

Questioning The Status Quo: **Zero-Party Data For DTC Brands**

What Does Zero-Party Data Do For DTC?

And Wait, What's DFC?

Mo' Parties, mo' problems. It's fast becoming the m.o. of nimble DTC brands who understand their models thrive on 1:1 interactions, rather than inviting a dozen anonymous middlemen to the relationship. The great migration to proprietary consumer data is underway; it's time for brands to stop renting their relationships.

But why now? Because the walls are caving in on walled gardens. Just as the wild west of digital tracking becomes more civilized -- thanks to GDPR rules, 3rd party cookie smackdowns, IDFA blocking, and regional compliance hurdles like CCPA -- brands are also learning that much of the marketing data they buy off the shelf is crammed full of empty promises. From multiple angles, the reality is setting in that consumers not only deserve more, but require it.

People want personalized experiences, of course. But they also want to be treated like they have a say in the matter. Finding the best of both worlds is what this zero-party data opportunity is all about: building a brand:consumer value exchange with conversational insights to strengthen the relationship over time.



Zero-Party Data

Data directly provided by the consumer to the brand
customer preferences, purchase history & intent, psychographics



1st Party Data

Data collected from the consumer's interaction with the brand
click & engagement behavior, demographics, PII



2nd Party Data

Consumer data collected by the brand and sold to an unrelated party
demographics, inferred purchase intent, inferred preferences



3rd Party Data

Consumer data collected by numerous parties, packaged and sold on an open market
aggregated audiences, e.g. demographic breaks, affinity & interest groups

If you find yourself scratching your head at the distinctions between these data types, trust us: it's not you, it's them.

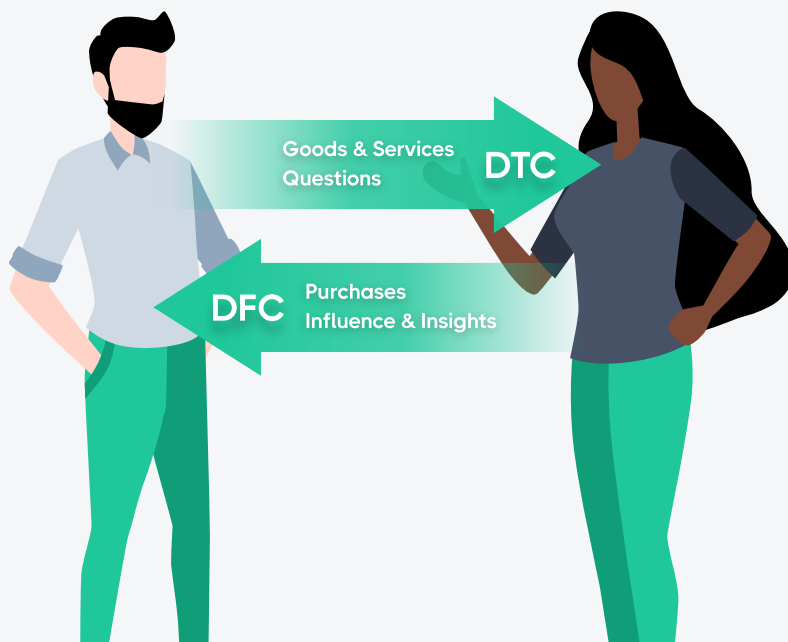
You're Right To Be Confused

To gain some perspective on how hopelessly disconnected data marketers are from their consumers, look no further than the term zero-party data itself:

For as much of a paradigm shift as ZPD claims to be, the martech industry couldn't even bring itself to acknowledge consumers as the true first party. That title has belonged to brands for years, and apparently no one wanted to rock the boat -- even while clamoring that the entire sector needed to change its perspective on consumer data. Hence, this newly-minted promise to the people is that they are zeroes in a brand's eyes, because the party was already full without them.

Of course, there is no party whatsoever without consumers. They are the epicenter of the data; the shoulders on which all of us are able to stand. So, while this doc will refer to ZPD in acknowledgement of current industry terminology, we at EnquireLabs are not fans of the term. We think the phrase zero-party data leaves room for so many of martech's bad habits to linger.

The philosophy driving ZPD (which we do love) is to appreciate the relationship between brand and consumer as being more than transactional; that transparent, honest engagement and reciprocity with your customers leads to a virtuous cycle of better products and happier users. To that end, we'd rather build on Seth Godin's classic concept of **Direct-From-Consumer (DFC)** as being vastly more appropriate than ZPD:



If DFC helps you to better internalize the value and potential of zero-party data, then feel free to think of it that way -- especially if you're a DTC brand already disrupting the traditionally disconnected commerce relationships that retailers have piled up over past decades.

Martech Is Kafkaesque, And DFC Is The Way Out

It started innocently enough, and as far as a century ago: a need for marketers to learn about their customer base through data, given the very real limitations of 1:1 addressability. This was the problem of building relationships at scale, and was especially challenging as brands sent their products out to physical retail locations. Market research was the key to survival.

But the industry's unchecked aggregation and manipulation of consumer data -- under the guise of becoming "data-driven" -- has now produced a convoluted machine that everyone seems to be operating, but no one claims ultimate accountability for.

Ask any marketer if they take reasonable precautions with consumers' personally identifiable information (PII), and they'll nod vigorously. Meanwhile, they're tracking a user across multiple devices and social media platforms while ingesting that user's income and household data from another provider, all in order to programmatically display an ad that won an auction in which most of the bidders had designed criteria around how much to pay for access to the eyeballs of precisely this kind of user.

If all those parties can only see part of the system, they can comfortably -- even unintentionally -- maintain plausible deniability. Meanwhile, the consumer unwittingly continues to feed this system more and more data points while simultaneously expressing dissatisfaction with a highly opaque industry.

If this is a maze you want to find your way out of (and you should, lest your customers find their way out first), it's crucial to acknowledge why direct-from-consumer data works.



The Defining Traits of DFC Data

Participatory

The consumer willingly offers their data to a brand in exchange for value.

Transparent

The consumer knows why a brand wants a data point, and how it will be used. They know this not because they scoured the Terms Of Service, but because the brand clearly communicated their intent within the user experience.

Non-judgmental

DFC marketers don't buy shady demographic data for pennies and then stereotype their customers. They let the customers self-identify.

Reciprocating

The user experience (and the brand at large) considers where, how, and why the consumer would want to offer their data, and how that exchange of value can yield trust, not just transactions. It has to be more than observing them from behind the curtain.

Accessible

The consumer trusts a brand in part because they know what data the brand has about them, how they can update it, and how they can take it with them if the need ever arises.

Direct-From-Consumer: Taking Principles To Practices

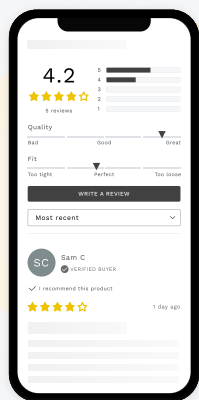
So, how are you going to start erecting your brand's empire on a DFC foundation, and build a competitive moat using customer knowledge? We'll break down the guidance here, fueled by the best practices of top-performing DTC brands.

Opening DFC Communication Channels

The methods you use to collect zero-party data are naturally going to involve more interaction and depth than mere tracking pixels. As a result, a wider array of your team can get involved in the decision process of such user experiences, including Product and Customer Service, to name a few. It also means you have the real estate to bring some unique approaches to data collection and conversation-building.

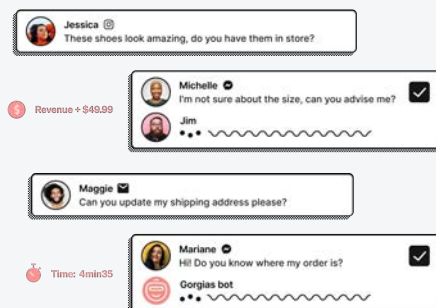
Examples

- Communities, both in-house and platform-based
- Feedback loops from customer support
- Preference, experience and personalization surveys
- Brand advocacy development
- Events, programs & prizes
- Invitations to participate in product testing



Junip

Reviews & ratings



Gorgias

Ecommerce helpdesk

One more thing: How did you hear about us?

- ☒ Podcast
- ☐ YouTube
- ☐ Facebook
- ☐ From a Friend
- ☐ Other

Submit

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Post-purchase surveys

Embracing The Art & Science Of DFC

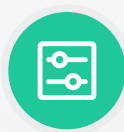
One of the biggest mistakes you can make internally is to send your data scientists and market researchers on vacation, thinking DFC insights are only skin deep. Certainly the immediate actionability of zero-party data is an alluring benefit; but as we mentioned above, the beauty and challenge of proprietary data is that what you ask, and how, will have a significant impact on what you're able to learn and apply. Almost all DFC data starts as questions -- it's how you use the data that turns it into conversations.

Examples



Attribution

How many of your sales have no attribution attached to them? How many are credited to Facebook or Google using their attribution models rather than yours? Ask your customers the timeless [HDYHAU survey](#) on the confirmation page, and find out.



Consumer preferences

The ability to survey your customers for their personal preferences is like a time machine for personalization. And, done with transparency as a guiding principle, your experiences will be living proof that you listen to your customers.



Purchase History & Intent

Toss all your 3rd party affinity correlation algorithms in the trash, and use DFC conversations to directly learn from each customer what purchases led to their most recent one, and what purchases are likely to come after.



Reviews, ratings & NPS

Give one of your biggest buying factors a boost with a more conversational survey; for instance, create a feedback loop where Customer Service gets a shot at resolving a customer concern before any reviews get written.



Demographic data

What happens when you let users self-identify, rather than rely on demo data from forms scattered across the web? What more can you learn when you actually talk to the customer about their demographics, beyond ticking a stereotype box?



Product & brand development

Crowdsourced ideas & user-generated content can be powerful directional indicators in the roadmap of your product & brand. Let your customers be a beacon, and their value will far exceed that of a mere email list.



Psychographic data

One of marketing's classic pillars of research data, psychographics are crucially conversational. With a DFC strategy and a curious team, you can develop psychographic insights at a fraction of the cost & time traditional focus groups require.



Automation

Learn how to make the most of your marketing stack, and turn these 1:1 engagements into workflows that scale. Better ROI is just an integration away.

One final note on best practices in DFC: when you don't know your customers, the value you can give them in exchange for data collection is often limited to deals & discounts, eating into your margins. But once you do know them, a world of more creative and mutually beneficial incentives opens up. How marketers plan to reward their customers for aiding a brand's success, then, will be a distinguishing factor in the future of DTC.

Take the Power Back

If embracing a proprietary data strategy still isn't on your brand's 2021 to-do list, we're not going to say **88% of marketers** disagree with you. Instead, we just want to ask you a question:

Do you know your customers better than anyone else?

If so... be prepared to prove it.

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EnquireLabs is the question authority, delivering DFC insights on attribution, purchase intent, customer preferences and more with Shopify's leading DTC brands. Get started with us below. Not a Shopify-powered brand? All good -- we offer up **free insights on our blog here**.

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