



data
axle

The Insurer's Guide to Marketing Data

From zero-party to third-party, how consumer data drives growth in the insurance industry

Introduction

Today's insurance landscape is in a state of upheaval. Well-established businesses are being challenged with changing consumer demands in the digital economy, all while facing competition from new industry players that are defying legacy models and traditions.

Traditional insurance companies face new competition from digital-only insurance brands as well as technology giants; in fact, a recent Bain & Company survey revealed a 36% year-over-year (YOY) increase in the number of consumers who said they would buy insurance from non-insurance companies in the tech industry such as Google, Amazon¹. Insurance brands are also seeing higher levels of customer churnⁱⁱ while trying to more effectively connect with digital natives who have high expectations for personalization and delay life milestones like getting a driver's license, marrying, and having children.

Despite these challenges, new opportunities abound for legacy and emerging players alike. Data-driven marketing is creating potential for growth across all insurance sectors - from property and casualty (P&C) to health to travel. As such, understanding how marketing data is collected and leveraged is key to driving growth in the insurance industry.

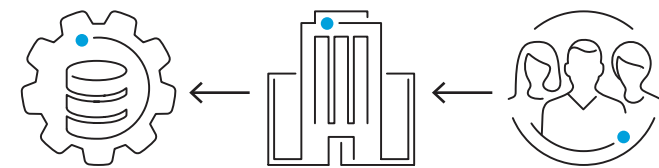
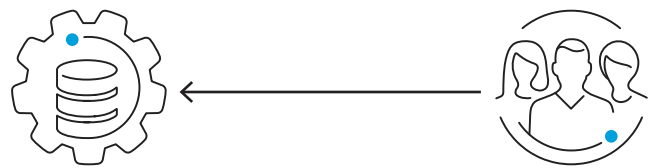


The four types of consumer data

Consumer data is divided into four categories based on how it is collected.

Zero-party data

Data that is shared directly and proactively by consumers about their preferences, interests, and/or intent. (e.g., surveys, preference centers, polls)

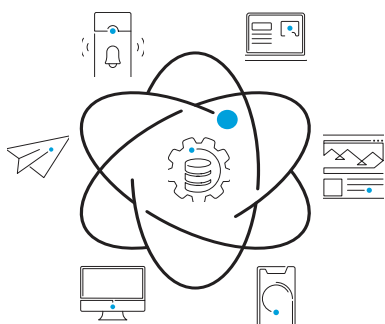
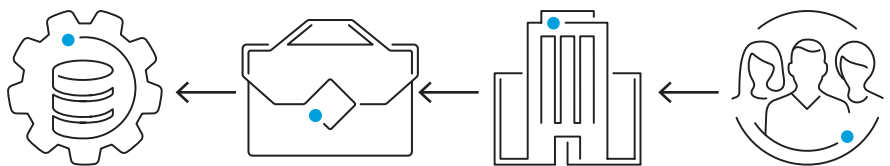


First-party data

Data collected by insurers about their audience and customers. (e.g., purchase history, email activity history, web behavior, claims data)

Second-party data

Data that is collected, owned, and managed by a partner company (their first-party data). It is shared through a partnership agreement and with the consumer's permission. (e.g., data from co-branded campaigns, keyword data from Google)



Third-party data

Data collected by third-party data providers, like [Data Axle](#), that do not have a direct relationship with the consumer. The data is gathered from various platforms, apps, and websites. (e.g., consumer contact, demographic, psychographic, or business data purchased from a data provider)



Zero-party data

What is zero-party data?

Zero-party data is shared by the consumer and includes their preferences, interests, and/or intent.

It is NOT:

- Inferred through identity or device matching
- Observed through spending behaviors or cookie data
- Basic contact details such as name, email, address, phone number, etc.

Zero-party data is also known as:

- Preference data
- Intent data
- Declared data

Zero-party data is generated by consumers directly interacting with surveys, preference centers, polls, and questionnaires – essentially any format where they can share preferences and purchase motivations in return for better personalization or another benefit.

Why should insurers collect zero-party data?

A recent Forrester report estimated that by next year a mere 15% of global brands will be collecting zero-party data.ⁱⁱⁱ In contrast, 92% of marketers said they believe preference data is critical to growth.^{iv} Based on these findings, it's clear zero-party data is an area of missed opportunity for many insurance companies as it offers unique benefits:

- **Highly reliable** - Explicit interest communicated by customers is more reliable than interest implied from purchase history, web activity, or other data points.
- **Efficient** - Zero-party data means marketers can simply ask for this data, which is a quicker and more economical way to generate insights.
- **Low cost** - Can be free or low-cost (if a company knows how to collect it).
- **Privacy friendly** - Giving consumers control of their data by asking them to share their opinions and preferences directly can build trust and credibility.



How do marketers capture zero-party data?

Brands can capture zero-party data in a variety of ways:

Preference centers

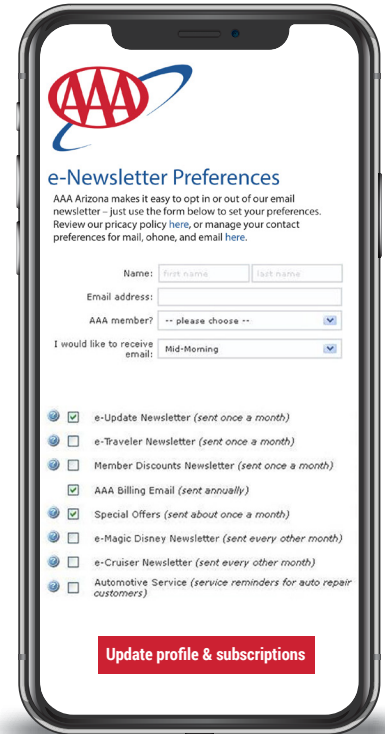
Subscriber preference centers help marketers improve the relevance of their communications and ensure the brand is communicating at the right frequency.

Preference center information to gather:

- Contact frequency preference
- Communication topic preference
- Product/Category Interest
- Unsubscribe settings

Brand example: AAA

AAA gives their members an easy way to control which emails they receive and how frequently they hear from the brand.

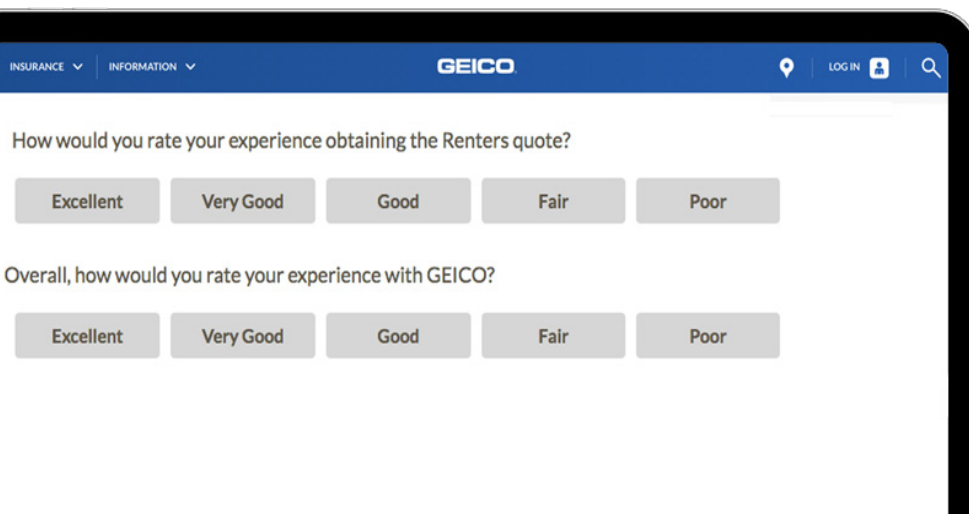


Feedback surveys

Consumer feedback today is amplified by technology advances that make it easier than ever to solicit feedback, giving marketers a more accurate picture of consumer expectations.

Sample feedback surveys questions include:

- What types of coverage are you looking for?
- Did you find what you were looking for on the website?
- Do you think our rates are comparable to those of our competitors?
- Were you satisfied with the claims process?
- Would you recommend us to a friend or family member?
- Would you buy from us again?



Brand example: Geico

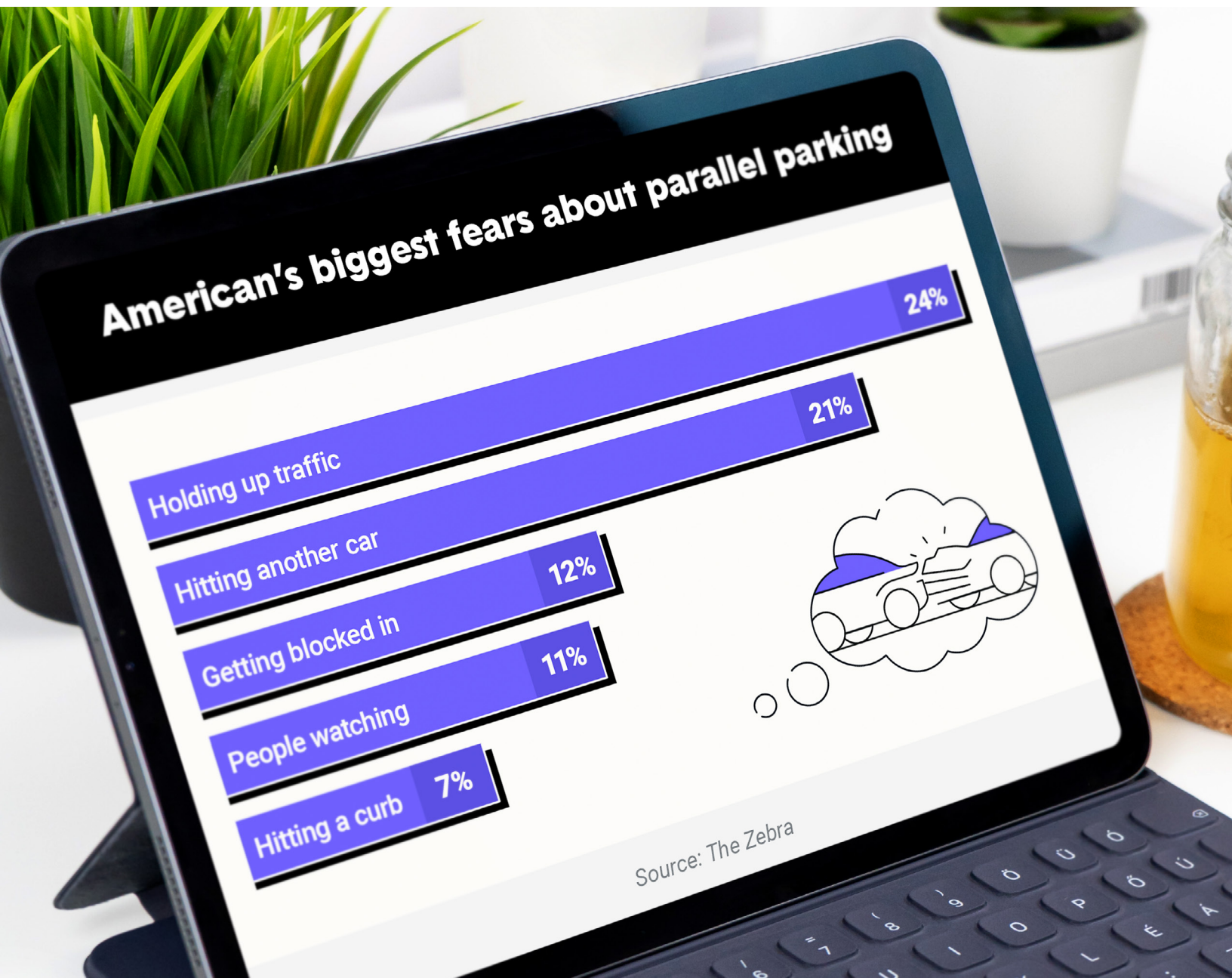
Geico uses surveys to collect feedback about the purchase process after consumers start a new policy, allowing the brand to collect valuable data about the customer journey.

Social polls

A recent study by J.D. Power revealed insurers come up short in three areas: ease of shopping and servicing their policies, household-level policy management, and **inconsistent use of social media**.^v Social media polls can be a unique way to connect with consumers and gauge sentiment or interest from your audience. With some creativity and cheekiness, insurers can pack a one-two punch – gathering useful information about their audience while increasing their social media appeal with humor.

Brand example: Zebra

The Zebra, an online insurance marketplace where consumers can browse real-time quotes from insurance providers, created a survey to conduct a playful investigation into drivers' biggest parallel parking fears and found that nearly half of U.S. consumers admit to having "parallelophobia."^{vi}



What can you do with zero-party data?

Insurers use zero-party data to create real business results, which include:

Expanding their knowledge of prospects and customers

Having direct data from consumers about their behaviors can inform marketing communications and help insurers provide educational content that emphasizes safety and promotes avoidance of risky behavior. This can help the insurance companies reduce their number of claims, thus creating a unique opportunity to improve profitability.



Brand example: Geico

On the **Geico Living** site, the brand uses quizzes on a variety of insurance-related topics to both educate and entertain consumers and to collect valuable intelligence about customer and prospect behaviors and values.

Improve engagement

Asking your audience how often they'd like to hear from you helps boost engagement by avoiding email fatigue (because of too frequent communications) and preventing missed connections (because of communications that are too spaced out).

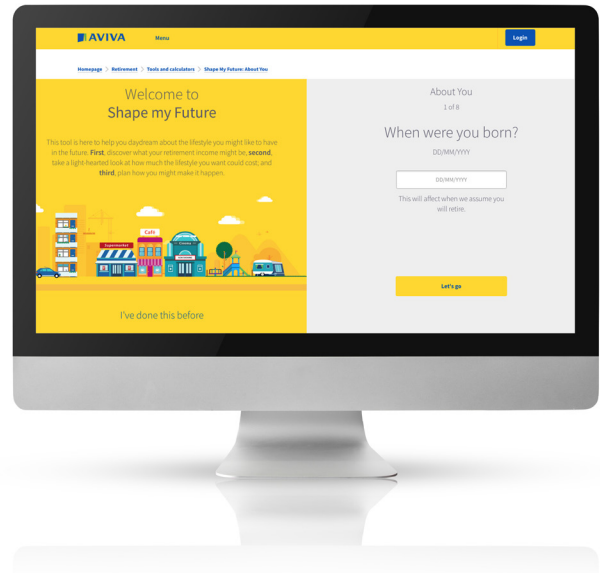
In addition, asking consumers how they'd like to be contacted helps identify their channel preference and avoid wasting marketing dollars on ineffective campaigns. Email preference centers can have the added benefit of reducing deliverability issues and spam complaints, given that consumers are more likely to consistently open messages they expect (since they've shared their preferences on frequency).

Boost remarketing and acquisition efforts

Insurance brands can use self-reported product interest and preferences to create more effective remarketing and acquisition campaigns.

Brand example: Aviva

UK insurance provider Aviva created their Shape My Future tool to give consumers a fun and interactive way to plan for their future. Consumers answer questions about their lifestyle and goals in retirement, and the tool gives suggests how much retirement income they'll need to fulfill their dreams. The data collected with this playful tool provides the insurer with crucial details about their customers and prospects that can be used for remarketing and acquisition campaigns, as well as to shape product strategy.



Enhance customer experience

When you gather information directly from customers, you have the power to understand their experiences from their viewpoint. Brands can use zero-party data from surveys to make improvements to customer experience.

Example: P&C insurance

An auto insurance provider wanted to reduce call center wait times to improve its auto claims processes. After analyzing customer feedback, the brand discovered that the main pain point for customers was not having a single point of contact while filing a claim, particularly for severe accidents. Improving the call center routing processes and redesigning the claims journey to accommodate these findings allowed the brand to improve customer satisfaction by 50% and reduce call center follow-ups by over 80%—with no additional investment^{vii}.





First-party data

What is first-party data?

First-party data is information about your prospects and customers that is collected, owned, and managed by your company. It is all the information, both observed and inferred, that you have gathered about your audience. It can be data observed through spending behaviors, or it can come from first-party cookies on an insurer's own site.

First-party data is also known as:

- Customer data
- CRM data



Why should insurers collect first-party data?

First-party data is your bread and butter – one of your most important strategic assets. According to Google and Econsultancy, 92% of leading marketers said using first-party data to build an understanding of their audience is critical to growth.^{viii}

First-party data is beneficial to marketers because it is:

- **Highly reliable** - There are typically no middlemen between you and your first-party data's collection, so you know the information is current and insights gleaned from it are reliable.
- **No cost** - First-party data is collected directly by you and, therefore, available at no cost.
- **Flexible** - It can be used to execute and optimize campaigns on many different channels.

How do insurers capture first-party data?

First-party data is typically collected using tracking pixels or cookies, website analytics, app data, social media, marketing campaign activity, and purchase history.

First-party data includes:

Form-submissions

Data containing basic contact details.

- Example: Name, shipping address, email, etc., collected via web forms, quote request forms, and email subscription forms

Transactions

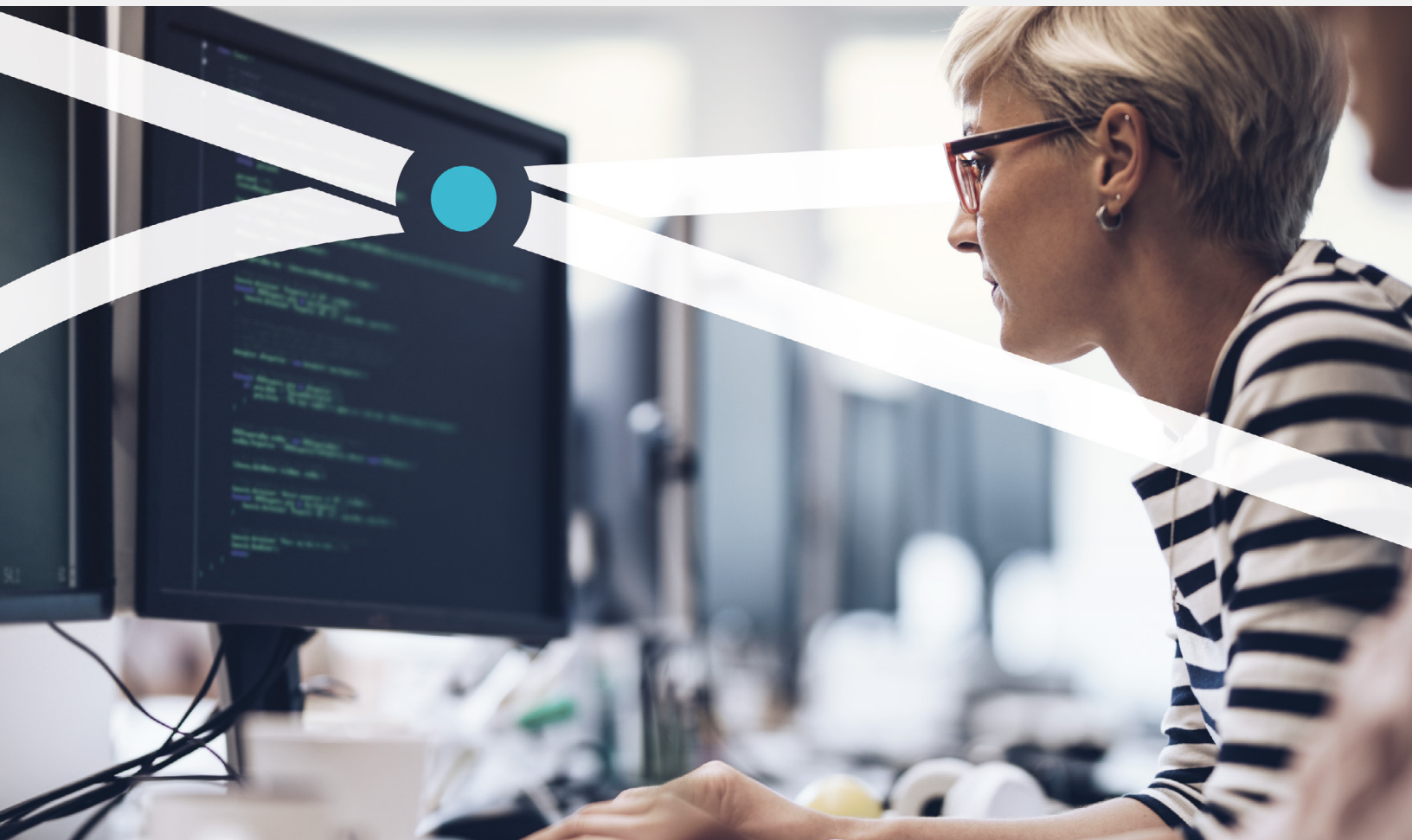
Data related to day-to-day transactions.

- Example: New policies, claims data, payments, credit cards, invoices

Marketing campaign activity

Observed data from marketing efforts.

- Example: website page views, email clicks, content downloads, comments, and likes



What can you do with first-party data?

Since first-party data includes the bulk of the information you've collected about your audience, the applications are nearly limitless. The insights you gather from first-party data can inform all marketing program components – from email creative and copy, to loyalty program design, to crafting in-store experiences and merchandise displays.

This is data-driven marketing at its core – taking insights from the data you've collected first-hand about your audience and applying them to create more impactful, profitable programs.

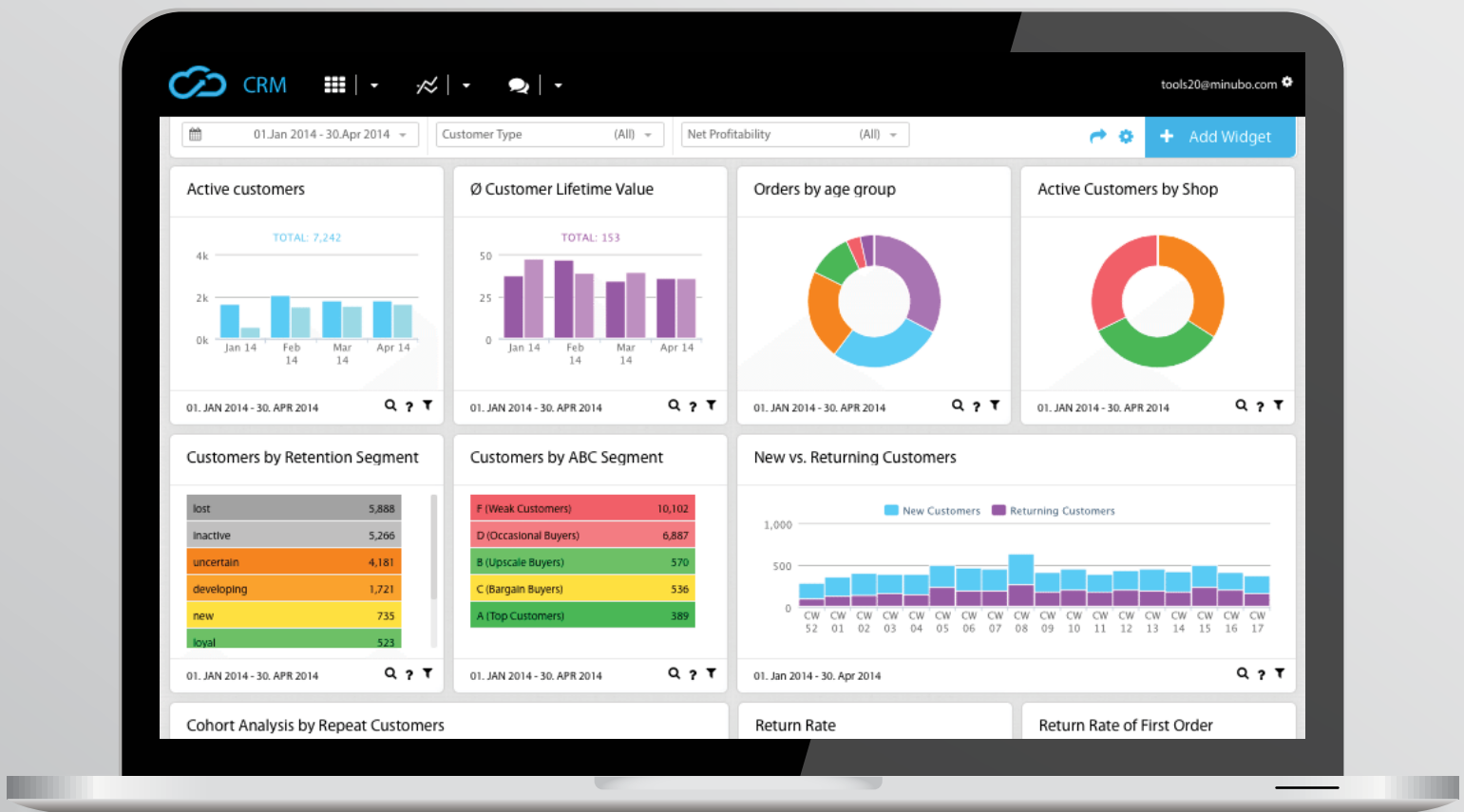
Here are a few examples of some smart marketing applications for first-party data:

Deep purchase insights

Purchase data (i.e., sales and premium data) can give marketers important details about their marketing efforts, products, and customers. Analyzing purchase data can help insurers forecast demand, predict which products appeal to certain customers, recognize which products or audience segments drive the most revenue, and understand sales trends by product type, season, or region.

Unique customer insights

Insurance brands can glean crucial information about their audience from first-party data, everything from identifying the highest-value customers to [grouping key customer segments](#) (by demographic, behavior, geographic, etc.) to understanding the customer journey.



Behavioral and demographic targeting

Considering the demographic attributes and behavior of your customers can be critical for developing accurate customer profiles you can use for cross-selling or upselling.

Brand example: Peabody Insurance

Insurers can turn customer data into opportunities to create compelling campaigns that resonate with each segment. For example, an analysis of your customer database might lead to a discovery of a previously untapped audience segment - retiree customers who have downsized and need rental insurance.

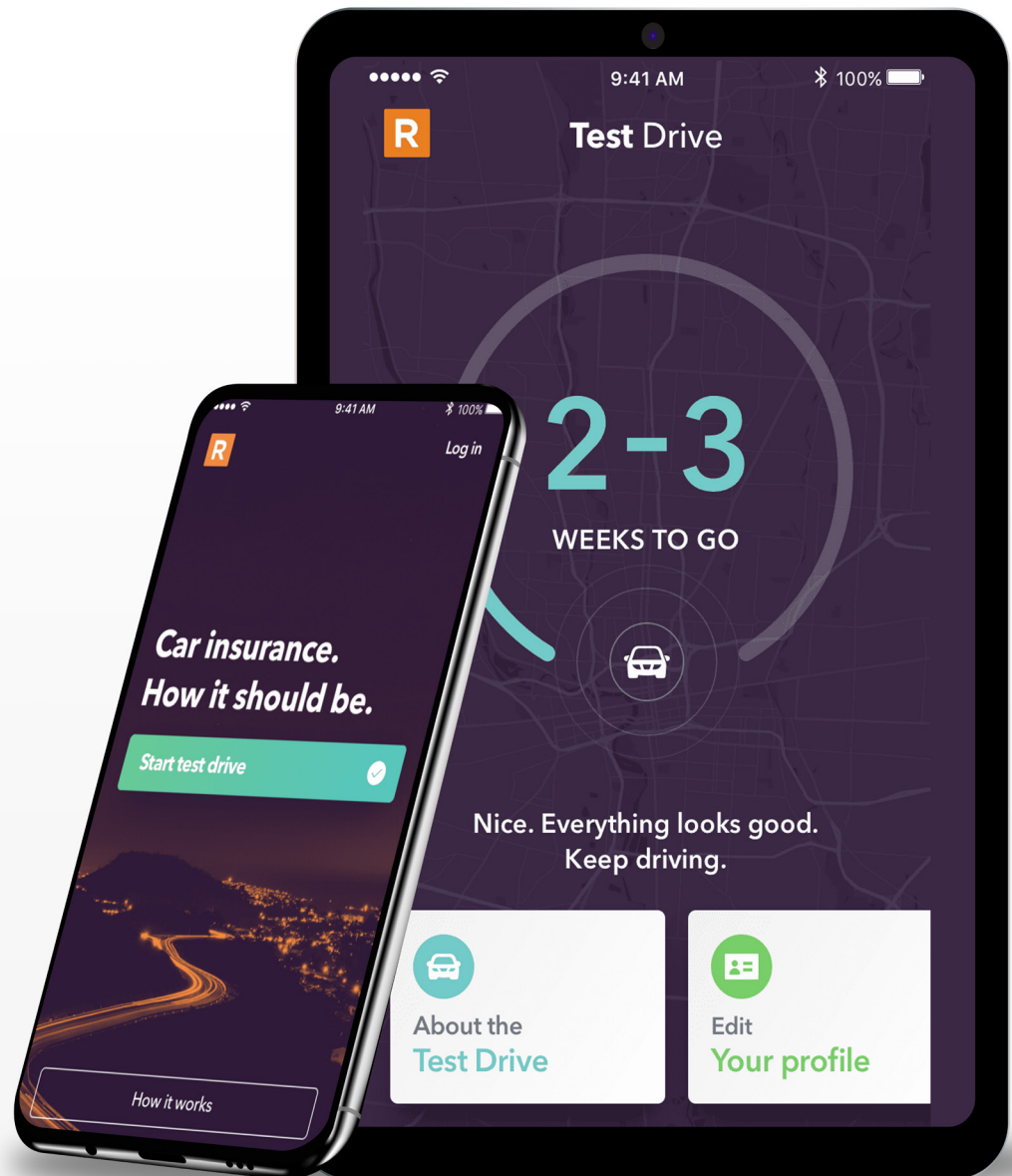


Dynamic pricing

The rise of the connected consumer is driving innovation in data-driven pricing. Since insurance premium pricing is frequently tied to consumer demographics and behaviors, the insurance industry is uniquely positioned to use first-party data to deliver personalized pricing to consumers.

Brand example: Root Insurance

U.S. insurance technology company Root Insurance calculates premiums for prospective policyholders by continuously collecting data from a driver's smartphone app over a two- to three-week trial period. It uses the data to create a personalized quote based on a consumer's driving record and risk factors.



Data-driven cross-selling

Brands can use current customers’ demographics, purchase history (i.e., historical policy types), or search behavior to suggest complementary policies. Techniques like collaborative filtering (“people who viewed item X also liked item Y”) can help you suggest relevant items based on data from your entire customer base, thus driving additional sales revenue through cross- and up-selling.

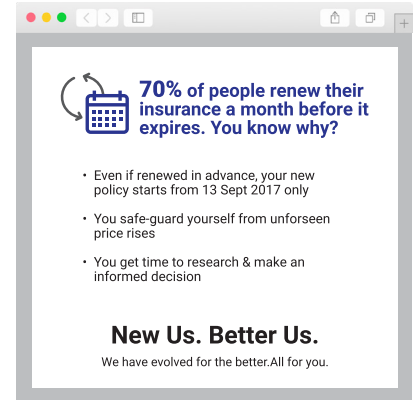
The right message at the right time

Insurance brands can use first-party data to create personalized messages that resonate with their audience.

Brand Example: Coverfox

Policy renewals are an important source of revenue for insurers; in fact, it’s been estimated that personal auto insurers in the U.S. could generate an additional \$2 billion if they could retain just 10% of the \$19 billion in revenue that goes from one carrier to another every year.^{ix}

Insurers (and agents) can create email trigger campaigns to automate the renewal process and ensure that they don’t miss this important opportunity to reconnect with customers and secure revenue. Coverfox, India’s largest insurance technology company, was able to increase policy renewals by 30% through an automated email program reminding customers it was time to



Remarketing

Having enough first-party data allows marketers to create more effective remarketing campaigns to engage their audiences. You can use insights from your data to find upselling or cross-selling opportunities to run complementary campaigns.

Purchase history	Lifetime value	Tenure	Subscriber type
Renewal period	Time since last purchase	Status tier	Customer referrals

Examples of Custom Audience segments to use in a Bing remarketing campaign

Example: P&C insurance

Microsoft Bing offers direct integration with data management platforms (DMPs) like Adobe Audience Manager, Oracle, BlueKai and LiveRamp for their search ads. This integration allows insurance brands to create search campaigns that use [dynamic custom audiences](#) based on their first-party data instead of static lists that must be uploaded for each campaign. By connecting your search campaigns with your first-party data, you could, for example, provide unique ad copy to consumers who have a lapsed policy or are soon up for renewal. You can also cross-promote additional products to a specific subset of your customers or target site visitors who abandoned a quote request.

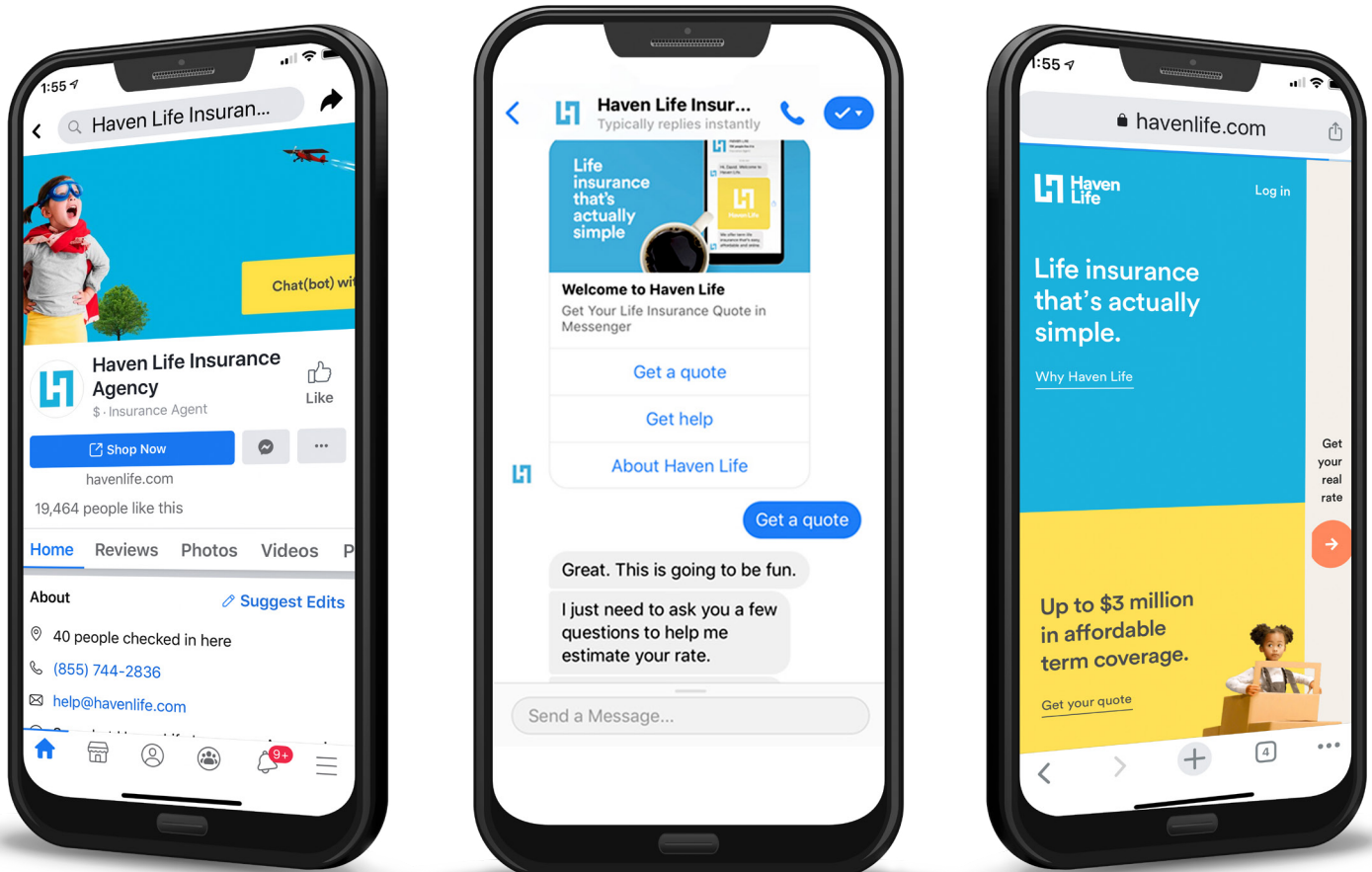
Stronger acquisition campaigns with look-a-likes

First-party data can be applied to lower acquisition costs and boost campaign results by creating [look-a-like models](#). Marketers can take what they know about their best customers – how they behave, what incentives and offers they respond to, what they're interested in – and use it (in combination with third-party data) to identify and target new consumers who are most likely to convert.

Brand example: Haven Life

Google Ads, Microsoft Bing Ads, Facebook, and LinkedIn all have features that allow marketers to build look-a-like or similar audiences based on first-party data.

Online life insurer, Haven Life, developed a creative Facebook campaign to attract new customers. Using data about their current customers to create a look-a-like audience, the company was able to target users who were most like their high-value customers. In addition to placing the ads on Facebook, the brand developed a Facebook Messenger bot to help engage leads and drive them towards completing a quote questionnaire within Messenger, all without needing to leave the “walled garden” of Facebook. During the month-long campaign, the brand saw a 12% lift in completed quote forms at a 23% lower cost per lead than other digital platforms.^x





Second-party data

What is second-party data?

Second-party data (aka, partner data) is information insurers acquire through a partnership with another company that provides access to their first-party data.

Examples of second-party data:

- Data acquired through ad services like Google or Bing
- Co-registration campaigns such as contests or sweepstakes
- Co-op data pools created by a partnership between a group of companies

Why should insurers collect second-party data?

- **Reliable** - Second-party data is collected directly by your partner, so the origins are completely transparent. You know where the data came from, when it was collected, and how/if it was verified.
- **Scalable** - First-party data on its own may not be enough to power all of your marketing programs. In a recent Forrester survey, 27% of participants said they use second-party data due to a lack of scalability of their own first-party data.^{xi}
- **Minimal effort to collect** - Second-party data has many of the benefits of first-party data with the added operational advantage of not having to collect it yourself.
- **Competitive advantage** - Instead of launching one-size-fits-all campaigns to consumers, you can use second-party data to identify desirable audience segments based on behaviors and preferences captured on a partner's website and tailor campaigns accordingly.



How do insurers collect second-party data?

Insurers may collect second-party data directly from the company that owns it. In this case, there's no middleman, so brands must find partners who are willing to exchange data for mutual benefit.

Both brands should agree how data will be shared and ensure they have the same approach to data privacy. In addition, the brands can explore technology solutions that help to protect consumer data while allowing them to exchange data efficiently.

In the case of co-op data sources, a group of companies agree to pool their first-party data to create a collective data source that allows brands to benefit from other companies' data. Some data co-ops require members to contribute their own first-party data to participate. Other co-ops - like [Data Axle's Transactional Data](#), which provides transactional consumer data – do not require brands to provide their first-party data but instead enable companies to acquire transaction data through a list rental.

What can you do with second-party data?

Increase your audience

Marketers can increase their reach by using second-party data to find new audiences for their products and services.

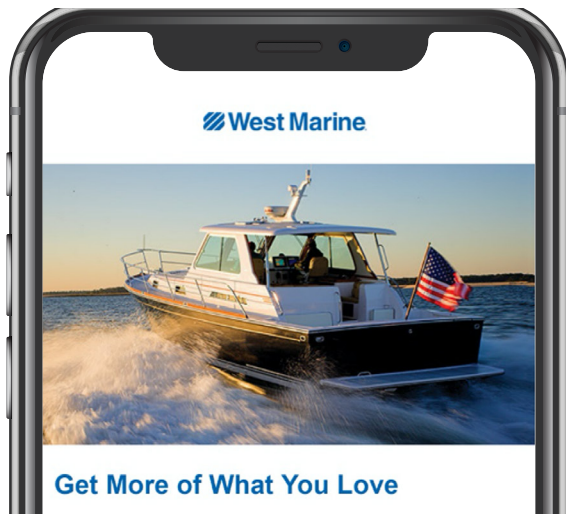
Brand example: Nationwide

By partnering with other companies and organizations, insurers can connect with new prospective policyholders. For example, insurers can go beyond a typical media buy and partner with business organizations to reach their potential customers. In the example below, Nationwide Agribusiness partnered with Maryland Farm Bureau to target their members who might be in the market for farm insurance.



Reach niche audiences

Marketers who need to reach niche audiences can seek out data partners who have customers within that niche, allowing them to build out their data set for an audience segment they might not have in their list.



Example: P&C insurance

An insurance provider could partner with a specialty retailer to reach a specific audience. For example, by partnering with a water sport retailer an insurance company could reach boat owners with a special offer for boating or water equipment insurance using the retailer's customer preference and purchase data, the insurer could provide different audience segments based on that data.

Learn more about your customers

Gaining greater insights into customer behaviors and preferences was the No. 1 driver of second-party data partnerships, cited by 69% of respondents in a Forrester survey.^{xii} For the insurance industry, the benefits can be two-fold: Second-party data can improve the customer experience AND improve risk assessment. The growing adoption of connected devices provides a huge opportunity for insurance brands.

Brand example: Progressive

Progressive partnered with Zubie, a connected car service, to give Zubie customers the option of sharing their driver data with Progressive in order to earn a discount on auto insurance through Progressive's Snapshot® program, which rewards safe drivers with lower premiums.^{xiii}



Identify opportunities for co-registration campaigns and events

Savvy marketers can establish partnerships that allow them to co-market with brands that have complementary audiences.

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Liberty Mutual has partnered with Piper to reward you for staying safe with Piper.

Switch to Liberty Mutual and get:

- ✓ 5% discount on home, condo or renters
- ✓ New Smart Home Discounts! Sign up to receive 15% off the theft portion of your premium
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Piper is the smart home security system that lets you see, hear and know what's going on at home while you're away.

- Smart home security system with no contracts or required monthly fees.
- Built-in 180-degree immersive view camera for live and recorded video, motion/sound detection, wireless sensors, 2-way audio, siren and battery-backup.
- Simple setup and easy to use, get alerts to your smartphone or tablet when something isn't quite right.

Piper Smart Home Security System

Brand example: Liberty Mutual

Liberty Mutual partnered with home security provider, Piper, to give their customers a discount on home, condo, or renters insurance.



Third-party data

What is third-party data?

Third-party data is collected by external data providers that do not have any direct relationship with the consumers whose data is being collected. The data is collected from various platforms, apps, and websites, then aggregated and “packaged up” in various data sets. Third-party data is NOT simply lists of contacts for purchase.



Why should insurers use third-party data?

Eighty-eight percent of marketers surveyed by Forbes use data obtained by third parties to enhance their understanding of their customers.^{xiv} In addition, the Interactive Advertising Bureau (IAB) and the Winterberry Group estimated that spending on third-party data increased by 17.5% in 2018 to \$19.2 billion.^{xv}

Some of the benefits of third-party data include:

- **Depth and breadth** - While other data types can be more accurate and less costly, they simply can't match the breath and scale of third-party data. For example, [Data Axle](#) has access to more than 16 billion data points across an audience of 320 million+ consumers and 15 million+ businesses.
- **Augment existing data** - Third-party data is important for filling in the gaps in your zero-, first-, and second-party data and enables you to develop a complete view of your customers.

How do insurers obtain third-party data?

Third-party data can be purchased or licensed from a data provider. It can be integrated with a data management platform (DMP) or consumer data platform (CDP), which enables companies to easily append third-party data to their zero-, first-, and second-party data to build more comprehensive audience profiles and better targeting.

Data providers can create packaged [data solutions](#) by:

- Industry or use case (e.g., small business, B2B, insurance, non-profit, etc.)
- Consumer categories (e.g., frequent travelers, new movers, sports fans, etc.)
- The specific needs of the individual brand

Third-party providers have millions of data points that are collected from a variety of sources, from voter registration to real estate and mortgage information.

Some examples of data types available from third-party providers include:

- Media affinity
- Household income
- Leisure affinities (biking, hunting, knitting, etc.)
- Life events (graduation, new mover)
- Buying habits





Third-party Business Data

Third-party [business data](#) is a crucial acquisition and lead generation resource for insurers that provide coverage for businesses.

Since business data changes frequently, choosing a provider that continually updates and verifies their business file is essential to optimizing the sales process and shortening the sales cycle.

What can you do with third-party data?

Third-party data is used extensively by companies to [understand their audiences](#) and to better target prospective customers.

Achieve a complete view of your customers

While first-party data is valuable because of its precision and relevance, it often lacks scale. Leveraging third-party data for additional insights into your own audience means achieving a more complete view of your customer, which enables insurers to improve communications and generate new opportunities.

Example: Insurance

An insurance brand knows their best customers are male heads of household, age 30-50. After supplementing existing data with third-party data, the brand could come to learn, for example, that 50% of its highest-value customers share a common interest (like an affinity for a certain sport) and prefer to consume media on social. This information opens new doors for high-ROI advertising opportunities.

Advanced data modeling

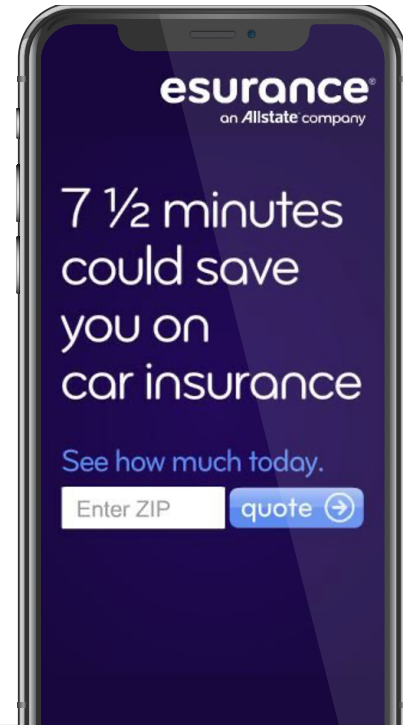
Insurers that do not use third-party data may be shutting themselves off from powerful benefits such as cross-device customer identity recognition and resolution, attribution models, retention models, refined lookalikes, persona and acquisition models, and much more.

Target your competitor's customers

Brands can use third-party data to find and target a competitor's social media followers and customers and then deliver communications to steal their thunder.

Brand example: Esurance

Esurance had a bit of fun at Geico's expense with their spoof of Geico's tagline, "15 minutes could save you 15% or more on car insurance," which has been around since the '90s. The campaign addressed modern expectations for near instant gratification and lampooned Geico for being stuck in the past. With the tagline "Insurance for The Modern World," Esurance set itself apart from the competition. To extend the reach of this campaign, Esurance could use third-party data to locate and target Geico's followers and customers.



Connect with new customers via personalized campaigns

According to a McKinsey study, more than 40% of personal insurance carrier switching in the United States takes place at life events such as moving homes.^{xvi} Insurers can use third-party life event data to enhance their acquisition efforts; they can identify prospects at various life stages – for example, graduating high school, buying a new home, or expecting a baby – and target them with personalized content to engage and convert them.

Example: Personal insurance

Customers with growing families might consider expanding their coverage or adding new products they hadn't previously considered. Brands can use third-party data to identify audience segments that are approaching important life events (like becoming new parents or purchasing a house) and create compelling messages to reach them at this important milestone.





Conclusion

For insurers, the key to meeting consumer demands for greater personalization while boosting growth in an increasingly competitive industry lies in using the full array of data available to them while taking a customer-first approach. Doing so helps improve performance and ROI, reduce ineffective marketing spend, and boost long-term loyalty by creating experiences and products that build consumer trust.

Sources

- ⁱ <https://www.bain.com/insights/connected-devices-changing-insurance-infographic/>
- ⁱⁱ <https://www.bain.com/connected-devices>
- ⁱⁱⁱ <https://www.forrester.com/report/Predictions+2019+B2C+Marketing/-/E-RES144776>
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