

# How Shopify stores can boost sales with **first-party data**



# From our CEO

## The future is first-party data. Are you ready?

Dear Reader,

Online marketing as we know it was built on the back of cookies. These small pieces of code have allowed businesses to track user behavior and track online campaigns for many years.

But new data privacy regulations (GDPR, CCPA and similar), iOS tracking prevention and browser security limits how cookies can be used. These changes have serious implications for ecommerce businesses that have come to rely on cookie-based tracking to create hyper-targeted ads, profile their top buyers, and refine their marketing strategies.

However, all is not lost. First-party data is rising to fill the gaps from cookies gone missing and provide even more accurate insights into customer behavior. In the new data world, smart ecommerce businesses can still thrive by combining first-party data with anonymous web tracking.

What is first-party data? And how can ecommerce businesses use it to their advantage? This guide will help you learn just that. We'll tell you everything you need to know about first-party data: what it is (and what it isn't), how to collect it, and how to use it to optimize your marketing and make smarter decisions. We'll also give you some helpful resources to set you on the path to success.

Bringing your customer data together to build smarter marketing campaigns and audiences has never been easier!



**Edward Upton**

Founder and CEO

[Littledata](#)



SECTION 1

# What is first-party data?

# What is first-party data?

## How DTC brands are adapting

In short, first-party data is information collected directly from customers or website visitors. This could be on your website, in your app, or through channels such as email and text/SMS.

This could include information like contact details, purchase history, or even browsing habits. When random web visitors make a purchase and become your customers, they are often happy to opt-in to receive communications from you and share data to help you optimize their experience. In contrast to third-party data, which is collected through cookies that track a user's activity across the many websites and pages they visit online, first-party data is collected through the user's browser directly and is shared by the user with their consent.

As a result of this direct collection method, first-party data is generally considered to be more reliable than third-party data. This means that ecommerce businesses relying on it will be able to get a better understanding of their customers' wants and needs. Additionally, first-party data can be used to create more targeted marketing campaigns, leading to increased sales, conversions, and, perhaps most importantly, to help you upsell and retain customers over time.

## How we got here

The internet as we know it today is largely shaped by third-party cookies. These are the small pieces of information stored on your computer when you visit a website. They allow companies to track your online activity from site to site, create a profile based on what you've been browsing, and serve you targeted ads based on what you'd most likely be interested in.

However, things are changing dramatically in the modern age of the internet. Regulations like the European Union's GDPR crack down on sites using third-party cookies by default and require a visitor to opt into tracking. We've all seen the consent notifications when browsing online. Similar tracking prevention methods like the opt-out system introduced in iOS 14's, adblockers, and intelligent tracking prevention tools further render third-party cookies fruitless.

Nowadays, third-party cookies are all but dead as a reliable way to gather information about potential customers. That's where first-party data comes in and

helps you both respect your visitors' privacy while still getting the crucial information you need to target the right buyers for your product.

## First-party data: what is it good for?

Among all the tools in your toolbox as a store owner, marketing manager, data scientist, or first-time ecommerce founder, first-party data is one of the best.

Let's break down some of the key areas where first-party data shines.

### Accuracy

Because first-party data is collected directly from the user themselves, it's the most direct way you can get a correct picture of a customer. Imagine asking every customer who enters a physical store what their contact info is, what specific products they are interested in, and where they would like to get products delivered. All of that comes as first-party data for ecommerce stores.

Third-party data can fall apart accuracy-wise because it is not given first-hand from a customer to a business. The first-party data relationship is a personal one—you receive information from your potential buyers and they in turn trust your brand and start a relationship with you.

### Personalization

Consumers are accustomed to personalization. Years of the top companies pushing ahead by truly knowing their customers—and offering products that not only meet but create demand—have set the bar high.

Once you know about your customers or potential buyers, you can tailor product offerings to their interests. As these visitors give you information about themselves, you can build a profile and provide a better shopping

experience for them from acquisition to retention.

You can also use trends you find in the first-party data you collect to inform your decision-making when building product pages, creating marketing campaigns, and deciding the overall direction of your store.

### Privacy

Internet users want privacy, that's no secret. Just how much do they want it? After Apple released tracking opt-outs in iOS14, the early data showed 96% of users opted out of third-party tracking. Those rates tend to slowly decline over time as more users opt-in to some tracking, but it's clear that third-party cookies and tracking apps are nowhere near as reliable as they used to be.

First-party data respects the privacy users want by asking for consent. It also builds trust as they know exactly what information you are collecting about them.

Businesses we've spoken to understand that this shift away from third-party data is the new normal. DTC brands are adapting their tools, processes, and skill sets to first-party data so that they're still able to tailor the customer experience to their interests in a cost-effective way.

Optimizing ROAS is especially important in today's environment where companies have a renewed focus on achieving profitability early.

Ben Brachot  
Co-founder at [Dwight Funding](#)



## What using first-party data looks like in practice

Overall, using first-party data means not relying on third-party cookies and tracking to get information about customers.

There are many different ways to collect first-party data, each brand will develop its own strategy based on the data and strategy that serves its goals best. However, there are some foundational methods any business can make use of.

Let's run through a few of them and look at how they work.

### Collect data directly

A common—and quite easy—place to start collecting first-party data is by asking for it from potential buyers.

Specifically, that means having a store visitor create an account to speed up checkout and manage orders. It benefits the shopper and gives you valuable first-party data like location, buying preferences, and contact information.

You can also collect emails and phone numbers by offering discounts for shoppers who join your newsletter or opt in to receive SMS messages. Adding a direct chat widget works similarly and builds trust with your customers by giving them a direct line to speak with you.

Sending out a survey to existing customers can be an opportunity to gather more information and build more complete customer profiles.

### Use compliant cookie banners

New privacy laws have cracked down on cookie tracking—but it's still possible to do. In the same way iOS users now need to opt into tracking, visitors to your website must also opt in specifically before you track them using third-party methods.

All you need to do to create this opt-in on your site is set up a cookie banner that complies with privacy regulations. You've seen these before on many websites that ask if you want to reject cookies or accept all.

Have this banner appear right way on your homepage to ensure you can track most of a potential customer's visit, as tracking can't begin until they've opted in.

### Single sign-on

Single sign-on allows visitors to create an account with you using their existing Google or Facebook account.

The obvious benefit to the user is that sign on is much quicker than creating a new account and doesn't require them to remember or store another password. It benefits your business by giving you a complete ready made profile on a potential buyer.

### Create dynamic ads

Facebook and Instagram ads have proven their worth for years as a highly effective way to bootstrap ecommerce business promotion on a manageable budget. But because these ads relied so heavily on third-party data, many were worried immediately after the iOS14 and privacy law rollouts that these ads would lose their effectiveness.

However, [Littledata](#) has a solution—using the conversions API (CAPI). Replacing the old pixel setup, the new conversions API is a server-to-server connection that can link events to visitors from Facebook, Instagram, TikTok,

and Pinterest. Independent of their browser sessions.

This first-party data solution brings a handful of upgrades on the pixel as well, including:

- Linking delayed conversions back to the original campaign
- Making nearly 100% of purchases from your store shareable with social ad channels.
- Capturing user information like email address, physical address, and phone number, even if a customer opts out of marketing cookies

CAPI's server-to-server connection is critical to capturing the events you need to create dynamic product ads—or ads that promote a product to a social user that they've either seen before or one that is similar.

These ads have a high clickthrough rate and can multiply revenue from ads significantly, making CAPI a must have in your first-party data approach.

## Server-side tracking

The method we recommend most—thanks to its ability to keep crucial events while complying with privacy regulation and avoiding tracking prevention—is server-side tracking.

As we'll explain in the next section, server-side tracking can act not only as your solution to maintaining accurate customer profiling, but also as the foundation of your first-party data strategy.



# The impacts of Google Analytics 4

Google loves two things more than anything: data and ads. The goal to increase conversions presses on regardless of what has happened with third-party cookies to capture customer information. Google isn't going to let privacy changes slow down advertisers. Google needs effective advertising—CNBC reports that 80% of their revenue comes from ads—and abandoning tracking for merchants would be detrimental to their own success.

Instead, Google has embraced privacy changes and revolutionized their analytics platform trusted by over 28 million users. With the sunset of Universal Analytics and the uptake of Google Analytics 4 (GA4) brands have migrated to the new version of Google Analytics. GA4 also puts privacy at the forefront of its event-based reporting tool. GA4's launch presents an exciting opportunity for data-driven marketers to take advantage of flexible, event-based tracking and reporting.

Littledata's customer base is ahead of the curve, yet still only around 20% of our merchants have set up their GA4 property by now, even though it's fast and easy to track data in parallel with UA. GA4's next-generation analytics solution gives brands an advantage over those who haven't switched as they can build their own reports based on first-party data they've collected, allowing for a deeper understanding of unified customer journeys through metrics around behavior, purchases, touchpoints, and other types of engagement.

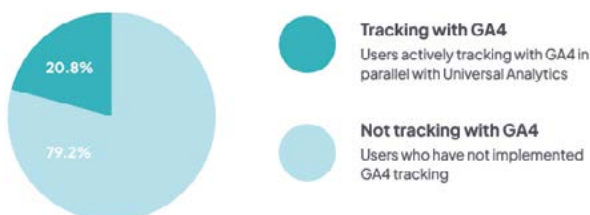
Building a firm foundation for collecting first-party data will help marketers and ecommerce managers garner more accurate data for the development of creative collateral and more effective campaigns, as well as audience building in tools like Google Ads. Google Analytics is still deemed by many as the gold standard for analytics and advertising—especially Shopify and BigCommerce.

As the crackdown on third-party data continues, concentrating on first-party data is the most effective way to futureproof your ecommerce business against further changes.

In many ways, first-party data is stronger than third-party data as it's generated from your current customers, cost-effective and you control it so you don't need to worry about waking up one day and the rug being pulled away.

Harvey Hodd

CEO and co-founder at [ReLo](#)





# Build out your process here

## Data collection and use

Write out how your business is currently collecting and using first-party data.

## Data we need to grow

Write out what data your business is in need of to grow—what insights are missing?

## Putting data into action

Write out what campaigns, projects, or processes could benefit from first-party data tracking



Share the above with different departments and team members to see how they could be using more first-party data to fuel everyday business decisions.



## SECTION 2

# Server-side tracking

# Server-side tracking and you

## Tracking and collection are the first steps

While there are a few different ways that ecommerce businesses can collect first-party data, the most common method is through server-side tracking.

Server-side tracking is immensely powerful, but until recently it was too complex for most DTC brands to set up, even those doing \$50M+ a year in online sales!

## Client-side vs. server-side tracking

To understand what server-side tracking is, let's go over the two main ways a website owner tracks visitor behavior—client-side and server-side—and look at the differences.

### Client-side tracking

Let's start with the old, leading tracking method—client-side. This form of tracking relies on data taken from a user's browser (in this case the "client") to the analytics reporting tool set up for the website.

Client-side tracking has been the most common way of implementing analytics and other third-party tags. With client-side tracking, data is transferred directly from the user's browser (known as a client) to an external server

such as an analytics vendor. This data transfer is enabled by deploying small pieces of JavaScript code (called tags) on each page of a website.

The downside of client-side tracking is that it can be prevented through blockers and intelligent tracking prevention. It's also been cut down significantly by privacy regulations and tracking opt-outs.

### Server-side tracking

As we mentioned, server-side tracking collects data from the server the client is using to access your site, rather than the client (or web browser).

This tracking method keeps data collected anonymous while still recording actions users take on your website.

The rise of first-party data has been incredibly beneficial to the majority of our clients. Many of us were in the mindset of collecting as much data as possible, but we are now seeing that this can just be overwhelmingly noisy and hard to decipher.

First-party data collection means you are only collecting useful information and can give your customers a truly personalised experience.

Amy Lightfoot

Consultant at [We Make Websites](#)



In addition to these benefits providing a smoother user experience, server-side tracking also captures visitor behavior on your site.

That's crucial information to see what products are being browsed most, where buyers drop off in the buying cycle, and helps you pinpoint where you can improve your store design.

The biggest strategic fumble we see brands make is seeing the shift to first-party data as a threat rather than an opportunity. Brands leaning into the collection and usage of first-party data often lead the pack in user experience, conversion rate, lifetime value, and profitability.

The barriers to collecting first-party data are smaller than ever before. When we create experiences that speak to new users, add personalization for returning users, or use quizzes for discovery, first-party data is key to customer relationships at scale. We're leveraging it now more than ever to ensure initiatives we deploy for our partners are future-proof and sustainable.

Yusuf Shurbaji

Co-Founder & Managing Partner at [Prismfly](#)



## Why rely on server-side tracking?

There are a handful of benefits you get from using server-side tracking. They include:

- Faster page load speeds thanks to using a smaller script in the browser
- More data security to protect sensitive info
- Complete event capture for the checkout flow, including sales and refunds/returns
- Avoiding no tracking of an order when a user doesn't wait for the thank you page to load
- Avoiding double tracking of the order status page when the user reloads
- Accurate marketing attribution (sessions stitched together) across all checkout types

## What are brands doing now with server-side tracking?

Overall, brands using server-side tracking see benefits in a number of areas. The most valuable, though, is in understanding user behavior.

Server-side tracking of visitor behavior informs design changes, product decisions, advertising strategies and more.

That's because server-side tracking shows you information about what potential buyers are doing at each stage in the funnel. When a shopper first arrives at your store, you can see which products they move to first and total up which have the most adds-to-cart, or which have been most frequently viewed.

You can also identify common drop off points where you might need to make a design change or smooth out the user experience to convert more sales.

Think of server-side tracking like having a complete view of the shoppers in your store. You don't need identifying information to get valuable insights on what they like and don't like, so server-side tracking respects their privacy and keeps their data secure while giving you the best insights into what shoppers are looking for from your business.



### Pro tip

To get the most out of the first-party data you collect, you need to make sure you're sending it to the right reporting tools.

Google Analytics is the market leader for data reporting and with the [Littledata to Google Analytics connector](#) you can be sure you're getting 100% accurate attribution data and crystal clear insights on your customers.

[Try Littledata](#) free for 30 days to see the difference accurate data makes.

## Eliminating data silos and owning your data

When you're using a handful of different tools to manage everything you need for your store, disconnection becomes almost inevitable. Likewise, if you build your tech stack without making sure your email tool can connect with your advertising platform, CRM, and analytics, you're creating data silos that trap important customer info and make it harder for you to create a cohesive data picture. Data silos also lead to inflated numbers about both marketing spend and revenue, because every platform wants to claim the lion's share of "influenced revenue."

These data silos become an expensive problem quickly. Your marketing and engineering teams may waste countless hours creating and promoting products that customers simply don't want, all because your data wasn't linked to show you what they actually do want.

Adding the right tools to your first-party tech stack and making sure they sync together will help you eliminate silos and truly own the data you're collecting.

When you have a clear flow of data and know exactly what you're using your database, reporting tool, and data connectors for, you can leverage that data more efficiently to make data-driven decisions.

Even worse: if your growth teams only have access to siloed data, they can easily get lost in optimizing for short-term gains instead of long-term customer success, such as higher lifetime value and stronger customer loyalty.

And none of this is their fault! They just don't have the unified first-party data they need to make truly data-driven decisions.

## Owning your data

Adding the right tools to your first-party tech stack and making sure they sync together will help you eliminate silos and truly own the data you're collecting. When you establish a seamless data flow and have a clear understanding of how your database, reporting tool, and data connectors are being utilized, you can harness this information to drive data-informed decisions.

As long-time partners of Recharge, Littledata has enabled many subscription brands on Recharge to make better business decisions with accurate, actionable first-party data, by automating one of the most complex aspects of ecommerce, tracking, and reporting. Despite the constant shifts in the ecommerce tracking trends over the years, Littledata has remained the single source of truth for subscription brands growing their businesses at scale.

With the new privacy regulations continuing to remove traditional data collection for brands, using Littledata is an essential plug-and-play solution for brands that value data accuracy and want to be prepared for optimizing their recurring revenue stream in a cookie-less world.

Matt Houlemard

Tech Partnerships Manager at [Recharge](#)





## SECTION 3

# Move to first-party data

# Move your brand to first-party data

## Don't wait to update your data layer

There are three main methods you can follow to move to relying on first-party data for your business. They vary in the amount of time, resources, and expertise required, so we'll break each one down by level of coding involved (and level of difficulty overall).

### No-code solution (Easy)

It doesn't matter if you're a lean ecommerce business that needs to save on developer costs or an established brand with a robust data and development team—easy is always better.

This “easy” solution doesn't skimp on any power in data tracking and reporting, either. Stores of every size, including multinational sellers and billion-dollar brands, have made use of this no-code setup to get accurate first-party data for their store.

What am I talking about? [Littledata](#)'s tracking script of course! The Littledata ecommerce reporting application for Shopify works by simply adding a snippet of code to your store. Our team can walk you through adding it if you like, and the process takes just a few minutes before your store is processing accurate first-party data through a combination of client and server-side tracking.

Once installed, you can also take advantage of an array of connections Littledata offers, including:

- Reporting data into Google Analytics where you can customize reports, track the complete customer journey, and create deep profiles of your customers
- Automatically connect with Facebook and Google Ads and retarget your most valuable customers
- Access granular data about purchasing behavior and customer lifetime value (LTV)
- Add subscription management apps that track recurring transactions and provide accurate data on first-time and subscription customers
- Prepare for the future of first-party data using Google Analytics 4 (and follow guides created by our data experts)

Adding [Littledata](#) to your store is as simple as signing up for a free 30-day trial or scheduling a demo with one of our team to create a completely custom setup.



## Low-code solution (Intermediate)

One popular solution to get first-party data is Google Tag Manager (GTM). This tag management system doesn't require adding analytics code directly on your website, instead it works as a "helper" to reduce the amount of code needed while keeping your analytics in the same place.

Using a solution like Google Tag Manager (GTM) changes things a bit not only from a setup complexity perspective but from a maintenance perspective as well. For one, you will need to set up each individual tag on your store and maintain it through the GTM system. This means ongoing tag maintenance and asking for support when any of these tag platforms are updated or change over time. If these tags are broken, your data accuracy suffers and you miss crucial customer information.

You'll also need a special version of GTM called server-side GTM set up if you want to collect first-party data. This adds extra cost—as much as \$150 a month depending on your tracking needs—and requires the cost of time in maintenance as well.

While some believe a GTM setup offers more customization, in reality, it's similar to what you'd receive from simply adding a strong tracking script backed by a reputable solution like [Littledata](#). Need GTM? Read more.

## Mo' code Solution (Expert)

This last method of setting up server-side tracking is reserved for the select few who have robust in-house teams of data scientists and developers.

You can build a complete data infrastructure in-house, meaning that you own each piece of your data stack—

and need to be in charge of monitoring and maintaining its health going forward.

This of course gives you complete control over your reporting solution, but it comes at a cost. Developer time and overall company resources need to be dedicated to building this solution so that it is on par with what's already offered by other solutions on the market.

In addition, that cost remains for maintaining the solution and adapting to future privacy updates, cookie blocking, and other unforeseen changes to tracking and data reporting we don't even know of yet.

First-party data gives us a clear view of the customer journey leading up to a purchase. This is essential for fine-tuning the conversion funnel, which in turn boosts conversion rates and lowers customer acquisition costs.

The key here is setting up the right tracking from the get-go to ensure the data you're looking at is both reliable and actionable.

Feifan Wang  
Founder at [Source Medium](#)



## Brands that have already made the switch

### GRIND

Over the years, Grind built an incredible brand through their popular brick-and-mortar stores and newsletters—going beyond coffee to become a part of their customers' lives in a meaningful, authentic way.

After losing their entire physical business overnight, Grind needed to quickly pivot to ecommerce and get an accurate picture of their online customers LTV for “one-time” and “recurring” orders. They also needed a solution to see and report customer behavior happening on their Shopify store to build ideal customer profiles, retarget customers using dynamic social ads, and make crucial decisions using accurate data.

[Littledata's](#) Recharge connection made it easy to get accurate sales and marketing attribution data across the subscriber journey.

This smart technology connected Grind's Recharge checkout with Google Analytics for accurate data about subscription revenue, including first-time payments, recurring transactions, and subscription lifecycle events.

### *johnnie-O*

johnnie-O's existing tech stack—including its ecommerce, email, SMS, analytics, and A/B testing platforms—weren't unified to allow the free flow of customer data between tools.

"After a surge in ecommerce sales, johnnie-O uncovered cracks in its marketing technology stack that were

holding it back from its full potential," said Adam Ribaud, VP of Data Activation at johnnie-O's agency, Velir.

Littledata's Segment connector saved the day by streamlining the integration and allowing johnnie-O to bypass what would have been months of planning and development work of implementing an ecommerce tracking plan from scratch.

Littledata's Shopify connector for Segment allowed johnnie-O to ingest high quality data into its CDP and revolutionize how the brand understands and interacts with its customers.

### ROTHY'S

Rothy's needed to rebuild their website on a timeline. They looked for services that could cover gaps and while putting critical funnel events into place without requiring a lot of internal time and resources to be spent.

Littledata's Shopify source for Segment built a robust reporting solution for them to track customer behavior through the customer funnel and drive revenue.

We've had nothing but plain sailing with Littledata. You don't need a technical understanding to get going with Littledata – it's an easy method of server-side tracking that ensures GA is as accurate as it can be. And the support has always been great.

Abbott Lyon

# Ready to join industry leaders making the most of first-party data?

Utilizing Littledata's suite of event tracking and analytics informed our DTC strategies that **took us from \$0 in revenue to \$150,000+ in less than 2 quarters**. We're able to continually integrate more and more tools as we continue to grow thanks to the connections that Littledata provides.

**Flux**  
Littledata customer 

We've had nothing but plain sailing with Littledata. You don't need a technical understanding to get going with Littledata – it's **an easy method of server-side tracking that ensures GA is as accurate as it can be**. And the support has always been great.

Tom Cox  
Data and Analytics Manager @ [Swanky](#)

