



The Overlooked **Gold Mine** of First- Party Purchase Data

PART 1

How to Create, Capture, & Leverage First-Party Purchase Data to Drive Meaningful Growth

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Not all digital coupons are created equal.

You may be asking why that matters in a conversation about data.

It matters because the right digital coupons can provide you with a deep well of first-party data that you can't get anywhere else. The right digital coupon can tie a specific consumer to the online engagement that activated their purchase intent and resulted in an actual purchase, closing the online-to-offline path-to-purchase loop and giving insight into how other consumers could be activated in a similar way.

Unfortunately, most brands overlook this data or don't even know it's available.

Following is how to create, capture, and leverage this often-overlooked gold mine of first-party purchase data.

A Gold Mine for Both CPG and Retail

As mentioned above, first-party purchase data is actual purchase behavior (including intent and actual transactions) that you can measure and track through your owned and paid media channels. It can be tied to specific individuals, and it's available even if you don't control the point of sale.

For most ecommerce and retail businesses, some of this first-party data is easy to come by—you own the POS and ecommerce systems that capture it.

For CPGs and manufacturers that do not sell your products directly, however, this data can be difficult to obtain—especially in any form that is not aggregated, modeled, or owned by another party.

Luckily, the right digital coupons can be employed by both retailers and CPGs to create and capture greater amounts of individualized purchase data: tying specific consumer purchases (online and offline) to all online marketing channels and tactics. This information can be used to generate a data well from which smarter decisions can be made. It can also be added to existing data warehouses and data management platforms, enabling deeper insights and driving greater results.

The Data Found in the Gold Mine

Today, most retailers and consumer goods companies are collecting first-party data. It comes from their websites, emails, apps, media campaigns, and any other source from which actionable data and insights can (or could) be derived.

Any source, that is, except coupons.

With so much focus being placed on tying online engagement to offline purchases, it's a surprise so many organizations overlook an easy and abundant source of this first-party data—the digital coupons they are already distributing.

The following types of data can all be tied to individual consumers via a digital coupon—enabling measurement of each source's direct impact on actual purchase intent and offline behavior, or enabling measurement of the behavior itself:

- 1 **Media** (where specific consumers engage: channel, keyword, affiliate, placement, publisher, platform, device, etc.)
- 2 **Message** (what drives and impacts engagement: creative, language, images, framework, etc.)
- 3 **Offer** (what works best: value, requirements, bundling, etc.)
- 4 **Online engagement** (who engages and how: views, prints, purchase intent by specific consumers and consumer segment)
- 5 **Purchase preferences** (redemption, retailer(s) of choice, purchase frequency, etc.)
- 6 **Survey responses** (self-reported data gathered before or after the digital coupon engagement—does it match actual behavior? Is there anything else you want to learn about these consumers?)
- 7 **Call center impact** (actions, effectiveness, and consumer response; digital and serialized print coupons can be utilized in your consumer care channel to measure specific consumer reactions.)
- 8 **Audience segment behavior** (what works best with specific consumer demographics and psychographics?)
- 9 **Consumer intent and position in the purchase funnel**

Are you collecting this data? Are you able to tie each of these data points to direct consumer purchase behavior?

The opportunities are vast with such specific and high-quality first-party data, all generated and tied together through the vehicle of a digital coupon.

So how can you make sure your digital coupons are capturing this data for you? The next section will show you how.

How to Capture First-Party Consumer Purchase Behavior

Capturing the data is easy and relies on a single, vital tool: an intelligent, flexible, incentive and promotion platform that can capture one-to-one coupon engagement through individualized coupons.

With the right platform, you can tie any online engagement parameter to a specific coupon and follow it through to an individual redemption by a known (or anonymous) consumer.

There are many digital coupon platforms in the market today, but most are either not sophisticated enough to capture the data or are capturing the data for their own use—giving you access to portions of it while hoarding the rest for their own gain (oftentimes using your marketing dollars to increase their audience instead of yours).

The nuts and bolts of capturing the data include tying your online campaigns (whether media, social, CRM, etc.) to the coupon experience. Once that connection is made, a personalized coupon is distributed to each specific consumer, allowing the redemption data to be gathered and connected to the online data.

Leveraging Your Golden First-Party Purchase Data

The primary reason for collecting any type of data is to use that data to learn.

While some companies may still struggle to use their data effectively, the first-party purchase data available through digital coupons can be employed easily.

The following are the most common ways brands employ first-party purchase data

Intelligent Coupon Distribution

- Personalizing offers based on purchase intent, frequency, and prior redemption.
- Targeting offers to drive specific consumer actions (i.e. cross-promoting other products/brands/departments).

- Continuity and lifecycle marketing—delivering offers to ensure your consumers continue purchasing your product and graduate up to premium products or brands supporting later lifecycle stages (i.e. baby to toddler).

Enhancing Enterprise CRM Profiles

- Verifying and measuring household loyalty and purchase patterns across your brands and departments.
- Identifying household retailers of choice and using that data to activate shopper programs (for CPGs).
- Identifying and increasing household share of requirements and customer lifetime value.

Behavioral Testing & Insight Generation

- Multi-variate testing of both creative and offer specifics to measure impact on and identify most effective versions for specific consumer segments and audiences
- Gathering path to purchase insights for specific consumer segments and audiences.

Social Advocacy & Affiliate Tracking

- Identifying everyday brand advocates and tracking social advocacy impact.
- Incentivizing social sharing to drive social advocacy.
- Measuring individual affiliate impact on in-store sales.

Enhanced Media Targeting & Execution

- Tagging the herd—identifying what drives specific audience behavior and using that data to create and engage look-a-like audiences.
- Determining which offer drives the greatest response for specific segments and then personalizing offers to those segments to drive the greatest results.
- Using real time purchase intent data (offer views and prints) to optimize media campaigns as they run.

There are additional uses of this first-party purchase data. The main point is that it can and should be utilized by many groups in your organization to drive greater business results.

In fact, even if the consumer audience engaging with digital coupons is small, the learnings can still be impactful.

PART 2

Uncover Truer Insights with Behavioral Economics & Silent Observation

Author: Neil Gandhi

As marketers, more and more of the decisions we make - both minor and major - must be backed by solid data. But since most marketers have more of an interest in how people interact with ideas than they do in staring at spreadsheets, the question becomes: how can marketers easily combine the data we need with the inherent psychology that's the foundation of marketing?

In other words, how do we combine insights with instincts? And in this data-driven world, how can we make sure we're looking at the right data and using it in the best way?

One way is by leveraging behavioral economics principles and applying them to first-party purchase data.

Behavioral Economics- Measuring the Non-Logical

Behavioral economics is the intersection of psychology and economics. It captures and quantifies the non-logical reasons consumers act as they do. These reasons include non-monetary social, psychological, and emotional factors that often overrule logical decision-making.

In recent years, behavioral economics has become a widely-accepted framework for understanding consumer psychology in business, behavioral economists seek to uncover these non-monetary factors (such as scarcity messaging and reference pricing), creating insights that help marketers better influence consumer purchase behavior.

By applying behavioral economics principles and rigorous statistical techniques to first-party purchase data, you can derive conclusive and actionable insights that ultimately improve ROI.

First-Party Purchase Data- The Gold Standard of Data

You're probably receiving a lot of data on your campaigns already and may be wondering about the differences between data types.

Third-party data generally only provides demographic attributes such as age, income, and marital status. This can help you understand if a consumer falls within your target audience but doesn't help you understand the factors that impact their purchase behavior.

Second-party data is similar to third-party data in that it comes from another entity. It's generally shared between partner organizations and is often limited in its scope and granularity.

First-party data is data you own, generated from your owned and paid channels. It is often the most robust source of data. If leveraged appropriately, first-party data can generate the greatest insights and impact.

First-party purchase data, a subset of first-party data, contains purchase behavior that enables marketers to truly gauge the cause and effect of a marketing campaign. If robust enough (and with the right methods and approach) this data can also help you understand the multiple elements of a campaign and how each element impacts purchase behavior.

This is the holy grail of marketing – gaining granular insight into the psychology of the consumer and the factors that drive or inhibit purchase. It's also nearly impossible to obtain a detailed and insightful view of consumer psychology without robust first-party purchase data. The other sources of data just aren't granular or robust enough and can't always be tied to purchase, thus not telling the whole story.

Let's put this in the context of shopper marketing, specifically. We can reflect consumer intent at the shopper level for any offer in any digital channel by measuring:

1. Shopper views the offer, this represents "intent"
2. Shopper prints or adds the coupon to their retailer loyalty card, this represents "activation"
4. Shopper redeems the offer in-store or online, this represents a "purchase"

First-Party Purchase Data	<ul style="list-style-type: none"> • Not owned • Usually from media or other vendor
First-Party Data	<ul style="list-style-type: none"> • Company owned • No purchase data
Second-Party Data	<ul style="list-style-type: none"> • Not company owned • From credible source
Third-Party Data	<ul style="list-style-type: none"> • Not owned • Usually from media or other vendor

The Drawbacks of Common Data Sources

Before discussing how to apply behavioral economics principles to first-party purchase data, it's important to understand the difference between first-party purchase data and data commonly used to understand consumer psychology.

In today's marketplace, the three most common methods marketers use to understand consumer psychology are focus groups, panels, and surveys. However, with these data collection methods, participants know they are being observed. This naturally creates a risk that their behavior and responses could be subsequently (and sometimes unintentionally) altered.

// ...to eliminate fraudulent or biased data, brands and retailers should apply behavioral economics principles to purchase behavior

Additionally, there is no way to prove the validity of the data, since there is no clear tie between marketing message and purchase. All connections are inferred, and thus suspect. To better understand the psychology of the consumer and to eliminate fraudulent or biased data, brands and retailers should apply behavioral economics principles to purchase behavior they have silently observed. Through silent observation, consumers' reactions to various messages are not impacted by the observation (since they don't know it's occurring), resulting in more accurate information.

Consumers engage with offers that tie online marketing messages to offline purchases, enabling the capture and analysis of robust first-party purchase data. Through appropriately designed and executed behavioral tests, brands can understand at a granular level the positive and negative impact of specific marketing messages. This is accomplished through rigorous experiment design via multi-variate testing that gets to the root of why consumers make their purchase decisions—both online and offline.

As a recap, while other methods do provide some visibility into consumer psychology, the methods themselves create issues with the accuracy of the data:

1. The data doesn't connect marketing messages to actual purchase
2. The data relies on self-reported data by consumers who know they are being observed
3. The data is collected in group settings or other unnatural environments that could affect the validity and accuracy of the data

Understanding the psychology of the consumer is much better served by silently observing purchase behavior by capturing first-party purchase data.

The Application

At RevTrax, we've combined behavioral economics methodologies and discrete choice test scenarios with our core incentive technology platform that captures purchase behavior silently. This allows us to measure and analyze consumer behaviors that are unaffected by the tests we run.

The platform creates an ecosystem where first-party purchase data can be captured in real-time and observed with the test participants' behavior in an unobtrusive way. This is critical because it removes the risk of altered behavior due to group settings or an unnatural environment. We then apply rigorous statistical techniques and behavioral economics principles to ensure conclusive and actionable insights that ultimately improve ROI for our clients.



Example:

We wanted to test the overall savings “anchor” message on a beauty brand’s website to see which one was the most effective in changing consumer behavior.

As background, anchoring messages are a key construct in behavioral economics. They are designed to anchor a consumer’s attention to a concept that facilitates purchase behavior.

In the example scenario, we wanted to understand the impact that various anchor messages had on consumer activation of promotions on that site. We also wanted to see if including a reference price would increase print rates. The test messages were not specific to a single promotion but rather aimed to influence behavior for a category of products or an entire brand or retailer.

These messages were:

1 “You can print coupons and save money!”

\$4.00 OFF
~~\$3.00 OFF~~
Pink Brand

\$4.00 OFF
~~\$3.00 OFF~~
Blue Brand

“You can print coupons and save money!”
Focus on the action, no dollar amount mentioned.

2 “The average person prints \$24 in coupon savings!”

\$4.00 OFF
~~\$3.00 OFF~~
Pink Brand

\$4.00 OFF
~~\$3.00 OFF~~
Blue Brand

“The average person prints \$24 in coupon savings!”
References the average from a typical person which implies there has been a proven history. Also mentions a dollar amount of savings.

3 “Most people print at least \$15 in coupon savings!”

\$4.00 OFF
~~\$3.00 OFF~~
Pink Brand

\$4.00 OFF
~~\$3.00 OFF~~
Blue Brand

“Most people print at least \$15 in coupon savings!”
Makes the generalization broader with “most people” which also shows success from past behavior and also mentions a dollar amount but it’s slightly lower.

4 “You can print up to \$75.50 in coupon savings!”

\$4.00 OFF
~~\$3.00 OFF~~
Pink Brand

\$4.00 OFF
~~\$3.00 OFF~~
Blue Brand

“You can print up to \$75.50 in coupon savings!”
References the possibility of savings, not actual results, but the dollar amount is much higher.

Test Constructs and Hypotheses

Behavioral Economics Test Constructs:

Anchor Groups	Does group message drive an increase in the average number of prints per consumer?
Reference Prices	Will incorporating a Reference Price increase print rates?

Testable Hypotheses

Anchor Groups	Reference Prices
What is the impact of: Various Anchor Messages High vs. Low Offer Values by Anchors Group High vs. Low Offer Values by Product	What is the impact of: Print Rates Print Rates by High vs. Low Offer Values Print Rates by High vs. Low Offer Values by product

Results

We observed how thousands of people reacted to each of these offers, tracking their online behavior after being exposed to the messages.

Instead of conducting a straightforward A/B test that unrealistically limits the factors that could affect purchase behavior, we used multivariate testing. This means we tested many variations at one time.

Multivariate testing is useful so we can understand the impact on individual elements on the creative's performance. When we run multivariate tests, we analyze the performance of many creative combinations to learn about the individual impact of each element (with A/B tests, you don't know which individual elements of each creative contributed to the creative's impact, just that one as a whole is better than the other as a whole). Multivariate testing is served best by first-party purchase data because it is usually the most granular, allowing us to test more variations and uncover more insights.

For the beauty brand example, the inclusion of an Anchoring Message that emphasized total possible coupon savings ("You Can Print Up To \$75.50 In Savings") and high value Reference Price Offers drove incremental prints amongst beauty brand buyers. With other product groups, we did not see a significant impact. We believe that the consumer's thought process which influences behavior is as follows:

1. The Anchor Message around total possible savings focused the shopper upon the total potential savings
2. The saving potential was reinforced by emphasizing the offer value via a reference to past offers
3. The combined effect of the two thought processes drove incremental prints

While the combined effect drives the greatest total impact on the consumer, we recommended testing Reference Price on its own in scaled channels such as FSI, coupon/discount websites, etc. to gain the maximum ROI from these learnings.

RevTrax has the capability to capture results in the form of views and prints in real-time and then validate these shopper actions with actual purchase data. The actual, real-time purchase data can be analyzed at a retailer-level thus providing much needed insights.

Conclusion

In conclusion, first-party purchase data provides us the keys to unlocking the behavioral economics insights in the path to purchase. Not just for a single promotion but for an entire category, brand or retailer. The findings from utilizing multivariate testing behavioral economics instead of straightforward A/B tests provide much richer insights that have a bigger business impact beyond the dollar impact of an offer on a group of shoppers. Using these methods empowers marketers to disrupt the outdated approach to promotional offers and redefine what they can do.

How can RevTrax do the same for you?

Contact us today.