WHITE PAPER

Retail bank media networks: Monetize customer data with personalized offers and advertising

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Introduction

Retail banks, which offer services to consumers and small businesses, have traditionally relied on interest income and fees for revenue. However, the combination of moderately low interest rates, increasing competition and regulatory pressure requires banks to take a new approach. They now must actively seek new products and services to increase revenue and boost shareholder value.

At the same time, consumers expect secure, convenient and seamless web, mobile app and in-person experiences when interacting with their bank. To make this possible, banks have invested heavily in their online, mobile and on-site digital platforms to meet these expectations. As a result, they now have loads of rich first-party data about their customers.

The retail segment has proven that good zero-party data (information that a customer intentionally and proactively shares with a business) and first-party data (information a company collects directly from its customers and owns) in a walled garden digital environment can be effectively monetized through targeted advertising.

Retail media networks – ad platforms on retailers' websites, apps and other digital platforms – have sprung up in the last 10 years and now **garner at least 11% of global ad spending**. A 2022 BCG Commerce Media Survey found that the retail media market is expected to grow by 25% annually to $110 billion by 2026 in the US alone. The survey results also suggest that the retail media business is extremely profitable, with estimated margins between 70% and 90% plus a 22% growth rate for advertising spending over the next five years.

With frequent visits to their digital and physical properties, detailed purchase transaction data, spending history and credit rating information about their consumers, retail banks may possess more and better customer knowledge than most retailers. As a result, retail banks may be in a superior position to take advantage of their zero- and first-party data to generate additional revenue through promotional offers and advertising in secure, connected digital media environments (e.g., online, in-app and in-bank via digital signage, kiosks and ATMs).

This white paper will examine why the creation of a "retail bank media network" can drive more valuable next-best offers, generate new ad revenue, offset revenue shortfalls and increase shareholder value. Note: It should be assumed that all references to "banks" in this paper are referring to retail banks.

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>
> ***How Retail Media Is Reshaping Retail***, *Boston Consulting Group*

Traits that make retail banks ideal for a media network

Large, engaged audiences

Banks have sizeable and captive audiences of customers who regularly use their website, mobile app and physical branches to access banking services. According to **Insider Intelligence's Mobile Banking Competitive Edge Study**, 89% of bank customers use mobile banking (web or app) services; that number rises to 97% for millennials.

In its *Economic Well-Being of US Households in 2021* report, the Board of Governors of the Federal Reserve System states that 81% of adults have at least one bank account. In Canada, that number rises to 99% (Canadian Bankers Association).

These statistics reveal that banks are sitting on immense amounts of customer data gathered from both digital platforms and physical visits. They can maximize the value of this data with extremely targeted content, offers and advertising.

Data-driven targeting

As mentioned, most banks possess an abundance of data about their customers, including financial information, credit scores, demographics, spending habits and browsing behavior. However, some banks are still behind the curve on data collection.

A *Banking on the Customer Journey: 2022 Financial Services Insights* report found that only 59% of banks are collecting zero-party data and 61% are collecting first-party data. The report also confirmed that 62% of bank customers are willing to share personal information in exchange for more relevant communications.

Marketer-managed tools, such as customer data platforms, are designed to collect customer data, normalize it and build unique, unified profiles of individual customers. This information can then be used to create highly targeted and personalized content, offers and advertising campaigns – leading to better customer engagement, increased conversions, and improved retention and loyalty.

Perceived integrity

Retail banks have built a strong reputation for credibility and trust with consumers, safeguarding their capital and providing convenient access for cash withdrawals. According to a **recent DepositAccounts survey**, more than 73% of consumers trust their financial institutions to keep their best interests in mind. A **Digital Banking Consumer Preferences Survey** found that 95% of consumers said they are confident in their bank's ability to protect financial information in their online and mobile banking platforms.

Banks can use this strong level of consumer trust to their advantage by attracting endemic advertisers and high-quality content providers. Partners from industries such as auto, insurance and real estate highly value the opportunity to target and reach a captive audience in trustworthy web, app and physical environments.

Cross-selling

A bank's app, website and digital signage can be used as channels to promote other products and services they offer (e.g., credit cards, auto loans and investment products). According to a recent **Gallup survey** of 9,000 bank customers, 45% who were satisfied with their banking relationship said they would consider their bank for their next financial product or service; that number jumped to 83% when they are both "satisfied and fully engaged."

Intelligent engagement through next-best offer (NBO) marketing techniques and targeted, personalized advertising can increase the success of cross-selling and upselling to existing bank customers.

59%
of banks are collecting zero-party data.

61%
are collecting first-party data.

62%
of customers will share personal information if they receive more relevant communications.

***Banking on the Customer Journey: 2022 Financial Services Insights**, Braze*

83% of bank customers who are "satisfied and fully engaged" with their banking relationship would consider using the same bank for their next financial product or service.

Gallup survey

Omnichannel networks

Unlike some retail media networks with only an online and app presence, retail banks typically have web, mobile and physical locations (retail branches, ATMs) for customer interactions. Therefore, they have more channels for messaging and data collection. Brands appreciate the high value of omnichannel advertising – delivering their messages to multiple touch points across devices and channels – within a media network.

Brands appreciate the high value of omnichannel advertising within a media network.

A recent Omnichannel Marketing Automation Statistics report from Omnisend revealed that "… marketers using three or more channels in their marketing campaigns earned a 90% higher customer retention rate, and 250% higher engagement and purchase rates." The report also notes that customers reached by ad campaigns using three or more channels are likely to spend 13% more on products and services than those reached by one channel.

An omnichannel network also allows banks to gain a better understanding of their customers and their preferred channels. Channel usage insights help them develop more detailed customer profiles to provide more relevant product offers and higher-value advertising opportunities across their digital channels.

Convenience

Mobile apps and websites provide many customers with a convenient way to access banking services. And physical bank locations are convenient to some consumer and small business customers, particularly those who deal with checks and cash. According to Insider Intelligence's *US Mobile Banking Emerging Features Benchmark 2021* report, three of the top five factors considered by consumers when choosing a new bank were: mobile banking via a smartphone (48%), online banking (36%) and nearby branches (30%).

Over the past five years, there's been a **36%** decrease in visits to physical branches – and a **121%** increase in online and mobile transactions.

Bank Branches in Decline: Last One Out, Turn Off the Lights, *The Financial Brand*

The multiple access points of a bank's mobile, web and physical properties provide convenient and easy consumer access. While the **number of visits to physical branches** decreased by 36% in the last five years, the number of online and mobile banking visits increased by 121% in the same period.

Additional convenience and visits provide more occasions for engagement and greater (and better) amounts of customer data, all of which can be used to develop valuable promotional offers and advertising opportunities.

Current dynamics of the advertising market

Third-party cookies are going away

Third-party cookies (3PCs) have played a critical role in audience targeting, personalization and measurement for online advertisers since the late '90s. But due to the push for online privacy by consumers, legislators and regulators, 3PCs will soon be a thing of the past.

Browsers like Firefox and Safari have blocked 3PCs for several years. However, Google's announcement to discontinue them in its Chrome browser sometime in 2024 has ad agencies and advertisers scrambling to find media networks that can offer high performance without the benefit of 3PCs.

Looking ahead to a world without cookies

As 3PCs go away, online advertisers need a different way to reach relevant audiences and publishers (businesses with large, signed-in audiences that are collecting first-party data) are more important than ever. Social media and retail media networks are publishers that will continue to benefit from advertiser demand – and retail bank media networks have the opportunity to join them.

Why marketing efficiency and attribution are important to retail banks

Inflation and recession fears have led to recent layoffs in the advertising industry as brands have tightened their ad budgets. Marketing efficiency has never been more important, and measurable results and cost-effective use of advertising dollars will be most attractive to marketers.

Every brand marketer wants to reach their campaign goals more quickly and effectively, plus increase the ROI of their marketing spend. Their stakeholders are demanding proof of impact with their marketing investments and ad campaigns.

Marketing attribution – how marketing tactics and customer interactions contribute to sales, conversion or other goals – provides this proof for marketers. And attribution is a big reason why walled garden platforms like Amazon, Facebook and retail media networks have been so successful.

These platforms provide valuable data on consumer behavior at a granular level that marketers can't find elsewhere. With great first-party data, decisioning and measurement tools, retail banks can also become walled garden media environments to provide the kind of marketing efficiency and attribution data marketers crave.

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3 key components of a retail bank media network

At a high level, a retail bank media network consists of three main components:

1. **First-party data.** This data is as valuable as currency to the bank. More customer information leads to better-targeted messages and offers. Plus, the bank's ad inventory becomes more valuable to advertisers.
2. **Ad sales.** A profitable media network must have ad sales. Advertisers are very accustomed to buying media in an automated fashion. Therefore, having a storefront or means of programmatically buying the media is expected. Direct ad sales may also be done in a more traditional fashion via insertion-order advertising contracts; but an automated process for sales is now the norm.
3. **Ad management platform.** This platform consists of a publisher ad server to serve the ads. It also contains integrated software to traffic ads, plus manage, forecast, optimize and measure ad inventory and campaigns across all digital channels.

Take the logical next step: Build a retail bank media network

Purely from an in-house marketing perspective, extending the use of a bank's vast customer data in a privacy-safe manner with next-best offer decisioning will improve promotions, increase the chances of customer engagement and conversion, and reduce marketing costs. A logical and highly lucrative step beyond this internal strategy is the creation of a retail bank media network.

With its physical branches, mobile app and website, a retail bank has several customer touch points and the potential to become a valuable media network. Banks have a large and engaged audience, customer data-driven targeting and a reputation of trust. So with the proper marketing and advertising technologies, they can offer what many advertisers are seeking: a secure, brand-safe environment that can activate very targeted, omnichannel ad campaigns.

Banks with the right marketing and advertising technologies offer advertisers a brand-safe environment to activate targeted, omnichannel ad campaigns.

CPMs (cost per thousand ad impressions) are in large part driven by the quality of the zero- and first-party data of the media network. Banks typically have a wealth of customer insights and data, so their CPMs – the rates they charge advertisers – could be as high or higher than those commanded by a retail media network.

By leveraging the traits of a retail bank media network as outlined in this white paper – combined with the right marketing and advertising technologies – banks can effectively monetize their zero- and first-party data. And monetization generates significant additional revenue through advertising, sponsorships and incremental sales from promotions.

Retail banks have a tremendous strategic opportunity to create a media business and new revenue stream – which can make up for potential revenue shortfalls in its traditional business lines – plus increase shareholder value.

Ready to learn more?

SAS delivers a comprehensive publisher ad server and management platform that helps retail banks take full advantage of their customer data and maximize their monetization strategy. Visit our **SAS® 360 Match website** for more information.

For more information, please visit SAS 360 Match.