

Financial Services Marketing: 4 Digital Trends to Watch in 2016

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I. Introduction

Consumers are demanding more targeted, relevant, and personalized communications from their favourite brands. This isn't exactly a new development, as it's been the case for the past several years. What's notable about this ongoing trend is that increasingly, consumers are coming to expect this same level of personalization from companies in every vertical- and that includes the financial services sector. The shift towards highly personalized communications coupled with increased competition, including competition from 2.0-era services (think peer-to-peer lending shaking up the traditional lending market), and the continued evolution of technology are the key drivers of marketing trends in financial services. Let's take a look at a few of the major trends shaping the financial services marketing outlook for 2016.

Customer retention and loyalty top marketing priorities for financial services

Every interaction with a prospect or customer has the potential to be either an opportunity to earn customer loyalty or an opportunity for your competition to sneak in the back door and capture your customer's interest. According to the Accenture Global Consumer Pulse Research study published in July 2015, customers are buying more products and services from financial companies – but not necessarily from their current providers. Consumers cite competitive pricing (39 percent), high quality customer service (34 percent), and good value for their money (32 percent) as the key drivers behind switching to another financial institution. "For banks considering the question of how to keep their customers from switching to other providers, we found that first-contact resolution is the key. Of the consumers who switched to another provider due to poor service, more than 80 percent said they could have been retained if their issue had been resolved on their first contact with the bank," according to Accenture.

What this means, in a nutshell, is that financial services organizations have to step up their game in order to earn and retain customer loyalty. The recipe for gaining customer loyalty is excellent service (e.g., prompt resolution of any issues) coupled with substantial value. That doesn't mean your products have to be cheaper than the rest; it means that your customers have to feel like they're getting more out of their relationship with you than they'd get by working with one of your competitors.

Content marketing is the financial services value fuel

With content being the primary driver of basically everything in the universe (well, at least most marketing initiatives), content marketing is one of the easiest ways for financial services companies to deliver more value to consumers. Yet, according to *Financial Content Marketing: The State of Play, 2015 Benchmarks, Budgets, Trends*, a report from Dianomi, less than two percent of financial services companies deemed their content marketing efforts highly effective, but 90 percent saw content marketing as an important area of growth for the following 12 months. Content marketing in the financial services sector isn't about sales. In fact, just 13 percent of survey respondents reported sales as a focus of their content marketing efforts. "Rather, financial services companies are taking a more wide-ranging approach: the most common objectives are brand awareness and thought leadership, both cited by 71% of those polled. Customer retention/loyalty was a close third, cited by 69%."

Digital marketing meets consumers where they conduct business

A few years ago, some schools of thought were of the mindset that marketing channels like social media were pretty much a waste of time for financial services companies. After all, banking is boring, right? But here's the thing: Consumers are conducting financial business digitally, so it makes sense to reach and engage those audiences on the same channels that they're embracing to conduct transactions. A quick look at StatisticBrain reveals just how prevalent digital is in the financial services world: 69 million Americans bank online, with 81 percent of those who manage household finances banking online at least once in the past 12 months. More than half (56%) paid at least one bill online in the past month, and 90 percent have used a mobile device to check their account balance or a recent transaction in the last month. With the increased emphasis on quality content, providing value through digital marketing initiatives is a natural progression that meets

consumers where they're already conducting day-to-day business. CMO reports that, "Financial marketers are pivoting to digital because they are seeing diminishing returns and poor audience engagement in traditional advertising channels. Seventy-seven percent believe high-impact ads can breakthrough as much as TV/print ads. Sixty-seven percent say digital is more efficient, believing that it costs less to reach targeted consumers online than off." For financial services companies embracing the power of digital, opportunities abound.

Personalization is the key to gaining consumer trust

The other trends impacting the financial services industry (increasing competition from market disruptor's, decreasing consumer loyalty, etc.) point to the importance of personalization in financial services marketing as we move into 2016. It's critical for financial services organizations to embrace Big Data to gain an in-depth understanding of their consumers' behaviour, attitudes, and needs in order to respond in real-time with relevant, targeted messaging. "This kind of customer-first strategy is no longer optional. Gartner reported that 89 percent of companies plan to compete primarily on the basis of customer experience by 2016," explains Pixel Media. "The other side of the coin is that a firm without a customer-first marketing strategy will lose out to more responsive competitors with lower overhead. This new breed of financial service providers, are engaging customers with targeted messages and more creative financial offerings." Financial services companies are being forced to meet their digital consumers in the digital world. In 2016, keeping pace with the speed of digital means better customer acquisition and retention, factors that no financial services organization can afford to lose in today's highly competitive environment.

References

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