



Apteco

# How first-party data analysis powers personalisation and individualisation

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A practical guide to help you get the full value of your first-party data.

A close-up photograph of a human eye with light blue irises and dark eyelashes. A large teal triangle is overlaid on the left side of the image, containing the title and text.

# The importance of personalisation

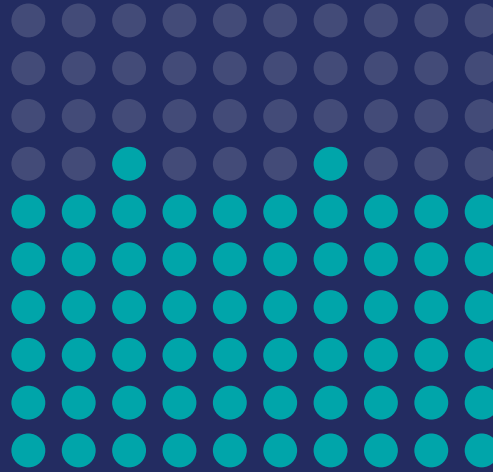
It's not all that long ago that personalisation was seen as cutting edge, delighting customers with one-to-one marketing messages that made a memorable impact. This unique thrill has quickly evolved into an expectation.

Nowadays it's not the use of personalisation that stands out, but the lack of it. Customers now expect a personalised experience when dealing with any organisation, and react strongly if brands don't deliver.



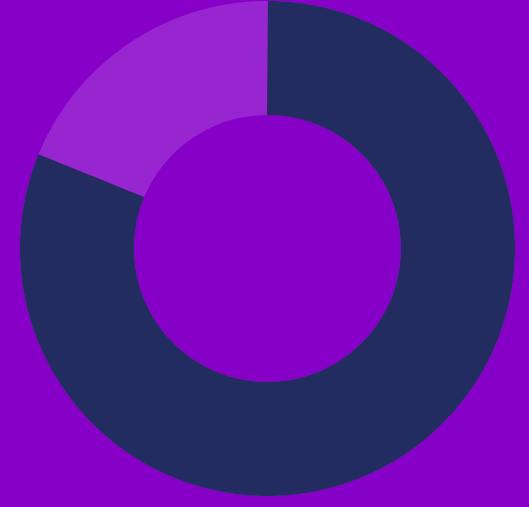
73%

expect companies to understand their unique needs and expectations



62%

of UK consumers are more likely to buy again from brands which treat them like an individual



80%

of consumers are more likely to make a purchase when brands offer personalised experiences

**When done right, personalisation benefits you and your customers. Your customers receive highly relevant communications that are more likely to be of interest and less likely to waste their time, improving their experiences with your brand.**

And by demonstrating how well you understand your customers' habits and preferences, you build happier customers who are more likely to remain loyal to you – and drive increased revenue.

However, personalisation itself has evolved to become more layered, and more complex. In fact, personalisation is now seen as a standard entry point and leading marketers are instead looking to achieve a higher level of personalisation known as individualisation.

At the same time, how marketers unlock personalisation is changing. Third-party data, relied on for so long by marketers, is fast being eroded. Data privacy is becoming stricter.

For marketers today, the challenge is how to deliver deep levels of personalisation (and even individualisation) with first-party data. Let's look at how that can be achieved.

# Zero, first, second and third-party data – what's the difference?

Moving beyond personalisation to individualisation relies partly on access to high-quality data. However, how marketers gather data has been changing in recent years due to the clampdown on third-party data. So before we go any further, we need to clarify what we mean by zero, first, second and third-party data.



- 0. Zero-party data** is information that the customer willingly shares with you. For example, purchase intent and contact/salutation preferences are examples of zero-party data.
- 1. First-party data** is any customer information that your company has collected itself – your CRM database is a perfect example of first-party data.
- 2. Second-party data** is anything you have sourced from another company as part of a partnership or a one-off purchase. The other company monetises its own first-party data. If you've ever bought a mailing list, you've used second-party data.
- 3. Third-party data** is information purchased from an information aggregator or broker like Facebook or Google. These companies collate first-party data from a wide range of sources to build enormous, detailed databases about individuals.

# Every organisation has at least some first-party data, including:



## Contact data

Name, postal address, email address, gender



## Behavioural data


Engagement with emails, ads, social posts



## Transactional data

To be considered as a subset of behavioural data including product names, transaction date, transaction value etc.

**First-party data is particularly valuable because it may be unique – no one else has exactly the same information about individual customers.**



# Cookie crumble and the increased importance of first-party data

Third-party data sounds like a great way to increase the reach of your personalised marketing efforts – but there are significant concerns relating to customer privacy. When people complain about intruding targeted advertisements, it's usually as a result of using third-party data.

While regulators have been hard at work tightening privacy laws (think GDPR), big tech has also been making significant changes. With the release of iOS 14.5, Apple gave their users the choice of opting out of third-party data collection via the use of cookies. Almost overnight, [95% of users chose not to allow cookies](#) to track their activity across apps and websites.

The effects were dramatic. Not only were third-party data aggregators severely limited, but they also incurred significant financial losses – an estimated \$10bn in Facebook’s case. Google has also announced its intentions to [disable cookies for Chrome](#). Although this move has been delayed until the end of 2024, the direction of travel for marketers and third-party data is evident.

First-party data allows your business to avoid these issues. The data your business collects is given with the consent of your users, meeting GDPR requirements. And because you’re not relying on third-party cookies to collect information, you don’t have to worry about users rejecting them.

# 95%



of Apple users chose not to allow cookies to track their activity across apps and websites.

# The different stages of targeted communications



**One-to-all**



**One-to-group**



**One-to-few**



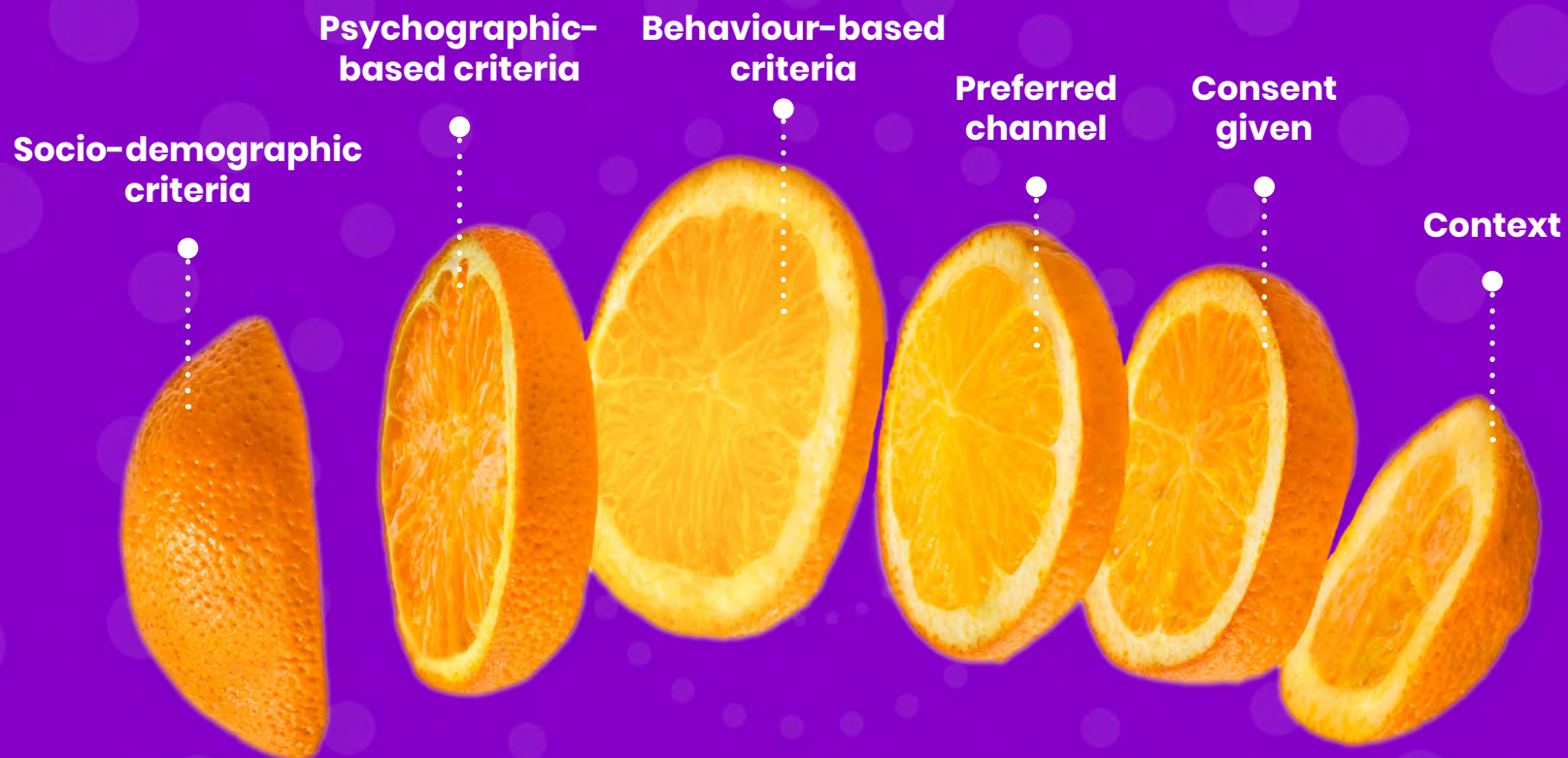
**One-to-one**

The most basic level of marketing communications is one-to-all, sometimes also described as “spray and pray” tactic. Normally this would involve something very basic, like a newsletter, that is mailed to all your customers with minimal efforts at personalisation. **As you would expect, targeted communications are a little more involved:**

# 1. Segmentation

Initial personalisation efforts begin by dividing your contacts into groups to help build your audience. Groupings can be across various categories, such as socio-demographic, psychographic and behaviour-

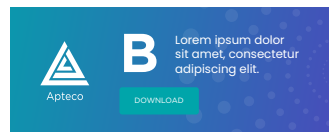
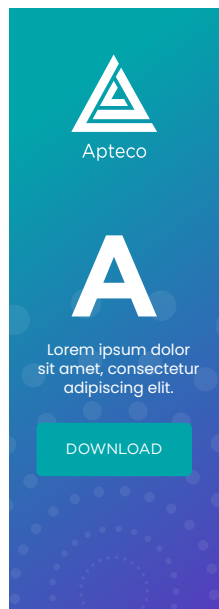
based criteria, preferred channel, consent given or context. Segmentation is the foundation of one-to-group target audience building.



## 2. Personalisation

Personalisation is a one-to-few technique that uses basic customer data to tailor content variants to each audience segment at once. Take the example of an email newsletter that has three factors:

It is possible to create 27 different messaging combinations (3 x 3 x 3) that can be mixed-and-matched according to the profile and interests of your target group.



**Banner ads  
A, B and C**



**Discount offers of  
5%, 10% and 15%**

**Promo code:**

APTECO-PROMO-X

ENTER CODE

**Promo code:**

APTECO-PROMO-Y

ENTER CODE

**Promo code:**

APTECO-PROMO-Z

ENTER CODE

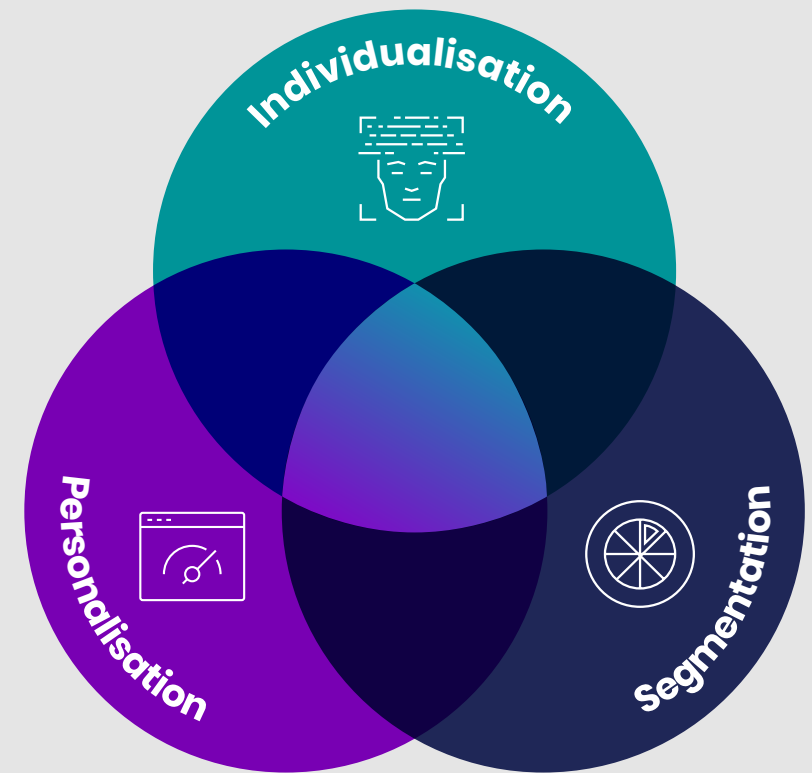
**Vouchers codes  
X, Y and Z**

### 3. Individualisation

The holy grail of personalisation, this is pure 1:1 messaging (sometimes called personalisation 2.0). Using a much richer data set, marketers can tailor their message to a specific person, dramatically increasing its relevance to the recipient.

Importantly, all three stages can (and should) be combined into a single campaign. The synergy of opportunities and capabilities between them is strongest when marketers use all of the options together. There is a distinct overlap between segmentation, personalisation, and individualisation.

Choosing the ideal combination will vary depending on the channel. It's relatively simple to personalise every detail of an email for instance but also physical print offers great potential for personalisation. Whereas traditionally, print variants incurred extra costs, nowadays programmatic and digital print enable multiple variants at moderate cost, low print runs and higher conversion rates.





Personalisation is not purely about the content of the message. Other factors like “send time” can be adjusted according to customer preferences, which can often be inferred from the first-party data your company already holds.

Engagement preferences are not always obvious. For example, sending a voucher to be redeemed at the nearest store might not reflect the buyer’s habits if they generally prefer to travel further to a better stocked store.

Ultimately, the ratio of segmentation, personalisation and individualisation depends also on data quality, and the permissions you have obtained from your contact. Since GDPR came into force, it is often a question of data privacy concerns, and responsible use of the data you hold (which will help to minimise the creepiness factor of personalised messaging).

# The 3 maturity levels of individualisation

Just as marketers can evolve personalisation to reach individualisation, so there are more advanced levels of individualisation. And as messaging becomes more mature, the impact on the customer experience is greater.

# 1. Basic

With nothing more than basic contact data, you can send a 10% voucher for an upcoming steak evening at a local restaurant. For some customers this will be fine – but what if the recipient is a vegetarian? This lack of insight could have the complete opposite effect, deterring potential customers from visiting. Not just now – ever.

## 2. Intermediate

Another option would be to send a generic 10% discount voucher redeemable against any menu items at their nearest restaurant. This shows a better understanding of the customer's needs, but they may still choose to dine at another branch that is more convenient, or which offers a better menu.

## 3. Advanced

Advanced individualisation is based on transaction history. You know your customer's preferences and buying habits, so you can offer a specific 10% discount on their favourite dish – or a 2-for-1 deal on their regular drinks order at their favourite restaurant.

In this way, advanced individualisation gives greater targeting and one-to-one messaging so marketers can target VIPs or lapsed customers with different offers and rewards that are highly relevant – and therefore more likely to be acted upon.

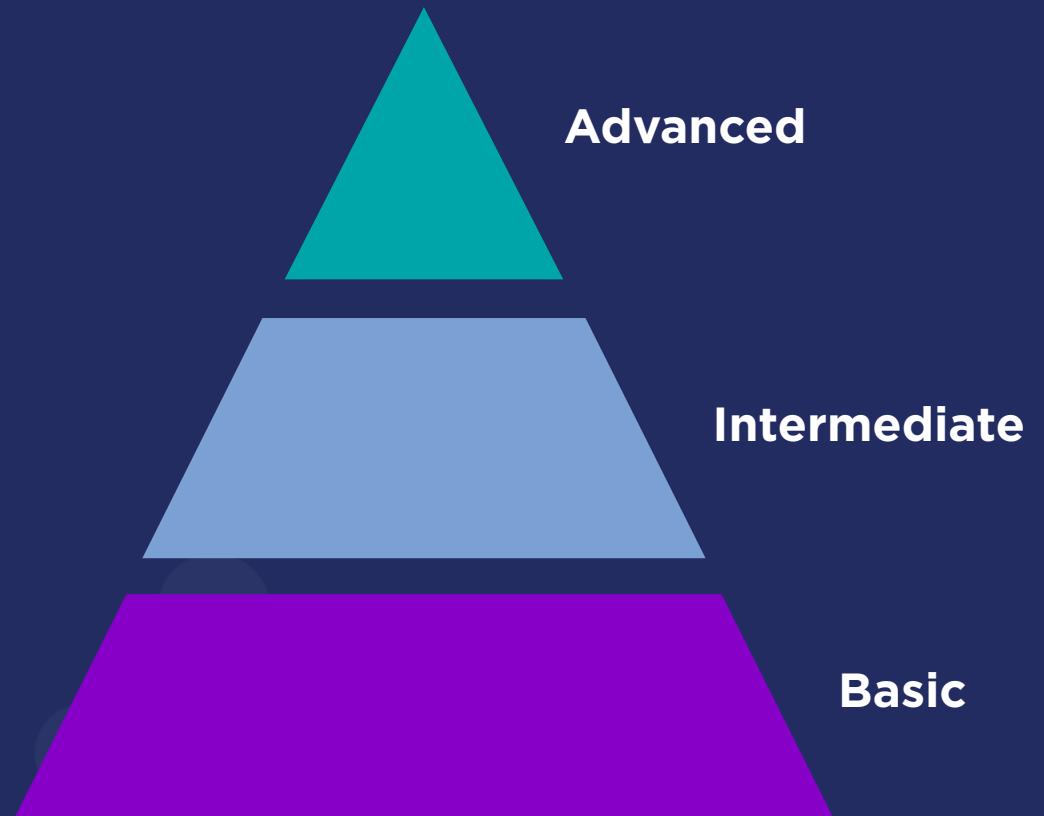
Let's view some individualisation examples to show what content examples can specifically be created when building each marketing campaign.

A photograph of a King penguin standing in the middle of a large colony of its fluffy brown chicks. The penguin has a dark blue body, a yellow patch on its neck, and a long, pointed beak. The chicks are covered in thick, brown down and have smaller, darker beaks. The background is filled with more chicks, creating a sense of a large, busy colony. A large purple diagonal shape is overlaid on the left side of the image, containing the title and text.

# Putting individualisation into practice

The level of personalisation you can achieve depends on the kind of data and data quality you have access to, and how creative you are in interrogating that data. The more data you have, and the smarter you are with filtering that data, the closer you can get to individualisation.

**Let's look at the three maturity levels based on their complexity to implement and the data required:**



# Basic

Mostly based on contact data.



**Individualisation:** Email subject line

**Data needed:** Name, address, transaction number, or item name

**Content examples:**

- Discover the latest trends, **Tim**
- Your flight **LH925** is ready to board
- Your order **XY538** has been shipped
- Sign up for one of our events in **Birmingham**



**Individualisation:** Regional events

**Data needed:** Date of events, address (postcode), or county

**Content example:**

Your **Glastonbury festival** must haves



**Individualisation:** Salutation

**Data needed:** Name, any honorifics

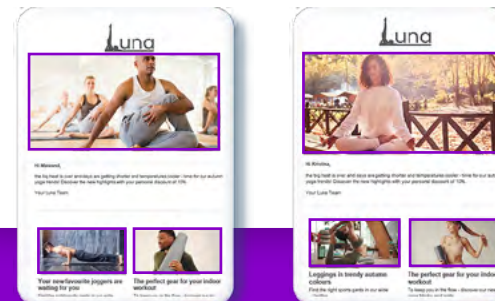
**Content example:** Dear **Lady Robertson**



**Individualisation:** Female or male content

**Data needed:** Gender, salutation

**Content example:** Imagery of female or male clothing



# Intermediate

Mostly based on data derivations and virtual variables.



**Individualisation:** Closest store

**Data needed:** Store and customer addresses or respective longitudes and latitudes, calculated distance

**Content example:** Discover our offers at [Birmingham city centre](#) store!



**Individualisation:** Anniversary

**Data needed:** Transaction history, date of first transaction

**Content example:** Congratulations on your [5th anniversary](#) with us!



**Individualisation:** Age

**Data needed:** Birth date

**Content examples:** Happy [30th](#) birthday! Celebrate today with our [30% discount](#) on your special day!



**Individualisation:** Countdown

**Data needed:** Today's date and event date

**Content example:** Your trip to [London](#) starts in [5 days](#)!

# Intermediate

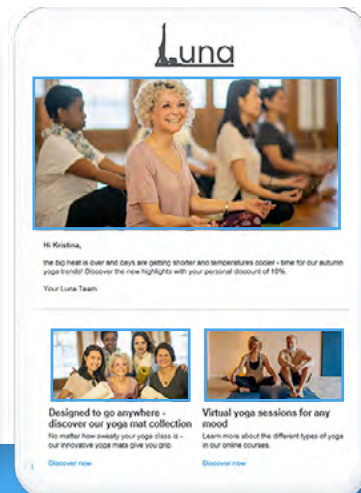
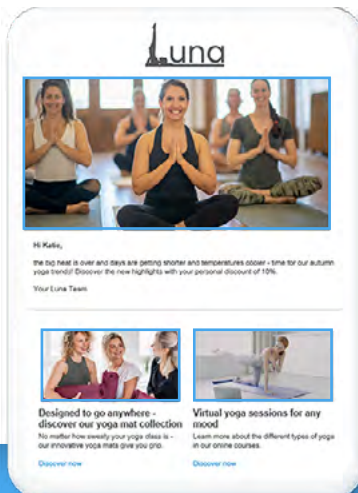
Mostly based on data derivations and virtual variables.



**Individualisation:** Lifestage

**Data needed:** Age, allocation to a group

**Content example:** Different imagery based on lifestage, e.g. for kids, teenagers, young adults, middle-aged adults, pensioners. Alternatively, this could also be based on the customer lifestage group, e.g. new customer, VIP or churn risk.



**Individualisation:** Send time personalisation (personalising the timing rather than the content)

**Data needed:** Open time history

**Other use cases with external triggers:**

- Holidays
- Public holidays
- Weather conditions

**Content example:**

**Summer holidays** are about to start - here is your checklist!

# Advanced

Mostly based on more advanced derived variables and predictive analytics methods.



**Individualisation:** Product recommendation

**Data needed:** Transaction history

**Content example:**

- Offer a **phone case** when customer just bought a **phone** (methods used for this are typically best next offer or pattern matching)
- Offer holidays in **Spain** to those who have already visited **Portugal** and **Italy**



**Individualisation:** Discounts

**Data needed:** Allocation to segment

**Content example:** Depending on segment affiliation and marketing strategy, individuals receive **5%**, **10%** or **15%** discount



**Individualisation:** Send time personalisation

**Data needed:** Transaction history, engagement history, trendline

**Content example:**

- Offer of same jeans that customer bought a certain while ago
- Send special incentives to gym members whose attendance has been declining over the past few months
- Frequent flyer offers to passengers whose frequency of flights increased recently

# How technology delivers data insights

Ideally, marketers could continually ask customers for more personal information, but this will eventually lead to fatigue or hostility. Far better is to extrapolate the data you already have to reveal new insights. This is where virtual (or derived) variables come into play, taking a basic item of personal data and using it to deliver powerful personalisation potential.

You can compare the development of virtual variables a bit to using Excel functions. Your starting point is two values such as dates or addresses and then formulas are applied to set them in relation, add or subtract them etc. Thus, you can generate new data from the data that you already have without having to ask your customers for it. For example:



## Address

If you know where your client lives, you can also calculate distances in miles and driving time. This will help you identify their nearest store and formulate offers and messaging accordingly.



## Birthday

As well as sending 'birthday' offers, you can assign them an age group for marketing segments. This will help you create personalised messaging that can be used throughout the rest of the year too.





## **RFM (recency, frequency, monetary) variables**

Your sales data is another potential source of insight. You know what they have purchased, when they last placed an order and how often they buy. More than simply offering discounts, you can send messages related to product availability or similar – no one wants to miss out on their favourite product.

These derived variables are reliant on the data your company has. When planning to use derived variables to develop different content variants, you need to keep in mind the amount of content required and plan in the respective resources.

For example, if you calculate a best next offer variable that results in 10 different offer outputs, you need to have 10 different images for these in your newsletter. If you have four personalisation elements with 10 options each, this might mean you need to prepare up to 40 images for this one newsletter. Thus, the availability of content might be a limiting factor that you need to calculate in.

It is also worth noting that there are two different aspects to the use of derived variables. They can either help with the analysis and targeting, e.g. select everyone who lives one hour away from Birmingham airport, as well as with the individualisation of a message, e.g. your nearest airport for flying to Greece is Birmingham.



# Personalisation at scale can drive greater loyalty

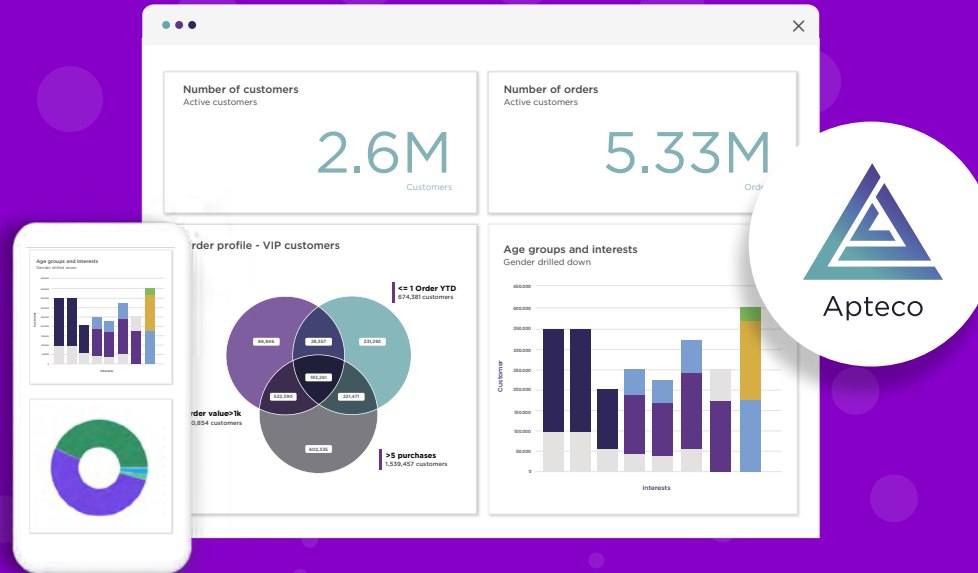
Personalisation is not an innovation – it is an expectation. In the age of the all-important customer experience, customers look for personalised and relevant communications. Bridging the gap to individualisation is important to drive business success.



As we've demonstrated, your first-party data is incredibly valuable – and you probably have more than you think. However, it may be stuck in a data silo, or in an archive somewhere. Your marketing team may also need to convert formats to make it more useful, such as converting date of birth to age bands for instance.

Apteco can help you unlock additional value from your data and put it to good use. It's not unusual for Apteco customers to create hundreds of new personalisation variables from a small amount of CRM data. By being smarter with your own first-party data, you can increase the sophistication of your personalisation efforts. Understanding your customer's habits and preferences will help you build loyalty, even as the economy becomes more challenging, even in times of recession.

**Personalisation using your own first-party data offers plenty of potential. However, accuracy and correctness are crucial, backed by reliable software processes and data. To ensure success, your personalisation strategy requires these components to be fully aligned.**



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