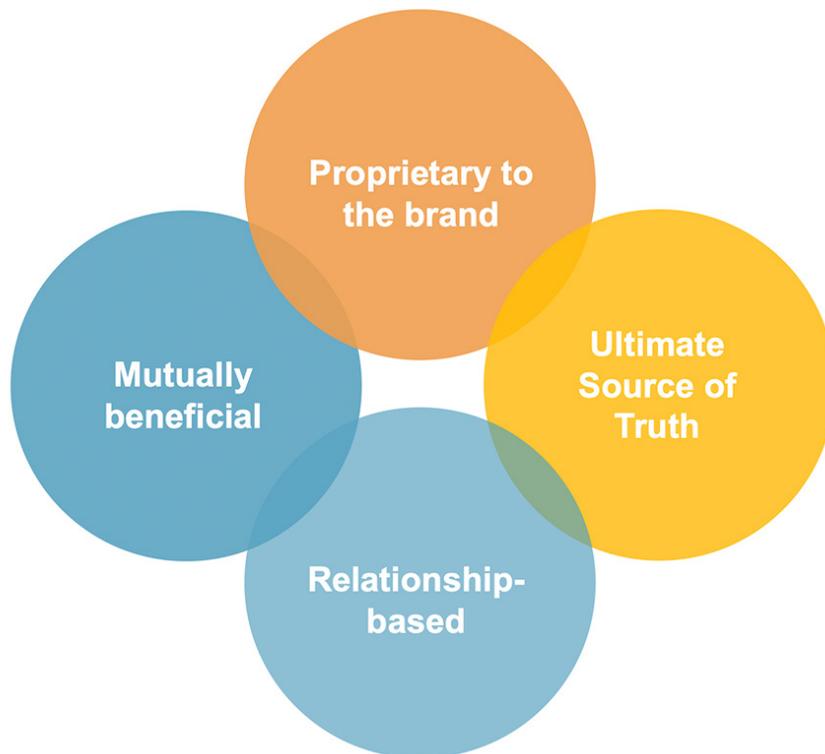
Here's how Zero-Party data fits into the existing lexicon of the familiar consumer data types:

| | Inferred data | Observed data | Self-reported data |
|--------------------------|--|--|---|
| Third-party data | <ul style="list-style-type: none"> Inferred household income | <ul style="list-style-type: none"> Mobile device ID Set-top box data Purchase preferences | <ul style="list-style-type: none"> Social media page likes |
| Second-party data | <ul style="list-style-type: none"> Product/category preferences | <ul style="list-style-type: none"> Web cookie data | <ul style="list-style-type: none"> Self-identified household income |
| First-party data | <ul style="list-style-type: none"> Cross-device identity matching | <ul style="list-style-type: none"> Loyalty program activity Purchase history | <ul style="list-style-type: none"> Date of birth Mailing address |
| Zero-party data | | | <ul style="list-style-type: none"> Preference data (e.g., email opt-ins) Feedback surveys |

4 Benefits of Zero-Party Data

For marketers and CX professionals zero-party data holds clear advantages over all other types:

- **Proprietary to the brand** – no competitor can acquire this information about these customers.
- **Ultimate source of truth** - because it comes directly from customers, it is more reliable, more accurate, and provides brands with explicit insight into the immediate motivation, needs, and desires of individual people. It removes the guesswork inherent with inferred or observed data.
- **Relationship-based** – a customer’s level of trust leads to their willingness to share their data.
- **Mutually beneficial** – When customers provide insightful information about themselves, companies are positioned to provide value in return, which strengthens their relationship.



Foundation for Growing Trust: Data Transparency, Control, and Reciprocity of Value

Companies can create a solid foundation for brand / customer relationships by adopting three core practices:

- Being fully transparent about the information they gather
- Giving customers control of the personal data they've shared with the brand, and
- Offering them fair value in return for sharing data

Promote Data Transparency

Numerous studies have found that transparency about the use and protection of consumers' data reinforces trust. To demonstrate transparency, brands need to communicate clearly about the role customer data plays in their relationship. Privacy and data practices need to be:

- Open and in the proper context
- In formats that are easily accessible and in clear language
- Descriptive of what data you intend to use, when, how, and why; and
- Clear about how their data will be kept safe and be used to create value for them

With this in mind, transparency should be a focal consideration in the design of customer touchpoints or journeys that involve data collection, and especially those where customers are asked to voluntarily share zero-party data.

Give Customers Control

It's important to empower customers to have a voice in their relationship with your brand. Well-designed preference centers (which include preferences, consent, insights, and profile data) offer this opportunity. Implementing a preference center presents customers with a unique point of engagement in their brand relationship – it offers.

- A consistent place customers can go any time to connect with the brand.
- Control to manage consent status, view/add/update/delete preferences, or any other previously shared zero-party data; and
- The ability to choose how they want the brand to engage with them.

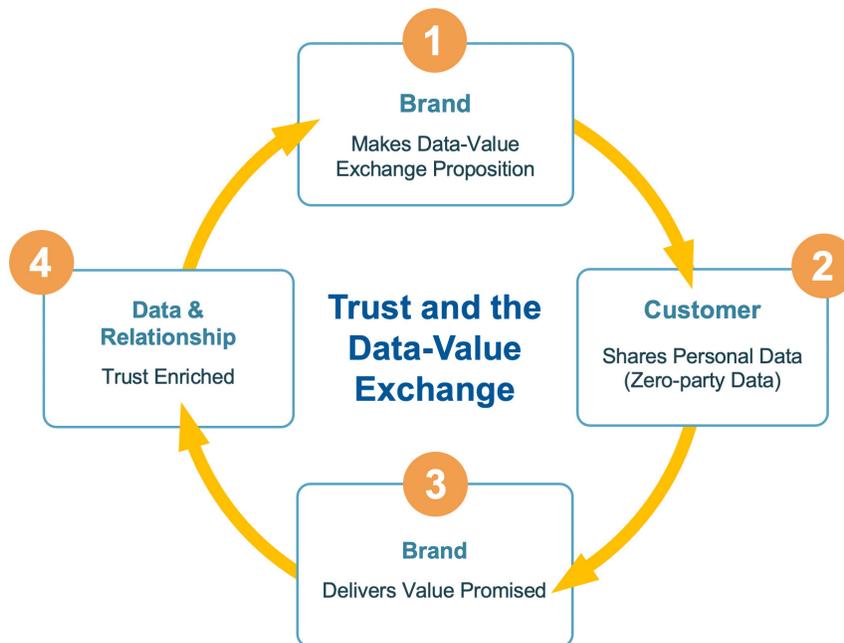
Provide Value in Return

Modern consumers realize that their data is valuable to companies and now expect to receive fair value back in exchange for giving marketers access to their personal information. Companies need to clearly communicate an attractive value proposition that connects the personal information a customer shares to a desirable benefit. For example:

Nike's Direct-to-Customer strategy asks consumers about their interests - to identify which customers are performance athletes and which are drawn to the brand for athleisure fashions. Athletes are offered online resources for planning and tracking workouts and sent updates on performance-enhancing product improvements while the fashion-forward crowd gets news on the release of the latest and limited-edition styles.

Shiseido cosmetics collects information about skin type and care challenges and uses it to provide the customer with product recommendations and a skincare regimen personalized to their specific needs.

These examples illustrate the win-win that's central to a concept that marketing expert Ernan Roman calls Reciprocity of Value. Customers are more satisfied because the brand is doing a better job of meeting their needs, and they reward the brand with loyalty, advocacy, and bigger purchases. Each time there is a successful data-value exchange between brand and customer, it positively reinforces the relationship and incrementally strengthens customer trust which increases their propensity to share more data. And the cycle continues.



As you may have guessed, the brand / customer relationship must be built over time. Thus, it is important to collect only contextually relevant data at key touchpoints along the customer journey. This data collection technique, referred to as progressive profiling, collects zero-party data gradually, building up detailed customer profiles that paint a clear picture of an individual customer's needs, preferences, and motivations.

Zero-Party Data is the Solution to the Looming Data Scarcity

By being transparent about data use and practices, giving customers control over their personal information, and offering a fair value exchange for data, brands earn customer trust. That said, each individual data-value exchange needs to be managed with great care – customer trust is easily lost when a promise is broken or if the value being delivered misses expectations.

But for companies who build and maintain strong customer-company relationships, the value is clear. Customers will not only enhance their own engagement and activity with the company leading to a lifetime ROI increase, but they also refer those brands to others. Companies have everything to gain from establishing a customer-centric approach to building trust, and nothing to lose.

If any of these

PossibleNOW is the pioneer and leader in customer consent, preference, and regulatory compliance solutions. We leverage our MyPreferences technology, processes, and services to enable relevant, trusted, and compliant customer interactions. Our platform empowers the collection, centralization, and distribution of customer communication consent and preferences across the enterprise. DNCsolution addresses Do Not Contact regulations such as TCPA, CAN-SPAM and CASL, allowing companies to adhere to DNC requirements, backed by our 100% compliance guarantee.

PossibleNOW's strategic consultants take a holistic approach, leveraging years of experience when creating strategic roadmaps, planning technology deployments, and designing customer interfaces.

PossibleNOW is purpose-built to help large, complex organizations improve customer experiences and loyalty while mitigating compliance risk.

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