A Customer Guide For

Financial Services Marketers

MARKETING EVOLUTION

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Why This Guide?

We know that as a financial services (FS) marketer, you struggle to keep up with the latest industry marketing trends, evolving consumer behavior, and the best ways to leverage customer insights. Since you are a Marketing Evolution customer, we want to help.

Whether you have been a customer of ours for a day, a year, or longer, we want you to be more than just another client. We want a relationship—a lasting partnership that encourages our teams to collaborate and share intelligence, expert advice, and best practices so you can continuously outperform by optimizing your strategies and tactics.

As a first step in reinforcing our partnership, we have developed this guide to share information on key industry challenges and trends that are driving FS firms to develop marketing attribution models and provide recommendations on how you can optimize and expand the use of your Marketing Evolution platform to address these trends, outmaneuver your competition, improve your market share, and delight your prospects and customers.

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The FS industry is highly competitive because the "product" or "service" is a necessity in western culture: a bank account. The only way a bank can capture customers is to lure them away from competitors. Banks have done this by offering the best financing rates and investment services, but trying to compete based on providing the best product or services can cause banks to experience a lower return on assets (ROA).[1]

For example, a primary challenge facing the credit card business is that all banks target the same populations with high credit quality and high predicted card usage. To get responses, banks have continually increased incentives, such as higher levels of points, cash-back, and sign-on bonuses. These are unprofitable and squeeze margins. As a result, banks are now under pressure to solicit business from individuals in the lower FICO Score ranges. But this increases credit risk. In these populations, there is negative self-select, where the riskiest people respond to advertising. This is why banks need to use new data and approaches to size up risk in this group and offset the phenomenon of negative self-select. If everyone uses FICO to target consumers in the same way, then no one has a competitive advantage. But leveraging this data also equates to more relevant and personalized communications between the bank and their customers.

For branch banking, there is also intense competition for deposits from individuals that have significant liquid assets. Like the card business, these banks have resorted to higher levels of incentives to attract new customers. These incentives, such as sign-on bonuses, are mostly unprofitable and squeeze margins. Branch banks are also under increasing competition from online banks that can offer higher rates due to their lower cost structure. Big, established brands have entered this space and their name recognition is siphoning-off deposits from traditional banks.

Not only is competition fierce among traditional banking institutions, but banks are now finding themselves competing against leading technology companies as well. For example, Amazon has been quietly moving into the financial sector with new offerings such as Amazon Cash, which lets consumers add cash to their Amazon accounts at over 30,000

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[1]   https://www.investopedia.com/features/industryhandbook/banking.asp

participating stores. And as of May 2018, Amazon Lending has made more than $3 billion in small and medium-size business loans since 2011.[2]

Financial services firms primarily compete based on the customer experience—that is, connecting with potential customers in a personal and relevant way. This is the key to acquiring new accounts, but unfortunately, as traditional and digital marketing tactics have changed the consumer landscape, many FS firms have a long way to go to execute this approach.

Mass marketing and high-level segmentation have become antiquated ways of communicating with customers. Instead, FS firms must find ways to deliver an exceptional and unique experience to each consumer. This means tossing out a sales/product-obsessed mindset—where the development of your products and services starts from the internal process within the company—and embracing a genuine customer-centric model: where the vision for your products and services starts from outside the company, in the marketplace where the customers are.[3]

According to an October 2018 McKinsey article, three out of four of the 50 largest global banks now pledge themselves to some form of customer experience transformation. McKinsey also noted that:

"One bank that undertook a customer-experience transformation concluded that the lifetime profitability of a satisfied customer willing to actively recommend the bank to his or her friends was five to eight times greater than one who had a negative perception."

Exactly how do you transform the customer experience? Let's look at the key industry trends that impact your ability to meet this important objective.

Reduce Friction in the Customer Journey

60%

of global consumers agree that "banks have an important role to play in helping people achieve their life goals through their experience."

- EY's 2016 Global Consumer Banking Survey

To compete in today's marketplace, FS firms have greater challenges than organizations in other industries and the reasons are clear. Compared with other-industry firms (e.g., retailers), FS firms hold a customer's two most important assets: their money and their future. This makes the relationship between a customer and a financial institution much more transparent and personal.

Highly personalized relationships are based on trust, and FS firms have many years of experience building trusting relationships in the real world. But with consumers using ATMs and online banking apps, there are fewer opportunities for face-to-face relationships. Regardless, FS firms that want to survive need to build a trusting, personalized relationship for today's consumer. For example, the results of the 2018 FIS™ Performance Against Customer Expectations (PACE) findings found that consumers — especially millennials — are looking for "Helicopter Banks," that is "banks to be always-on, to remain distant but accessible, to be a long-term advisor and to be there in the moment of need."[4]

This expectation of trust and being "always on" will require FS institutions to transform their customer experiences and remove friction in the customer journey. According to a Digital Banking Report "2018 Retail Banking Trends and Predictions," 61 percent of the 100 global financial services leaders surveyed indicated that "removing friction from the customer journey" was the highest ranking prediction for 2018.

All of this begs the question: how do you remove the friction? The answer: by analyzing person-level data, which consists of offline and online interactions, to uncover purchase drivers, behaviors, and attitudes for each individual and aggregating that information to better understand the customer and their journey. You can then optimize creatives and media for every customer interaction at the person level or for any microsegment in real time.[5]

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4   https://www.fisglobal.com/pace/us-consumer

5   https://cdn2.hubspot.net/hubfs/1878504/Gartner-Regions%20Case%20Study%20-%20July%202017.pdf?t=1539808894759

Streamline the Journey with Data-Driven Personalization

FS firms need tools and services to reach and speak to consumers as individuals rather than segments of audiences. However, many firms are falling short and deliver an experience that can only be described as inferior. While many firms are attempting to personalize their message via marketing optimization techniques, their results are compromised because they don't know their customers on the most granular level. By optimizing at the person level — the most granular level — marketers do not need to make assumptions when aggregating data, which provides deeper, more accurate insights. So, not only does the marketer have more granular data to execute 1-to-1 personalized messages, person-level data also provides more accurate "data in the aggregate."

Marketing Optimization: Marketing Evolution integrates powerful person-level data, including media exposure, sales, external factors, brand perception, and geolocation, to identify the right placements to reach the individuals in your target audience, provide accurate optimization recommendations while your campaigns are running, and maximize your ROI.

Audience Segmentation: Since the Marketing Evolution approach is based on person-level data, our platform can segment audiences in ways that are not possible using other techniques. This helps you understand the impact of campaign changes on business outcomes for each defined segment with "what-if" scenario modeling that generates the most efficient media plan based on target audience, objectives, and budget.

1-to-1 Personalization: With the person-level data provided by Marketing Evolution, you can deliver more accurate personalized messages with creative and media recommendations at a granular level.

A Retail Bank Case Study: Regions Bank

Regions Bank serves customers across the South, Midwest, and Texas through approximately 1,500 banking offices, 1,900 ATMs, and their website at Regions.com. In the past, the bank was using a Marketing Mix Model (MMM) that only reported high-level results a couple of times a year. In addition, the model wasn't providing a holistic view into both traditional and digital marketing activities.
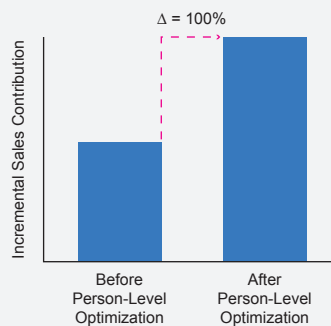
As we previously discussed, retail banking and financial services are exceedingly personal. The key to acquiring new accounts today is to

Incremental Revenues from New Checking Account Openings
Illustrative

Δ = 100%

Incremental Sales Contribution

Before Person-Level Optimization

After Person-Level Optimization

connect with potential consumers along their journey in a personal and relevant way. This was Regions Bank's objective.

The bank adopted Marketing Evolution's Unified Marketing Measurement approach, which gives its marketers a deeper understanding of its marketing performance at the person level and the ability to measure across the entire marketing mix, including traditional media, such as TV and radio, messages displayed on ATMs, digital advertising, and talk tracks. The multi-channel analysis pinpointed how each touchpoint contributed—or didn't contribute—to the bank's business goals, and the Marketing Evolution algorithm returned clear, segment-level, tactic-level media recommendations.

The bank discovered that their true brand strength and ultimate competitor differentiator was their relationship with consumers. Focusing on its branch locations in consumers' neighborhoods and leveraging its commitment to local banking, the bank developed campaigns that micro-targeted segments of potential customers and placed the most impactful creative into the most effective media channel. This strategy, along with the marketing team's ability to make in-the-moment optimizations of brand and product messaging, doubled the bank's incremental revenue from new account openings (see Figure 1).

Measure Omni-Channel Performance and Improve Marketing ROI

The data available from digital channels has redefined CMO and CFO expectations for marketing accountability. Going forward, high-performing marketers must link all this data together into a coherent narrative—showing specifically what is working and what is not.

For example, another large retail bank using MMM had improved its marketing impact by 5 percent but was unable to achieve further gains. With Marketing Evolution, the bank saw an additional 25 percent increase in the impact of marketing by optimizing the investment and placement of each version of the creative and each campaign within different media types and across media channels. Armed with this data, the bank was also able to optimize the marketing budget by channel and media.

In addition, Marketing Evolution lets you measure and link marketing's connection between brand building and customer economic actions. Now you can get the most accurate information about your brand health—including awareness, purchase intent, and engagement—with a comprehensive, always-on survey that informs decision-making across all stages of the buyer journey with brand-to-performance measurement that shows how brand investments directly impact sales.

The Lust for Talent with Digital Chops

According to a recent Capgemini report, over 54 percent of employers indicate "the digital talent gap is hampering their digital transformation programs and their organization has lost competitive advantage because of a shortage of digital talent."[6] Going forward, data and marketing will go together like peanut butter and jelly as data science teams work hand-in-hand with marketing. A study from LinkedIn identified the top 10 roles where competition will be fiercest among employers, including titles such as Chief Digital Officer, Chief Information Officer, Chief Analytics Officer, Chief Data Officer, Digital Project Manager, and Data Architect.

Digital talent is needed to optimize digital media buys and placements and Marketing Evolution can help with this by translating your data into action. The Marketing Evolution platform helps you make course corrections during your campaign with detailed optimization recommendations on media, messaging and budget. It also helps you quickly forecast the impact of campaign changes on business outcomes with "what If" scenario modeling that generates the most efficient media plan based on target audience, objectives, and budget.

In addition, Marketing Evolution has data scientists on staff who specialize in marketing and media as well as a professional services team that can ensure you are optimizing Marketing Evolution's measurement platform to make the most of your data and help you create a competitive advantage.

6   https://www.capgemini.com/wp-content/uploads/2017/10/Digital-Talent-Gap-Report_Digital.pdf

Integrate and Build Cross-Departmental Teams

The financial services industry has been built around departmental silos. But in an environment now focused on transforming the customer experience, planning in silos reduces your marketing impact.

FS marketing leaders are bringing these siloed lines of business, marketing departments, and operational organizations together to get a 360-degree view of the customer to analyze all customer interactions and behaviors.

But there can be challenges. For example, a global bank, looking to transform the customer experience, tasked their managers to reengineer the key steps in the customer journey. While marketing executives focused on life events, product owners focused on purchasing products.[7] This is why it is so important to break down the inter-departmental silos and think with one common language.

Marketing Evolution provides a unified approach; your teams can view all marketing channels holistically, ensuring you focus on the specific areas where you will get the most impact. Your teams can then make data-driven decisions across your entire enterprise—all brands and lines of business—and get optimization recommendations at the portfolio level. This approach to centralized decision-making helps break down your organizational silos.

7   https://www.mckinsey.com/industries/financial-services/our-insights/managing-a-customer-experience-transformation-in-banking

Optimize Your Brand, Content, and Media

Financial services firms are making significant investments in content creation and media with an emphasis on finding and hiring teams who can generate a thorough, curated stream of content for multiple platforms and purposes. Financial institutions continue to hire or outsource content strategists, copywriters, digital storytellers, and the like.

Marketing Evolution can help you identify which brand metrics best predict sales by linking attitudinal survey responses to buying behavior for each individual customer. This information will help you know precisely where to focus your brand building, what media to use, and what content to develop. You can use brand metrics to identify:

- The key drivers that impact brand engagement so you can develop more focused marketing and messaging strategies
- The best media mix of channels for ad placements (e.g., online, store, billboard)
- Who to target in your sales funnel (ToFu, MoFu and BoFu)[8]
- Which segments, brands, and demographics to improve

Trend #6:

Optimize the Micro-Moments

Micro-moments occur when people turn to their devices to act on an immediate need—to learn something, do something, research something, watch something, or buy something. In fact, 96 percent of users reach for their smartphones to conduct research on the spot. The most successful FS brands will be those that can correctly anticipate and address these impulsive informational splurges by providing the right information at the right time.

Marketing Evolution's approach provides weekly updates on results so you can get early reads on what works best, test, and make timely changes on the fly to optimize the campaign in flight. You can capitalize on the trend toward micro-moments by making course corrections at any time during your campaign with detailed optimization recommendations on media, messaging, and budget.

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8   Top of funnel, Middle of funnel, Bottom of funnel

FS marketers have access to mountains of data that are generated across every channel, department, and product line, including social media platforms such as Facebook; marketing touchpoints such as email and websites; sales channels; service/support interactions; and transactional information. That said, the only factors that really matter in marketing are the data sets you work with and what you do with them. Therefore, FS institutions must determine how to generate rich insights by gleaning and stitching data together from multiple sources from within their organization and from outside third-party data streams. In today's economy, marketers armed with the best data sets (input) and the best algorithms (output) to make the most accurate decisions will win.

Marketing Evolution's platform is built on a foundation that begins with the collection and integration of comprehensive data at the individual person level. We start by integrating and normalizing first-party and third-party data including:

CRM Data: Sales and business outcome data from CRM systems and other sources are integrated so that you can easily measure your marketing effectiveness and progress against meaningful business outcomes.

Media Exposures: Online and offline media exposure data is ingested along with the associated demographic and behavioral segment data. We can also obtain media habits using identity-linked surveys and later correlate them to business outcomes.

Geo-Location: Geo-location data is integrated to show how your marketing activity drives visits to your business locations.

External Factors: External factors such as weather, traffic patterns, the economy, and competitive activity can be analyzed to find patterns that impact your success.

Attitudinal Data: Through always-on surveys, we gather brand metrics at the person level for correlating the impact of brand perception/attitudes on business outcomes.

We then connect this data together at the individual level with third-party identity management providers to build a detailed, omni-channel view of every customer.

Embrace Predictive Analytics and Machine Learning

Predictive analytics and Machine Learning (ML) are completely redefining marketing by guiding marketers as they develop and deliver person-specific messages to individual consumers. Marketers know that those who can leverage these technologies the fastest will be way ahead of their competition.

Marketing Evolution uses statistical analysis, machine learning, and artificial intelligence (AI) to analyze and interpret massive data sets, determine patterns, predict future outcomes, and recommend actions based on budget and media mix scenarios.

Media Effectiveness: Statistical attribution techniques and machine learning are employed to determine the impact response for each marketing element. The platform analyzes exposures, target audiences, and business outcomes along with external factors when evaluating the contribution of each component of your marketing plan.

Creative Impact: An advanced creative effectiveness model is used to pull out relative effectiveness by creative, which results in detailed creative rotation recommendations.

Brand Performance: Person-level data is analyzed over time to identify the brand perceptions that drive sales and profits. The platform analyzes leading indicators, such as propensity to purchase, brand awareness, and brand consideration, which is correlated to business outcomes to make in-campaign optimization recommendations.

Customer Journey: The platform analyzes how your customers are impacted by media exposures throughout each stage of the buying cycle—from awareness to evaluation to purchase.

Final Thoughts

Marketing Evolution is a powerful platform that can meet your organization's most stringent attribution requirements. However, there are many other ways our team can help you optimize the platform.

Leverage our Financial Service Domain Expertise. Marketing Evolution's superior person-centric approach is derived from 15 years of online and offline data stitching and correlation experience serving many of the world largest banks. Our subject matter experts have deep experience in financial services, marketing, and media performance analytics. The proof of our experience is a long-standing track record helping financial institutions understand creative and media impact in the marketplace, make data-driven decisions rather than intuition-based decisions to grow the business, and discover new opportunities. Marketing Evolution offers an easy-to-use platform that translates your data into action, as well as professional services to ensure you are making the most of your data and build a competitive advantage.

Our Committed Team. We encourage you to consider o\ur team an extension of your own. We are eager to collaborate, ready to assist with personal attention and best-in-class service, and dedicated to helping you exceed your expectations and business goals. To that end, we are committed to regular business and system reviews and on-going meetings and communications. Our team is here to help you better understand your customers and potential customers using data-driven insights so you can anticipate market needs, ensure delivery of the best services, and achieve higher levels of loyalty, retention, acquisition, and revenue.

Each one of our customers has implemented the Marketing Evolution platform in different ways, but at the end of the day, they all are striving to achieve the same goals: making better decisions with real-time insights into person-level data and the brand to deliver the best possible customer experience. Meeting these goals is not a one-and-done activity but a continuous journey to capture more customers and market share.

We at Marketing Evolution hope you find this guide useful as you plan your company's journey to transform the customer experience. If you have any questions or require additional assistance, feel free to contact your account team.

Relevant Resources

- **Consumer trust in banking: good news, bad news**
  https://www.ey.com/gl/en/industries/financial-services/banking---capital-markets/ey-trust-without-it-youre-just-another-bank

- **Key Issues 2018: Finance Pushes To Improve Its Analytics Capability**
  https://www.digitalistmag.com/finance/2018/02/14/key-issues-2018-finance-pushes-to-improve-its-analytics-capability-05842097

- **12 Major Marketing Trends for Financial Institutions in 2018**
  https://thefinancialbrand.com/69067/2018-marketing-trends-banking-strategies/

- **Precision-targeted marketing through big data enabled machine learning**
  https://www.opengovasia.com/precision-targeted-marketing-through-big-data-enabled-machine-learning/

- **The Art and Science of Data Analytics in Financial Services**
  https://thefinancialbrand.com/72711/data-analytics-financial-services-banking/