

Q2

The Changing Role of Marketing in the Digital Age

How to Stay Ahead of
the Transformation

Consumer adoption of all things digital has been happening at a record-breaking pace—and digital banking is no exception. In a five-year period, the number of digital banking users increased nearly 20 percent, from 27 percent to 46 percent, according to PricewaterhouseCoopers. Meanwhile the use of manned channels (branch, call center, text) decreased 5 percent in the same period—from 15 percent to 10 percent.

This exponential growth in digital banking adoption not only dictates the way financial institutions (FIs) design and deliver products and services, it also necessitates a fundamental shift in the way marketing does its job of helping attract and retain consumers. Traditional, main-stay marketing tactics are simply not as effective in the digital age—low-tech tactics like print advertising that fail to yield tangible returns are being more and more relegated to the annals of history. Marketers who do not meet the challenge of increased consumer expectations for relevant, timely engagement will fall by the wayside as savvy digital marketers move in using data and analytics to identify trends and predict consumer needs.

Fortunately, the answer to this and other digital age marketing challenges lies in the very technology facilitating digital transformation within the FI—the digital banking platform.

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How Digital Is Transforming Marketing

The profound shift to digital, which enables consumers to browse, buy, pay, and manage their finances with the tap of finger, has also precipitated a shift in consumer expectations for more customized and relevant experiences. Despite fewer person-to-person interactions, digital technology facilitates a higher degree of relevance, timeliness, and personalization of the customer experience.

Mass marketing efforts like print ads and billboards have become less effective, as consumers progressively learn to engage at the time and place of their choosing with offers that speak to a specific personal need at just the right time for them.

This is good and potentially bad news for marketers. The good news is that marketers can now track and justify nearly every dollar spent on account and account holder acquisition. The bad news is marketers are increasingly expected to justify every dollar spent on account and account holder acquisition.

The goal of digital marketing transformation can be defined as a “reduction in expenditure and an increase in customer retention and spend through the use of digital channels,” Econsultancy said when discussing today’s digital transformation. To achieve this, marketers must shift engagement from mass media to more personalized, relevant messaging across digital and in-person channels. Marketers also must quickly learn how to access and analyze the vast amounts of transactional and behavioral data available to them.



The intersection of technology, customer experience, and personalized engagement has also led to a merging of seemingly diametrically opposed roles and responsibilities, leading FIs to rethink the Head of Marketing role. In interviews with a variety of C-suite executives, Deloitte Review uncovered the top factors driving CMO success today. The majority of interviewees listed “knowing how to use customer data and analytics” as the top factor, while “having an enterprise-wide business mindset” came in second. These datapoints underscore what has been taking place in FIs and other businesses—reinventing the marketing function for the digital age (see fig. 1).

Figure 1: Top three factors driving CMO success



While FI efforts to rethink and reframe marketing’s role in the enterprise can create opportunities for savvy marketers to make their mark, it can threaten to expose weaknesses in marketers who fail to keep up. To survive and thrive in the digital age, FI marketers must learn to leverage the wealth of available data contained in various banking systems. They must then use the insights gained from such analysis to design fresh strategies and tactics to create awareness, anticipate needs, engage across all available channels, and communicate their findings to influence product development and drive enhanced customer experiences.

Data, Data, Everywhere

Banking systems throughout the FI contain a wealth of valuable demographic, transactional, and behavioral information that can be used to segment account holders, predict behaviors, anticipate needs, and improve engagement with account holders through their preferred channels. The difficult part, especially for marketers who are not trained data scientists, is gathering the data from various sources, aggregating it to create a holistic view of each account holder, analyzing it, and then making it actionable through sound marketing strategies and tactics to effectively achieve FI objectives.

One major challenge is the disparate nature of the data sources—sources that are not integrated and therefore present a disconnected picture of account holders. One system, though, rises above all others in the FI in terms of the relevance and comprehensiveness of account holder data it contains, its accessibility, and its synergy with marketing engagement and fulfillment—the digital banking platform.



Demographic, Behavioral, Financial, and Transactional Information

Not only can the right digital banking platform contain valuable insights into the preferred channels each account holder uses, but when and how often those insights are used. Additional insights can include the types of banking activities account holders are engaged in, and the accounts and balances they hold. All these insights can provide valuable clues about financial behaviors and demographic information for each account holder. Furthermore, the addition of Personal Financial Management (PFM) to the digital banking suite adds valuable information about accounts held outside an FI which can be used to assess total share of wallet and identify opportunities to capture more of an account holder's business.

An analysis of preferred channel use, for example, can help FIs segment account holders by the propensity and frequency of digital channel usage versus branch and call center usage. Such insights provide valuable clues about the most effective ways of reaching each segment—Point of Sale (POS) marketing materials will have no impact on digital-only account holders, while web banners will not reach account holders who only bank in-branch. Channel analysis can also be used to identify and guide account holders to desired behaviors like e-statement adoption or to download and use a mobile banking app, even helping move branch-only transactors to the digital channel.

While the above examples may be simplistic, they show what data put to effective use can produce. Adding multiple data points to an FI marketer's efforts will deliver an even-more holistic picture of the account holder which can then be used to make more refined predictions about future needs and behaviors.

For example, the analysis of daily average balances and an understanding of accounts held with other FIs can result in more opportunities in other account holder segments—each with perhaps different engagement preferences and financial needs. Further, the ability to aggregate and analyze information at the household level adds yet another layer of complexity and sophistication to marketing intelligence that can be used to better predict needs and fine-tune marketing offers.

Improved partnership

Aside from using information contained in the digital banking platform to improve cross-sell, acquire desirable new account holders, and motivate desired behaviors, analytics can be used to improve retention through financial wellness and education initiatives.

By integrating PFM, FIs improve their view of an account holder's entire financial picture. When FIs notice abnormal fluctuations in average account balances or negative financial behavior such as upticks in insufficient balances, they can engage with account holders about possible short- and long-term solutions and ways to avoid harmful financial behaviors. Observations based on age and an account holder's financial profile can be used to help guide consumers to products and services that will help them better prepare for retirement, a first mortgage, a baby, or other major financial lifecycle milestones.

Marketers who aim to survive and thrive in the digital age will be expected to focus not only on branding and creative but also more on data analysis enabled by the wealth of information available at their fingertips. Speaking with The Financial Brand, Clay Stobaugh, CMO of academic publisher John Wiley, contends that this shift can be a boon for marketing departments as the functional area with access to the most quantitative consumer data. While other departments speak about consumer preferences based on perceptions, marketing has a unique opportunity to relay the actual voice of the consumer.



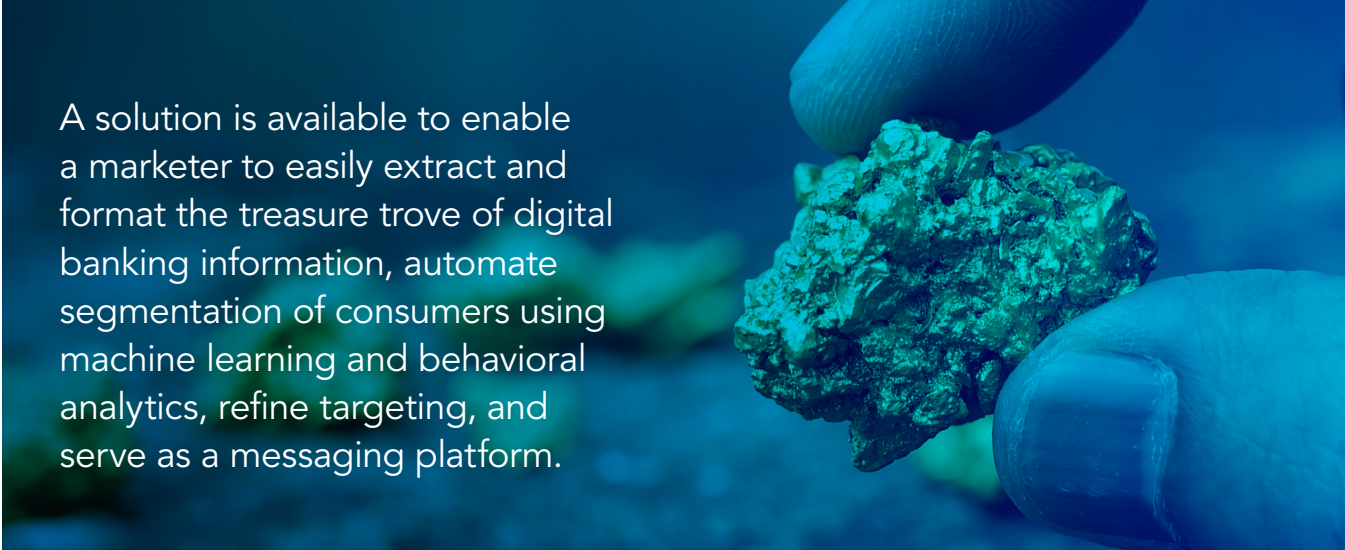
Mining of Gold

Now that we know there is gold in “them thar hills,” we need a pickaxe to get to it. This analogy holds true for the wealth of information contained in a digital banking platform—if there were no tool to extract it, present it in a digestible format, and help us extrapolate actionable insights, it would be as useless as gold lodged in quartz. Fortunately, a solution is available to enable a marketer to easily extract and format the treasure trove of digital banking information, automate segmentation of consumers using machine learning and behavioral analytics, refine targeting, and serve as a messaging platform.

The mountains of “dark data” living in a digital banking platform become actionable information to engage account holders with the right offer, message, or recommendation at the right time, resulting in increased cross-sell and deeper, stronger relationships. By automating complex data aggregation, analysis, and segmentation tasks, FI marketers can focus on refining offers and messaging to affect a tangible impact on revenue generation.

Amazon and Netflix, as two examples, use machine learning and behavioral analytics on product and viewing recommendations. The intelligent targeting and messaging technology of the tool brings a similar approach to an FI’s product recommendations. Like Amazon and Netflix, the tool leverages the existing interactivity of a digital-channel account holder to push messaging and offers out to him or her—at the time and place the account holder is most likely to engage.

Leveraging the wealth of data contained within a digital banking platform also is another way to rev up ROI. Besides providing FI marketing departments a way to track marketing investment and improve efficiencies, digital marketing campaigns will reach the right account holders where they prefer to interact with their bank or credit union. Ongoing program refinement can take place, too. Marketing to account holders through their preferred channels enables direct responses within those channels, so marketing teams have access to real-time response rates as well as gain long-term trends. And even better, intelligent targeting and messaging refinement is achieved automatically due to the tool’s machine-learning capability.

A close-up photograph of a hand holding a piece of gold ore. The hand is positioned on the right side of the frame, with fingers gripping the rough, metallic-looking gold. The background is a soft, out-of-focus blue. The overall lighting is cool and blue-toned.

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An Essential Step in Digital Marketing Transformation

Digital is here to stay. As digital banking platforms continue to become more deeply entrenched within FIs, savvy marketers will need to quickly access and leverage the data contained in the system to take a scientific approach to account holder acquisition and retention, as well as lead the charge to ensure the congruence of customer experience and financial technology. With holistic digital account holder profiles, truly valuable insights emerge that will lead to more opportunities to enhance revenue and increase marketing operational efficiency.

There are some digital banking platform providers putting intelligent targeting and messaging technology to work. They are one step ahead of marketers in the march toward digital transformation of the marketing role, making it easier for marketers to bridge the gap between the cognitive and creative aspects of their jobs to produce bottom-line growth.

Sources

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About Q2

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