



The state of customer experience in financial services

Like other industries today, financial services companies are challenged to move to a customer-centric business model. With customer-centricity comes greater loyalty, more effective cross-selling, better products and services, lower attrition rates and, most importantly, increased sales and profit. As a recent McKinsey & Company report put it, “Banks realize that they can no longer afford to develop products and services without paying close attention to customer needs... The future belongs to banks that give the customer center stage in their business model.”¹

To move toward greater customer focus in 2014, marketers in financial services have set priorities in line with other industries: increasing conversions, improving brand awareness, and collecting and using behavior-based data.² They have accordingly increased their budgets in the areas of data and analytics, marketing automation, social media marketing, content management, and email marketing.

However, while financial services companies may have a fairly good sense of what they need to do to improve the customer experience and are committing budget to various efforts, they still face considerable hurdles—both internal and external—in changing how they’ve traditionally done business.

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Challenges in shifting to customer-centricity

From a cultural standpoint, banks tend to be conservative and risk-averse, and the idea of putting the customer in the driver's seat is not easy to accept. Financial services companies must comply with strict industry regulations, and mistakes can be costly both financially and from a public relations standpoint. Since the financial crisis of 2008, banks have been careful to avoid further damage to their reputations. Online channels, as well as the recent rise of social media as a communications vehicle, make financial services companies very nervous about losing control.

At the same time, banks face the simple fear of the unknown when it comes to digital marketing engagement and integrated customer experiences, especially in the mid-market segment, according to research by Gleanster, LLC.³ This is new territory for them, without clear best practices that can help ensure success.

To further complicate matters, most banks aren't even organized in a way that supports consistent, integrated experiences across multiple customer touch points. Acquisitions have fragmented already-siloed business units—each of which has its own marketing, sales, and product teams—making it difficult to merge diverse initiatives into a holistic effort. In other industries, many companies have realized that there's a critical link between internal organizational structure and external customer experience. A study by Accenture found that “more than half (53%) of high-growth companies are relying on organizational transformation to meet their marketing objectives.”⁴

Banks need to find ways to bridge the chasm between the intimate interactions at local branches and “always on” digital channels, where today's tech-savvy customers expect to find the same level of personalization and service they get in the real world. In many cases, people encounter different branding and messaging at different points in their customer journey, as digital marketing departments often don't have access to offline content, creating a real disconnect in the public's perception.

And it's not just about giving customers great offers or deals. The real prize is delivering the right message at the right time in the right place—a feat of coordination that still eludes banks of all sizes. Financial services companies simply lack the time and dedicated resources it would take to develop personalized content and creative for cross-channel campaigns, and the tools to refine and optimize that content on an ongoing basis. In the 2013 Marketing Salary Survey conducted by Aquent and the American Marketing Association, more than half of marketers reported that they weren't at all equipped to handle new trends in marketing technology, and 53% said they didn't feel like they had the right people on staff to deliver results.⁵

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Where do exceptional digital customer experiences happen?

Yet, despite the challenges, examples of financial services companies providing great customer experiences in various channels certainly exist, with more popping up all the time. These generally fall into three areas:



Social media and customer relationship management (CRM)



Real-time personalization



The strategic application of data analytics to enhance customer interactions

Social media and CRM

When it comes to providing online customer service, banks are doing rather well. They've built websites, tools, and programs to help customers answer account transaction queries and resolve problems, and predefined email notifications keep them apprised of important account activity. These online initiatives are saving banks money by replacing traditional human-staffed support centers. They're also strengthening relationships and building community by proactively addressing customer complaints and facilitating more direct and immediate dialogue. For instance, Bank of America has set up a Twitter account (@BoA_help) expressly to deal with customer issues and complaints in a timely manner.⁶

Although social media can and should be leveraged as just another CRM channel, in general, social media hasn't been as popular among financial services customers as it has been among retail customers. It's theorized that bank

customers may simply be more protective of the sensitive, personal information involved in financial transactions. Plus, consumers don't do financial brand queries like they do for retail products.

However, things are trending differently today than they were in the last two to five years, as financial services companies figure out how to balance risk and security concerns with the need to engage with customers via new channels to stay competitive. Today, more financial services companies are easing some of their self-imposed restrictions and electing to do more in the cloud and offering customers more opt-in opportunities to communicate via channels like social media.

In fact, today, many financial services companies have dedicated social media teams, and 85% believe social currently does or will eventually produce ROI—but a clear strategy is needed to drive measurable results.⁷

How financial services companies can use social media wisely

For financial services companies, social media is less about having a brand presence and more about being perceived as a trusted advisor or value-added resource. The question is not “should we engage with customers on social media channels.” The question is “can we deliver value to our customers via social media channels?” American Express® created a Facebook® app called “Like, Link, Love” that let customers connect their cards and choose from relevant, limited-time offers from partners without needing coupons—thereby delivering value and convenience their accountholders wanted.⁸ Most bank customers aren’t looking for a “relationship” on social media. They just want social media to provide the kind of personalized interactions they get in person at a branch location. If banks can’t do this, their customers may not find value in social media campaigns.⁹ That said, perhaps there are other untapped ways for banks to leverage social media, such as using social data to guide improvements to product offerings. McKinsey cites the example of Danske Bank using social media to ask its customers (i.e., “crowdsourcing”) how it could become a better bank.

Beyond mere engagement, social media takes CRM to the next level. For example, financial services companies can monitor what customers are talking about on social media channels and take action in order to mitigate customer satisfaction issues quickly and uncover other insights about how they want to interact with their service providers. For example, in the Netherlands, SNS Bank used feedback gleaned through social media to make its branches more “store-like.”¹⁰ A 2012 study by Gleanster, found that top performers were five times more likely than their peers to use social media monitoring tools.

The importance of building a social media implementation strategy

For banks unsure about social media, it might make sense to start with one or two social channels and validate the strategy before taking on a bigger, multi-channel program.

ExactTarget research found that

LinkedIn is a top social channel for financial services

marketers, with 82% using it now.¹¹

Before diving into social media at all, financial services companies need to educate their employees about acceptable, responsible use. They must establish rules and policies and stay vigilant in order to comply with important industry regulations. Morgan Stanley is one bank that lets its analysts use Twitter and LinkedIn for professional purposes, but it has clear rules and guidelines—such as only allowing pre-approved messages—and makes sure everyone knows about them.¹²

MasterCard® is another good example of an organization successfully integrating their presence across multiple social media channels. On Facebook, the company incorporates the charitable-giving part of its brand identity and promotes events it sponsors with share-worthy images, not with logos or other self-referential content. This ties in nicely with the brand’s Twitter account, where MasterCard® made donations to cancer research in return for retweets—again, not focusing the conversation on itself. Finally, on YouTube®, MasterCard® shares interviews with golfers as part of its PGA sponsorship. This content works as a brand-builder because the videos are educational and entertaining to the target audience, not pushing MasterCard® services.¹³

Real-time personalization

Financial services companies have been doing personalized outbound communications for decades—typically as a letter containing a targeted offer. In fact, direct mail is still considered an effective channel for the financial services industry, as reflected by an 18% increase from Q4 2013 to Q1 2014 in the volume of customer acquisition-focused mailings from banks.¹⁴

What financial services companies are doing right

What's evolving today is personalization of inbound communications for everything from websites to email to mobile. Central to it all is customer relationship management (CRM) and real-time, automated decisioning and delivery software that captures, combines, and leverages customer demographics, customer history, and online activity to enable more personalized experiences in the moment. Realizing this trend, 58% of financial services marketers said they planned to spend more on marketing automation in 2014.¹⁵

Website

With today's technology, customers don't even have to log in to get a personalized experience. When a customer engages in a channel like a bank's website, the technology determines the optimized offer or message for that customer by statistically calculating the customer's likely response based on what other people with similar profiles have done recently.

Email

Financial services companies continue to use permission-based, personalized email for onboarding and promotions. And, real-time personalization of emails is being used more regularly to communicate with credit card customers. For example, some banks leverage timely opportunities for up- or cross-selling credit card products based on changes in credit or recent transaction activity.

Mobile

Financial services companies are ramping up personalization efforts in the mobile channel. For instance, according to ExactTarget, 63% of marketers report their company has a mobile app. Also, nearly a quarter of financial services companies say they're using GPS functionality to send relevant communications to customers when they're in a specific geographic area. Additionally, financial services marketers said they planned to more than double their use of both SMS texting and mobile push notifications for services like low account balance or potential fraud notifications.¹⁶

Content marketing

The customer journey is no longer a funnel or linear path; people make buying decisions often without ever visiting a website or speaking directly with a representative. Content marketing is a highly effective way for all types of companies to reach and engage their target audience at each touch point with relevant, useful information that is neither self-promotional nor making a hard sales pitch. It's a way to be customer-centric before you've even won the customer. That's why 95% of CMOs said that content marketing is important to their business in 2014.¹⁷

Finding the content marketing gaps

And yet, financial services companies (including top performers) are not as active as they could be when it comes to creating, promoting, and distributing high-quality, value-added content. Some may believe that industry regulations prevent them from producing creative, engaging content. Others can't marshal the resources to get such a program off the ground and keep it going. Then there's the challenge of getting buy-in and support from company leaders, who need to be convinced of the ROI they'll get from thought-leadership content. That can be a hard case to make, as content marketing requires time and attention in order to gain an audience and see results.

Content marketing isn't as simple as creating a bunch of documents and publishing them to a website; but that's where a lot of financial services companies get stuck. Instead, content marketing should be based on a strategic process that evaluates all of the channels where customers spend time in order to understand which touch points are leading to conversions. We can see how a lack of strategy has created headaches for retailers struggling to close the marketing loop and determine where—online or off—customers were engaged and motivated to buy.

There's inspiration to be found in the following examples of financial services companies offering up truly useful, readable thought-leadership content:

- **Credit Suisse:** [The Financialist digital magazine](#) “It works because it's a legitimate financial news site rather than a bank's thinly veiled attempt to make its website look like one,” as the Content Marketing Institute says.
- **Sun Life Financial:** [Brighter Life](#) “Again, the Content Marketing Institute observes that “Sun Life has created a true community that's targeted at families and, by wisely integrating a variety of other topics that families care about, makes the site a destination for a much broader audience.”
- **Charles Schwab:** [The Schwab Talk blog](#) “This blog provides a good mix of investing information in a friendly, easy-to-understand format that makes it palatable to the average investor.”

Data analytics

In a world where the customer controls the brand, it makes sense that marketers need to know as much as they can about that customer. With knowledge comes insights and the ability to build better 1:1 customer experiences. Banks get this: The ExactTarget study reported that the biggest marketing investment for financial services in 2014 would be in data and analytics.

Financial services companies are leaders in collecting customer data and in using advanced analytics and applying predictive models to generate actionable insights. Gleanster research has found that 60% of financial firms actively mine customer data to inform customer experience improvement, new product and service development, and target marketing improvement.¹⁸

Where they're less adept, however, is in applying these customer insights to digital marketing campaigns with the objectives of acquisition and retention. It's only possible to create personalized, relevant customer experiences when data is properly interpreted and turned into action. In fact, this type of analysis is a specialized discipline for which most banks aren't adequately staffed.

Some ways financial services companies have started using data to improve the customer experience include implementing event-based marketing triggers; creating robust, multi-dimensional customer profiles and segmentation schemes; and deploying context-sensitive cross-sell and up-sell campaigns. But there is a long way to go in the widespread adoption of data analytics to create truly personalized experiences based on more than simple demographics.

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What it will take to move to a customer-centric mentality

The customer experience is much more than marketing or customer service. It's the culmination of all interactions and transactions, online and off, tailored at every point in the customer journey. For marketers, it means translating customer insights into more engaging customer acquisition and retention campaigns. This shift requires both technology changes and cultural changes.

Changes in technology

From a technology standpoint, today we're in the infancy of "social CRM." Just as marketers began capturing email addresses over a decade ago as email became more prevalent, today marketers need technology solutions that can capture social media handles and user IDs and link these back to existing customer data. Social CRM adds another dimension to traditional CRM data in that it enriches existing customer data with social attributes—such as negative or positive sentiments on Twitter about a product. Marketers can use this data to do more targeted segmenting or can leverage social attributes data to do real-time campaigns. Tracking social media data now helps companies construct the framework they'll need in the future as social media evolves.

Cultural changes

From a cultural standpoint, customer-centricity needs to be reinforced throughout an organization. Transformation towards a customer-centric company, according to McKinsey & Company, needs to address four areas:

- **Vision and positioning:** "Create an institution that customers want to bank with and employees feel proud of." For example, Wells Fargo's vision statement is, "We want to satisfy all our customers' financial needs and help them succeed financially."
- **Customer engagement model:** "Design a bank that delivers exceptional customer service where customers expect it and a nice surprise where they do not." You can't just offer up marketing messages; you need to make good on your brand promise through real-life experiences. TD Bank calls itself "America's Most Convenient Bank" and proves it by keeping branches in high-traffic locations open seven days a week, sometimes until midnight. At Navy Federal Credit Union, 75% of members said that call center agents acted as advisors, not just as salespeople, which strengthens relationships and retention.²⁰
- **Development agenda:** "Define an integrated development agenda to drive short-term gains and long-term growth." This means translating all customer activities into clear actions that boost revenues and giving priority to the most profitable segments when resources are limited. At the Royal Bank of Canada, micro-segmentation helped identify a previously neglected niche segment (seniors who winter in Florida) and focused more attention there, resulting in increased sales and lowered attrition.
- **Organization, capabilities, and insights:** "Build the insights engine, organizational capabilities, and governance needed to sustain momentum." Financial services companies should consider creating dedicated job titles for customer-centric roles and revisit the way employees are evaluated and rewarded to ensure real organizational change. The National Australia Bank recognized the importance of educating its front-line staff to drive employee buy-in and offered coaching and mentoring to help everyone stay aligned with its customer-centric mission.²¹

In summary

The massive shift to customer-centricity, digital and mobile marketing is making demands on all industries. Financial services is no exception. Sticking with the status quo of traditional business practices simply isn't going to cut it. Customers expect banks to deliver the same individualized, always-on service they get from other sectors. Financial services companies that fail to keep up with this trend will find it harder and harder to catch up, ultimately resulting in loss of market share.

For more information, connect with Infor Customer and Marketing Management at www.infor.com/cmm

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⁷ ExactTarget

⁸ "AmEx Links Up Facebook With Coupon-less Deals, And Lets Merchants Go Social." TechCrunch." July 18, 2011.

⁹ Gleanster

¹⁰ ExactTarget

¹¹ McKinsey & Company

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¹³ "Best Examples of Financial Services Social Marketing." Seismic, August 29, 2013.

¹⁴ [4 Big Direct Marketing Trends in Banking](#), The Financial Brand, June 9, 2014

¹⁵ ExactTarget

¹⁶ ExactTarget

¹⁷ "At the Speed of Life: Fortune 500 CMOs Share Their Priorities and Challenges for 2014." The CMO Club/Mass Relevance, 2014.

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²⁰ "Navy Federal Credit Union becomes trusted advisor with Infor." Company case study, 2012.

²¹ McKinsey & Company

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