



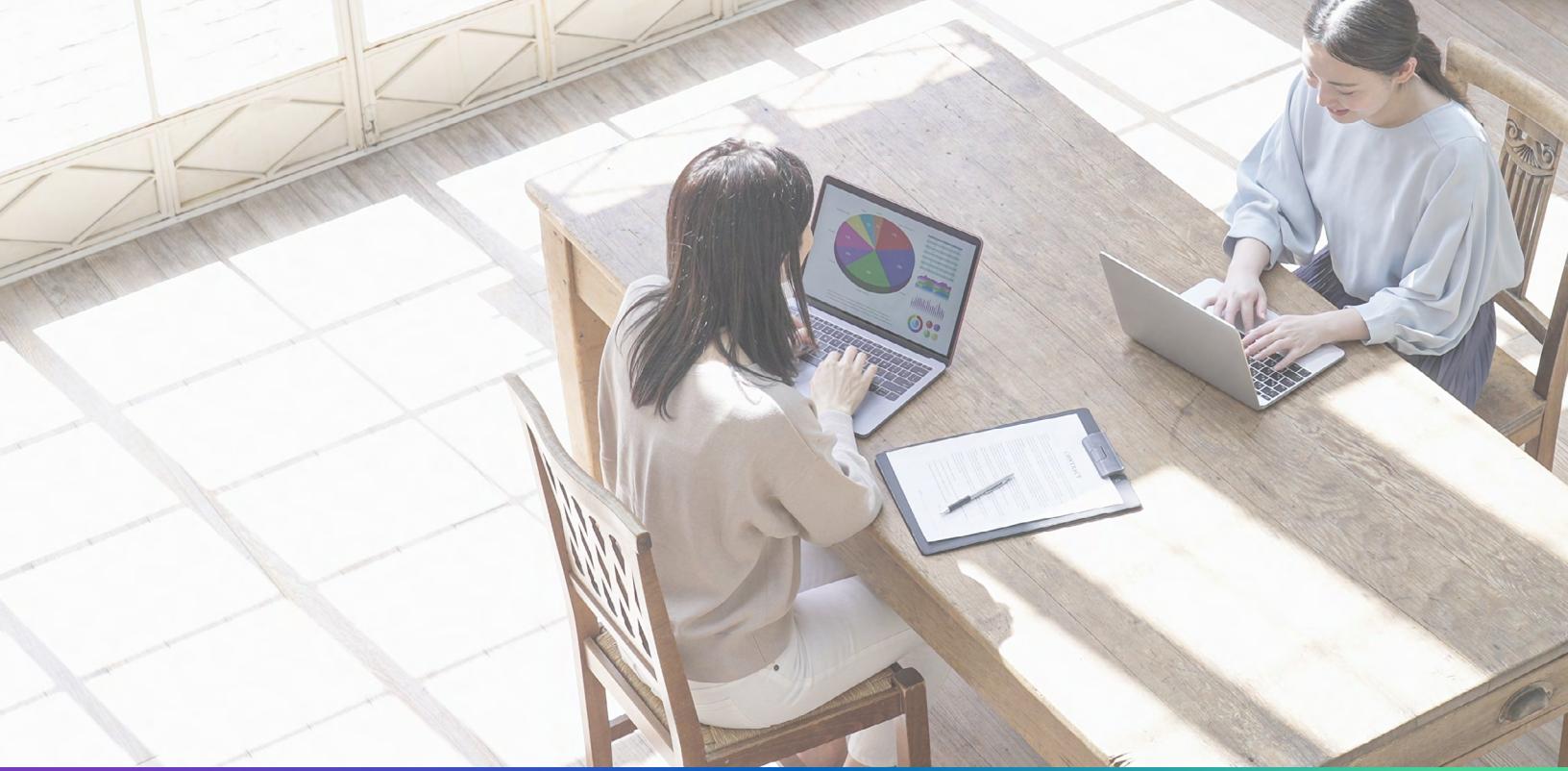
2021 | TOTAL EXPERT

The State of Financial Marketing



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Introduction

DATA PREVAILS AS THE ELUSIVE, YET MUST-HAVE, INGREDIENT FOR CUSTOMER EXPERIENCE SUCCESS.

A year unlike any other, 2020 bore witness to an unlikely confluence of rare financial scenarios resulting from the global pandemic: a battered economy, rising home prices, and historically low mortgage rates.

All of it made the race to secure and retain financial consumers fiercely more competitive. And the challenge is about to increase. Projections estimate the mortgage market will shrink 40% from 2020 to 2022 due to 30-year fixed mortgage rates rising to an estimated 4.4%.¹ A dwindling pool of refinance candidates will swing the mortgage market back to a purchase focus. And Millennial and Gen Z consumers—fast becoming a formidable chunk of the financial services market—are changing the face of the modern customer experience.

These scenarios continue to make 2021 a year when consumer expectations for the financial services customer experience are guaranteed to reach new heights.

So which financial institutions will win, maybe even thrive? The ones that deliver the most connected customer experience.

To evaluate financial institutions' overall readiness to deliver this kind of customer experience, our 2021 State of Financial Marketing survey gathered inputs from nearly 300 financial services leaders. We wanted to uncover how they market to customers and members, and how they leverage data throughout marketing programs and the customer experience.

Here's what we found.

DEMOGRAPHICS:

Our Respondents

Our 2021 survey respondents spanned the gamut of financial institution types and sizes.

54% of the leaders work at banks and 44% at credit unions (SEE FIG. 1).

53% of respondents reported an asset size of more than \$1 billion while 27% reported assets of less than \$500 million (SEE FIG. 2).

But it's what they share that stands out.

Their marketing personas are incomplete or nonexistent.

Their cross-selling is largely ineffective because it's starved for data.

They deliver a stagnant customer experience—one crippled by enduring roadblocks.

Let's take a deeper look at these key—and concerning—similarities, then chart a path that helps you overcome them.

FIG 1: INSTITUTION TYPE

■ Banks
■ Credit Unions
■ Other

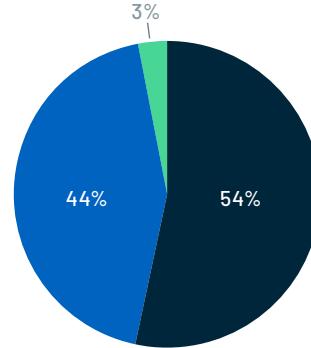
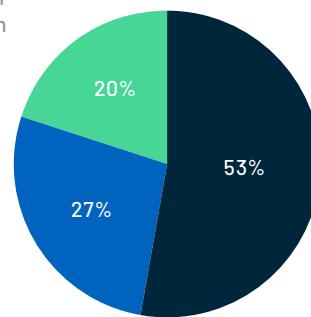


FIG 2: ASSET SIZE

■ Less than \$500 million
■ \$500 million - \$1 billion
■ More than \$1 billion





KEY FINDING:

Incomplete—Even Nonexistent—Marketing Personas

Millennial and Gen Z buyers comprise a much larger, fast-growing portion of today's mortgage market—25 million new households alone in the U.S. by 2028.² That means the demographic and psychographic profile of today's typical financial consumer is quickly evolving. And what these new, digital-native consumers expect from you is changing as well.

KEY FINDINGS: Incomplete—Even Nonexistent—Marketing Personas

Digital savvy consumers demand a completely different customer experience from financial institutions than prior generations—one that's more digital, intuitive, and personalized. They, for instance, want to easily and seamlessly complete, submit, and manage mortgage applications online using any of their devices—phones, laptops, or desktops. A large portion of them—39% of Millennials and 36% of Gen Z—even say they'd be comfortable buying a home online.³

Such a significant shift makes gaining a detailed understanding of your target audience imperative if you want to craft and communicate relevant, effective marketing messages that resonate with them. That's what marketing personas are intended to do.

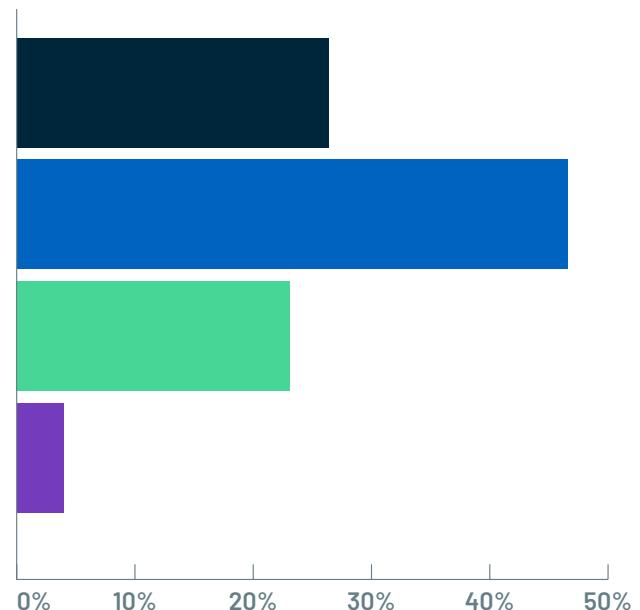
A marketing persona is a vivid, fictional composite sketch that paints a clear portrait of a real, key segment of your target audience—those who matter most to your business. Done well, it helps you understand how to talk to customers in a meaningful way, by going beyond basic demographics to understanding critical elements like their business pain points and motivations. Personas are essentially the critical foundations upon which solid, results-oriented marketing strategies are built.

And that's exactly what makes this 2021 survey finding so concerning:

70% of respondents either don't use marketing personas at all, or they use ones that are incomplete. (SEE FIG. 3)

FIG 3: USE OF "MARKETING PERSONAS" TO SEGMENT, TARGET, AND/OR DEEPEN INTERNAL UNDERSTANDING OF CONSUMERS.

- Yes
- Sort of
- No
- Not Sure



The Risk

Without the insightful, informed understanding of consumers that well-constructed marketing personas provide, you run the very high risk of consumers ignoring your messages—even opting out from receiving future communications. You could lose a consumer's business forever if they continue receiving messages that aren't relevant or even come across as insensitive based on their financial situation.



KEY FINDING:

Data-Starved Cross-Selling

We've all heard it's easier and less expensive to retain a customer than secure a new one. But financial consumers are inherently fickle, driven by the understandable urge to secure the best possible rates and terms, even if that means switching providers—behavior only strengthened by the economic uncertainty and low interest rates spurred by the pandemic. Combined with disconnected consumer data spread across multiple systems, that discouraging reality makes cross-selling a tough proposition for most financial institutions. But it's an imperative marketing-mix strategy for those that want to grow efficiently and retain customers.

KEY FINDINGS: Data-Starved Cross-Selling

Effective cross-selling offers existing customers a new product or service that's related—and complementary—to the one(s) they already use. It's about identifying products that will enhance a customer's experience with you, then proactively promoting those products at the most opportune time.

By correctly anticipating a customer's probable needs, you can grow your business and better retain them by delivering a valuable service they appreciate. But it only works if you thoroughly understand your consumers, can accurately predict what they will want, and can offer up the appropriate products at the appropriate time. And that requires a deep understanding of a consumer based upon a lot of data.

But according to our 2021 survey:

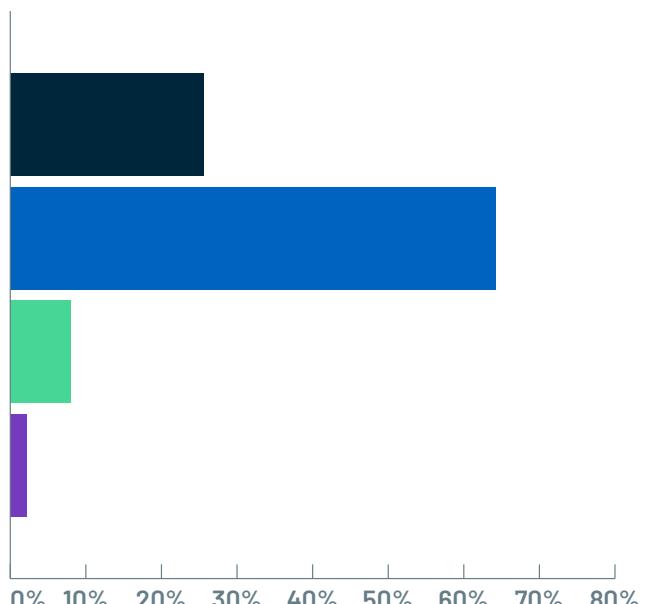
64% of respondents don't effectively use data to cross-sell. (SEE FIG. 4)

The Risk

The disconnected-data challenge in financial services isn't new. But, if you're not able to leverage the consumer information you have in your current systems, you run the risk of delivering messaging that fails to resonate with recipients and causes them to lose trust in the relationship with you. Connecting your data will help you confidently predict which products and services best complement a customer's current ones. And you need data to understand how and when that consumer is most open to receiving your cross-selling recommendation.

FIG 4: USE OF DATA TO DISCUSS, EDUCATE, AND CROSS-SELL CUSTOMERS/MEMBERS ABOUT ADDITIONAL PRODUCTS AND SERVICES THEY MAY NEED.

- Yes, often/regularly
- Yes, but not as we should or would like to
- No
- Not Sure





KEY FINDING:

Stagnant Customer Experience Crippled by Roadblocks

When rates and terms are comparable, the defining factor for most consumers in selecting a financial institution comes down to customer experience. But the elements that define a superior financial services customer experience constantly evolve, based largely upon the expectations of increasingly tech savvy consumers. These modern consumers want value from the very first interaction. They want connections that feel human. And, because they don't differentiate between consumer products and financial services, they want every online experience to be intuitive and personalized—and continuously improving.

KEY FINDINGS: Stagnant Customer Experience Crippled by Roadblocks



In a typical financial services market, customer experience is key. But in today's post-pandemic, increasingly competitive market, customer experience is the primary differentiator. Data determines which outcome is realized.

That's because only accurate, unified data lets you move beyond providing a rudimentary customer experience and instead deliver one that's both delightful and sticky. With data, for example, you can gain a holistic understanding of consumers. You can:

Maintain each consumer's full contact history and information.

Onboard new customers/members with the information they need.

Deliver more personalized, relevant communications.

Optimize cross-selling efforts and increase wallet share.

Unify then synchronize outbound marketing and sales efforts.

Educate customers by developing helpful insights about industry conditions that are specific to each marketing persona.

You become a trusted financial advisor.

KEY FINDINGS: Stagnant Customer Experience Crippled by Roadblocks

Yet, despite these opportunities, our 2021 survey found:

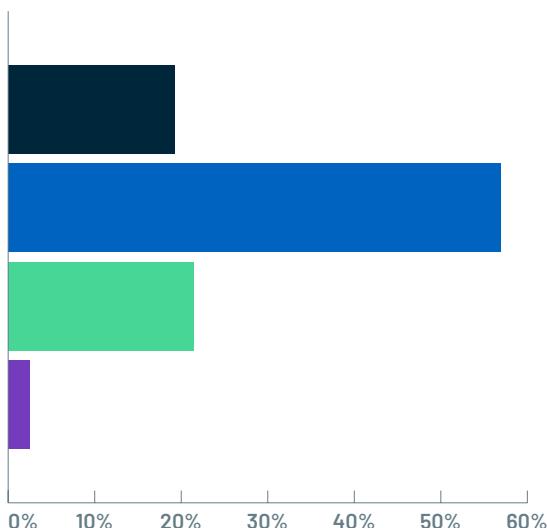
78% of respondents don't use data effectively to continually improve their customer experience. (SEE FIG. 5)

And...

More than half of respondents (50-63%) say outdated/disconnected data, lack of technology/tools, and operational inefficiencies are the biggest roadblocks to improving their customer experience. (SEE FIG. 6)

FIG 5: CONTINUAL IMPROVEMENT OF THE CUSTOMER/MEMBER EXPERIENCE BASED ON TARGETED CUSTOMER DATA INSIGHTS.

- Yes, often/regularly
- Yes, but not as we should or would like to
- No
- Not Sure

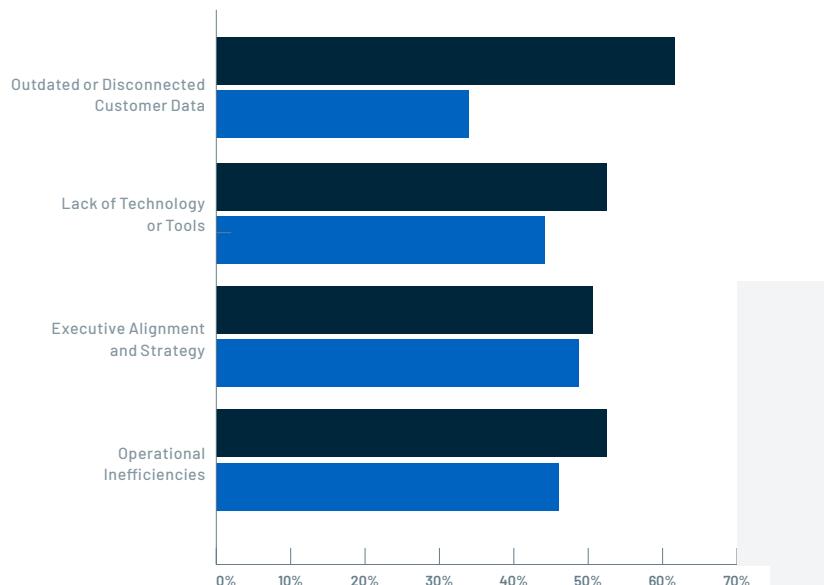


The Risk

The best customer experiences never settle for the status quo, and they use data to inform their continued evolution. But data spread across different systems, pricing engines, and multiple databases have made it hard for financial institutions to gain a holistic view of unified customer data. But getting to that point has become vitally important. In order to effectively compete in today's financial market, it has become increasingly important to use advanced technology solutions to garner a true, 360-degree view of consumers while continually improving business processes. This focus needs to be paired with an agile operating philosophy committed to streamlining, smoothing, and integrating all of it together.

FIG 6. BIGGEST ROADBLOCKS TO IMPROVING THE CUSTOMER EXPERIENCE.

- #1 Biggest Roadblock
- #2 Biggest Roadblock





FINANCIAL MARKETERS:

4 Steps for the Best Path Forward

The recurring theme and weak spot throughout each of these key findings? Data.

And that's a big concern. After all, engaging with consumers in unique and memorable ways has become dependent on using data to create a holistic, unified understanding of them as individuals.

So here are four steps you can take right now to gain the essential 360-degree view of data.

Step 1

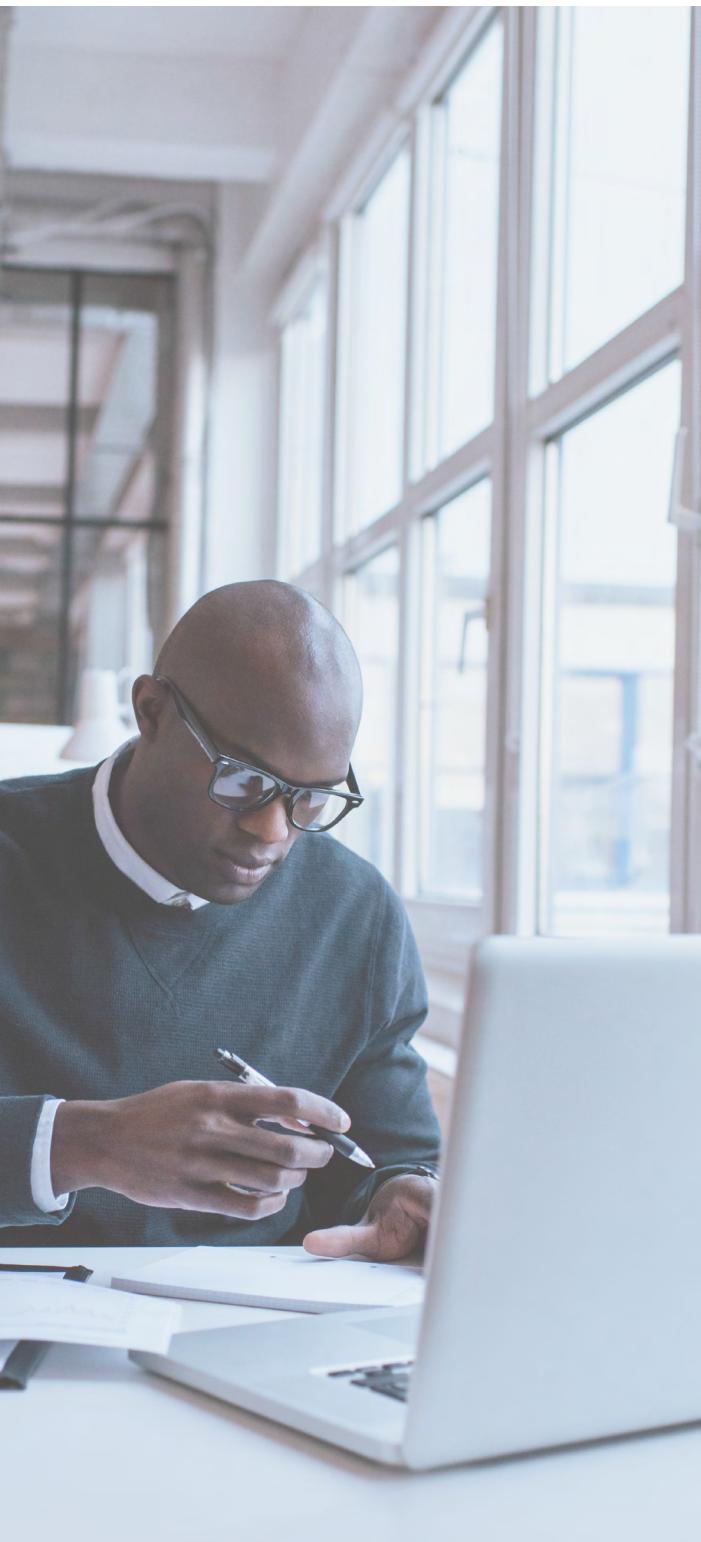
Secure the buy-in of key internal stakeholders and sponsors.

A recent Gartner survey found that 35% of digital marketers in banking said they expect their greatest challenges for 2021 to come from inside their organizations.⁴ So before you start this data project, identify and involve the internal stakeholders and executive sponsors who can rally the resources and budget to support it—or stop it from reaching a successful conclusion.

Ideally, involve the CEO as well as representatives from:

- Customer Experience
- Communications
- Finance
- IT
- Loyalty Management
- Operations
- Public Relations
- R&D/Product Development
- Sales/Business Development
- Supply Chain Management





Step 2

Audit the data sources.

First, identify all the different data systems that house the information needed to improve your customer experience and cross-selling efforts. Then map out which data about which consumers resides in which systems.

Be sure your list is comprehensive—include things like:

- Card databases (credit and debit)
- Core systems
- CRM systems
- Loan origination systems
- Marketing automation tools
- Online banking systems
- Point-of-sale systems
- Pricing engines

Step 3

Develop and execute a plan for unifying that data.

Now develop and execute a tactical plan for housing all that data in one place. Remember to organize it in a way that best supports all your marketing and sales information needs.

And for the fastest time to value, now's the time to implement a single technology platform that offers pre-built integrations out-of-the-box for key capabilities like:

CRM

Marketing automation

Lead management





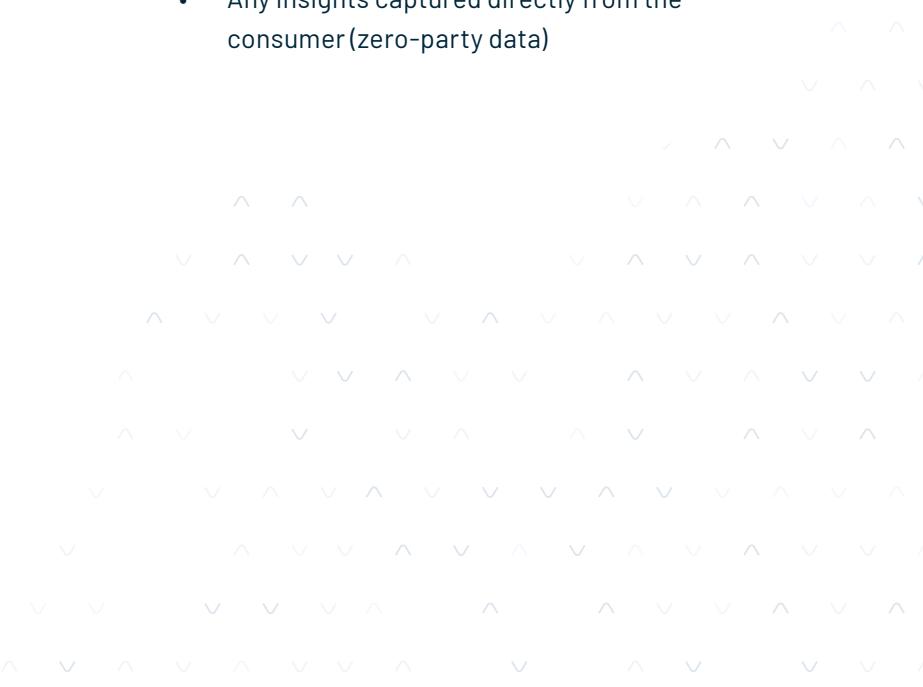
Step 4

Build rich, segmented marketing personas.

Now that you have that 360-degree view of consumer data, tap it for the insights you need to create revealing marketing personas for your key customer segments.

Beyond basic demographic information, include at a minimum for each segment:

- A summary of how they use your products/services
- What they're trying to achieve with it
- How they tried to achieve those things before your products/services
- What were the main pain points of their previous approach
- The main benefits they receive from using your products/services
- A summary of what they look for in products/services like yours
- An overview of their typical buying process for products/services like yours
- Any insights captured directly from the consumer (zero-party data)





Conclusion

The customer experience serves as paramount for today's modern financial services organization.

Consumers seek a differentiated experience and expect more from organizations with which they interact. And since products themselves have been commoditized, the only place where organizations can differentiate is the experience they can deliver.

However, the common thread throughout the industry – lack of data – means that this can be more challenging than anticipated. As you look to what's next for your marketing strategy, don't let the "data deficit" in financial services prevent you from delivering the personalized, connected customer experience your consumers rightfully expect.

Use your data to gain a clear, vivid view of consumers – and effectively put them at the center of everything you do. As a result, your organization can spend time where it matters most: providing an omnichannel experience for your customers that balances human interactions with digital connections.

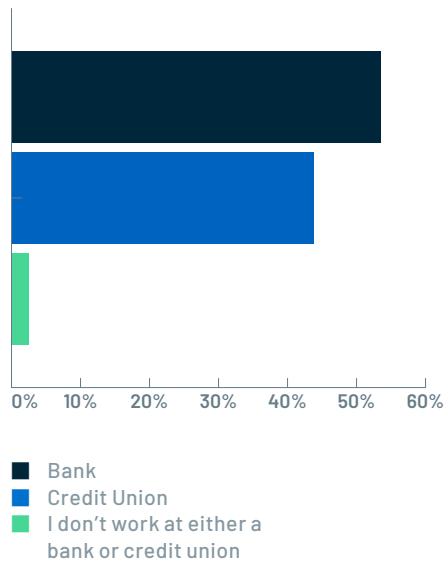
The ROI of Data-Driven, Digital CX

According to Accenture, the price-to-book value (P/BV) ratios of digital leaders on average were 18% higher than less-digitized peers in 2019, and 27% higher in 2020.⁵

Appendix

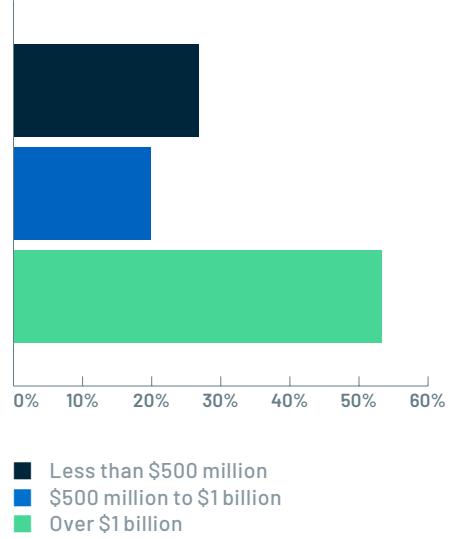
QUESTION 1

What type of financial institution do you work for?



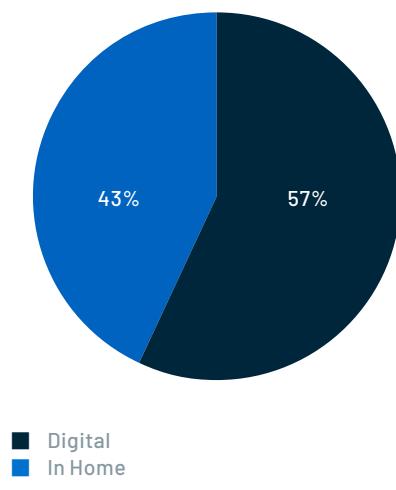
QUESTION 2

What is the asset size of your financial institution?



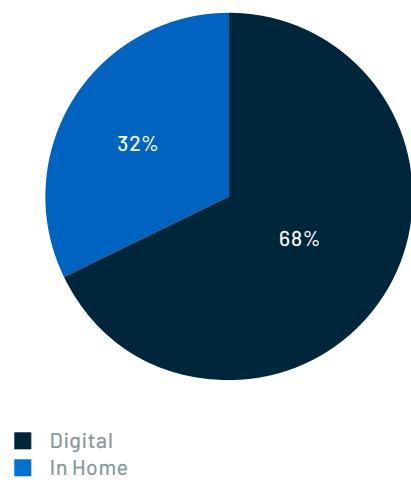
QUESTION 3

Prior to COVID-19 (March 2020), what mix of communications channels did you use to engage customers?



QUESTION 4

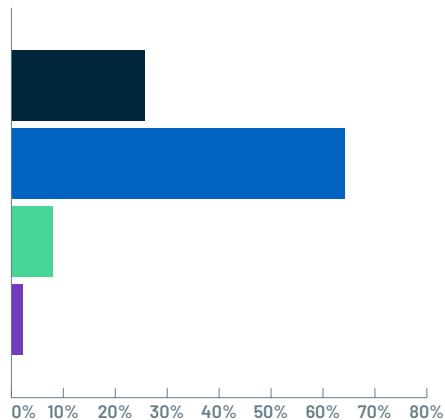
What mix of communications channels do you currently use to engage customers?



APPENDIX

QUESTION 5

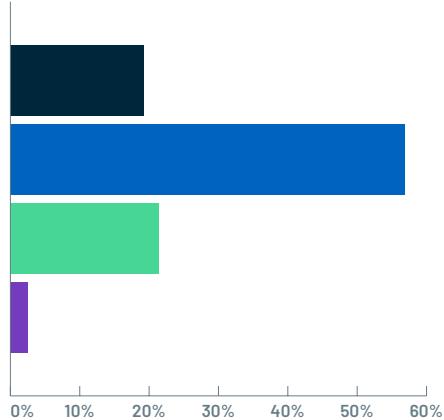
Do you use your institution's data to discuss, educate, and cross-sell your customers/members about additional products and services they may need?



- Yes, often/regularly
- Yes, but no as often as we should or would like to
- No
- Not sure

QUESTION 6

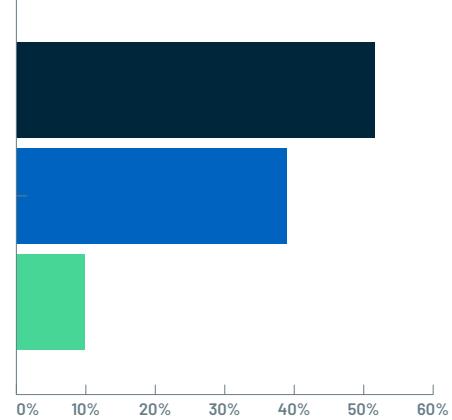
Do you continually improve your customer/member experience based on targeted customer data insights?



- Yes, often/regularly
- Yes, but no as often as we should or would like to
- No
- Not sure

QUESTION 7

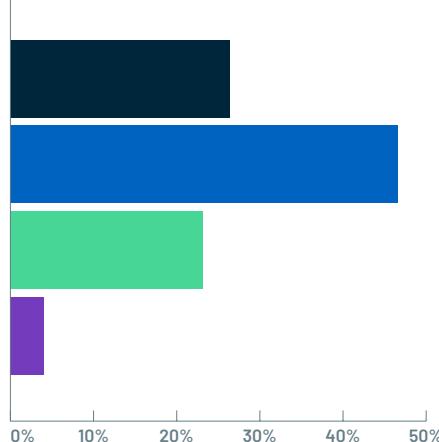
Has your marketing team defined customer engagement opportunities based on your customer/member segments and their financial milestones?



- Yes
- No
- Not sure

QUESTION 8

Does your institution use "marketing personas" to segment, target, and/or deepen your understanding of consumers?



- Yes
- Sort of
- No
- Not sure

QUESTION 9

What percentage of customers/members are regularly engaged online banking users?

57%

of customers/members

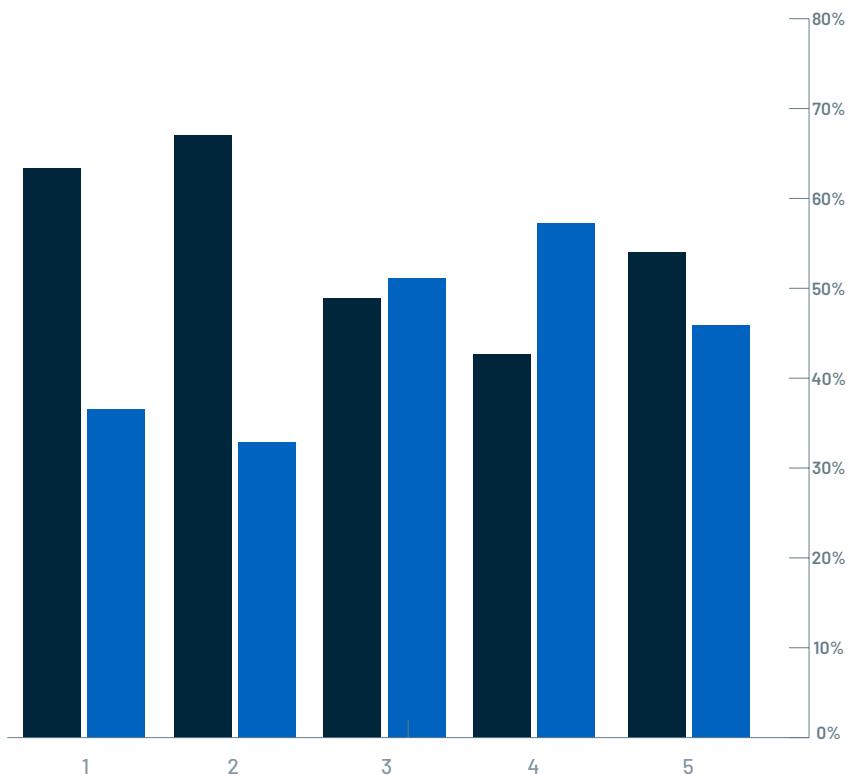
APPENDIX

QUESTION 10

Which of the following best describes the goals of your customer engagement strategy?

■ #1 Top Goal
■ #2 Top Goal

1. Customer retention
2. Increased share of wallet through services and products
3. Increased customer engagement with brand
4. Improving Voice of Customer, NPS, CSAT scores
5. Don't currently have solid strategy

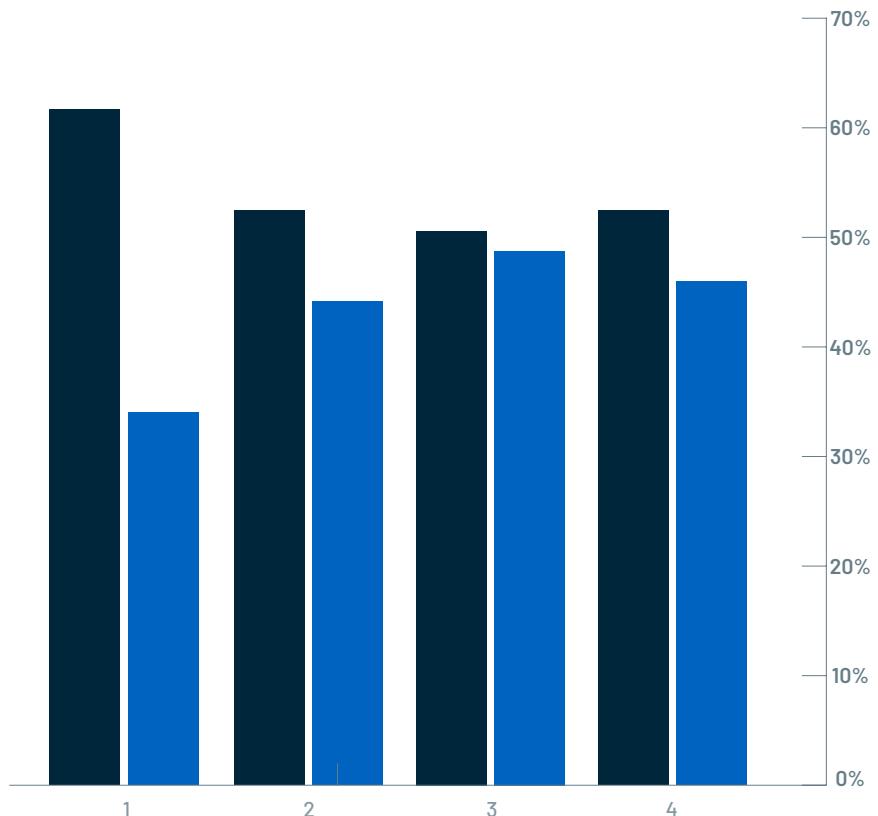


QUESTION 11

What are the biggest roadblocks to improving the customer experience?

■ #1 Biggest Roadblock
■ #2 Biggest Roadblock

1. Outdated or disconnected customer data
2. Lack of technology or tools
3. Executive alignment and strategy
4. Operational inefficiencies

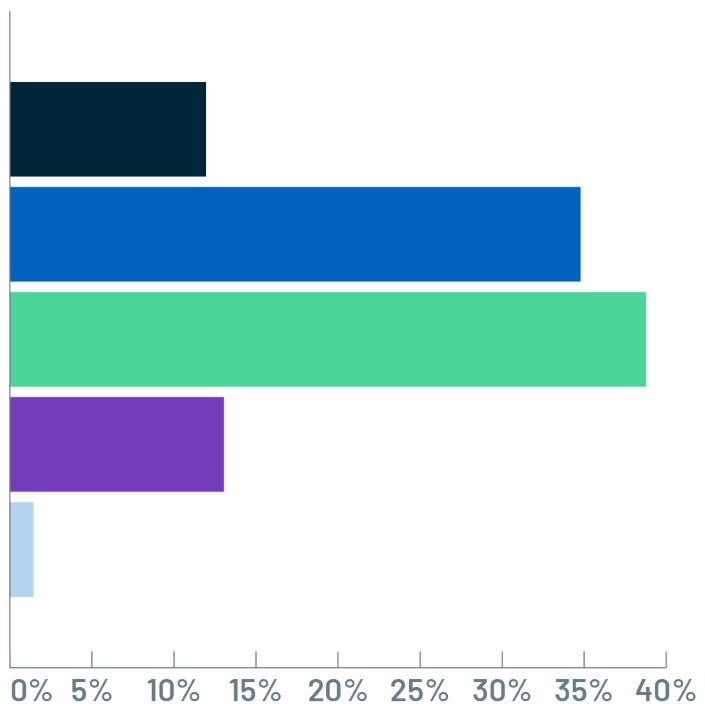


APPENDIX

QUESTION 12

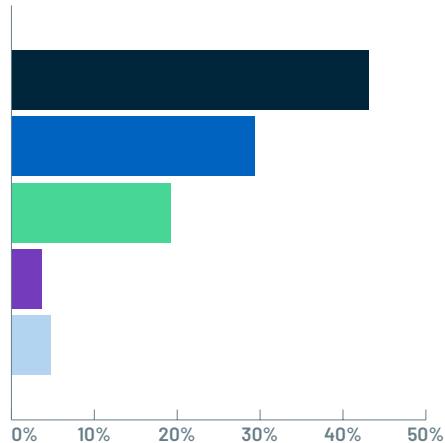
When it comes to personalizing your institution's marketing messages, which option best describes your approach?

- We personalize most marketing campaigns/messages using many different variables, inputs and data points
- We personalize some of our marketing campaigns using a limited number of variables and data points
- We personalize a few marketing messages at a basic level (e.g., "Hi First Name"), and may use only basic data points, like age and income
- We don't personalize any of our marketing messages
- Not sure



QUESTION 13

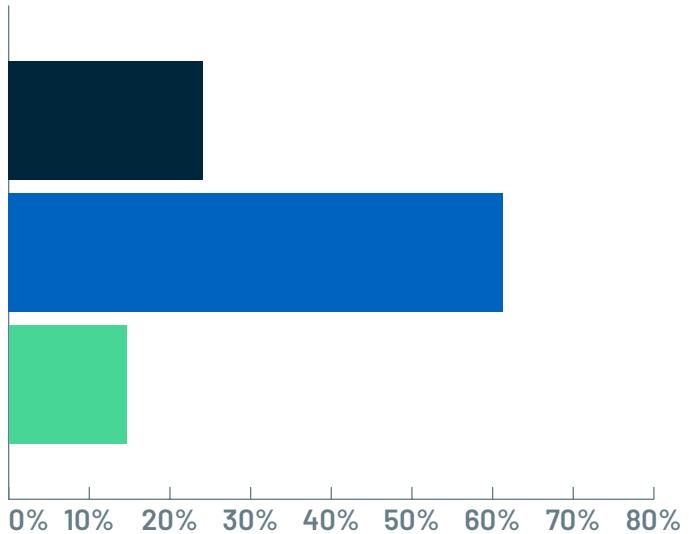
What is the biggest challenge your organization faces in a digital transformation?



- Having a complete customer profile accessible in one system
- Leveraging customer data to create personalized marketing messages
- Real-time data insights available to customer-facing teams
- We have successfully transformed our customer experience and digital channels
- Not sure

QUESTION 14

How do you approach connecting data within your CRM and marketing tech stack?



- Data is stored in one or more data warehouses
- Some of our data is centralized, but siloed across multiple systems
- All our data is centralized internally

