data axle

The Finance Industry's Guide to Marketing Data

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

Introduction

The financial services market is changing. A recent PwC survey revealed that 71% of U.S. banking executives consider non-traditional new market entrants to be a threati, indicating that competition from FinTech and companies like Amazon and Apple is putting pressure on legacy financial brands. Furthermore, evolving consumer expectations for convenience and personalization are creating a need for a more customer-centric approach within the financial industry. In fact, in a recent Data Axle survey, 52% of financial services consumers ranked relevant content as the most important marketing factor that influences their decision to switch to a new provider.

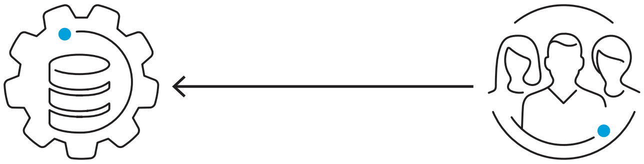
Financial brands that master the application and analysis of consumer data to elevate customer experiences and improve marketing ROI (return on investment) will gain an edge over their competitors. Understanding how marketing data is collected, utilized, and leveraged is the key for financial marketers to adapt and modernize for the digital consumer.

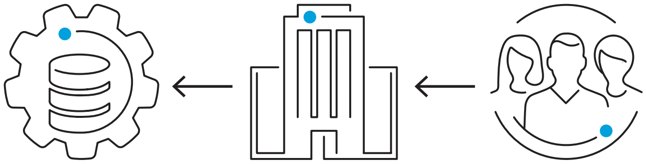
The four types of consumer data

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)



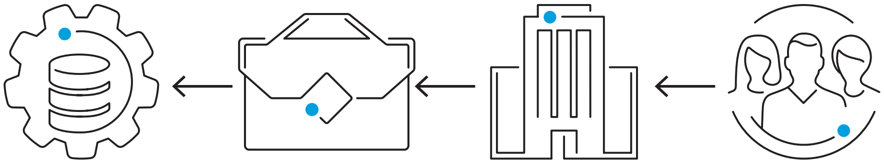


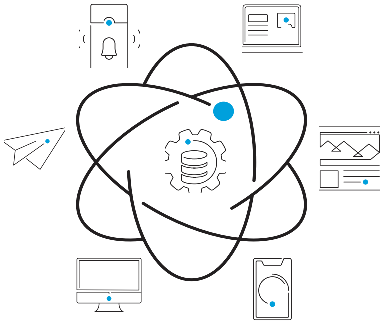
First-party data

Data collected by marketers about their audience and customers. (e.g., account history, email activity, web behavior)

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, ad 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 financial brands 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.[ii] In contrast, 92% of marketers said they believed preference data is critical to their growth.[iii] Based on these findings, it's clear that zero-party data is an area of missed opportunity for many financial brands as it offers unique benefits:

- **Highly reliable** - Explicit interest handed over by customers is more reliable than implied interest based on activity history 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** - Consumers exercise complete control of their data by sharing their opinions and preferences directly with a brand.

How do financial marketers capture zero-party data?

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

Preference centers

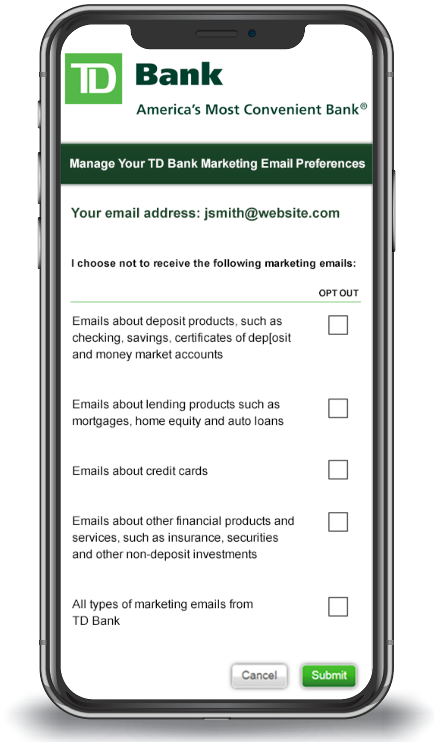
Subscriber preference centers help marketers improve the relevance of their communications and ensure the brand is communicating at the right frequency.

Preference center information to gather:

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

Brand example: TD Bank

TD Bank provides an email preference center to give their customers an easyway to control which types of messages they receive and to gather important insights into which products their subscribers are most interested in.



Social polls

Social media polls can be a unique way to both connect with consumers and gauge sentiment or interest from your audience.

Brand example: Wells Fargo Asset Management

Wells Fargo Asset Management created a Twitter poll to gauge consumer sentiment about the economic climate. When the poll indicated that consumers felt a recession was likely on the horizon, the brand offered consumers financial advice to help them weather volatile markets.

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.

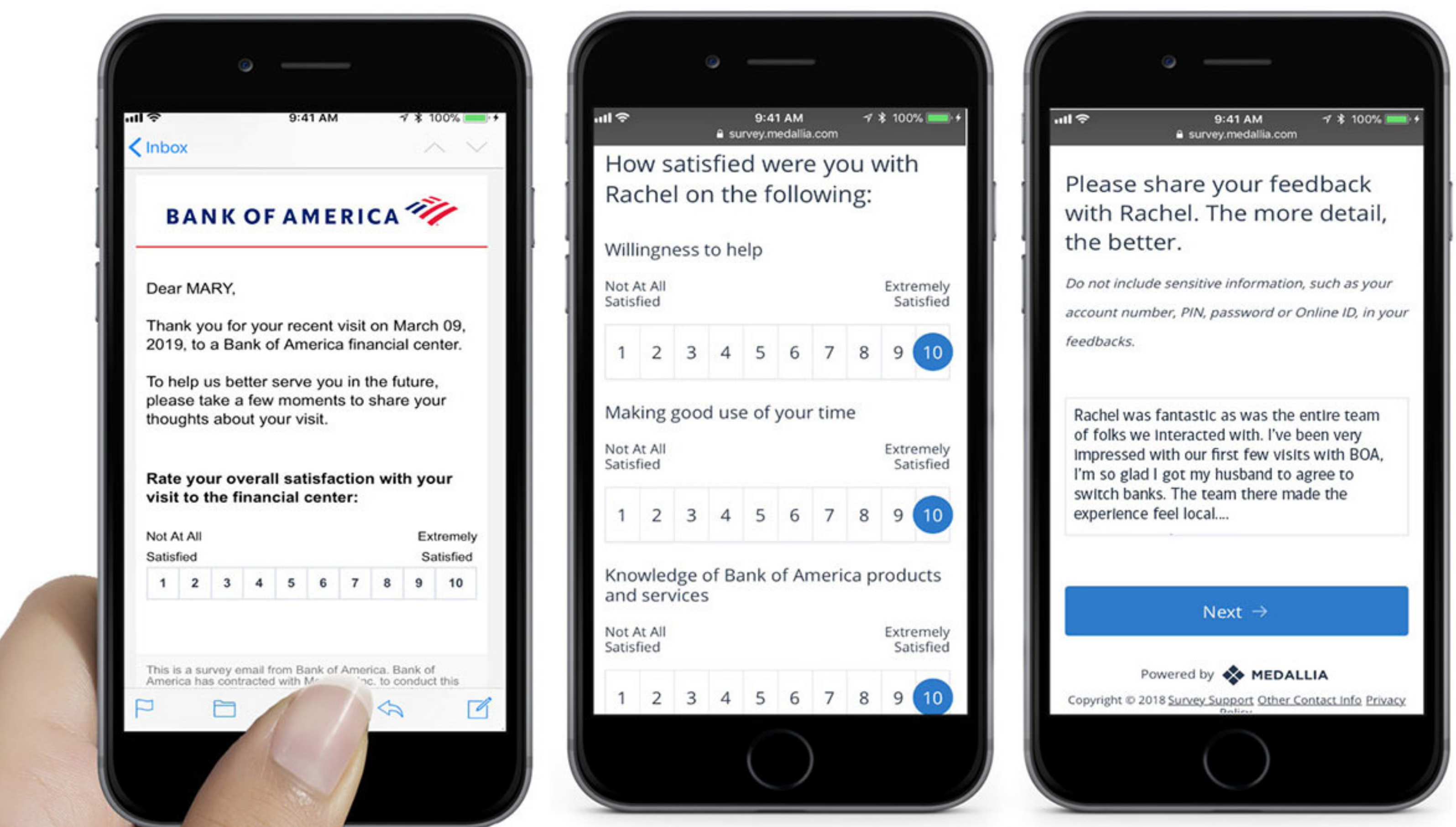
Feedback surveys - questions to ask:

- How would you rate our service?
- Would you recommend us to a friend or family member?
- Did you find what you were looking for on the website?
- Do you think our services/interest rates are comparable to those of our competitors?

Brand example: Bank of America

Bank of America (BoA) sends 90 million email surveys to its customers per year and receives more than 12 million responses, providing real-time feedback to their teams through a customer interaction technology called Voices, which automatically sends survey results to a dashboard for easy viewing.

In addition to email surveys, BoA also collects customer feedback through their digital assistant, Erica, which handled 50 million interactions in its first year of deployment. The brand's focus on consumer feedback seems to have paid off: In JD Power's 2019 U.S. Retail Banking Advice Study, BoA took the top spot in satisfaction with financial advice and increased their score by 26 points.[iv]



Example of a BofA Voices email survey following consumer interaction at a branch

What can you do with zero-party data?

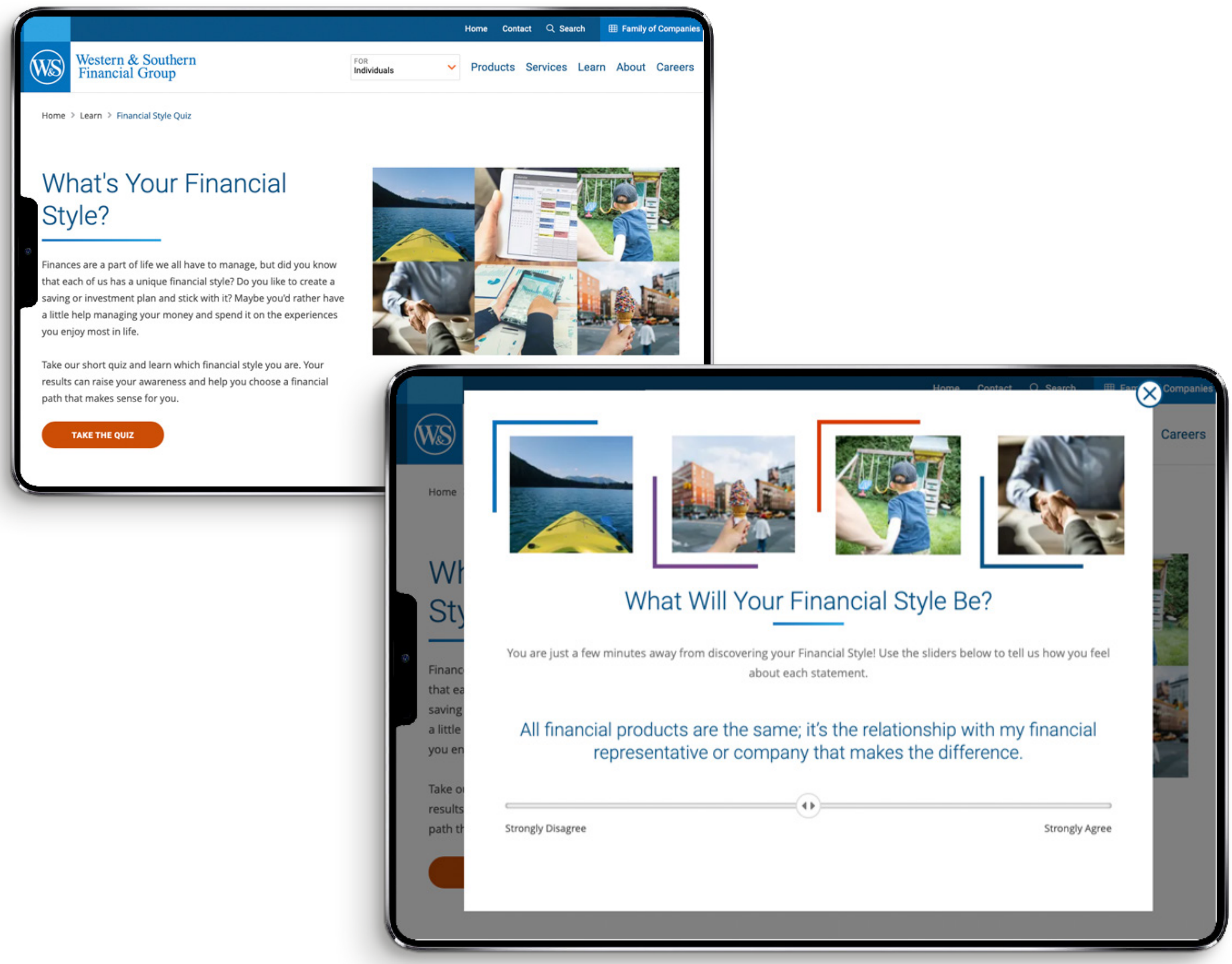
Finance brands use zero-party data to create real business results, for example:

Expanding their knowledge of prospects and customers

Having direct data from consumers about what they want and how they behave can help financial service companies improve customer experience and brand communications.

Brand example: Western & Southern Financial Group

On the Western & Southern Financial Group site, the brand uses quizzes on a variety of finance-related topics to educate consumers and to collect valuable intelligence about customer and prospect behaviors, including how they seek financial help, their investment style and financial goals.

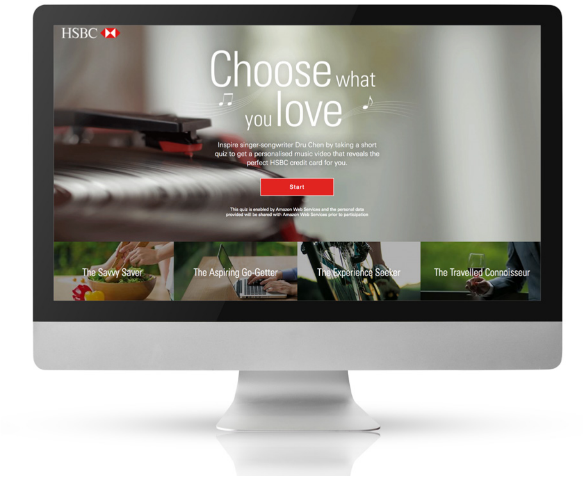


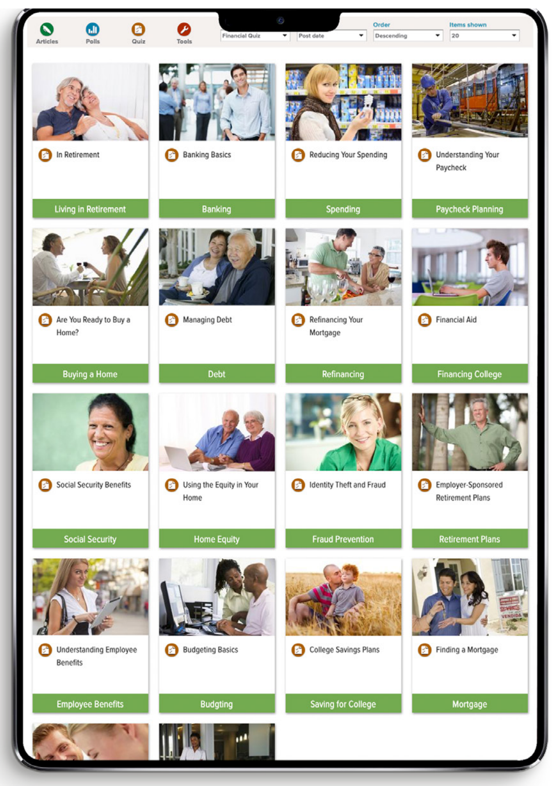
Craft customized campaigns

Finance brands can create personalized campaigns based on consumer-reported details on their values and preferences.

Brand example: HSBC

HSBC created an innovative, interactive acquisition campaign for younger consumers in Singapore to drive awareness for four different credit cards. The “Choose what you love” campaign encouraged users to complete a quiz with lifestyle questions. Each consumer then received a completely personalized song and music video based on their details and quiz answers, along with additional real-time data points like the time, date, local weather and Facebook details if users granted permission for access. The music video concluded with a highlight of the HSBC credit card type that fits the consumer’s lifestyle.





Boost remarketing and acquisition efforts

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

Brand example:Bank of Tennessee

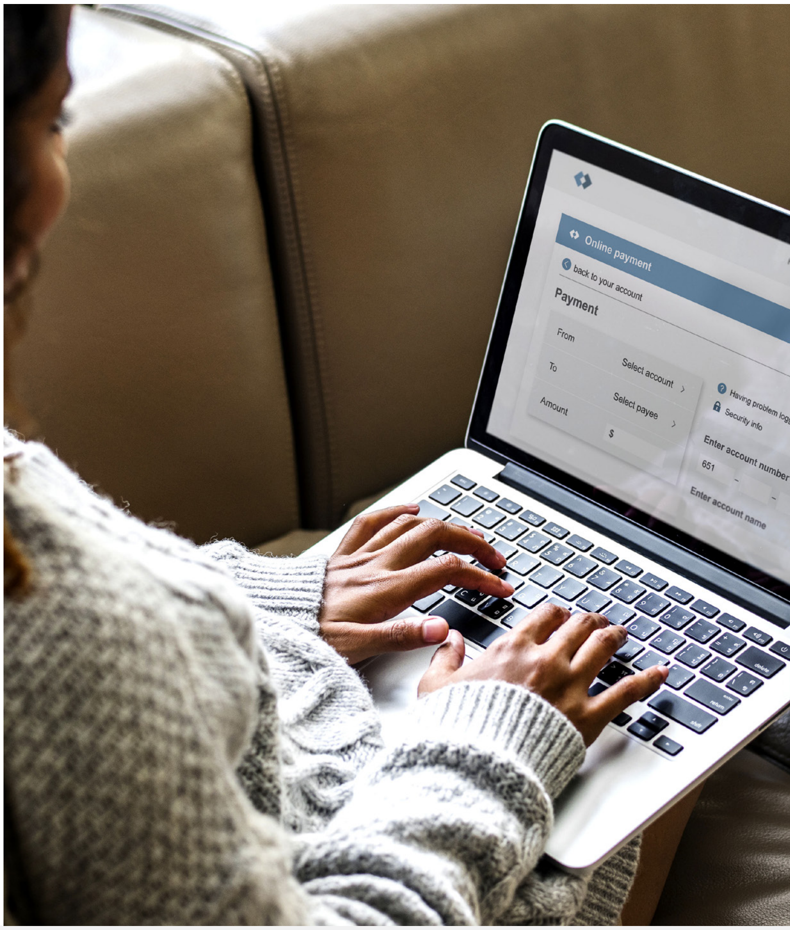
The Bank of Tennessee uses quizzes on their website to give consumers a fun and interactive way to plan their finances. Consumers answer questions about their lifestyle, wants, and needs to get an idea of how they can plan to achieve these goals. The data collected with this playful tool provides the bank with crucial details about their customers and prospects - such as spending behaviors, financial plans, and product/ service interest - which can be used for remarketing and acquisition campaigns.

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: Payments Company

A payments company wanted to enhance their ability to resolve customer disputes about charges on their accounts. The company was considering making extensive investments in technology to help the company reduce processing times. However, after soliciting direct customer feedback through surveys and customers interviews, the brand discovered that their customers' major pain point was the lack of status updates during a dispute, not the processing times. The company was able to improve their communications during the dispute process, better addressing their customers' woes at a much lower cost than an unnecessary technology overhaul.[v]



Improve engagement

Asking your audience how often they'd like to hear from you helps boost engagement, avoids email fatigue (because of too frequent communications) and prevents 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 avoids the waste of marketing dollars on ineffective campaigns. Email preference centers can have the added benefit of reducing deliverability issues and spam complaints. Consumers are more likely to consistently open messages they expect (since they've shared their preferences on frequency).

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 financial brand's own site.

First-party data is also known as:
- Customer data
- CRM data

Why should financial brands collect first-party data?

First-party data is your bread and butter – one of your most important strategic assets. According to Google andEconsultancy, 92% of leading marketers said using first-party data to get an understanding of their audience is critical to growth.[vi]

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

- **Highly reliable** - There are typically no middlemen between you and your first-party data, 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 across many different channels.

How do financial brands 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 account activities (deposits, withdrawals, new loans, etc.).

First-party data includes:

Form-submissions

Data containing basic contact details.

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

Transactions

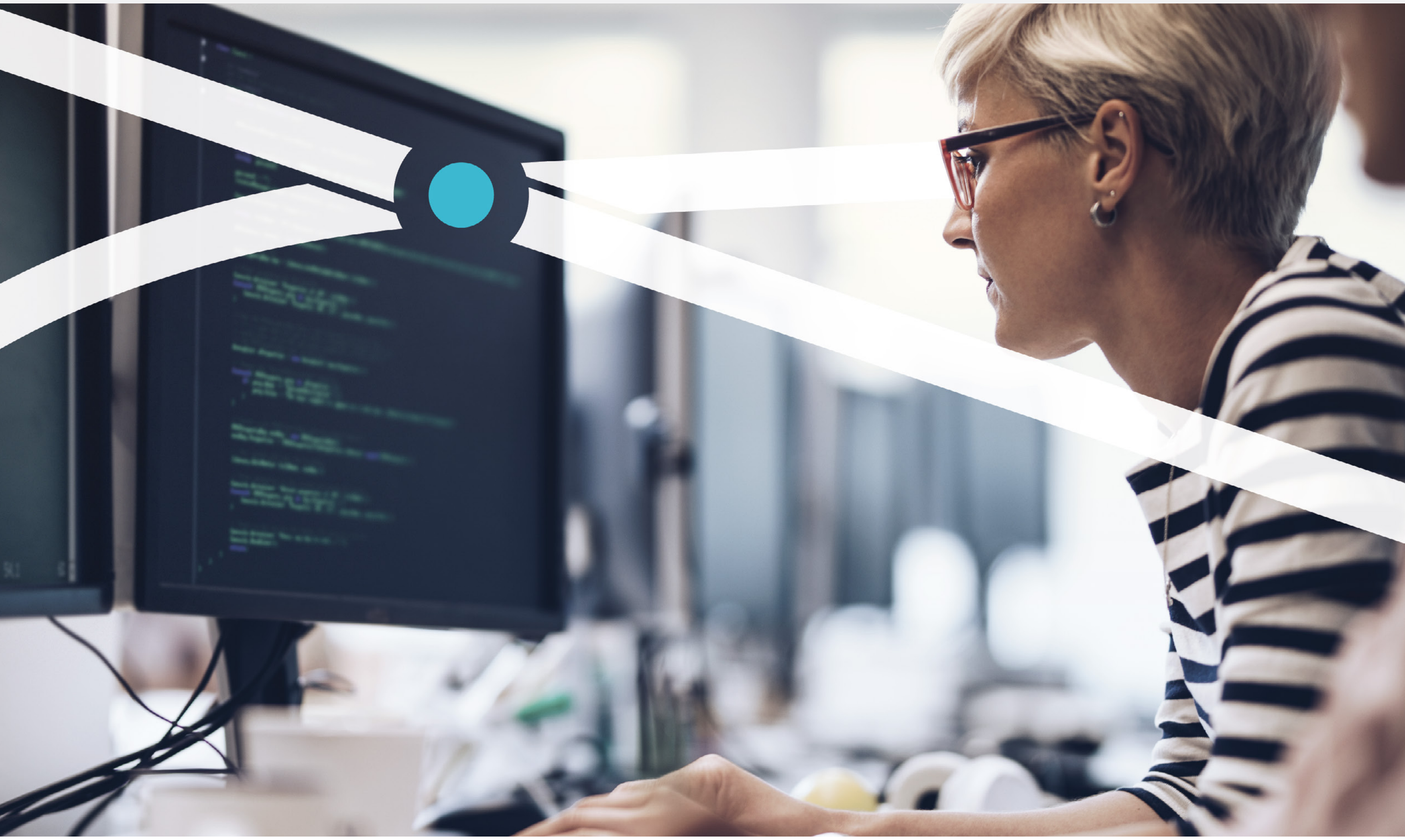
Data related to day-to-day transactions.

- Example: Payments, invoices, fees

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 product/services insights

First-party data related to which products/services your customers are using, and how and where they are being used, can give financial companies important details about their marketing efforts, products, and customers. It can inform how they forecast demand, predict which products appeal to certain customers segments and which drive the most revenue, and understand sales trends by account/product type, season, or region.

Unique customer insights

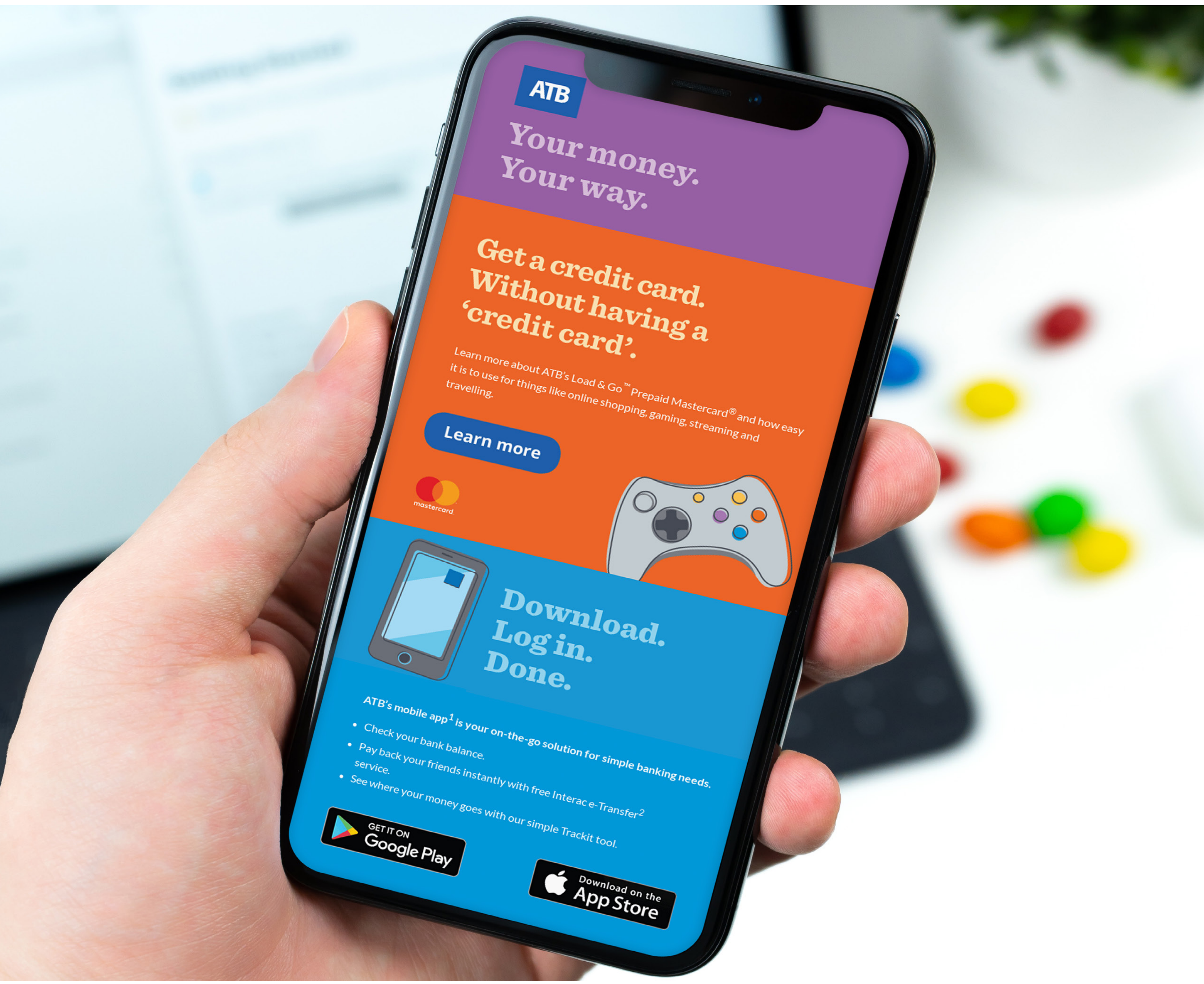
Finance brands can glean crucial information about their audience from first-party data, everything from identifying the highest-value customers to [grouping key customer segments](#) (by demographic, behavior, geographic, etc.) to understanding the customer journey.

Data-driven cross-selling

Considering the demographic attributes and behavior can be critical for developing accurate customer profiles that can inform upselling and cross-selling campaigns.

Brand example: ATB Financial

An analysis of your customer database might help you identify a key audience segment for a product or service. For example, ATB Financial developed the following campaign to target young consumers, a key segment for the bank's "Load & Go" prepaid Mastercard. The campaign targeted 17- to 19-year-old ATB customers who do not currently use the prepaid credit card product. In addition to the Load & Go product, the bank highlighted their mobile app and mobile payment capabilities that are perfect for young consumers on the move.

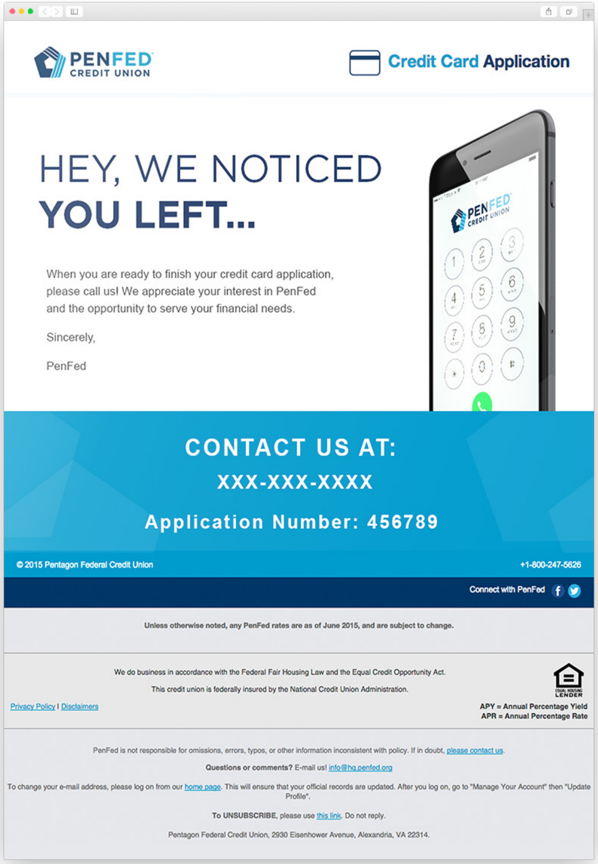


Dynamic and automated messaging

Financial brands can use data to inform and design compelling campaigns. Using technology to automatically deliver dynamically populated content can make the process incredibly cost-effective.

Brand example: Simple Finance

Finance brands can use first-party data to deliver highly relevant content to their audiences. For example, brands could create a personalized financial literacy series on topics such as debt management, saving for college, or saving for retirement. Online banking brand, Simple Finance, created this email specifically for younger consumers, with content and product information selected for this audience. With the right technology, the brand could create corresponding campaigns across other audience segments, instantly, by automating content blocks that are dynamically populated based on audience attributes (age, product use, interests, etc.).



Trigger communications

Finance brands can use first-party data to create triggered email campaigns that are automated based on consumer behaviors.

Brand example: PenFed

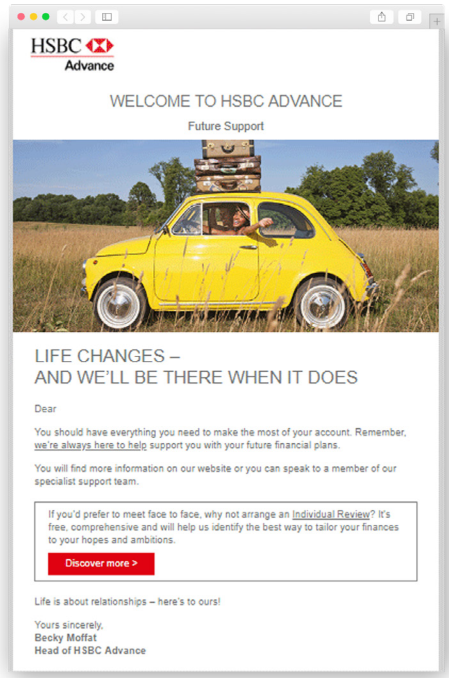
PenFed created this email, which is triggered by an incomplete credit card application on its website. Similar to the retail industry's abandoned cart emails, this type of automated messaging can really help boost acquisition efforts. In fact, a recent report by Signicat revealed that 50% of retail banking customers had abandoned their attempt to sign up for new financial services[vii], indicating there's a huge opportunity to increase conversions by following up on abandoned requests.

Engage with the right message at the right time

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

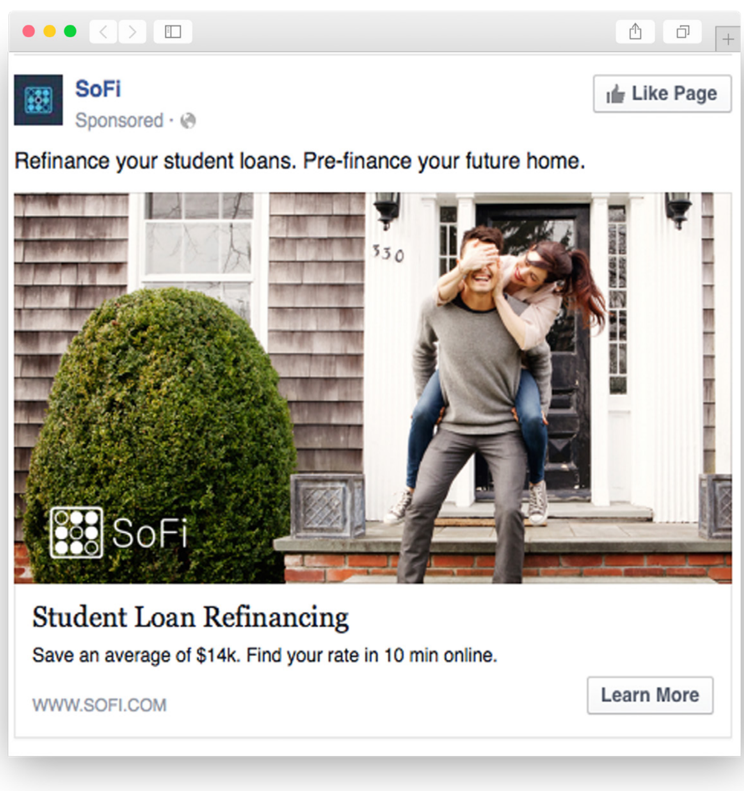
Brand example: HSBC

Banks can create campaigns to automate the upsell process and ensure that they don't miss an important opportunity to reconnect with customers. HSBC sends a triggered welcome email to new customers. The email is written in a casual, friendly tone and features an important call to action - offering a "financial review" at a branch as a way to upsell new customers on additional financial services.



Build 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 or similar audiences. Financial services brands 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 target new audiences who are most likely to convert.



Brand example: SoFi

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 personal finance company SoFi uses Facebook's lookalike capabilities to create targeted campaigns based on their own first-party data. The brand delivered an ad for student loan refinancing, which was targeted to millennial Facebook users. The campaign motivates consumers to refinance their loans and use the savings towards their future home, hitting millennials with a message that resonates (since millennials represent the largest cohort of home buyers) and also teases another SoFi product – mortgage loans.

Second-party data

What is second-party data?

Second-party data (aka, partner data) is information retailers 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 financial brands 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.[viii]

- **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 financial brands collect second-party data?

Retailers 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 who are interested in financial services. For example, credit card companies frequently partner with other businesses, such as airlines, hotels, and retailers, to reach new potential customers.

Brand example: ICICI Bank

ICICI Bank in India partners with Ferrari to offer a co-branded credit card. This partnership enables the bank to identify luxury car owners and enthusiasts, thus reaching a difficult-to-find audience with a high net worth.

Brand example: Rocket Mortgage

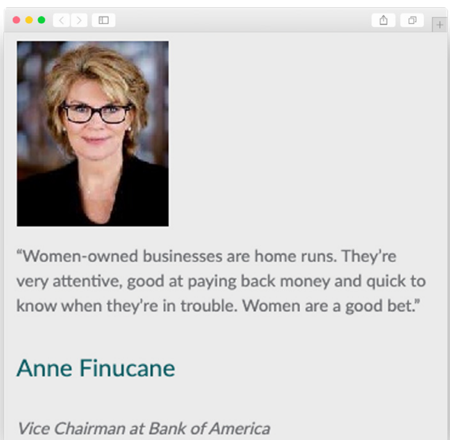
Rocket Mortgage by Quicken Loans formed a strategic partnership with State Farm that allows State Farm agents to offer Rocket Mortgage loans as a licensed loan originator. The partnership enables Rocket Mortgage to benefit from the strength of State Farm's network of 19,000 local agents, which serve 84 million policies and accounts.

Increase your data set for better consumer insights

More data equals better predictive analytics and more effective messaging. You can improve your ability to predict certain outcomes by working with a partner and increasing the size of your data set. For example, by analyzing second-party behavioral data, you could determine which actions best predict conversions.

Example: Financial Brand + Google ads

Financial brands that use Google ads are benefiting from second-party data. When consumers enter a search term to find information, they are providing that data to Google, not to the financial institution. The search terms are Google's first-party data about its customers' behavior, yet brands that use Google AdWords can understand which keywords drove consumers to click on an ad, or they can use the Google Search Console to understand which keywords brought consumers to their websites.



Reach niche audiences

Financial companies that need to reach niche audiences can seek out data partners with customers in that niche, allowing the brand to build out their data set for an audience they might not have in their customer list.

Brand example: Bank of America

Bank of America partners with the National Association of Woman Business Owners to boost exposure among a key target audience and communicate their core values as a business.

Identify opportunities for co-branded campaigns and events

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

Brand example: Ally Bank

Ally Bank partnered with media company, XO Group, to target consumers in key life stage moments. XO Group created 21 content pieces on behalf of Ally Bank, which were delivered across the media network's publications -- The Bump, The Nest, and The Knot -- and covered financial advice for having a baby, buying a home, and getting married. The campaign established Ally Bank as a financial partner for XO Group's readers and provided a key connection point for the bank to reach a millennial audience – diving consumers towards additional content and product information on Ally Bank's website in the process.

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 financial brands 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.[x] 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.[x]

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 financial brands 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

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 retail marketers to improve communications and generate new opportunities.

Example: Finance common interest

After supplementing their existing audience file with third-party data, a finance brand could learn their best customers are females aged 30-50 with children under the age of 10 in the household and that 50% of these high-value customers share a common interest (like having an affinity for a certain sport) and prefer to consume media via social channels. This information opens new doors for high-ROI advertising opportunities through personalization.

Connect with new customers via personalized campaigns

In a recent Data Axle survey, half (52%) of financial services consumers ranked relevant marketing content as an important factor in deciding to use a financial institution. Financial brands can use third-party data to augment their acquisition efforts; they can identify and target prospects at various life stages – for example, graduating high school, buying a new home, or expecting a baby – and deliver personalized content to engage and convert them.

Example: Major life event

Financial brands could use third-party data to reach consumers who are preparing to move or find recent grads who might consider opening a new checking account; they can also tailor their communications to appeal to customers with a growing family who might have changing financial needs.

Conclusion

For financial services companies, the key to staying competitive in a changing marketplace is to meet consumer demands for greater personalization while boosting growth. This all can be achieved by putting data to work. Doing so helps improve performance, reduce ineffective marketing spend, and increase long-term loyalty by improving customer experiences and creating relevant, powerful communications.

Sources

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About Data Axle

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