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DIGITAL BANKING REPORT

2019 Financial Marketing Trends

salesforce

> The collaboration of data scientists, technology providers and marketers will provide the power of immediate collection of rich data, personalization of communication and forecasting of consumer needs that will improve the customer experience as well as bottom line results."

— Jim Marous

Owner and CEO
Digital Banking Report

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admin@digitalbankingreport.com

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Publisher: **Jim Marous,** *jmarous@digitalbankingreport.com*

Creative Director: Carol Ann Ryan
Digital Support: Jim Booth
Sales: Geoffrey Rucinski

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Letter from the Publisher

DIGITAL BANKING REPORT
Jim Marous, Owner & Publisher
jmarous@digitalbankingreport.com
8803 Brecksville Rd.,
STE 7-223, Brecksville, OH 44141
(216) 218-4257

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Being a marketer in financial services has become an increasingly challenging profession. Beyond having a creative mind and analytical skills, today's marketer has to remain on top of constantly changing trends in marketing technology, data regulations, channel use and consumer behavior. To succeed, bank and credit union marketers must understand how to collect insights and deploy communication, in real time, in a manner that will stimulate consumer engagement, trust and loyalty.

Now more than ever, financial marketers must be agile and be able to quickly adapt to change. This includes finding new sources of data, experimenting with artificial intelligence (AI), using new marketing technology platforms and connecting with consumers on their own terms with personalized experiences.

The key is to start small, testing several alternative strategies, and then scaling out a cohesive array of communications – across multiple channels, connecting with consumers in context, no matter where they are.

We are in a marketing era where advertising giants can be outdone by much smaller firms who understand the power of contextual engagement. A great example is how Tesla outmaneuvered Mercedes Benz by having conversations about the benefits of electric vehicles as opposed to just selling cars. They were able to drive sales without the need for advertising.

The 2019 Financial Marketing Trends research found that financial marketers need solutions that can support the proliferation of traditional and new engagement channels, including chat, video, co-browsing, messaging (such as SMS, Facebook Messenger or WeChat). This amounts to supporting a consumer's journey across different channels, providing proactive insights and advice in real time.

The future of financial marketing must move beyond mass media and branch-based communication, learning from surrounding stimuli and making more informed decisions than ever before. Successful marketers will need to learn how to blend data, analytics and marketing technology internally and with preferred partners.

In this seventh year of measuring financial marketing trends, we see an increased focus on new customer acquisition and a surprising drop in the emphasis on cross-selling and retention.

By comparing results of this year's survey with those of previous years, we continue to see a high awareness of what must be achieved along with a lack of confidence in being able to do what is needed..

We would like to thank Salesforce who sponsored this year's survey development and is making this report available to the marketplace at no charge ($695 value). Their partnership enabled us to continue to do the most comprehensive marketing trend analysis in the banking industry.

This year's report provides a perspective of where financial services marketing is today and where it may be tomorrow. More importantly, this report provides the foundation for financial marketers to embrace change, take risks and disrupt themselves.

Jim Marous

Owner & CEO,
Digital Banking Report

Key Research Questions and Takeaways

KEY RESEARCH QUESTIONS:

- What are the key marketing priorities for the next 12 months?
- What is the biggest marketing opportunity in 2019?
- What products and services will be most heavily marketed in 2019?
- What is the biggest challenges for marketing in 2019?
- How much are outside partners used to implement modern marketing in financial institutions?
- What are the most effective financial marketing channels?
- How ‘digital ready’ are financial services organizations?
- How extensively do financial services firms use marketing technology tools?

• KEY TAKEAWAYS:

- The primary focus globally is the acquisition of new customers as opposed to cross-selling or retention of current customers.
- The top marketing opportunity for marketing was seen as optimizing the customer experience followed by leveraging data-driven personalized marketing.
- Mobile banking solutions will be the most heavily marketed in 2019, followed by mortgages and online banking.
- The accessibility of data and advanced analytic capabilities were the top two challenges mentioned by banks and credit unions. Talent availability was also a major challenge.
- As data sources and available technology continues to expand, more organizations are partnering with third-party providers.
- Digital channels are viewed as more effective than most traditional marketing channels.
- While comfortable with compliance, financial institutions do not find themselves to be ‘digital-ready’ from a marketing perspective.
- Banking continues to lag other industries in the deployment of modern marketing technology platforms.

Executive Summary

Financial marketers are moving beyond brand-building to focus on acquiring new customers and members, increasing engagement and enhancing lifetime value while reducing churn. By connecting data, advanced analytics and marketing automation tools, marketers are focused on the customer journey and improving the customer experience.

This is the seventh year that financial institutions have been surveyed to determine the key trends shaping banks' and credit unions' marketing objectives and investments. Increasing consumer expectations are driving financial institutions to leverage advanced analytics to build proactive engagement. Moreover, organizations are building content that resonates with consumers, allowing them to purchase services on their own terms.

The 2019 State of Financial Marketing report provides an updated perspective into the allocation of budgets and the areas of primary interest to financial marketers. The research also provides a clear indication of the priorities, opportunities and challenges in financial marketing and the digital maturity of marketing departments in banks and credit unions.

In the most progressive financial institutions, marketers are no longer considered the 'brand builders' or 'creative minds' alone. While these qualities remain important, today's marketer is responsible for outcomes such as return on investment. Marketers increasingly are being held responsible for acquiring customers, engaging customers, increasing lifetime value while decreasing churn.

This shift has occurred due to the combination of increased threats and opportunities. First, consumers have more choices than ever, from organizations inside and outside the traditional banking ecosystem. Making

Going forward, we need opti-channel solutions that recognize the easiest channel and the most preferred channel of each customer. You must provide an experience that encourages the consumer to take action. Today's marketing automation solutions, powered by artificial intelligence (AI), helps to determine the channel and proper message to deploy.

the situation more challenging, much of this competition is from fintech and big tech firms that are much more customer-centric and technology savvy than legacy financial institutions. Many of these organizations also utilize marketing

These non-traditional players also have changed the ante for engagement with consumers, with consumers expecting marketers to know them better, understand them and provide them with more relevant and contextual interactions. In real-time.

Data is the Foundation for Marketing Excellence

Data is the foundation of each of the 2019 Retail Banking Trends and Predictions as well as the foundation of modern marketing. By collecting and analyzing key internal and external data points, such as demographics, product ownership, balance and usage trends, web behavior, financial goals and stated needs, etc., financial marketers can better understand prospects and customers and build personalized communications.

To move more towards one-to-one marketing engagement, advanced analytic tools will be needed due to the vast amounts and sources of data and the need to respond to opportunities in an instant. Financial marketers need a marketing automation platform that can collate and distill information about customers at scale.

The benefits of a marketing automation platform is the ability to proactively act on incremental steps of the customer journey when they occur. This could be in the form of an SMS message, display ads, emails or even social engagement in real-time.

In the past, these channel, and others, each worked in a vacuum, independently and with minimal coordination. This created a disjointed message stream that confused the customer or member more than encouraging them to respond. It did nothing positive for the customer experience.

Going forward, we need opti-channel solutions that recognize the easiest channel and the most preferred channel of each customer. You must provide an experience that encourages the consumer to take action. Today's marketing automation solutions, powered by artificial intelligence (AI), helps to determine the channel and proper message to deploy.

Advanced Analytics Converts Data to Insights

As the volume of data has increased exponentially, the consequences of not leveraging insight has never been more pronounced. Ineffective marketing, dissatisfied customers, missed opportunities and reduced wallet share and loyalty are the costs of not communicating to each customer in a personalized manner. While traditional analytics provide a great "rear-view mirror" perspective of what

has happened, advanced analytics provides a "GPS" perspective of opportunities ahead.

The benefits of advanced analytics as discussed in the 2018 edition of this report include:

- Targeting customers with highly relevant offers across online and offline channels
- Understanding customers in the context of their relationship with your brand
- Engaging using the right channel, at the right time with the right message
- Predicting which customers may be at risk as well as the best way to retain them
- Gaining a better awareness of customer needs, intentions and behaviors through social media
- Maximizing customer lifetime value through personalized offers

Advanced Analytics and The Customer Journey

With so many marketing communication channels, today's consumer journey can include an almost infinite number of paths and alternatives between consumers. There could be 100 customers who reach the same destination through just as many different paths and interactions. The simplistic sales funnel has become much more complicated. But, this is where advanced analysis of the impact of each marketing channel is key.

Increasing variety of data and advanced analytics creates the opportunity for banks and credit unions to get closer to their customers and members than ever before. Instead of broad segmentation of potential audiences there is the ability to focus on specific insights and results that leverage both the brand and the user experience. According to Lauren Whittington from Forthea, "When the key value points of a marketing channel are tapped into, there is room for scalability and growth."

"Understanding overarching trends and zeroing in on data that leads to opportunities is pivotal for creating an omnichannel marketing strategy that provides the consumer with a seamless experience," Whittington notes.

Advanced Analytics and Cross-Selling

Amazon has attributed up to 35% of its revenue to cross-sell, both through its "Frequently Bought Together" and "Customers Who Bought This Item Also Bought" features.

Jet Blue has in the past made as much as an additional $140million in revenue through its upsell program called 'Even More Space.'

Meanwhile, Lufthansa uses VR glasses to entice travelers into last-minute upgrades to 'Premium Economy' at the boarding gate and acknowledges that this successful upsell program has brought in significant ancillary revenue.

Using advanced analytics for cross-selling usually is done with predictive lead scoring. Applying powerful predictive modeling algorithms to the logic of traditional scoring models gives us game-changing insights. The fuel for predictive selling tools is the enormous data generated every day by every consumer. Using algorithms to pick patterns that would likely be missed by the human eye provides a competitive edge to the sales team.

The objective is simple: To look at patterns and identify factors that are relevant to making a sale.

Advanced Analytics and Multi-Channel Engagement

Most financial institutions use multiple channels to reach consumers with their marketing communications. However, creating a seamless, positive multichannel experience for customers requires combining big data from a variety of those channels.

Most financial marketers have moved away from pushing the same product, or product message, through all channels. The channel should be viewed as a tool that defines the type of message and method used to communicate to customers.

Buying strategies and consumer engagement changes for most consumers based on the channel they are using at a point in time and the channel they prefer for interaction. That behavior must be worked into the communication strategy. By focusing efforts to discover where customers pay the most attention, financial institutions can better reach customers through email, web, digital devices, social media, or even traditional ads.

The ultimate power comes when financial marketers use data and advanced analytics to develop customer profiles and begin to predict behaviors by channel. This moves the focus from the channel to the consumer. Financial marketers can personalize the channel that a message is delivered as well as the message by channel. A marketer can even use multiple channels but ensure the message, channel, device, and timing are all synchronized.

The Future of Advanced Analytics in Marketing

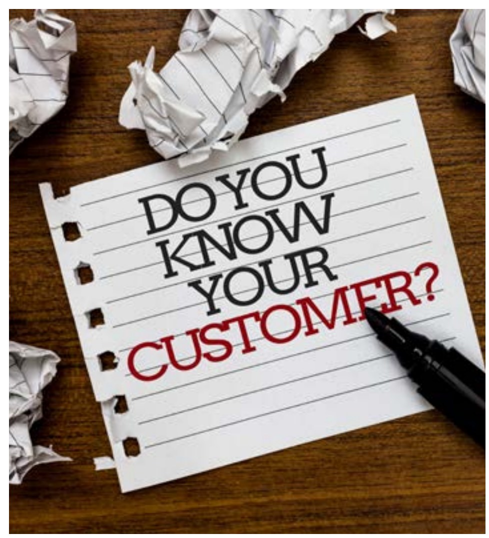
The goal is to better understand your customer's buying behavior and the customer journey. These behaviors have changed dramatically over the past several years, relegating old consumer views — such as the marketing "funnel" — as obsolete.

The plethora of data represents a tipping point for financial marketing and sales leaders. Organizations that leverage the power of big data and analytics into their operation will show productivity gains and profitability that are significantly higher than those of their peers. That's an advantage no financial services organization (or marketer) can afford to ignore.

Every bank and credit union marketer is aware of examples of companies such as Amazon and Google, where data analytics is a foundation of the enterprise. But for most traditional financial institutions, advanced data analytics success has been limited to a few tests or narrow segments of the organization. Despite the benefits and awareness of what needs to be done, few tangible examples of broad AI deployment in marketing are available beyond the largest financial institutions.

There are a multitude of tools and partner organizations that are emerging to help collect data and deploy solutions. These options deliver fast results, build the confidence of the front line, and automate the delivery of analytic insights in usable formats.

But the tools alone are insufficient. As we found in our As we found in our "Using AI for an Improved Customer Experience report, organizational adaptation is also needed to overcome corporate hesitation and cultural stagnation. Leadership must shift priorities from small-scale exercises to focusing on critical business areas and driving the use of analytics across the marketing and sales organizations.



Financial institutions, including marketing organizations, have been talking about data-driven cultures for a long time, but surprisingly few have taken action. We need to stop allocating marketing dollars based largely on the previous year's budget or on what business line or product fared well in recent quarters. These approaches are antiquated and do not position the consumer as the point of emphasis.

The recommended approach should prioritize initiatives based on their strategic return, economic value, and payback window. Expanded data sources and advanced analytics provides a consistent lens for comparison, and these measurements can be combined with preconditions such as baseline spending, thresholds for certain media, and prior commitments to create a more economically beneficial result.

The goal is to better understand your customer's buying behavior and the customer journey. These behaviors have changed dramatically over the past several years, relegating old consumer views — such as the marketing "funnel" — as obsolete.

Take These Trends to the Bank: 3 Evolutions Defining Banking in 2019

Article by: Rohit Mahna
SVP & GM Financial Services,
Salesforce

The hottest topic in financial services for the past few years has been digital transformation. Regulations remain unpredictable and economic conditions are uncertain, but the importance of digital connectivity continues to grow.

As Senior Vice President and General Manager of Financial Services at Salesforce, I lead the company's strategy in the banking, wealth management, and insurance sectors. Throughout the year, I meet with hundreds of our customers around the world to understand the opportunities and challenges they face, as well as the short- and long-term trends taking place in the financial services industry.

Last year, we heard from almost every one of our banking and credit union customers about the ongoing significance of digital transformation. Open banking regulations pushed ahead in Europe and Australia. Banks acquired fintechs, and fintechs moved closer to banking. Mature financial institutions continued announcing new digital products such as robo-advisors.

In 2019, this whirlwind of developments is continuing to gain speed. I believe we'll see many credit unions, banks and other organizations take digital transformation a step further by focusing on providing holistic financial experiences to their customers. Digital will be viewed as more than just an app or website — it will be the foundation for an entirely new way of engaging banking customers.

These are the three trends shaping bank and credit union digital transformations in 2019:

1. Customers — not products — are becoming the center of banks' business processes

Many credit unions and banks embracing digital transformation are recognizing that customer-centric business processes are critical for success. This goes beyond just technology to encompass team incentives, talent, and trust.

For example, banks are beginning to think about growth through the lens of customer journeys rather than product sales. This involves a balance of automation and empathetic human experiences — journeys may begin in a self-service digital channel but end with an in-person interaction featuring a banker or advisor in the branch.

Connecting these digital and physical touchpoints is key for a seamless experience, and employees need to be empowered with the right skills and tools to help customers progress on their financial life journeys regardless of channel.

In addition, trust and security remain paramount. Customers will expect that banks continue to safeguard their finances, which means it's essential that banks avoid missteps such as Robinhood's botched launch of a "checking and savings" account that lacked proper deposit insurance.

Rohit Mahna

Furthermore, regulations such as GDPR will require transparency into how banks and credit unions leverage customer data. Ongoing controversies around how Facebook and others shared customer data with partners are only heightening the importance of data privacy in 2019.

But these financial services organizations should continue to have ample data at their disposal to power holistic banking experiences. The "2017 Accenture Financial Services Global Distribution & Marketing Consumer Study: Banking Report" found that 67% of customers are willing to give more personal data if it means more tailored service or advice. This will provide opportunities for banks to optimize the customer experience and deliver fully personalized banking through AI.

2. Ecosystems are the key to holistic financial experiences

Banks recognize they cannot provide holistic financial experiences on their own. They need to cultivate an ecosystem of partners to be present throughout customers' lives at each moment of financial need.

The evolving role of financial technology firms (fintech firms) in financial services is a great example of this trend, and it was on prominent display when Salesforce participated in the 2018 Singapore FinTech Festival.

In 2016, the majority of exhibitors at the festival were fintech firms. At the time, mature financial institutions viewed fintech firms as competition. Then at the 2017 festival, major financial institutions began exhibiting with fintech organizations, viewing them as partners rather than competitors.

The 2018 Singapore FinTech Festival was a fascinating transformation: banks were exhibiting their own open platforms, illustrating how they've moved from competing against fintech firms to actively nurturing fintech ecosystems. The future was clearly on display — regulators, financial institutions, and fintech firms all working together.

BBVA is a great example with their Open Platform and Open Talent initiatives, and Barclays is also fostering fintech innovation with their RISE accelerator.

3. Banks are partnering with the broader consumer services Ecosystem

The trend toward ecosystems will only become more pronounced as banks go beyond fintech and begin to partner with industries such as healthcare, insurance, and retail.

This is already happening through partnerships such as the joint healthcare initiative that JP Morgan Chase, Amazon, and Berkshire Hathaway announced last year.

For an idea of what this will look like, we can turn to China where companies such as WeChat and Ping An are transcending traditional industry boundaries through a combination of in-house innovation and partnerships.

For example, WeChat began as a mobile messaging platform and has since evolved into a leading financial services provider offering peer-to-peer payments, financial advice, and even insurance products. Among the other things you can do with the app: schedule doctor appointments, pay traffic fines, and book transportation. WeChat now has 1 billion monthly active users, 60% of whom open the app more than 10 times a day.

Ping An is another remarkable example of industry convergence. China's largest insurer with $94 billion in premium revenue, Ping An also has a fintech incubation arm that has spawned companies such as Ping An Good Doctor and Ping An Healthcare And Technology. The former is a healthcare portal with over 30 million monthly active users, and the latter is a mobile app for booking hospital visits used by 800 million customers across 70% of cities in China according to Forbes.

In 2019, I believe banks and credit unions are resolving to connect with every customer on a human level, rather than on the basis of a particular product, process, or channel. Regardless of digital maturity, banking leaders need to work towards this goal by cultivating the right skills and establishing the right structure and incentives for their teams while making smart technology investments.

The banks that are further along in their digital transformation will continue to expand and cultivate ecosystems that encompass fintech innovators and partners from other industries. All the while, trust, transparency, and data security will remain paramount.

6 Financial Marketing Technology Trends You Must Watch in 2019

Article by: Steve Cocheo
Executive Editor of:
The Financial Brand

Everything will soon be powered by artificial intelligence and fueled by data. Banks and credit unions that fail to accept this will get hammered. Neglect your martech stack and ignore these digital marketing trends at your own peril.

Whether they realize it or not, every financial institution is now a data company. Data is the lifeblood of digital organizations — critical to understanding consumers so you can improve service, develop better products and, ultimately, increase revenues by selling more.

"Many organizations are working with their marketing agencies and vendors to figure out where they can gather data to get that understanding," according to Ali Hanyaloglu, Senior Director of Product Marketing at Criteo, speaking during an eMarketer webinar on trends in marketing technology.

This is why, within marketing, larger and ongoing investments into an institution's martech stack have become increasingly important.

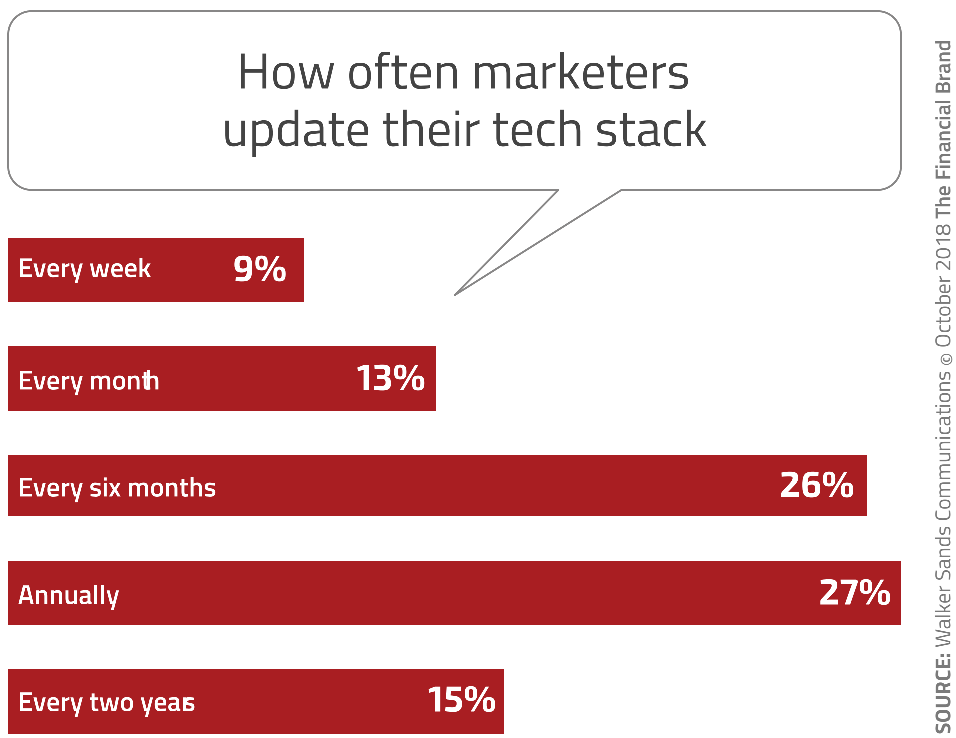
Together with Hanyaloglu, Nicole Perrin, Senior Analyst at eMarketer, addressed six martech issues centered on data, AI and automation that will loom large in 2019.

1. Marketing Tech Stacks Need Continual Updating

Perrin, citing research saying that 63% of companies surveyed worldwide are working on some stage of martech implementation, and 19% feel they have completed a reboot. 15% more are "discussing" implementation, and only 3% are "doing nothing."

Perrin cautioned that a martech stack is never truly finished. "There's always a lot of work to be done, and it's going to be a constant process, going forward... forever," she explained. "You will always be evaluating and adding tools to better fit your needs."

Research by Walker Sands Communications that Perrin cited found that many U.S. marketers update their stacks very frequently:



2. Data Becomes More Actionable

Marketers spend more and more time wrangling data so they can rely more heavily on it and do more with it.

Most financial institutions should be tapping three key streams:

- **First-party data** from their own database
- **Second-party data** from other institutions' first-party data that is shared

- **Third-party data** purchased or acquired from external sources/ suppliers.

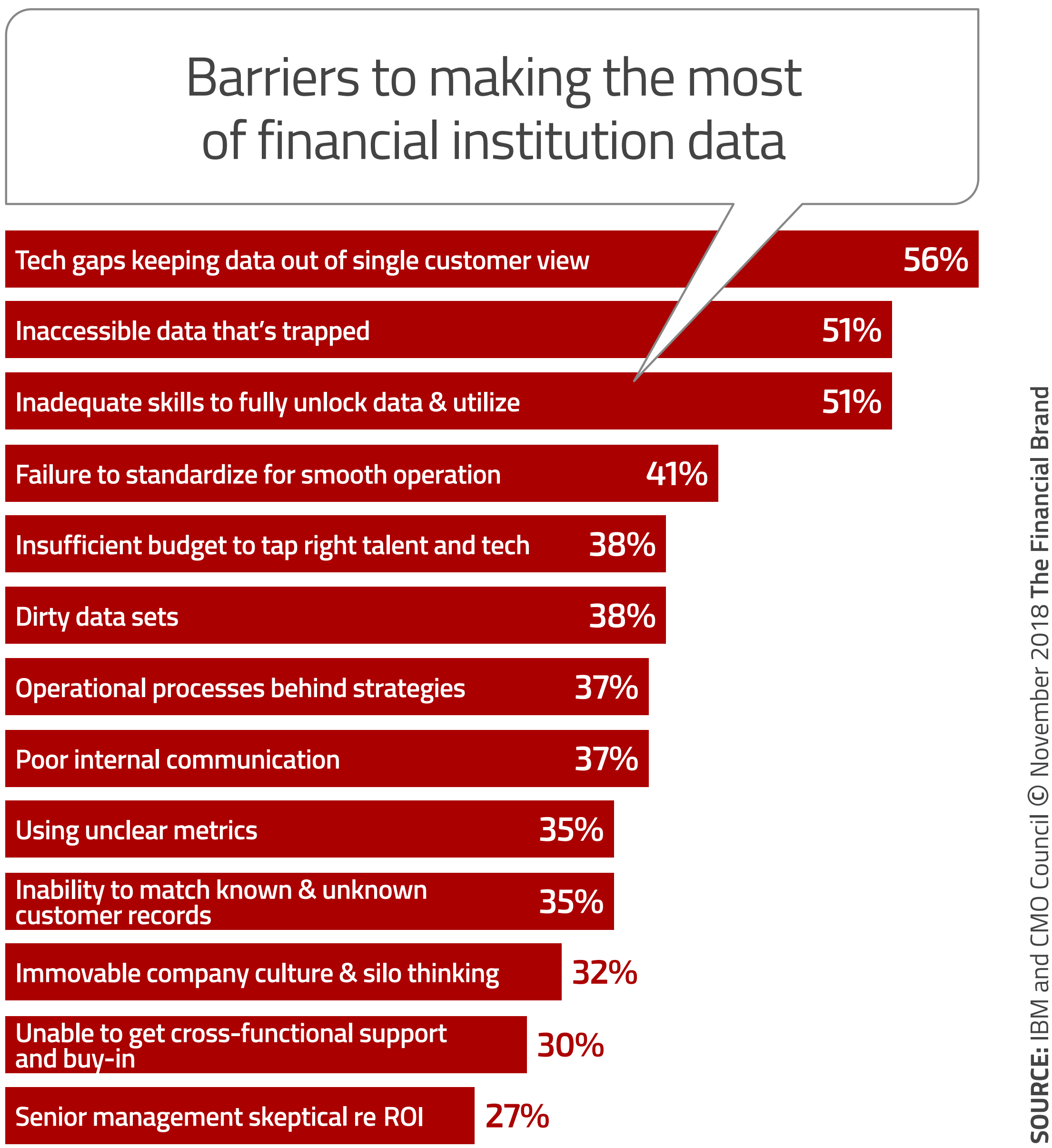
Integrating all of that into a single database for maximum utility — building complete profiles of individual consumers — is a key foundation for future campaigns in the year to come. Increasingly this takes shape in a Customer Data Platform (CDP).

“Many teams lack the technical skills for this,” said Perrin, so typically they seek outside help.

She noted that research by The Relevancy Group indicates that 50% of firms surveyed have engaged a CDP vendor and 32% plan to. A key function of CDPs is pouring data out of restrictive internal silos to get an enterprise-wide draw on data providing the unified customer view.

CDPs are the “new kid on the block,” according to Criteo’s Hanyaloglu, holding out the promise of a more-complete picture of the specific consumer that a marketer wants to pursue. They are not the same as the older, but still widely used Data Management Platform technology. A DMP typically contains broad and anonymous data on customer behavior from digital channels. DMPs tend to be used to turn third-party data into a proxy for first-party data.

Hanyaloglu said that the two data mechanisms — CDPs and DMPs — complement each other. “And over time there could be a merging of the two,” he added.



3. Programmatic Digital Ad Buying Expands

Over roughly eight years, programmatic advertising (the automated buying of digital media) has taken off. "83% of all digital spending is now programmatic," said Perrin. "Programmatic is digital display spending" — for example, all Facebook advertising is purchased programmatically.

Programmatic has had its problems. Many marketers using it can't identify specifically where their programmatic spending lands. In addition, figuring out costs and fees can be difficult. Fraud has also been a significant problem, with ads placed on shoddy or inflammatory sites that have been made to appear like legitimate sites to the software, compromising brand safety.

"Marketers are feeling a great deal of pressure to deal with this because now digital advertising is starting to get real money," said Hanyaloglu.

JPMorgan Chase changed its approach to programmatic buying in the wake of serious problems. The megabank's programmatic digital ads had been appearing on around 400,000 websites every month, according to The New York Times, but the scope was narrowed substantially after bank ads began appearing in embarrassing places. The bank introduced a human element, to make sure sites being selected met the institution's standards.

Similar experiences have encouraged institutions to explore "in-housing," bringing all or some aspects of programmatic purchasing back into the organization. "But there's still a lot of money flowing to places that people don't understand," said Perrin.

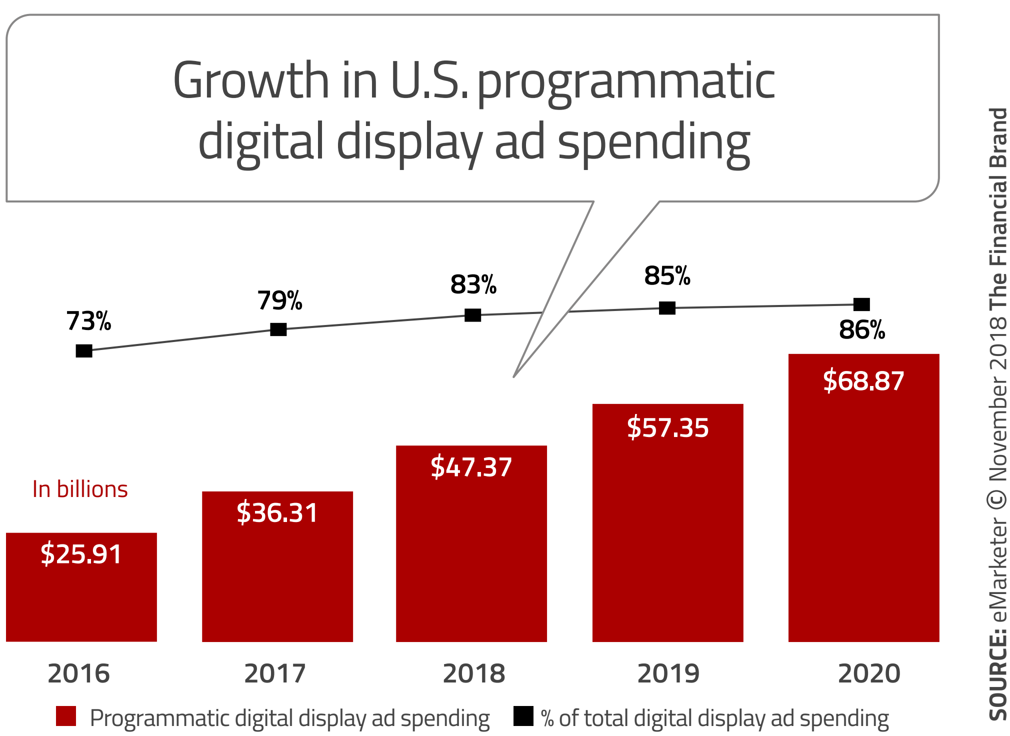
Perrin and Hanyaloglu spoke of several ad industry efforts to fight fraud. Among them are the Interactive Advertising Bureau's Ads.txt, Ads.cert, and OpenRTB initiatives.

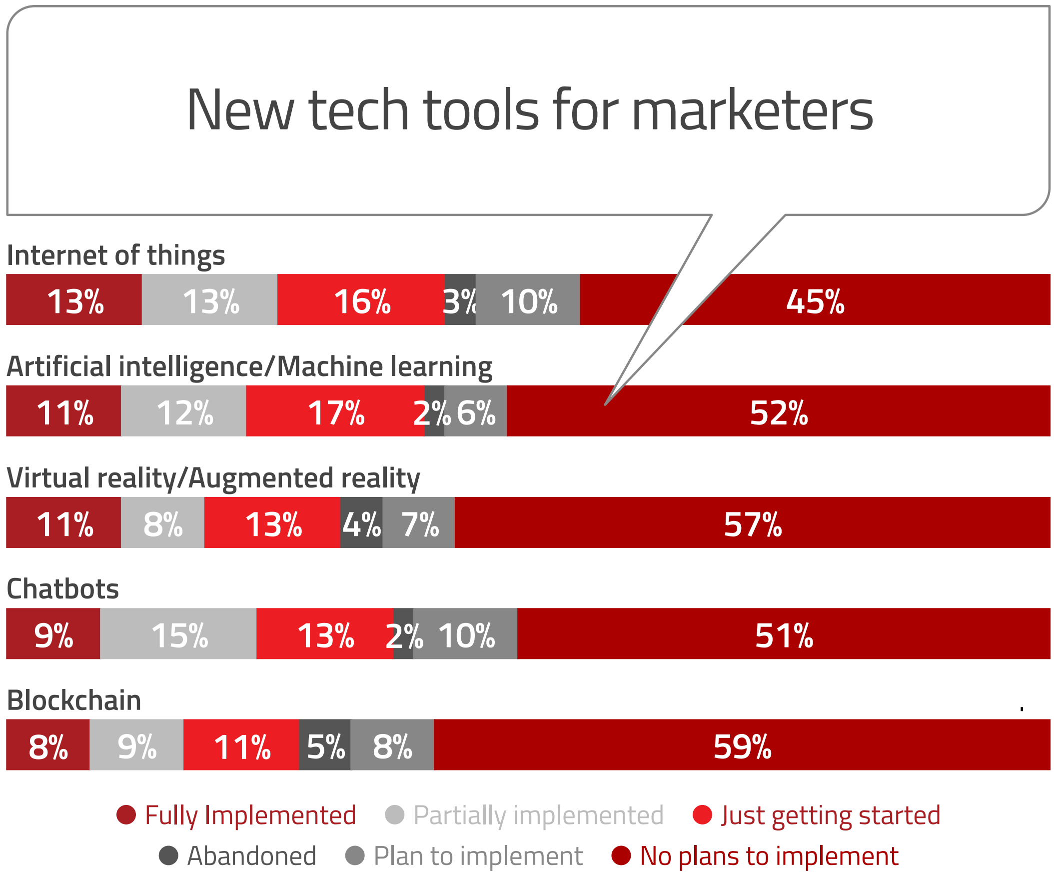
What makes these issues even more important is that additional channels beyond visual digital display ads are going programmatic. Much video advertising on YouTube is programmatic, and streaming audio services Pandora and Spotify have both started programmatic marketplaces.

4. Thanks to AI, Even the Ads Become 'Intelligent'

The distinction between current marketing technology and artificial intelligence has already begun to fade. "It won't be mentioned in the future," said Perrin.

"AI is penetrating everywhere now," said Hanyaloglu. "In time, the advertising itself will be intelligent and 'contextually aware'." He explained that digital advertising built this way will see where it has appeared, and "understand" more about the consumer seeing it. The message and approach will adapt on the fly, leading to greater personalization of every message.





SOURCE: Walker Sands Communications © November 2018 **The Financial Brand**

"The advertising will not just be able to predict what we need to buy next, but predict what we want to do next," said Hanyaloglu. He believes that such technology will help marketers better target their budget dollars and, in time, devise new ways to message prospects and existing customers.

This helps explain why consumers will favor AI-guided marketing — it will help marketers deliver relevant messages. Consumers welcome advertising that relates, and loathe having their time and attention wasted with nonsequiturs.

Perrin cited data by Forbes Insights showing three top applications of AI in business worldwide are all marketing-related.

5. The Burden of Data Compliance Gets Heavier

Privacy-oriented laws and regulations in Europe, Canada, and the U.S. — both at the federal and state level — "aren't going away," according to Perrin. Just think about all the high-profile data privacy issues swirling just around Facebook in the past year. Lawmakers are almost certainly going to start cracking down on digital marketers and what they do with people's personal information.

Perrin advises marketers to take a hard look at the EU's General Data Protection Regulation (GDPR). That's the way everything is headed, so if you haven't implemented these standards yet, you should probably get started.

"Marketers have to begin thinking about the type of data they are keeping, for how long, and why," said Perrin.

AI and machine learning generate a great deal of data that marketers may not use immediately but want to hold onto for future use, she added, so marketers should address such questions.

6. Account-Based Marketing Buzz Turns Into Real ROI

Account Based Marketing (ABM) involves how marketers address business customers by focusing on a company rather than individuals — figuring out who is at that company, what all the roles are, how it all fits together, and how that information is used to nurture leads through the sales and marketing funnel. Taking this new approach could have huge implications for the way financial marketers think about- and target small businesses.

eMarketer cited a survey by Demand Gen that asked B2B marketers about new tactics, revealing that ABM nurturing was in the top three efforts:

ABM has been a bit of a buzzword up until now, but Perrin says results are now starting to look pretty good. A survey by six firms covered in the 2018 State of Pipeline Marketing found that 27.3% of ABM users found the technique effective, with another 65.6% finding it somewhat effective.

eMarketer's analysts are convinced that B2B marketers use of technology is growing and will grow further.

About:
Steve Cocheo
Executive Editor of:
The Financial Brand

Prior to joining The Financial Brand I was executive editor of Banking Exchange and digital content manager of its website. Previously I spent 36 years on the staff of ABA Banking Journal and 22 years concurrently as editor of ABA Bank Directors Briefing.

I have been a finalist for the Jesse H. Neal national business journalism awards, and a winner of multiple awards from the American Society of Business Publication Editors. In 2017 I received three awards from ASBPE: National Gold, National Bronze, and Regional Silver.

THE FINANCIAL BRAND

2019 Marketing Priorities

Similar to 2018, we found that marketing priorities in banking changed again in 2019, with a greater emphasis on **new customer acquisition** and a lower priority on cross-sell and retention. Is this prudent?

In 2018, deepening current relationships and increasing share of wallet was the most mentioned 'top three' marketing priority, with checking growth being the second most mentioned priority and loan growth being the third priority. Deposit (checking) growth and new customer acquisition became the top ranked priorities in this year's research, with cross-selling and deepening relationships having the most dramatic drop in prioritization.

Some other interesting trend changes in 2018 included the fact that loan growth (while being ranked third) still had the second most number of respondents ranking it as the first or second priority. Also interesting was the fact that while growing business deposits was far down the list or top priorities, it was the third most mentioned priority when both the first and second level of prioritization are taken into account.

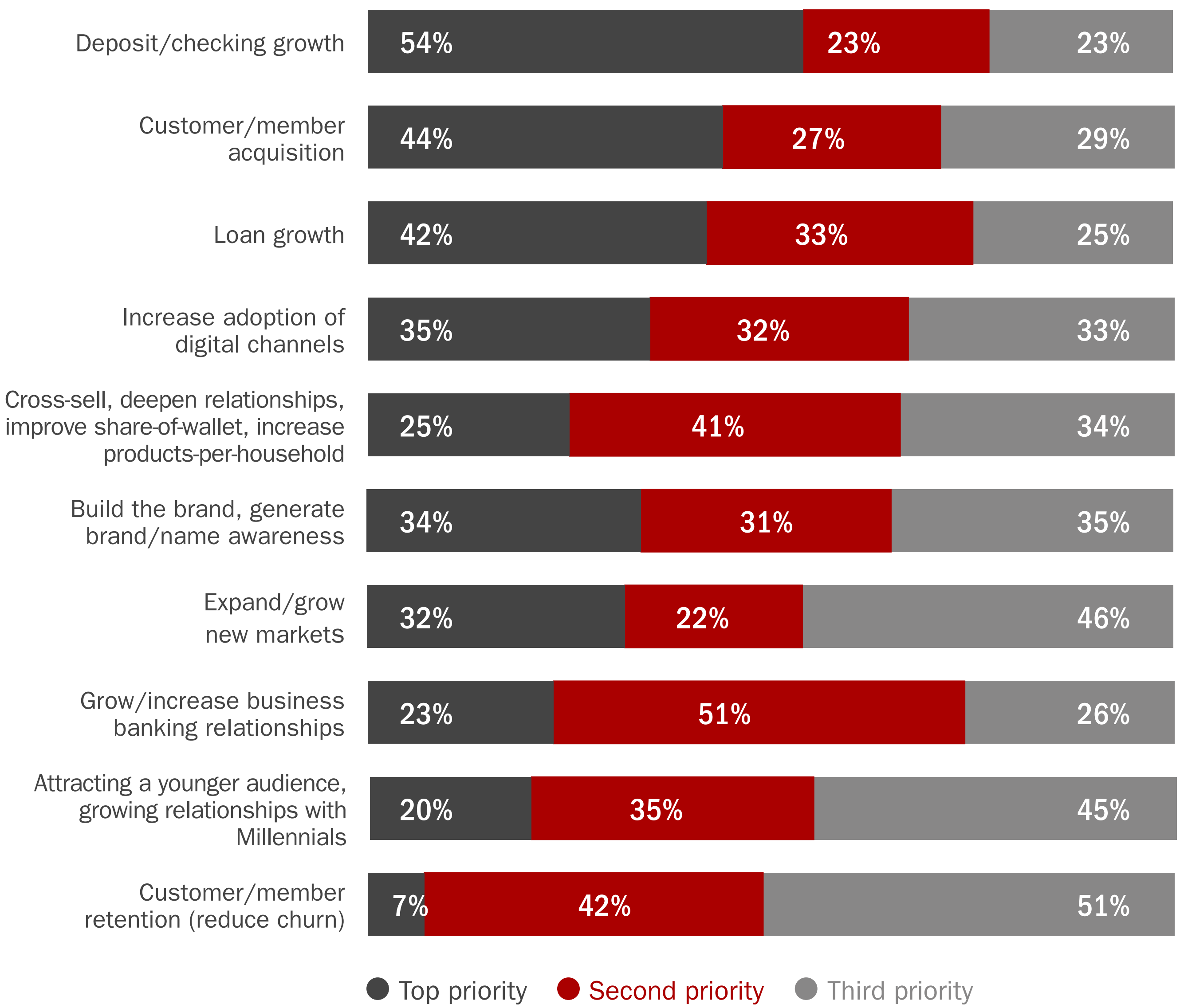
Finally, there continues to be a very strong bias towards smaller organizations ranking new customer acquisition and the checking acquisition priority high, reflective of the success the largest organizations are having in capturing new, digitally focused customers.

Breaking these numbers down further, the prioritization of acquiring new customers/members jumped significantly in 2019. The percentage of respondents that mentioned the importance acquiring customers increased from 30% to 44% since last year, with the importance of increasing the use of digital channels increasing from 32% to 35%. Given the need to grow the overall customer base and the need to support digital channel, these increases in prioritization are logical.

The significant drop in importance of cross-selling and retention is baffling. At a time when customer bases of all but the largest organizations are under attack from both larger financial institutions as well as fintech firms and big tech organizations, protecting current portfolios of customers should be a major priority. At the end of the day, acquiring new customers will mean little if an equal or larger number of customers and members are leaving.

The relative importance of attracting a 'young' customer base remains low which reflects the sampling bias of a significant number of smaller organizations participating in the survey. Many of these organizations realize that attracting a younger base is becoming increasingly more difficult due to the lack of having as robust a digital offering as the big 5 financial institutions.

CHART 1:
TOP MARKETING PRIORITIES 2019



Source: Digital Banking Report © March 2019 Digital Banking Report

CHART 2:
RANKING OF TOP THREE MARKETING PRIORITIES 2013 TO 2019

What are your financial institution's top 3 marketing priorities for the next 12-24 months?

Priority	2019	2018	2017	2016	2015	2014	2013
Deposit/checking growth	1 ↑	2 ↑	5 ↓	4	4 ↑	5 ↑	6
Customer/member acquisition	2 ↑	5 ↓	4 ↓	3	3	3	3
Loan growth	3	3 ↓	2	2	2	2	2
Increase adoption of digital channels	4	4 ↓	3 ↑	7	7 ↓	6	n/a
Cross-sell, deepen relationships, improve share-of-wallet, increase products-per-household	5 ↓	1	1	1	1	1	1
Build the brand, generate brand/ name awareness	6 ↑	7 ↓	6 ↑	8 ↓	5 ↓	4	4t
Expand/grow new markets	7 ↑	8 ↑	10 ↓	9 ↓	8	8 ↓	7
Grow/increase business banking relationships	8 ↓	6 ↑	7 ↓	5 ↑	6	n/a	n/a
Attract a younger audience, grow relationships with Millennials	9	9 ↓	8 ↓	6 ↑	9 ↓	7 ↓	4t
Customer/member retention	10	10 ↓	9 ↑	10	n/a	9	n/a
n/a = not asked in that year t = tie							

Source: Digital Banking Report Research © March 2019 Digital Banking Report

(**2015 and prior data from 2015 Aite report**)

Top Three Priorities by Institution Type

Similar to 2018, when the marketing objectives are broken down by type of financial institution, larger banking organizations have a significantly different set of priorities than either community banks or credit unions. As in 2018, cross-selling continues to be a much more mentioned 'top three' priority than it is for smaller.

In 2019, the focus of the larger banks continues to be all about digital channels, with large and regional banks making the adoption of digital channels a top 3 priority at a scale that continues to be more than 3 times as high as community banks or credit unions. This should be a major concern of every bank that is not in the top 10. Without a significant prioritization of digital channel engagement, the ability to acquire and retain an increasingly digital consumer base will be more and more difficult.

Because the largest banks are increasingly successful at acquiring new deposit and loan customers (compared to their smaller peers), the marketing prioritization of deposit and loan growth is significantly lower than other types of financial institutions.

Other highlights of significant priority variance by type of institution are the following:

- **National and regional banks** increased their mentions of improving brand awareness from 2018. Community banks and credit unions did not change the importance of branding in 2019.
- **National and regional banks** continue to place a lower priority on loan growth than smaller banks and credit unions, with mentions remaining at about half the level of community banks and credit unions. This may be related to both non-traditional financial institutions being a large factor in the market as well as the reality that large organizations continue to generate fairly robust loan growth.
- **Credit unions** continue to have the highest emphasis on loan growth in 2019, but this emphasis is lower than in 2018.
- **National and regional banks** place the highest priority on digital channel engagement and a low priority on attracting younger consumers. While this sounds counterintuitive, it is a reflection that attracting Millennials will be a natural outgrowth of supporting digital channel usage.
- **Community banks** place a much heavier emphasis on building business relationships than larger banks or credit unions.

Opportunities and Challenges

The marketing function at financial institutions is being disrupted by new technologies and tools that didn't exist five years ago. Banks and credit unions must now use data and advanced analytics to build more personalized communication and improve the customer experience. These changes present both opportunities as well as challenges for banks and credit unions.

While changes in the banking industry are happening virtually every day, there may be no area of financial services where change is happening faster than in the marketing function. From new technologies to new channels and strategies, bank and credit union marketers must be both agile and willing to embrace change. As a result, it is important to review what will likely occur over the next year.

Improving the marketing communications process — from the consumer's perspective — drives growth, loyalty and profitability. Managing the marketing process without taking advantage of the technology tools available is a recipe for failure.

For years, we have reviewed the most important marketing industry trends that can't be ignored by financial marketers. Unfortunately, as we have found again in 2019, many financial services marketers are not embracing or effectively prioritizing these trends.

Opportunities and challenges exist in a number of areas, with each opportunity being a challenge if not embraced and taken advantage of.

1. Personalization

Machine learning (ML) and artificial intelligence (AI) have driven increasingly more efficient data analysis, making it easier for financial marketers to deliver hyper-personalization to consumers.

This personalization goes far beyond using a customer's name, to personalizing content and creating unique customer journeys.

According to Selligent research, "Today's consumers expect companies to know their preferences on a very intimate level, especially when they have explicitly provided their data. In fact, 73% of global consumers expect brands to treat them as an individual, not as a member of some segment."

CHART 3:
CONSUMERS EXPECT 'HYPER-RELEVANCE'

33% **of customers** who abandon business relationships do so because personalization is lacking.

73% **of consumers** already expect specialized treatment for being a good customer.

Source: Accenture © March 2019 Digital Banking Report

Consumers will turn towards brands who listen and learn from their behaviors and who create genuine relationships with them. In 2019, the consumer will control not only the journey, but also the conversation. Personalization will help banks and credit unions engage to enable true, authentic, customer-centric marketing.

2. AI and Machine Learning

AI is becoming increasingly important to financial institutions. As they move beyond use in risk, fraud and compliance, artificial intelligence and machine learning are becoming mainstream technologies, and marketers must understand their benefits and uses.

In the past, keywords and search histories were used to determine consumer intent. With AI and machine learning, banks and credit unions can identify intent automatically, using sources such as social media, transactions and behaviors to automatically match intent to offerings.

According to Forbes, "AI will be better able to track what type of content consumers are most interested in, allowing a website to be 'curated' for each individual user. In the digital world, this will increase conversions by offering customers the experience that they will enjoy and get the most benefit from."

With the benefit of increasing amounts of data and the use of AI and machine learning, financial marketers will be in a better position to make predictions about the types of marketing strategies that will work for certain customers and automate the process. For those concerned about privacy issues — and all financial institutions should be — better collection and use of data for more personalized customer-centric recommendations will

3. The Need for New Marketing Talent

It is a great time to be a financial institution marketer. Skilled financial marketers are in high demand, marketing technology is advancing to help marketers make smarter decisions, and the prestige of marketing is increasing in most banks and credit unions.

Unfortunately for financial institutions the demand for talent that understands new technologies far outstrips supply. This creates multiple challenges in 2019, including increasing wages, difficulty for smaller organizations to keep the most qualified people and increasing competition for talent outside of financial services.

As financial marketing continues to change, with greater emphasis on digital channels than mass media and other offline marketing tactics, the demand for traditional marketers will fall. The leading skill sets that financial marketers hire for today are a team mentality, tech ability, and social media expertise. Graphic design skills rank below these, as does compliance knowledge.

An applicant's previous experience in financial services ranks lowest of all among the points Codigo queried respondents about — not unimportant, but no longer essential. This suggests that financial institutions are savvy enough to realize and accept that the level of expertise they need in new areas like data analytics won't come from inside the industry.

CHART 4:
SKILLS FINANCIAL INSTITUTIONS WANT MOST WHEN FILLING MARKETING POSITIONS

On a 10-point scale

Source: Codigo © March 2019 Digital Banking Report

4. Chatbots

It's safe to say that chatbot usage has now outgrown the hype phase in banking. The use of this technology is beginning to mature as a key component of online customer care and marketing. And, as with many of the trends taking hold in marketing, the use of chatbots shows no sign of slowing down.

Initially, chatbots were used to replace human customer service representatives who managed predictable inquiries, routine tasks or frequently asked questions. They were also programmed to provide a bit more involved solutions as the algorithms learned from past results.

Chatbots can be integrated with a website, an application, and even with a social media platform. They also gather user information that can later be used to better tailor financial marketing strategies. As banks and credit unions have become more comfortable using chatbots, more have used chatbots for personalizing advisory messages and increasing engagements with customers and members.

In the next five years, approximately 80% of B2C communication will be performed through bot messengers. It is therefore imperative that financial institutions integrate chatbots into marketing strategies.

CHART 5:

MOVING FROM MOBILE BANKING TO CONVERSATIONAL BANKS

Mobile Banking		Conversational Banking
Mobile App	Channel	Messaging APP* WhatsApp, Facebook Messenger, Telegram, WeChat...
Graphic User Interface (GUI) Based on icons, menus and click	User Interface	Conversational User Interface (CUI) Voice, or text-based
Digital Customers	Target Customers	Digital & Under-Digitalized Customers Heavy users of messaging apps e.g. Millennials
Information and Transactions	Main Services In Scope	Information, Caring and Advisory (+ Transactions)
UX Designers Mobile App Developers	Kay Talents for Success	Language & Voice Interaction Experts, AI Experts
Appstore presence, Functional coverage, Compelling UI, Easy-to-use UX	Differentiation Factors Among Banks	Channel presence, Language understanding ability, Personalized CUI (tone of voice...)

* Subject to availability of branded channels and end2end privacy protection

Source: Accenture © March 2019 Digital Banking Report

5. Influencer Marketing

By partnering with social influencers, financial marketers can reach built-in audiences of loyal followers with authentic and original content. According to research from #paid and Nielsen Consumer Insights, influencer marketing has a significant positive impact on brand affinity and purchase intent. Influencer marketing also allows brands to work around ad blockers, which are now used on more than 600 million devices.

This is the underlying reason why influencer marketing has become increasingly popular. An influencer can support branded content, assist with financial education efforts, discuss benefits of new or existing products and help with search engine optimization.

Done effectively, the integration of influencers as part of a bank or credit union's marketing plan can have a positive impact on acquisition, cross-sell and loyalty efforts. Most importantly, having customers with a social media following "like" your brand and offerings can impact trust in your organization.

6. Mobile Marketing

With more and more consumers performing search inquiries and accessing their financial accounts via mobile devices, banks and credit unions must rethink mobile strategies away from being simply providing account information, to being a way to inform, engage and advise on-the-go users. With more than half of consumers using their mobile devices first for anything that they require to do online, the mobile channel must be given a high priority in 2019.

CHART 6: IN-APP MOBILE MARKETING

Develop an analytics engine to refine customer insights

- Create customer profiles based on feature usage, industry/business type, number of years with the product (old vs. new to the franchise.)
- Identify the right time to make a recommendation - during upgrade cycles, or when a customer has an issue with a specific product feature.
- Place campaigns according to user workflows/activities or frequently accessed product points.

Selectively target promotions & offers

- Provide free trials when necessary to influence upgrades.
- Offer demos/videos to explain how the feature/product will benefit the customer.

Use non-intrusive messaging

- Focus on demonstrating features, not pushing the sale.
- Make it easy for customers to opt out of the campaign.

Make it easy to purchase and use

- Employ a scalable delivery platform with a short lead time.
- Offers seamless upgrades (new product/ feature) following a purchase, with minimal effort required by the customer.

Source: Cognizant © March 2019 Digital Banking Report

This goes far beyond making sure your site has been developed with mobile users in mind from a design perspective, but also impacts the content you provide. Think about the intent of people who are likely to search your website on a mobile device as well as those who will transact on digital devices.

7. Content Marketing

Content marketing can be one of the best tools financial services organizations can use for earning trust, building brand, generating website traffic and finding qualified leads. According to the Content Marketing Institute, 65% of the most successful content marketers have a documented strategy. This usually begins with a content marketing assessment that identifies primary goals and strategies to meet these goals.

Done well, content marketing from a financial institution should discuss optimal uses for a bank's or credit union's products and services and why this can lead to financial success. With a content strategy focused on a consumer reaching financial stability (or more), trust and loyalty can be gained. Combined with AI, machine learning and hyper-personalization, content marketing can serve as an additional strategy to build engagement.

8. Geolocation Targeting

Geolocation is the feature of the devices that enable you to know the location of a customer or prospect. The location of the mobile device can be accessed via various mediums like Bluetooth, Wifi, IP address, and GPS.

Under this approach, a financial institution can push a message designed especially for a group of users within a particular geographic region in real time. The technology also allows a financial institution to push a personalized message to consumers of a particular demographic or financial profile within a geographic area.

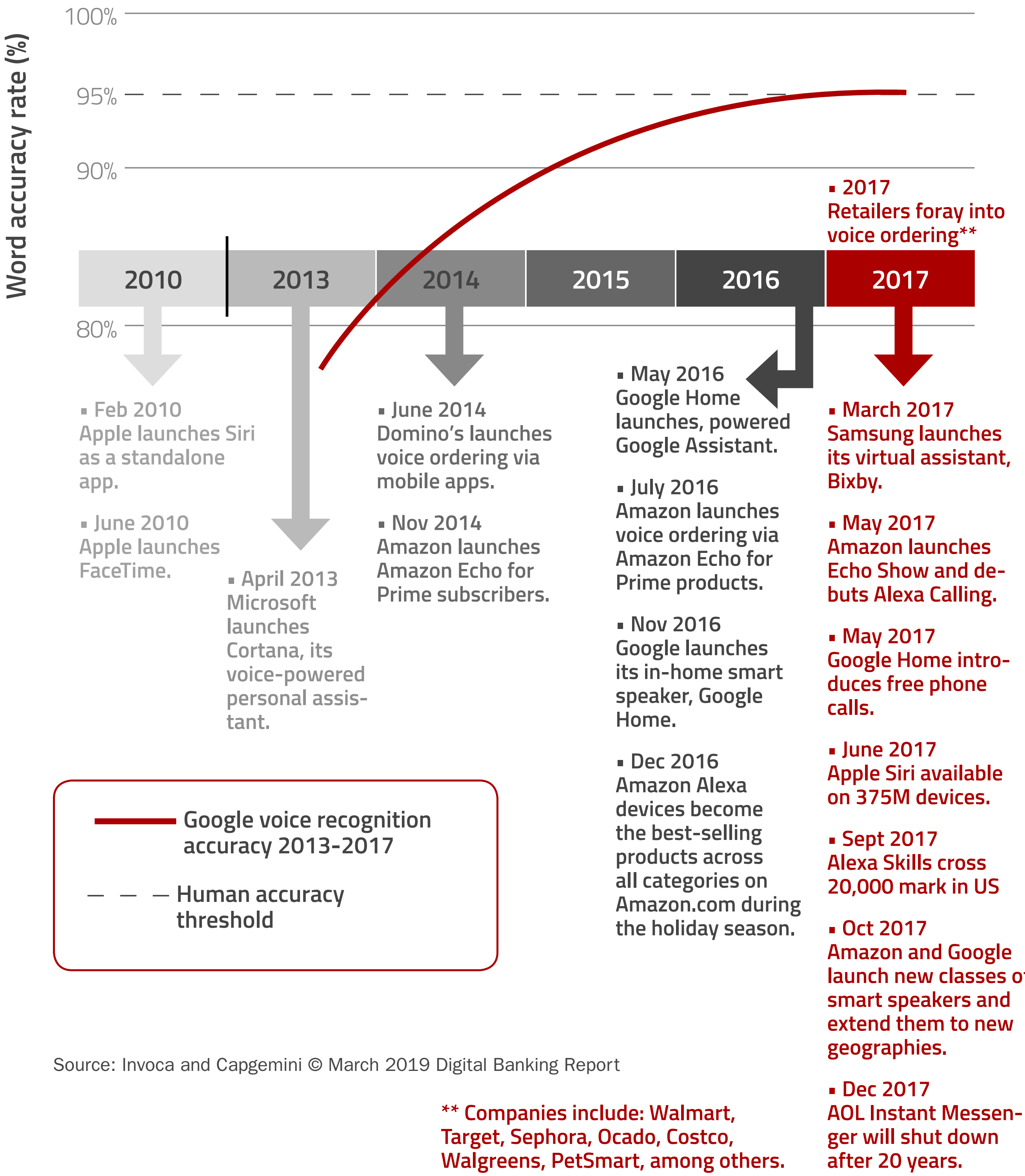
In addition to using a consumer's current location, a bank or credit union can track consumer behavior on the basis of a series of previous locations. With insight collected over time, a financial institution can predict locations where the user frequently visits and extend personalized offers using that criteria.

9. Voice Search

The advances made in recent years in the fields of natural language processing, conversation interfaces, automation, machine learning and deep learning processes have enabled virtual assistants to become increasingly intelligent and useful.

ComScore estimates that by 2020, half of all search queries will be voice-based. Almost one-third of the 3.5 billion searches performed on Google every day are voice searches now, with personal assistant devices leading the way. Even if a financial institution is not building a voice-first strategy, it is important to understand the nuances of voice search.

CHART 7:
HISTORY OF DIGITAL VOICE-FIRST APPLICATIONS



Source: Invoca and Capgemini © March 2019 Digital Banking Report

Voice search differs from the typical desktop or mobile search. When a consumer opens Google on a browser and types in their search query, they'll see hundreds of pages of search results. Your organization will probably be one of them.

But, when a consumer uses a digital assistant, it will give them only a few results. Sometimes, it will give the consumer only one result. Therefore, tailoring your SEO strategy for voice search is more complicated and more essential.

As a result, financial institutions will need to pay attention to how customers speak to optimize their websites for voice search. SEO for voice search digs deeper into the user's intent and explores the answers to how, when, where, and why.

Voice search and SEO are not the next big thing – they are today's big thing.

Understanding and leveraging the changing trends and advanced tools in financial marketing will be central to the bottom lines of banks and credit unions going forward. Relying on the tools and tactics of the past will no longer be sufficient.

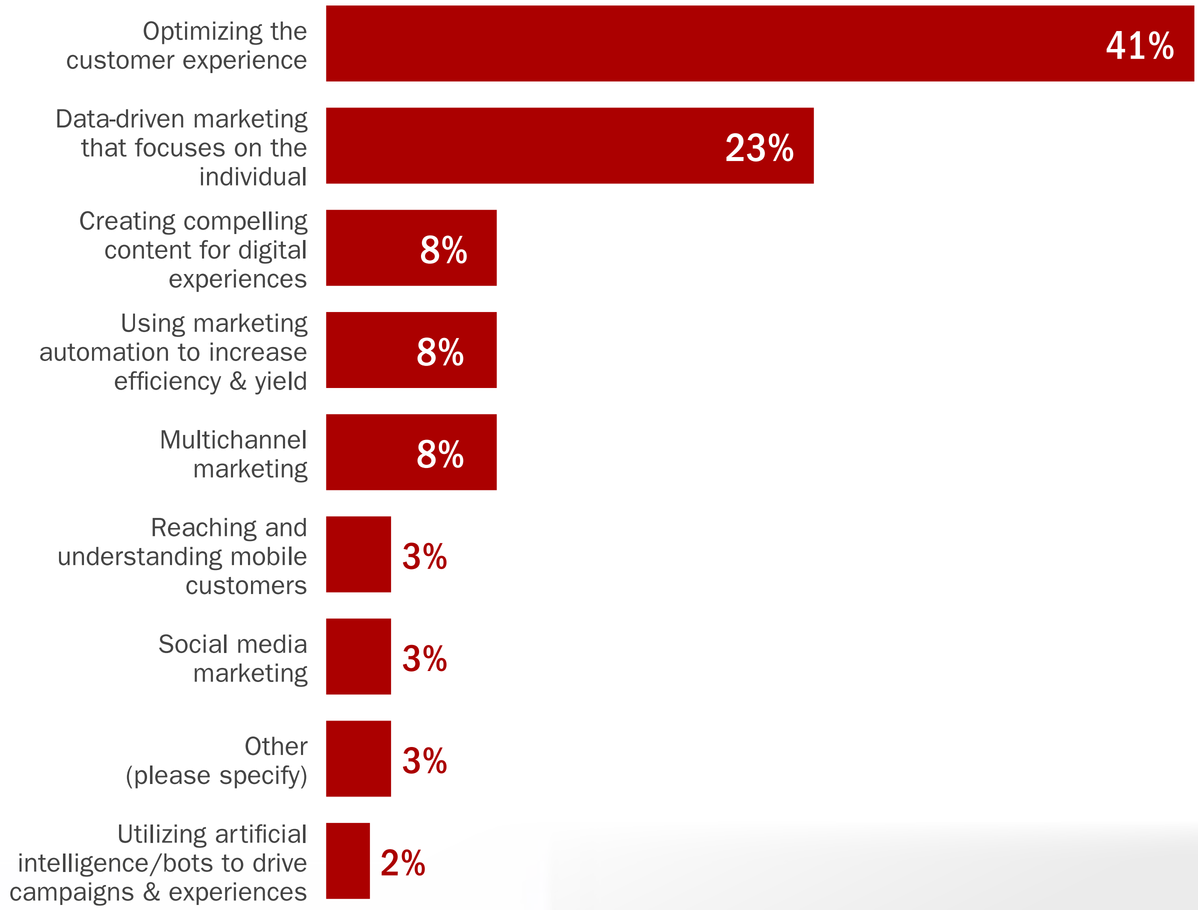
Opportunities for Financial Marketers

As done in 2018, we asked financial institutions worldwide what they thought would be the biggest opportunities in 2019. As expected, the opportunity to optimize and improve the customer experience was ranked first (as it was in 2019). In fact, 41% of organizations mentioned optimizing the customer experience as the top priority compared to 36% last year. As in 2018, the opportunity for data-driven marketing was ranked second, with 23% mentioning this opportunity (21% in 2018 study).

Interesting, both the use of marketing automation and creating compelling content dropped in 2019 compared to 2018. The use of marketing automation dropped by half while the opportunity for content marketing dropped by a third.

CHART 8: BIGGEST OPPORTUNITY FOR 2019

Q: Which one area is the single most important opportunity for your organization in 2019?



Source: Digital Banking Report Research
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There are many niche opportunities in banking that pass under the radar of the largest banks — hundreds of them. Smaller banks and credit unions should "understand the niche markets; understand where you have advantage and go after it.

McKinsey

Financial Marketing Challenges

As mentioned by Bill Streeter from The Financial Brand, "The largest banking institutions have marketing departments with more staff than most banks and credit unions have total employees. And yet institutions of all sizes tend to face the same challenges — the same tectonic forces of change in both technology and consumer behavior."

For many banks and credit unions, just keeping up with the changes in the marketplace is becoming increasingly difficult. McKinsey shared the following recommendations for financial institutions facing this challenge:

1. Understand and build on your advantage. There are many niche opportunities in banking that pass under the radar of the largest banks — hundreds of them. Smaller banks and credit unions should "understand the niche markets; understand where you have advantage and go after it.

2. Spend your marginal dollars wisely. If you're a midsize or smaller institution, those investment dollars need to go much further than the same dollar goes for a very large bank. Spend it based on empirical evidence built around digital connections.

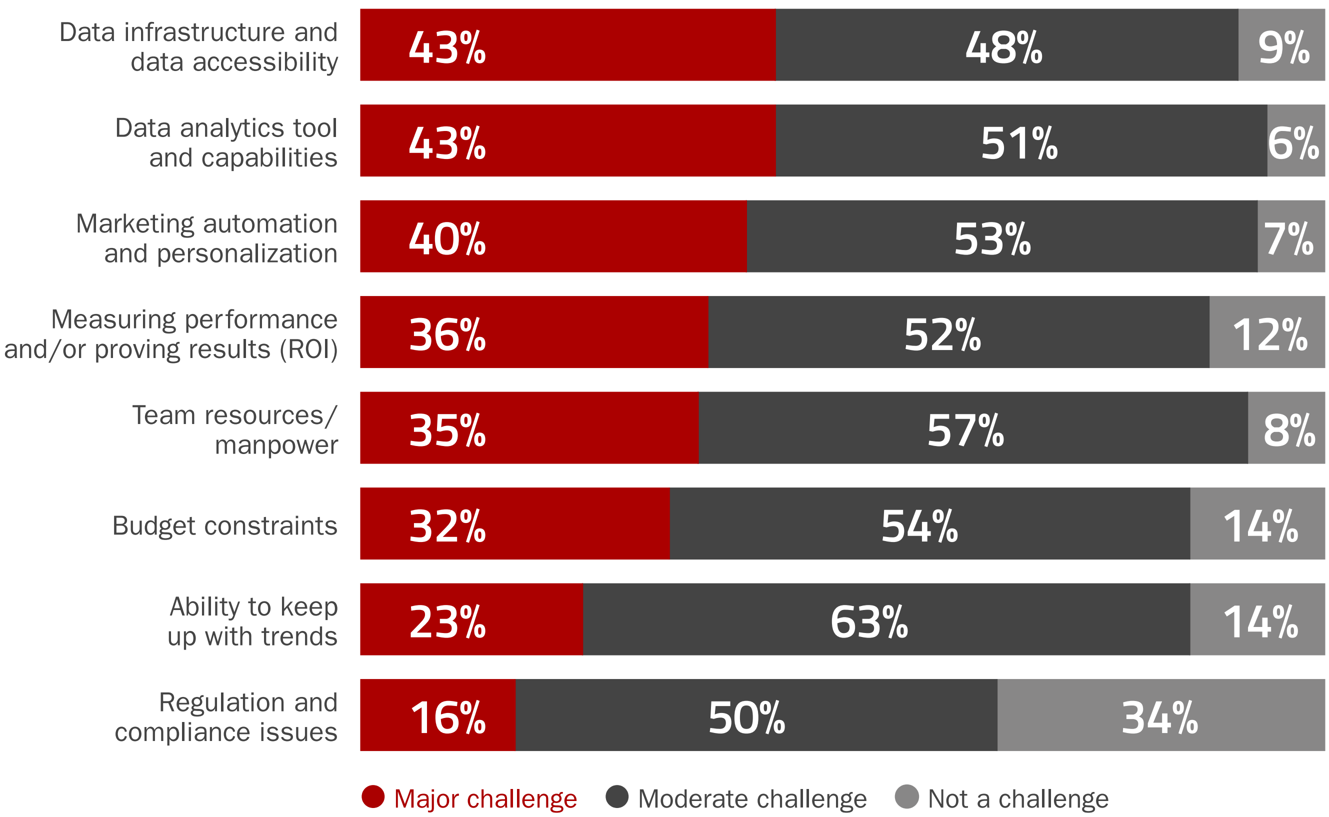
3. Build your digital marketing capabilities. Use of digital marketing and analytics to drive marketing ROI will allow regional banks to better compete for share of voice in their selected markets.

Responders to our 2019 Financial Marketing Trends study indicated that the ability to collect and analyze data were the two largest challenges. In both cases, fewer than 10% of the respondents did not find either of these a challenge. Interestingly, while marketing automation was not ranked as a high 'opportunity' in 2019, it was ranked as a significant or moderate challenge by 93% of respondents.

Measuring performance was seen as a major challenge by 35% of financial institutions (down from 44% in 2018), while the ability to acquire and keep the right talent continued to be a major challenge, as coding and analytic skills across all industries become harder to find.

CHART 9:
FINANCIAL MARKETING DEPARTMENT CHALLENGES

Q: To what extent do the following issues challenge your organization's marketing department?



Source: Digital Banking Report Research © March 2019 Digital Banking Report

How Leading Financial Brands Use Digital Marketing to Win Customers

Article by: Jim Marous
Owner & CEO:
Digital Banking Report

As consumers increasingly manage their daily lives digitally, financial marketers must find new ways to reach them through online and mobile channels. Leading financial firms are increasingly investing in digital advertising that can support more personalized messaging. Yet many other legacy institutions remain stuck in traditional spending habits.

The advertising focus of leading financial institutions and the rest of the industry continue to go in different directions.

While marketers in most industries are committing more and more dollars to digital marketing, the financial services industry continues to lag in growth. While the percentage of growth is around the average of all industries, the overall numbers remain modest.

The good news is that, according to eMarketer, financial institutions committed 70% of their digital budget to mobile marketing. On the other hand, financial institutions are not moving to video ads as quickly as the rest of the marketplace.

That said, many of the most progressive financial institutions are successfully using digital marketing to align with consumer lifestyles, using new marketing technologies and advanced analytics to target consumers and personalize experiences.

Mintel research finds, for example, that Chase targets Millennials by running banner ads on such niche websites as ThePointsGuy.com. Similarly, Wells Fargo had the lowest total marketing spend, but increased its digital spend starting Q4 2017 to emphasize its "commitment to re-establish trust with stakeholders."

Three major opportunities exist for financial institutions with digital marketing, according to Mintel:

- **Focusing on Experience and Engagement.** As opposed to traditional product-based direct mail and email marketing, spending on digital platforms could improve customer experience and enhance engagement. A well-executed digital branding campaign can increase customers' interactions and benefit from social sharing.

- **Leveraging Social Channels.** Social media channels can promote financial education, new products, digital banking benefits, and corporate culture messaging to specific audiences.

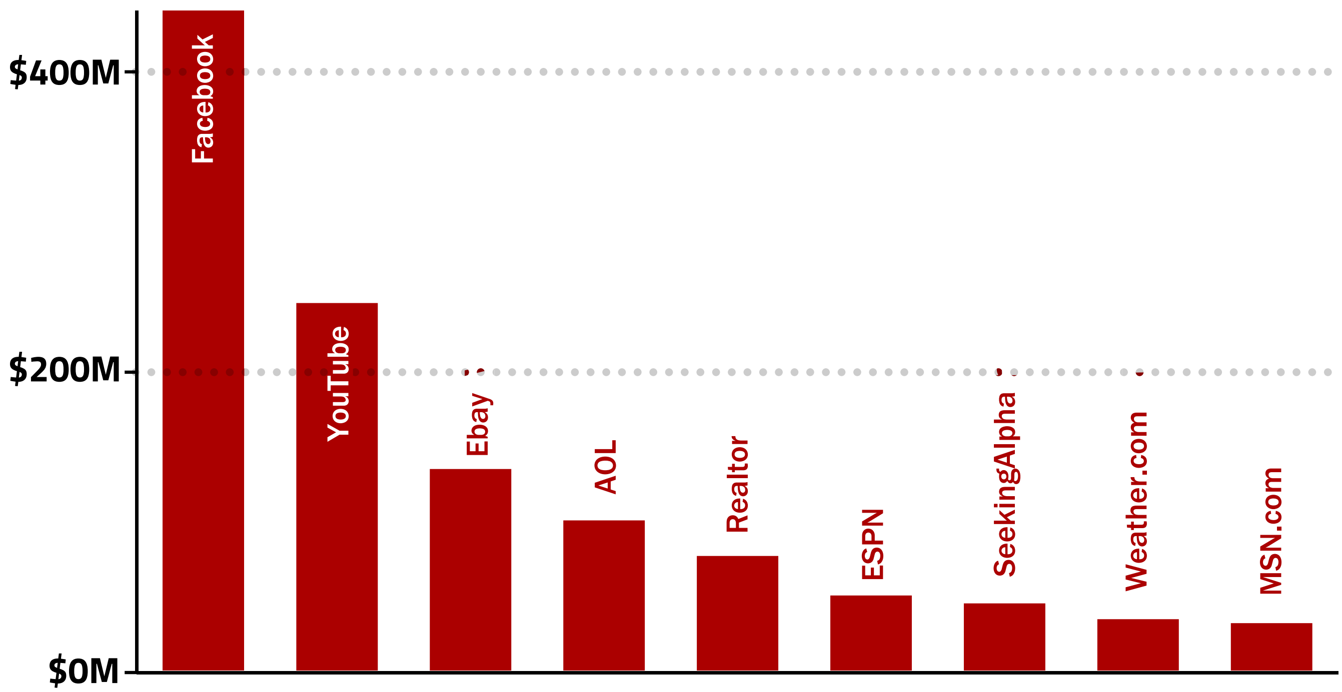
- **Entering New Markets.** Digital marketing channels can generate brand awareness and promote financial education to younger, hard-to-reach consumers. Banks and credit unions can also use digital marketing campaigns to enter new markets, generate awareness and support corporate culture messaging.

Top Brands Use Facebook, YouTube and Segmented Channels

Mintel research finds that American Express, Discover, Chase and Wells Fargo utilize Facebook the most, with Citi, Discover and Wells Fargo also favoring YouTube as a digital marketing partner. Similarly, Capital One and Bank of America allocate significant funds to AOL, while Bank of America promotes its co-brand partnership via MLB.com. and Capital One does the same with ESPN.

Some of the aforementioned spend was spread across the entire sites, while Chase also focused on travel sites for credit card marketing, and Capital One and Bank of America marketed on news sites. Overall, a great deal of the marketing tends to peak during the holiday season.

CHART 10:
DIGITAL ADVERTISING SPENT BY FINANCIAL INSTITUTIONS AT VARIOUS WEBSITES

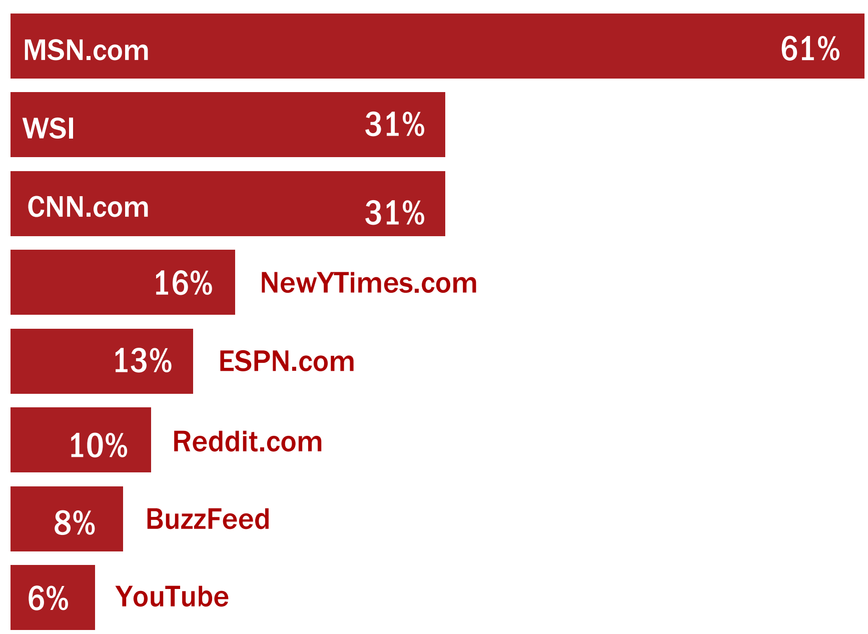


Source: Mintel © March 2019 Digital Banking Report

When viewed from another perspective, Mintel evaluated the percentage financial marketers committed to various sites.

For highly targeted but smaller sites such as ThePointsGuy.com and Hotels.com, there was understandably a large commitment by financial advertisers (100% and 74% respectively). Larger sites with significant funding from financial institutions are shown to the right.

CHART 11:
PERCENTAGE OF ADS ON VARIOUS WEBSITES BOUGHT BY FINANCIAL INSTITUTIONS



Source: Mintel © March 2019 Digital Banking Report

Combining Broad Reach and Targeted Media

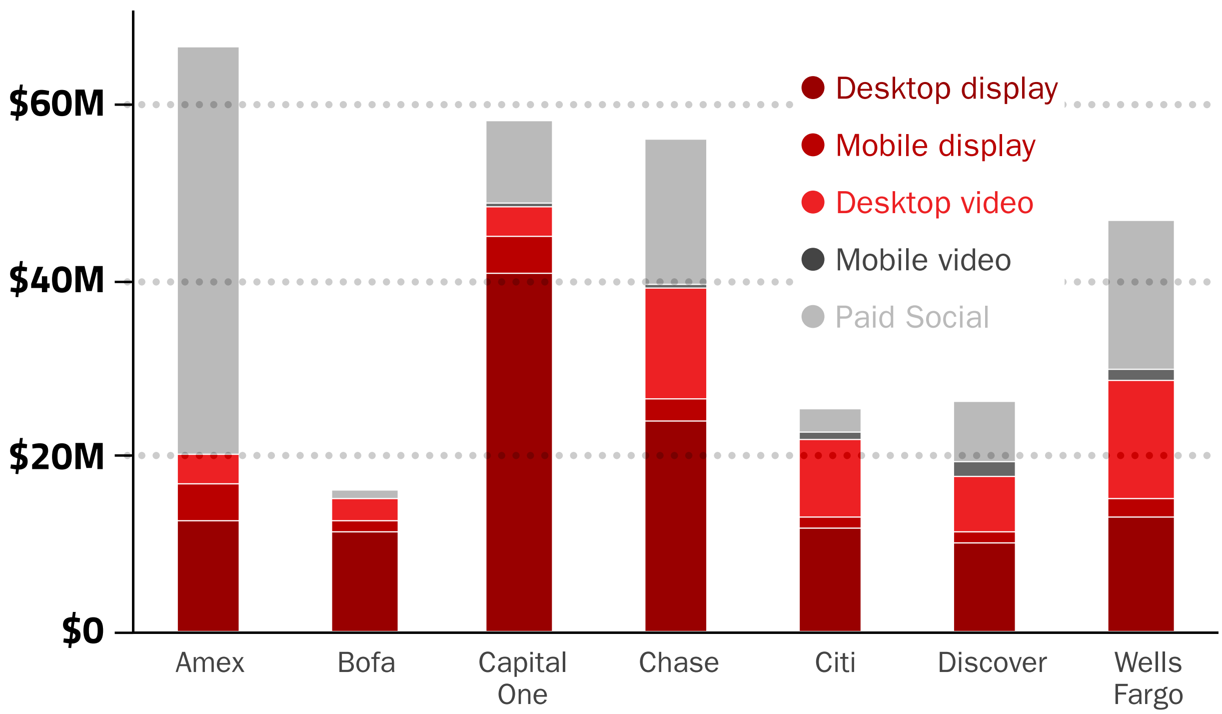
AmEx is not only the top spender in digital marketing, but also utilizes digital spend primarily for paid Facebook retargeting. Most of the spend went toward acquisitions and co-brand partnerships.

"Bank of America, Capital One, Chase, and Citibank promoted general product ads through desktop and mobile channels, but educated customers on how to improve their mobile app experience with Facebook ads," states Mintel.

While Discover mainly advertised product benefits and functionality (similar to their broadcast ads), Wells Fargo mirrored their broadcast ads to reinforce their commitment to improved customer transparency and customer experience.

"A healthy brand must use a mix of both broad reach and targeted channels to generate returns on its marketing investment," says Mintel.

CHART 12:
DIGITAL MEDIA SPENDING AMONG LARGE FINANCIAL INSTITUTIONS



Source: Mintel © March 2019 Digital Banking Report

Though AmEx was the top-digital spender, only 10% of its marketing budget went to digital+DM spend. This indicates AmEx spent the remaining marketing budget on co-brand partnerships, expanding merchant networks, or offline advertising.

Opportunity with Female Consumers

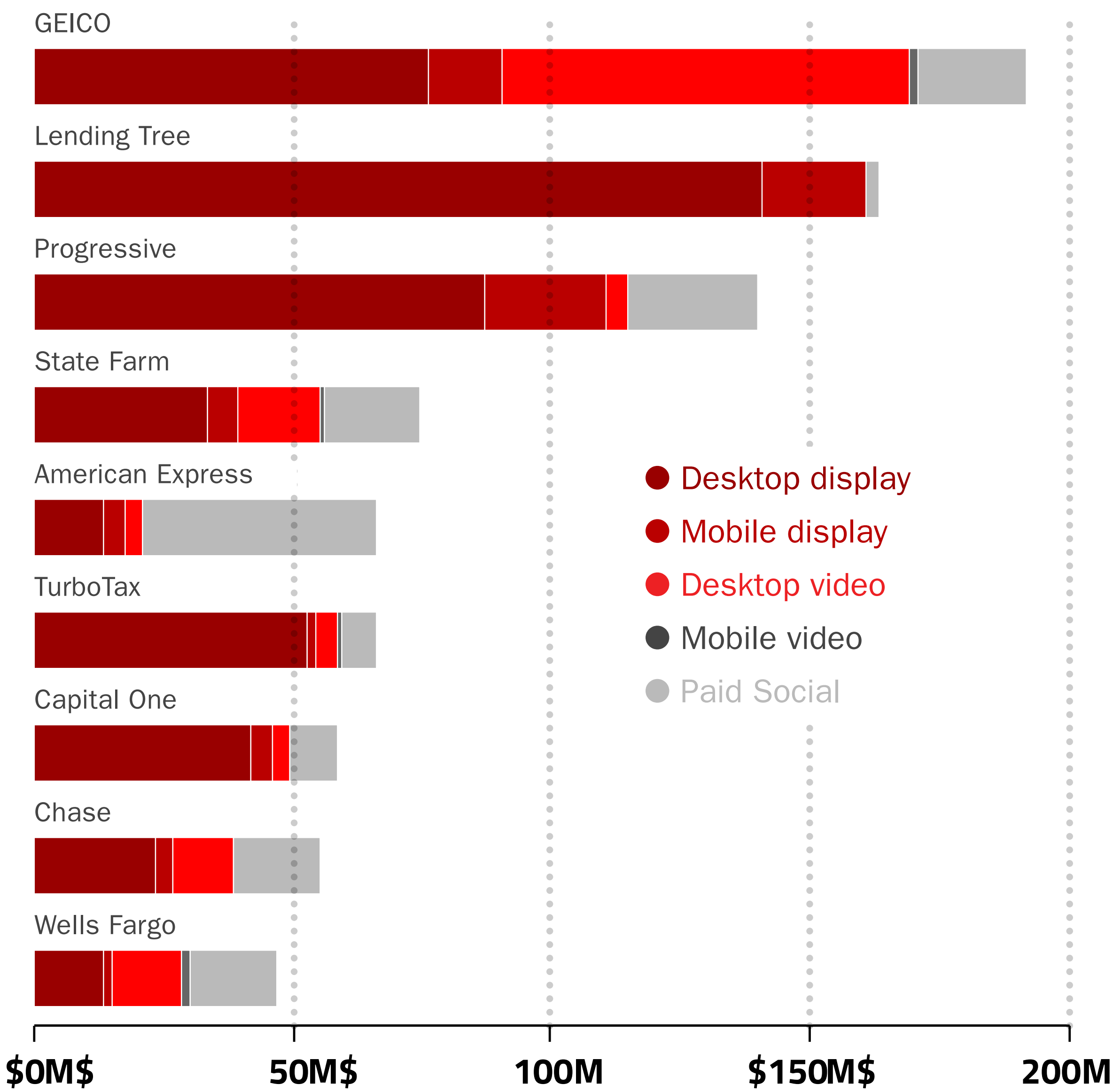
Mintel Reports states that while a majority of younger men make all their financial decisions themselves, three quarters of women are involved in household financial decisions in older households, making them an important target for digital marketing.

The challenge is reaching them and achieving engagement, because they are less likely than men to want to learn about financial topics. That said, they are also less likely than men to believe that banks are all the same, proving banks and credit unions the opportunity to differentiate themselves with financial education and inclusion messages.

Non-Banking Financial Firms Committed to Digital Channels

Anyone who watches TV or uses a computer is probably aware of the marketing omnipresence of brands such as GEICO, Lending Tree, Progressive Insurance, and State Farm. In fact, these brands dwarf traditional banking firms in all digital marketing categories. Just as importantly, they were the first to fully embrace digital channels as a way to generate awareness, user comparison, digital relationship opening and engagement. While the channels preferred may differ between the brands, all dominate the digital marketing landscape.

CHART 13: TOP DIGITAL ADVERTISERS IN THE FINANCIAL INDUSTRY



Source: Mintel © March 2019 Digital Banking Report

2019 Product Marketing

The research conducted for the 2019 Financial Marketing Trends report, continues to show evidence of a product, as opposed to a customer, emphasis. There is also evidence that financial marketers continue to make modest adjustments to previous year's marketing plans as opposed to resetting plans each year based on demand.

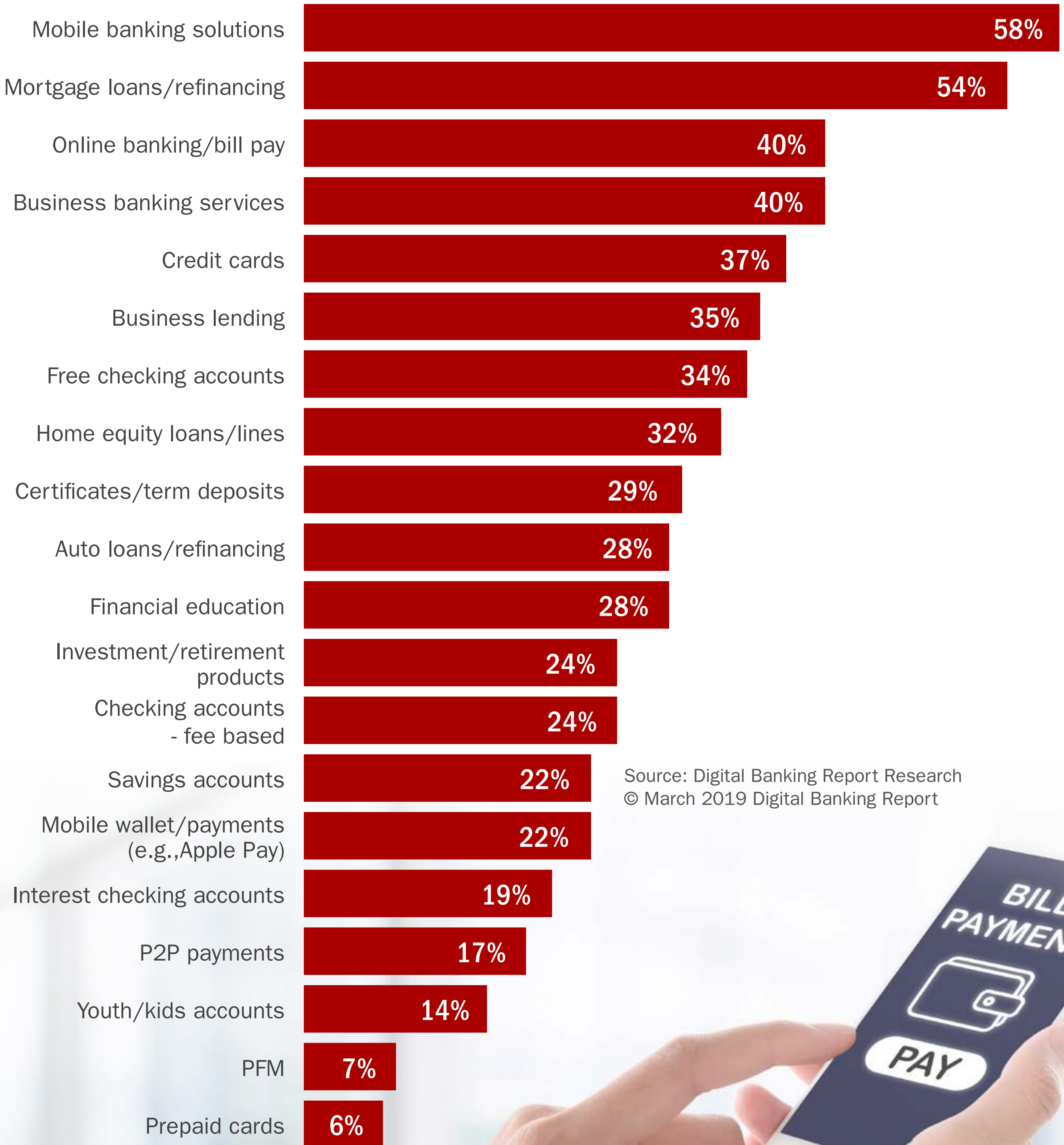
Marketing mortgage loans and refinancing remained close to the top of the product priority list again in 2019, as it has been for several years.

While being replaced by mobile banking solutions at the top this year, the stability of response, shows the impact of smaller banking organizations on the survey results. The priority of marketing loan products continues to be far lower for larger organizations.

While the respondents indicating a 'mobile banking' emphasis increased from slightly from 53% in 2018, the emphasis was far lower than in 2017 (66%). Some other interesting shift in emphasis include the following:

- Significant decrease in home equity lending product marketing
- Significant increase in online banking marketing

CHART 14:
PRODUCTS WITH HEAVIEST MARKETING FOCUS



Source: Digital Banking Report Research
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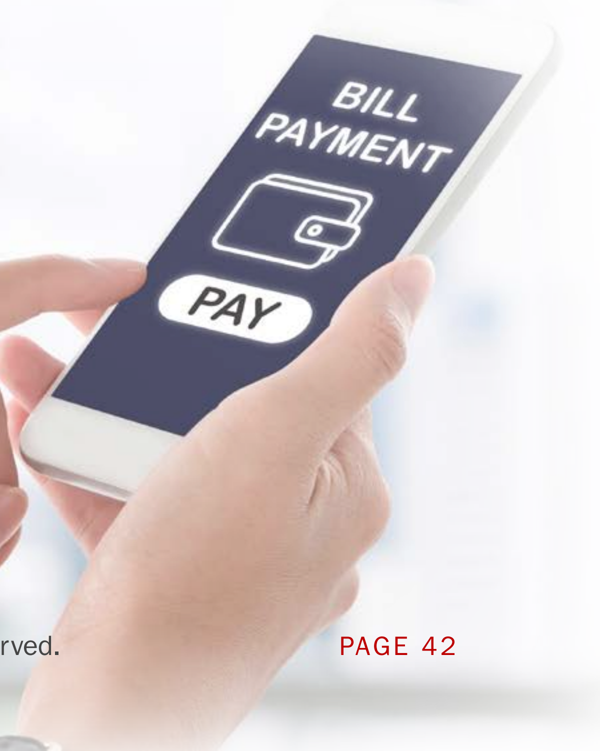


CHART 15:
RANK OF PRODUCTS WITH HEAVY MARKETING FOCUS

What products and services will your financial institution concentrate on marketing most heavily in the next 12-24 months? (Select all that apply.)

	2019	2018	2017	2016	2015	2014	2013
Answer Options	Rank	Rank	Rank	Rank	Rank	Rank	Rank
Mobile banking solutions	1 ↑	2 ↓	1 ↑	2	2 ↓	1 ↑	2
Mortgage loans/refinancing	2 ↓	1 ↑	2 ↓	1	1 ↑	2 ↓	1
Online banking/bill pay	3 ↑	9 ↓	6 ↑	7 ↓	6 ↓	5 ↑	6
Business banking services	4	4	4 ↑	6 ↑	9 ↓	7 ↑	9
Credit cards	5 ↑	7 ↓	3 ↑	4	4 ↑	8 ↓	5
Business lending	6 ↓	5 ↑	7 ↑	8 ↓	7 ↓	6 ↑	7
Free checking accounts	7 ↓	6 ↑	8 ↑	9 ↓	8 ↑	9 ↓	8
Home equity loans/lines	8 ↓	3 ↑	5 ↓	3 ↑	5 ↓	3 ↑	4
Certificates/term deposits	9 ↑	12 ↑	14 ↑	15 ↑	16	16	16
Auto loans/refinancing	10 ↑	11 ↓	9 ↓	5 ↓	3 ↑	4 ↓	3
Financial education	11 ↓	10 ↑	11 ↑	12 ↓	10	10	10
Investment/retirement products	12 ↑	14 ↓	10	10 ↑	12	12 ↑	13
Checking accounts (fee-based)	13 ↓	8 ↑	12 ↓	11	11	11	11
Savings accounts	14 ↓	13 ↑	15 ↑	16 ↑	17 ↓	15 ↓	14
Mobile wallet/payments (e.g., Apple Pay)	15	15 ↓	12 ↑	14 ↓	13	n/a	n/a
Interest checking accounts	16	16	16 ↓	13 ↑	14 ↓	13 ↑	15
P2P (person to person) payments	17 ↑	18 ↓	17 ↑	19	19	n/a	n/a
Youth/kids accounts	18 ↓	17 ↑	18 ↓	17 ↓	15 ↓	14 ↓	12
PFM	19	19	19 ↓	18	18 ↓	17	17
Prepaid cards	20	20	20	20	20 ↓	18	18

n/a = not asked in that year
Source: Digital Banking Report Research © March 2019 Digital Banking Report

Product Marketing Focus by Asset Size

As has been the case in prior years, the product emphasis for different types of organizations differs regarding the products that they will market. The very smallest institutions tend to rank auto lending and free checking accounts among the top five products to be heavily marketed, while the largest financial organizations prioritize small business banking, retirement accounts and bill payments/engagement services.

As in the past, each of these rankings should be taken in context, since the lower priority for services may reflect higher organic growth of some service at larger banks (auto loans) with higher priorities given to products that cost more to acquire (investment services).

Moving From ‘Mad Men’ Era Advertising to True Digital Financial Marketing

To move from the ‘mad men’ era of mass advertising to the digital era of personalized, real-time engagement, the banking industry doesn’t need more marketing, just better marketing. Financial marketers must address the needs of increasingly distrustful consumers, while finding ways to engage with them on their terms.

The series ‘Mad Men’ was set in the advertising world of the 1960s. The industry was in a pivotal period of change, marked by the rise of mass media and television advertising. While the world has changed massively since then, much of the marketing behavior of the 60s still exists.

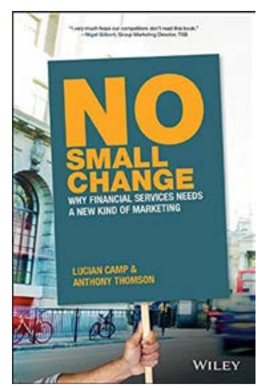
Today, the marketing function as well as the entire financial services industry overall, is in a stage of transformation — impacted by the confluence of new marketing channels, new technologies, and new skill sets required to succeed. At a time when traditional marketing methods are being challenged, so are the expectations of the marketing department in traditional and challenger banking organizations.

The status quo is no longer acceptable. Marketing departments, and the people who perform the marketing function within banks, credit unions and fintech firms, must embrace these changes and find ways to differentiate themselves and their organizations in the marketplace.

Two industry veterans, Anthony Thomson who co-founded and chaired the new-age Metro Bank and the digital-first Atom Bank, along with Lucian Camp, a 30-year financial services marketing specialist, have teamed up to create a tremendous 12-point manifesto for a new financial services marketing model.

Their book, No Small Change: Why Financial Services Needs A New Kind of Marketing, is a well written how-to guide that makes the case that the fast-changing financial services world urgently needs to rethink the entire approach to marketing. They define the key aspects of this approach, including:

- Demystifying the task of building a brand in the financial services sector
- Defining a fresh attitude of mind to manage consumer distrust, rather than tackle the impossible task of restoring trust



- Developing the type of strong, distinctive purpose essential to build real consumer engagement
- Learning from the fast-emerging academic discipline of Behavioral Economics to create new levels of marketing effectiveness
- Understanding the extraordinary power – but at the same time the inevitable limitations – of the era of digital, mobile analytics and big data

Not Just More Marketing, Better Marketing

The future of marketing in financial services is all about successfully identifying consumers' real needs, and finding the best channel, timing and message to create interest, initiate a sale and build a foundation for engagement. In this book, Thomson and Camp detail the forces of change that demand a new approach, and then discuss 12 components of the new approach to bank marketing.

The authors look at the challenges of consumer trust, the importance of big data and advanced analytics, and even the challenges and opportunities of corporate culture. What is interesting about this book is that the authors do not shy away from the 'elephant in the room,' as it relates to the deficiencies of past marketing practices that are holding veteran financial marketers back.

In this exclusive interview, Thomson and Camp show why their book is intended to be read by more than just those with 'marketing' in their title. They also provide some insights into why this book is a timely guide to moving from 'mad men' marketing, to the future of digital technology and personalized messages.

Q: How Important is Branding in Financial Services?

Lucian Camp: The importance of brand varies to some extent depending on product sector, target market and distribution channel(s), but on the whole it's very important and becoming more so.

The biggest current trend in retail financial services is that consumers are becoming more and more responsible for their own financial decision-making, and in overcrowded markets where it's difficult to make choices on any other criteria, brand has a key role to play.

Brand is also increasingly important within organizations. A growing number of financial services' best business leaders are realizing that a strong, clear and differentiated brand is one of the most powerful tools they have to shape internal behaviors and build the culture they're seeking to establish.

Q: What Skills Are Lacking in Today's Financial Marketing Departments?

Lucian Camp: First and foremost, the marketing skill most lacking in many firms is the ability to persuade non-marketing colleagues, including the most senior management, of the value of a marketing-led approach. Marketing is still seen far too often in its hopelessly limited, outdated role as the "coloring-in department," producing the ads and the websites while the actuaries, the accountants and others get on with the important stuff.

To a significant extent, this happens because marketers are complicit in limiting the perceived value of their work - failing to make a strong enough business case for a different approach. Part of this is due to the inability to understand and present quantitative values of work completed to more financially oriented peers.

Q: How Important Is Data Analytics in Financial Marketing?

Lucian Camp: Big data, artificial intelligence (AI) and machine learning open up a whole new world of opportunities for financial services, but that world has to be explored and developed carefully, one step at a time – there are many dangers in it, and plenty of ways to go badly wrong.

Ultimately, we share the widely-held view that it's now becoming possible to move from a product-centric to a customer-centric approach, and that's a change that will benefit everyone, marketers very much included. But the challenges of this massive evolution, not least for organizational structure and for roles and responsibilities within it, are extremely difficult. We see very little sign that larger, longer-established institutions have started to deal with them yet.

Q: How Can Behavioral Economics and Innovation Impact Financial Marketing?

Lucian Camp: We see behavioral economics, and behavioral economists, as hugely important and powerful new allies for financial marketers. At the heart of this collaboration, behavioral economics is about insights into people's behavior, and ways in which behavior can be effectively influenced. Financial marketing is, and always has been, about the very same thing.

When Kahneman and Tversky were developing their innovative and radical theory of loss aversion, they were in fact following in the footsteps of many great direct marketing copywriters, including for example the author of the legendary product advertisement headline "Cash If You Die, Cash If You Don't."

But, at risk of sounding a little cynical, shrewd marketers recognize that when it comes to increasing their clout and influence in the boardroom, calling in support from Nobel laureates and emeritus professors provides a whole new level of credibility.

Also, it would be wrong to suggest that direct marketing copywriters have already made all the available discoveries about consumer behavior. As the list of proven, properly-researched behavioral biases climbs up through the hundreds, many of them provide us with wonderful unexplored potential for great new marketing strategies.

Q: How Should Bank Marketers Help Rebuild Consumer Trust?

Anthony Thomson: Frankly, we don't think that trust can be restored in financial services, and we think that's a good thing. It's important that consumers have a healthy distrust for providers of most things – that is they don't take them at face value. If they didn't have that degree of skepticism, then they would be even more exposed to scammers and other confidence tricksters.

This cynicism helps keep them safe. For us, the challenge facing financial services providers is about managing distrust. Many bank and credit union providers delude themselves that customers do trust them.

Psychologists tell us that there are two types of trust: Cognitive and Associative. Cognitive trust is about competence – Do I trust my bank to be competent? To ensure my money is in my account? That my card will work in an ATM? The answer is, generally, yes I do. Associative trust is about intention – Do I trust my bank to have my best interests at heart? No I don't! I think they will take advantage of me every chance they can. This mistrust will not go away, and financial services providers need to accept that and get on with managing consumers' mistrust.

Q: What was the Most Surprising Finding When Researching for Your Book?

Lucian Camp: Probably the extent to which the marketing community is still divided – some might say confused – in its view of what marketing actually is. Our research among financial services marketers clearly demonstrated two very different positions, and a large grey area in between .

At one extreme, "Capital M" marketers seek control – or at least influence – over all activities that touch the customer. It's helpful to think of these as the famous "Seven Ps of Marketing," including Product, Price, Place, Promotion, People, Process and Physical Evidence.

At the other extreme, "lower case m" marketers focus on only one of these: Promotion. When asked about this issue in principle, the first group is bigger than the second, but disappointingly, when asked about current practice in their own firms, the second group is bigger than the first.

Q: Where Should Financial Marketers Start?

Lucian Camp: If thinking about retail banking, where the focus is on products and services delivered to individual consumers, bank marketing departments must start – and for that matter finish – with those individual consumers. For all sorts of reasons, banks and credit unions have been able to achieve enormous commercial success over many years while treating their customers appallingly badly – with ham-fisted clumsiness at best ... and with dishonesty and deceit at worst.

The wheels aren't going to fall off this kind of banking overnight, but they are starting to wobble on their axles. The race is on to reinvent traditional banking... before consumers vote with their feet and reinvent banks for themselves.

Digital Marketing Deployment

Senior-level marketers in the banking industry have finally woken up to the threat that fintech firms represent, and now concede that everything today — from marketing to the customer experience — revolves around digital channels.

As our research shows, financial marketers acknowledge that they must make digital channels their top priority. But to make this happen, traditional financial institutions say they must aggressively ramp up their investments in key areas like data, personalization and AI.

When we research financial institutions worldwide around upcoming trends and predictions, we find that all financial institutions rank optimizing the customer experience as either the most important or second most important trend in 2019. When digging deeper, we find that the objective is to make the experience easy, fun and valuable in order to differentiate themselves over the next five years.

The experience that retail banks and credit unions must deliver needs to be as seamless and intuitive as the best e-commerce, ride sharing or food delivery app out there. Consumers will expect no less – in order to do this, senior leaders must continue driving their organizations to make better use of data, and orchestrate experiences so that the right content is delivered to the right person at the moment it counts."

One major reason why this is important is that declining foot traffic could be ushering in another apocalypse like experienced by the retail industry — one that threatens incumbents and opens the door for digital-only brands to take market share.

Digitizing The Customer Journey

Financial marketers must build their business around the customer and focus on personalization. Many fintech startups are succeeding because they make life as easy as possible for the customer. It is imperative that the experience is built around the needs of the customer.

Many solution providers have found ways around the legacy stacks of data to provide very viable solutions. But legacy banks and credit unions still require wide-reaching cultural, financial, operational and technical changes to support true digital marketing transformation.

To accomplish this, financial institutions should set up cross-functional customer journey teams to ensure the experience is as seamless as possible across both digital and online channels, whatever the entry point and goal of the prospect or customer.

Customer journey mapping can help marketers identify opportunities to optimize interactions and iron out any CX issues that could be alienating consumers and costing the business money. This also requires integrated marketing technology platforms so that data is shared between systems effectively, rather than becoming stuck in channel-specific point solutions.

Technology is clearly a major barrier to digital progress for most banking institutions. For instance, the proportion of financial institutions that have implemented a highly integrated, cloud-based technology stack is still in single digits.

While it is clear that financial institutions remain encumbered by the curse of legacy technology, many solution providers have found ways around the legacy stacks of data to provide very viable solutions. But legacy banks and credit unions still require wide-reaching cultural, financial, operational and technical changes to support true digital marketing transformation. Making a short-term business case for these shifts is especially difficult for most financial institutions.

It is clear that banks and credit unions will need to make new tools, skills and capabilities a major strategic priority if they hope to tap new technological advancements. Part of this effort will require the integration of massive data silos and brick-and-mortar channels with the requirement for root-and-branch digital transformation.

For decades, financial institutions have huge quantities of data at their disposal from a myriad of sources. But most struggle to identify individuals across different channels and touchpoints, and to operationalize this data so they engage with customers and prospects in more meaningful ways. Marketers have an important role to play in this effort.

Investments in digital initiatives are starting to pay off, as established financial brands are starting to disrupt themselves. It is time for the majority of financial institutions who have not made adequate progress to move the needle.

With consumers looking for their banking providers to be available everywhere they are — from mobile and desktop, to new channels such as voice devices — the industry still has a lot of work ahead of them as seen from our research results.

Financial CMO Takes Center Stage

The Digital Age is rapidly redefining the role of the financial Chief Marketing Officer (CMO). All this emphasis on customer engagement has left the modern CMO managing responsibilities that were previously owned by other divisions (e.g., Sales). Marketing is expected to find synergy with — or even take on — emerging roles, such as Chief Experience Officer and Chief Digital Officer. In fact, roughly three out of every four CMOs expect to own (or at least play a major role in managing) end-to-end customer engagement for their organization in the next three to five years.

The new digital landscape has not only empowered today's consumer to be in control of the buying process, but it has also dramatically increased the number of ways a brand can 'touch' the customer during and after the buying journey. With a plethora of channels and touchpoints that connect consumers with financial institutions, the need for an integrated, holistic approach to managing the customer lifecycle is critical.

The individual responsible for bringing all this into a cohesive engagement/marketing strategy is the financial Chief Marketing Officer. Bank and credit union CMOs must focus on the entire customer journey and seek ways to tangibly impact customer experience and decision-making at multiple points during that journey, thereby creating opportunities to generate direct revenue outcomes. A key challenge in this process will be to convince other C-level stakeholders to support the significant acceleration of innovative marketing strategies that drive new business and revenue opportunities.

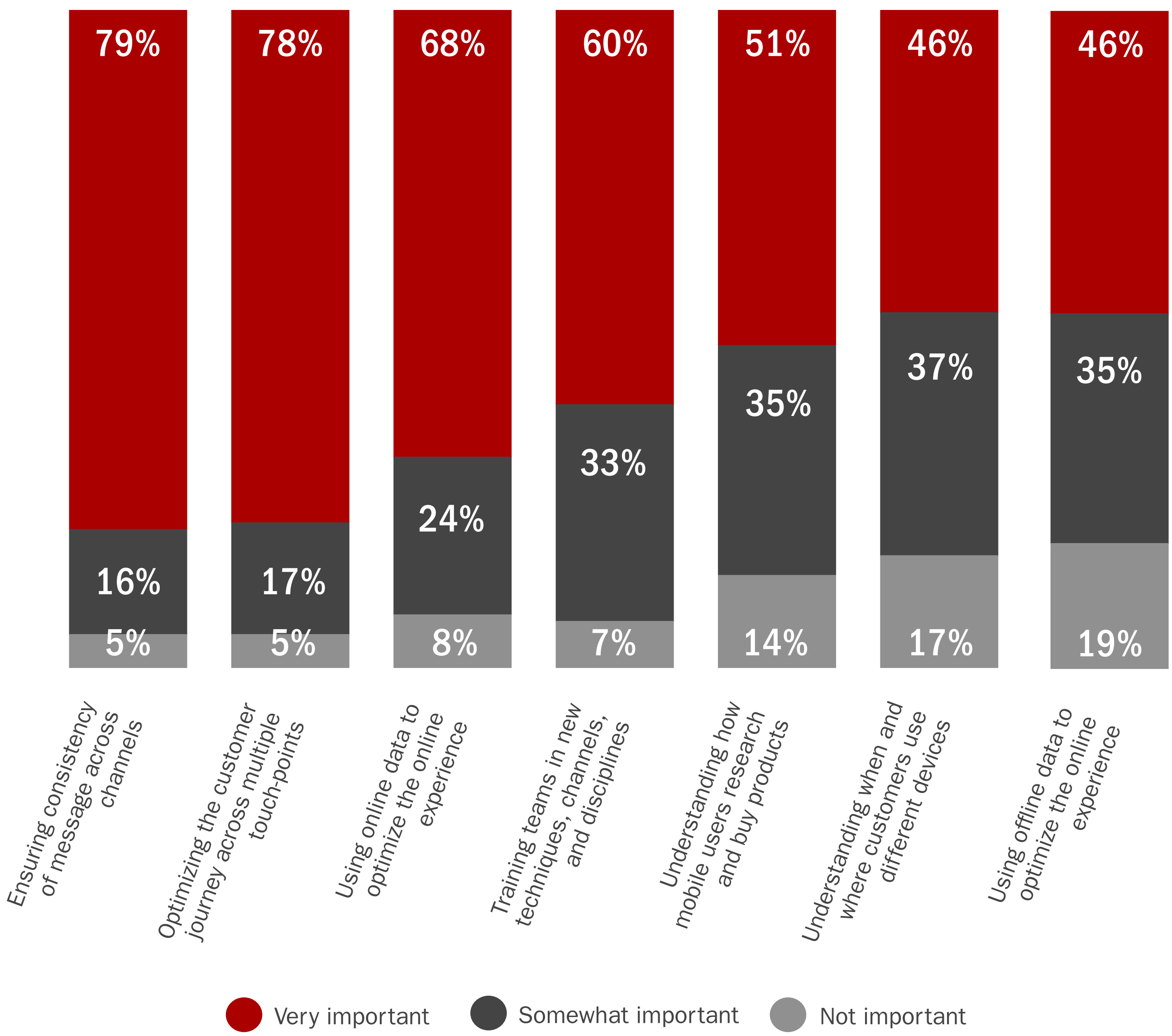
Priorities for Digital Marketing Deployment

In this year's financial marketing research, we asked financial organizations about their priorities around digital marketing deployment. For the first time in our research, respondents ranked "ensuring consistency of message across channels' higher than optimizing the customer experience' (albeit by a rather small amount). Possibly more interesting was the fact that the importance of both objectives dropped 5% and 8% respectively.

The percentage of respondents who said any of the other priorities were 'very important' all went down as well, except for 'training teams new technologies, channels and disciplines'. This is not totally surprising given the importance of getting people up to speed on new platforms and capabilities.

CHART 16: PRIORITIES FOR DIGITAL MARKETING DEPLOYMENT

Q: How important are each of the following for your digital marketing over the next 18 months?



Source: Digital Banking Report Research © March 2019 Digital Banking Report

Digital Marketing Readiness

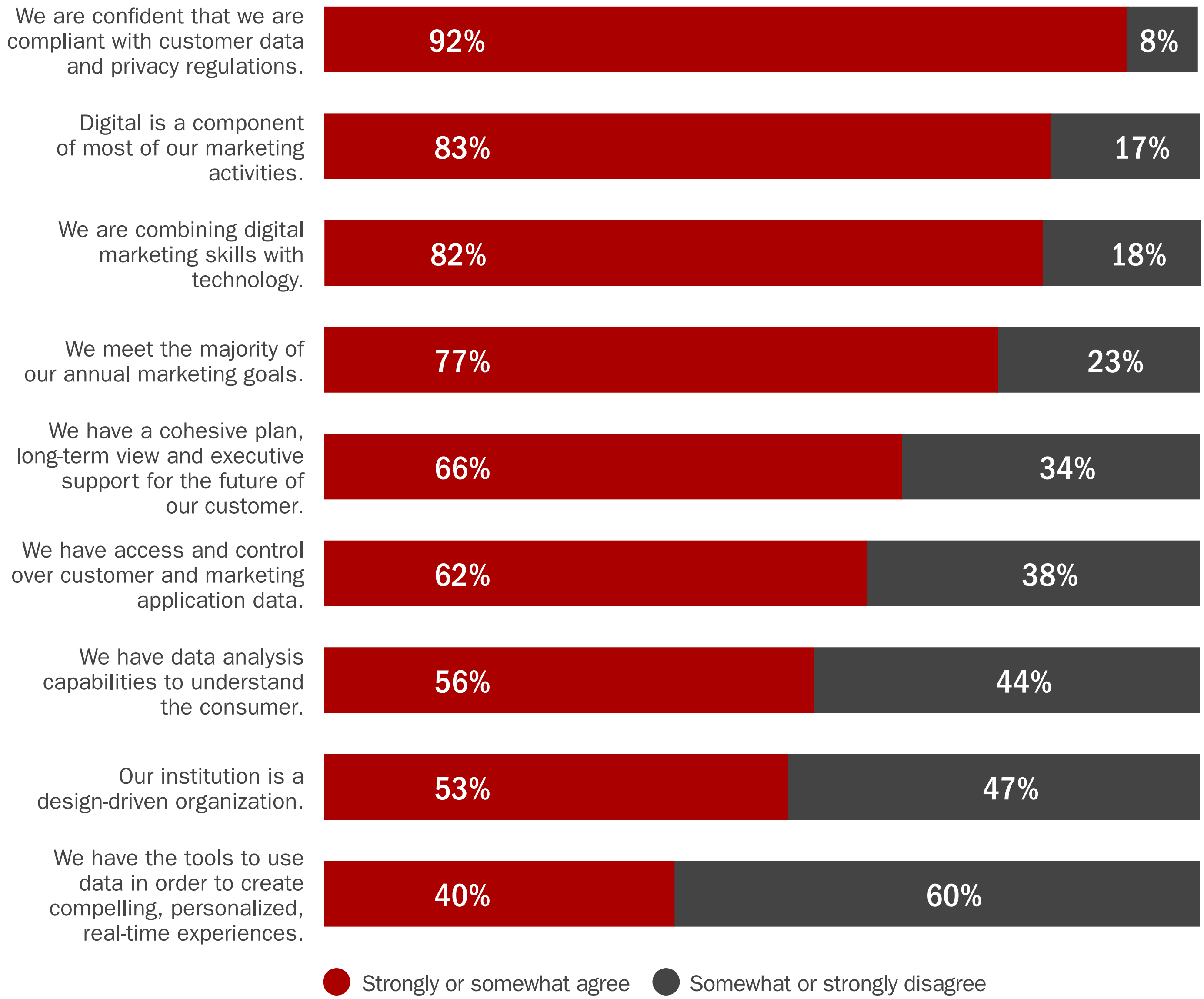
When we asked about 'digital marketing readiness', there was far more comfort with the compliance aspect of data being used (92%) than the ability to perform data analytics (56%) or having the tools needed to create compelling, personalized and real-time experiences (40%). The good news is that the ability to do data analytics and real-time marketing went up a bit in 2019 compared to last year.

These findings run counter to the finding that fewer organizations say that the majority of marketing goals are met (77% vs. 82% in 2018) unless the marketing goals already reflect the inability to perform modern digital marketing.

With regard to all of the other categories of readiness, organizations globally believed they were in a better position of readiness than in 2018. While none of the numbers were exceedingly better, it showed progress in the right direction. When viewed in context of the ability to reach goals, it is clear that expectations are increasing faster than readiness

CHART 17:
DIGITAL MARKETING READINESS

Please indicate your agreement with the following statements.



Source: Digital Banking Report Research © March 2019 Digital Banking Report

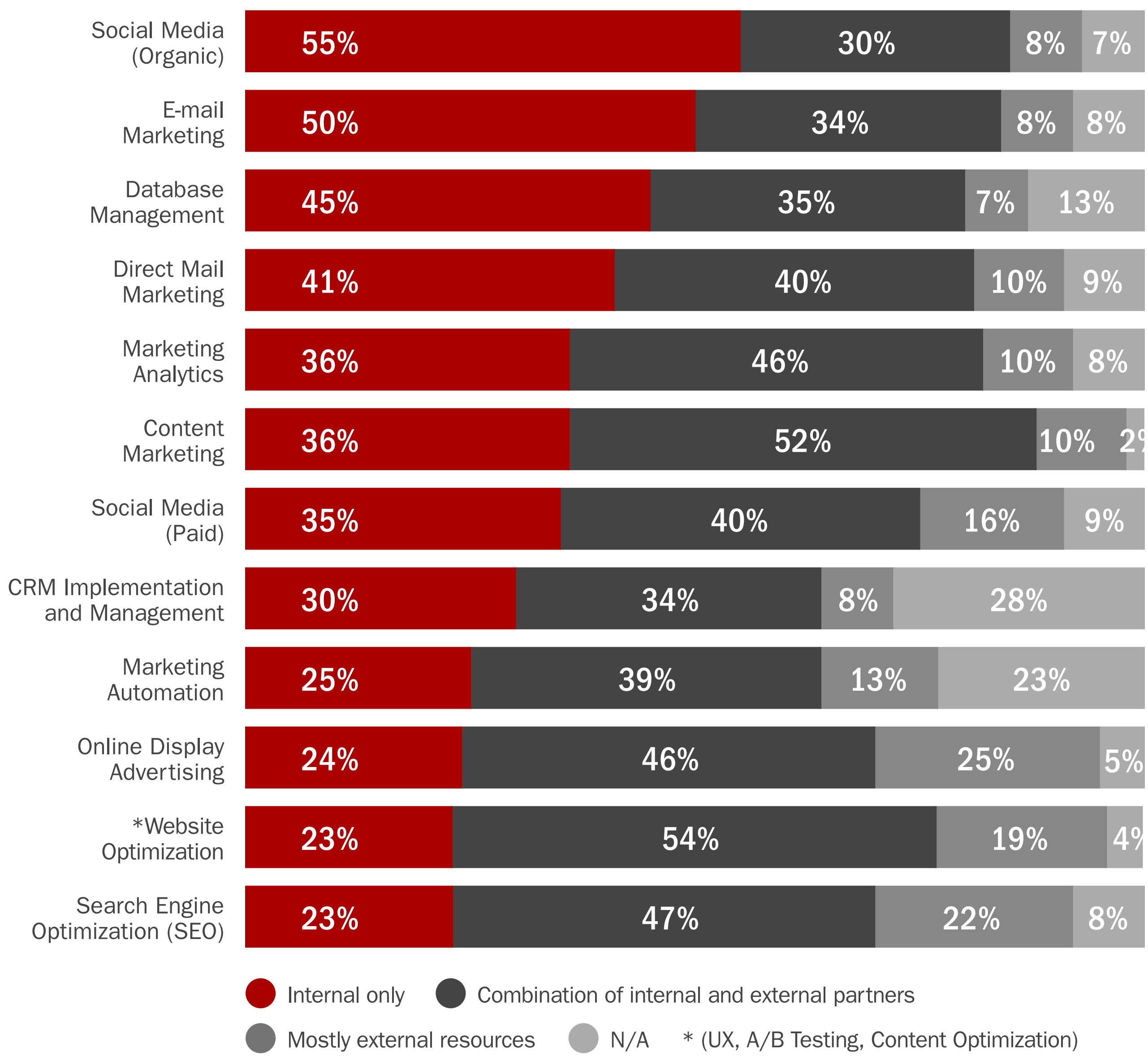
Management of Marketing Activities

It is becoming increasingly clear that most financial organizations lack the skills required to effectively implement digital marketing strategies. As was the case last year, only email marketing and social media marketing exceeded 50% with regard to the ability to manage the processes internally.

Interestingly, the responsibility for every marketing activity, except direct mail marketing, moved away from being managed completely internally in 2019 compared to 2018. Most of the movement went towards a partnership with external firms as opposed to giving up responsibility entirely. These findings illustrate the importance of selecting experienced partners to deploy modern marketing strategies. Over time, it will be imperative to bring many of these capabilities inside the organization so that there is a seat at the table for each channel and so that a fully integrated strategy can be implemented.

CHART 18:
MANAGEMENT OF MARKETING ACTIVITIES

Q: What marketing related activities is your team responsible for internally vs. using outside partners or contractors to execute?



Source: Digital Banking Report Research © March 2019 Digital Banking Report

The outsourcing of marketing is not uncommon. In research done in conjunction with eMarketer last year, only the development of marketing strategy, developing product marketing strategies and creating the strategies for a better customer experience are almost entirely done in-house. Social media was the only tactic which exceeded 50% from a in-house deployment perspective.

It should be noted that most of the industry-wide implementation of digital and modern marketing strategies have a higher in-house rating than the banking industry. This may indicate that the financial services industry lags many other industries in the deployment of new digital marketing strategies.

CHART 19:

IN-HOUSE VS. OUTSOURCED MARKETING SERVICES ACCORDING TO CMOs WORLDWIDE

% of respondents

	In-house	Outsourced	Both
Marketing strategy	86%	1%	13%
Product marketing	76%	5%	20%
Customer experience	75%	7%	19%
Social media	52%	10%	38%
Data and analytics	45%	13%	43%
Ad operations	45%	28%	30%
Content marketing	44%	6%	49%
Branding	43%	14%	42%
Events marketing	43%	20%	37%
Digital marketing	42%	12%	46%
Communications and PR	36%	20%	45%
Advertising	33%	36%	32%
Programmatic	32%	43%	27%
Research and insight	28%	28%	44%
Creative and design	24%	28%	49%

Note: among those with budget responsibility of top 15 marketing functions; numbers may not add up to 100% due to rounding.

Source: Newbase and eMarketer.com © March 2019 Digital Banking Report

Management of Data

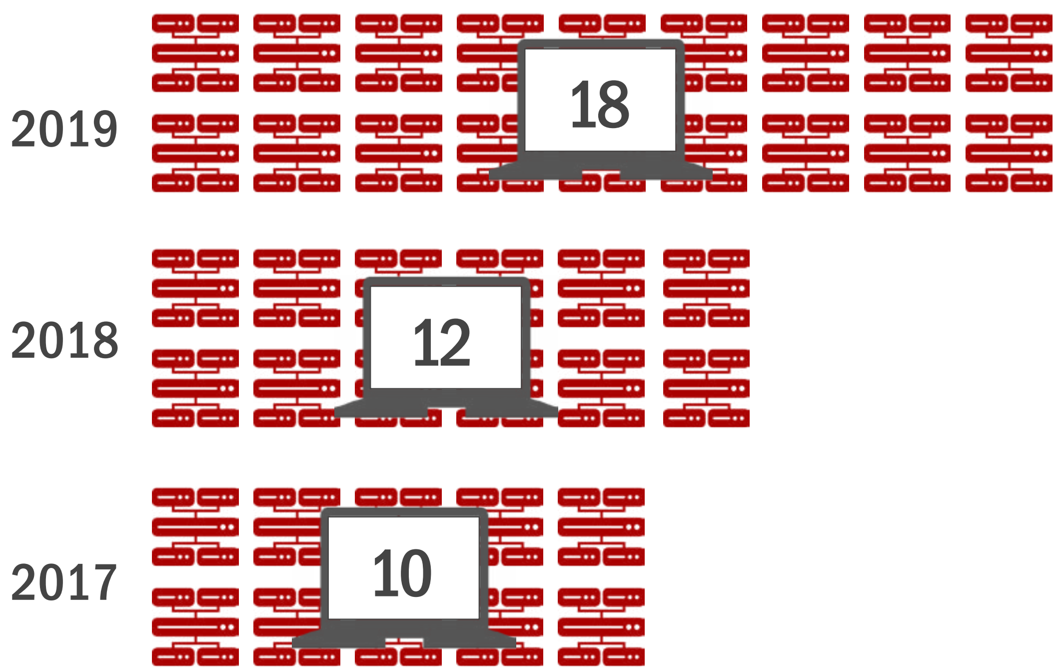
The amount of data financial services organizations have access to has exploded over the past several years at the same time – or maybe as a result of – channel proliferation, higher budgets and increasing consumer expectations. In fact, Salesforce found that 80% of customers now say the experience a company provides is as important as its products and services. This makes the importance of data, analytics and targeting more important than ever.

"More than ever, successful campaigns rely on an ever-expanding number of data sources — from email open rates to transaction history to ad clicks — in order to reach the right individual with the right offer," states Salesforce research. As a result, the pace at which marketers are expanding their data portfolios is mind-blowing. According to Salesforce, the median number of data sources used by financial services firms is projected to jump from 10 in 2017 to 18 in 2019 — an 80% increase in just two years.

Alarmingly, "While marketers have more customer data than ever before, many of them are struggling to make sense of it all. In fact, only 47% of marketers say they have a completely unified view of customer data," according to Salesforce.

CHART 20:
FINANCIAL SERVICES MARKETERS TURN TO MORE AND MORE DATA

Median number of data sources used by financial services marketing organizations



Source: Salesforce Research © March 2019 Digital Banking Report

Channel Utilization

Personalization from a consumer's perspective is about being recognized and treated in a way that makes you feel appreciated, no matter what marketing channels are used. The challenge for most financial institutions is replicating that kind of approach digitally, given that branch visits are now only a part of the overall customer experience.

Financial services industry research has found that close to half of marketers do not personalize (email) subject lines, while almost two-thirds do not personalize email copy. In fact, despite all of the discussion around 'personalization' and improving the customer experience, over half of marketers describe their marketing efforts as 'one-size-fits-all'.

Making matters worse, is that it is not going to get any easier for brands to grab the attention of consumers who are increasingly distracted (with 87% using multiple devices even when they're watching TV). The rise of ad blocking is another reminder that customers want marketing that is highly relevant, non-intrusive and highly engaging.

The question is, are you only using marketing channels to sell products and services, or are you also using these channels to educate, ask questions and build engagement. The best financial institutions have moved from a pure selling culture to also offer content that educates, entertains and inspires customers.

If someone is browsing online for a checking account, for example, why not use marketing automation to serve up reviews from independent sources? If they are walking or driving past the location of a retailer where you are offering a discount or added benefit, use push notifications with a link to a the digital coupon or a video the discounted merchandise.

The key is to focus on the channel(s) that can maximize your growth and customer/ member ROI. In other words, there is only one way to determine which mix of channels is best … measurement.

Salesforce also offers an idea in their ebook, *"The Marketer's Field Guide"*. "If the customer uses social media to ask friends about something they're researching on your website, weave yourself into the dialogue with pointers to studies or other resources that not only helps them make a decision, but builds their trust with your brand."

"The data you gather from email opens, site visit activity, online ad performance or even location data from beacons can ensure the types of marketing you pursue strikes the right balance between attentive and intrusive," states Salesforce.

When a prospect or customer visits a particular web page or shows an interest in opening a new account, sending a promotional code or discount via SMS may make the difference between closing the sale or missing an opportunity. In addition, using email and other channels to effectively onboard the new customer immediately after they open an account could be the difference between a single service sale and a multi-product relationship.

The banks and credit unions that experience real, consistent growth are those that have mastered using right marketing channels with customers in such a way that makes contextual sense. These same customers and members will also be less likely to block your communications because they feel they have value.

Effectiveness of Marketing Channels and Tools

Financial marketers can reach consumers in more ways than ever. With so many different options, it's easy to get confused as to which channel(s) is/are most effective On top of the best channel to use, is knowing the right mix of channels to make the desired impact on the consumer. Obviously, you want to make sure you spend your money and time on the most impactful channels given your objectives.

While there are hundreds, if not thousands of different combinations of channels to consider, selecting marketing channels doesn't have to be overwhelming.

One thing to remember is that it is important to stay within your scope of comfort. While emerging technologies like AI and chatbots get a lot of buzz, these might not be the channels to focus on first or without support from a qualified partner. In other words, unless you're comfortable with the new technologies, you may want to focus on some of the easier to implement digital alternatives. With marketing channel decisions, it is best to start small with the focus on the biggest impacts.

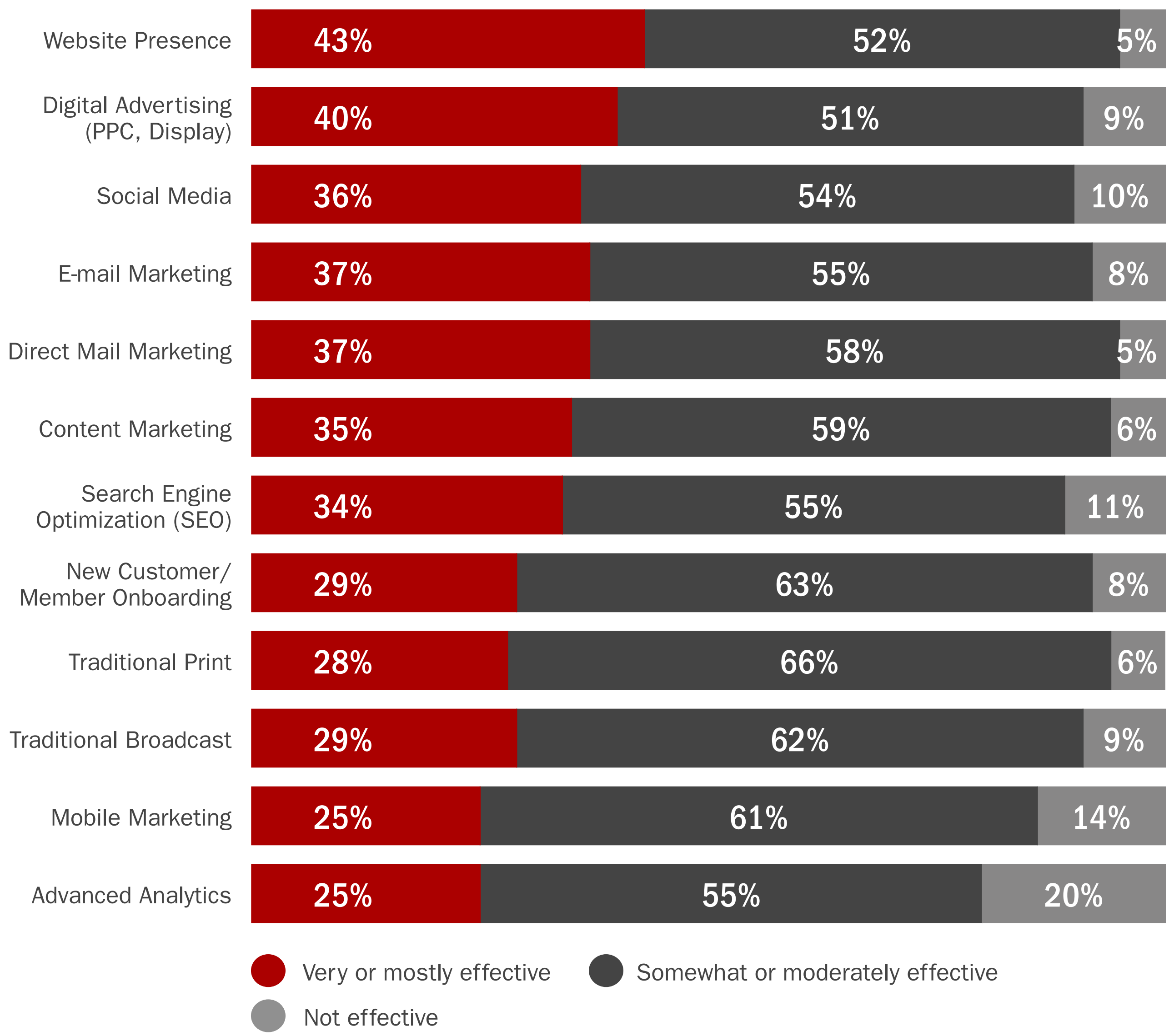
The key is to focus on the channel(s) that can maximize your growth and customer/ member ROI. In other words, there is only one way to determine which mix of channels is best … measurement. If a channel is not producing a measurable benefit, you need to decide whether it deserves a place in your strategy.

In our research financial institutions globally 43% rated their website as either 'very' or 'mostly' effective, followed by digital advertising (40%), social media (36%) and a tie between email marketing and direct mail (37%).

Of concern from our findings was that **only content marketing increased in effectiveness since 2018**. In fact, in 2018, only 28% of those surveyed thought content marketing was very or mostly effective. In 2019, that percentage increased to 35%. Potentially even more concerning was that the **highest 'not effective' score was for 'advanced analytics'**. In addition, fewer organizations than in 2018 found advanced analytics to be either very or mostly effective. This is clearly a judgement on how financial institutions are (or aren't) leveraging advanced analytics as opposed to the importance of this tool.

CHART 21:
EFFECTIVENESS OF ALTERNATIVE MARKETING CHANNELS AND TOOLS

Q: Please rate your organization's effectiveness in using the following tactics to meet business goals.



Source: Digital Banking Report Research © March 2019 Digital Banking Report

Growth in Marketing Channel Use

Once a customer relationship has been established, tried-and-true email marketing remains a keystone in effective direct engagement.

As shown below, social marketing — whether organically published or paid advertising — is highly valued. Once a customer relationship has been established, tried-and-true email marketing remains a keystone in effective direct engagement. In addition to a company's website:

- The marketing channels with the highest ROI for lead generation include social marketing, customer communities, and paid search or search engine marketing.
- Marketing channels with the highest ROI for upselling include email marketing, affiliate marketing, and social marketing.
- And channels with the highest ROI for customer retention include mobile marketing, email marketing, and social marketing.

As mentioned earlier in our research, financial marketers are constantly searching for the best mix of channels that will reach customers at the right moment in time, with the right message. According to the Salesforce Research's fifth edition "State of Marketing" report.

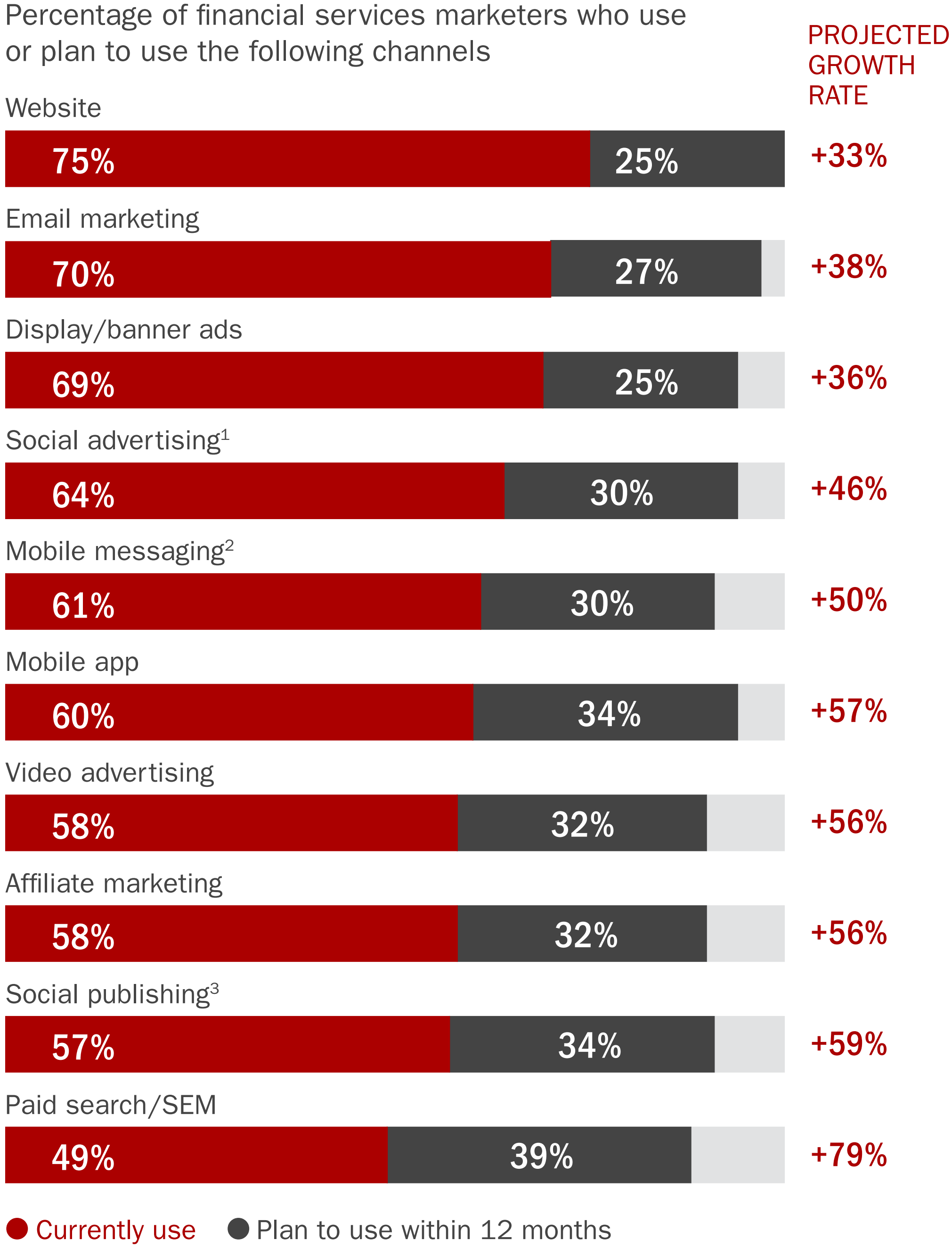
28%

- Only 28% of marketers are completely satisfied with their ability to engage customers across channels at scale. Marketers are striving to solve the omni-channel puzzle as more channels increase the risk of discord.
- On average, 32% of marketing leaders say a given channel is dynamically coordinated with others. This is up from 28% in 2017.
- Rates of duplicate channel coordination — where identical messages are broadcast across channels — have dropped from an average of 51% in 2017 to 39% in 2018.
- On average, 36% of high-performing marketers dynamically coordinate channels (where their messages evolve across channels based on customer actions) versus 26% of underperformers.

CHART 22:

MARKETERS TURN TO AN EXPANDING ROSTER OF CHANNELS

Percentage of financial services marketers who use or plan to use the following channels



[1] (i.e., any paid placements on social platforms)
[2] (i.e., SMS, push, group messaging)
[3] (i.e., any non-paid marketing messages on social platforms)

Source: Salesforce Research © March 2019 Digital Banking Report

Marketing Measurement

In a recent survey, it was found that the percentage of marketing budgets allocated to analytics over the next three years was expected to increase by as much as 200%. At the same time, marketers report that the effect of analytics on company-wide performance has stayed modest over the past five years.

This paradox of marketing analytics exists for two reasons, according to The CMO Survey conducted by Duke University's Fuqua School of Business and sponsored by Deloitte LLP and the American Marketing Association. First, in many organizations data is collected for the sake of collecting data, without integration between the multiple silos within an organization.

"Data from mobile devices and data from PCs might indicate similar browsing paths, but if the consumer data and the data on pages browsed cannot be matched, it is hard to determine browsing behavior," states the AMA research. Making matters worse, the increasing amount of data being collected is outpacing the software and platforms meant to do the analysis, resulting in too much data and too little insight into marketing program effectiveness on a timely basis.

To address this problem, many recommend that there should be a determination of what is wanted to be achieved before data is selected to address the issue. In other words, if you want to find out more about the customer journey to open a new account, last touch attribution is not the answer – you need to collect a 360-degree view of the customer from each point of the journey,

The CMO Survey also found there is a significant shortage of talent to provide adequate marketing analytics support. Similar to the

Just as importantly, marketers can work more collaboratively with the sales teams to identify performance gaps and continually work towards the most the most fruitful, high-performing leads.

rating given to the performance of analytics for organizations, the rating of current analytic talent within organizations is very low and hasn't changed over the past five years.

In other words, there is a significant performance gap between what is needed to measure results and results to date. Bottom line, there is a need to better align data strategy and data analyst talent to realize the potential that analytics can bring to marketing managers. Without the needed talent (or partnerships), no amount of data will yield better results.

Given the growth in available data and the improvement in tools available to analyze marketing campaigns, there is little excuse for not being able to measure program effectiveness, in close to real-time, improving communication and the customer experience with every iteration. To reach the pinnacle of success, however, financial institutions will need to invest in the right mix of data, systems, and people to realize these gains.

With the right tools, effective analytics will empower financial marketers to identify which digital and offline programs should get increased investments and which ones should be scaled back, optimizing marketing's contribution to the bottom line and helping to identify the most impactful programs.

Just as importantly, marketers can work more collaboratively with the sales teams to identify performance gaps and continually work towards the most the most fruitful, high-performing leads. Finally, financial marketers can gain insight into marketing messages and offers that resonate in order to continually improve customer engagement. This extends beyond single channel deployment to improved multichannel experiences.

> "Taking an integrated approach to analytics can free up 15 to 20 percent of marketing spending."
>
> — Gartner

In the end, analytic platforms can help your marketing efforts become data-focused and allow your efforts to be tracked and judged for success individually. This provides insights for others in the organization, with insight that allows the marketing team to analyze on a micro level, drawing informed conclusions that will give guidance for future marketing decisions.

Most Important Measurement Tools

As has been the case in the past, the metric that our survey respondents thought was the most important was 'customer/member satisfaction' (90%). While this is certainly an important measure, it is one of the measures that the vast majority of institutions can't put a specific value on.

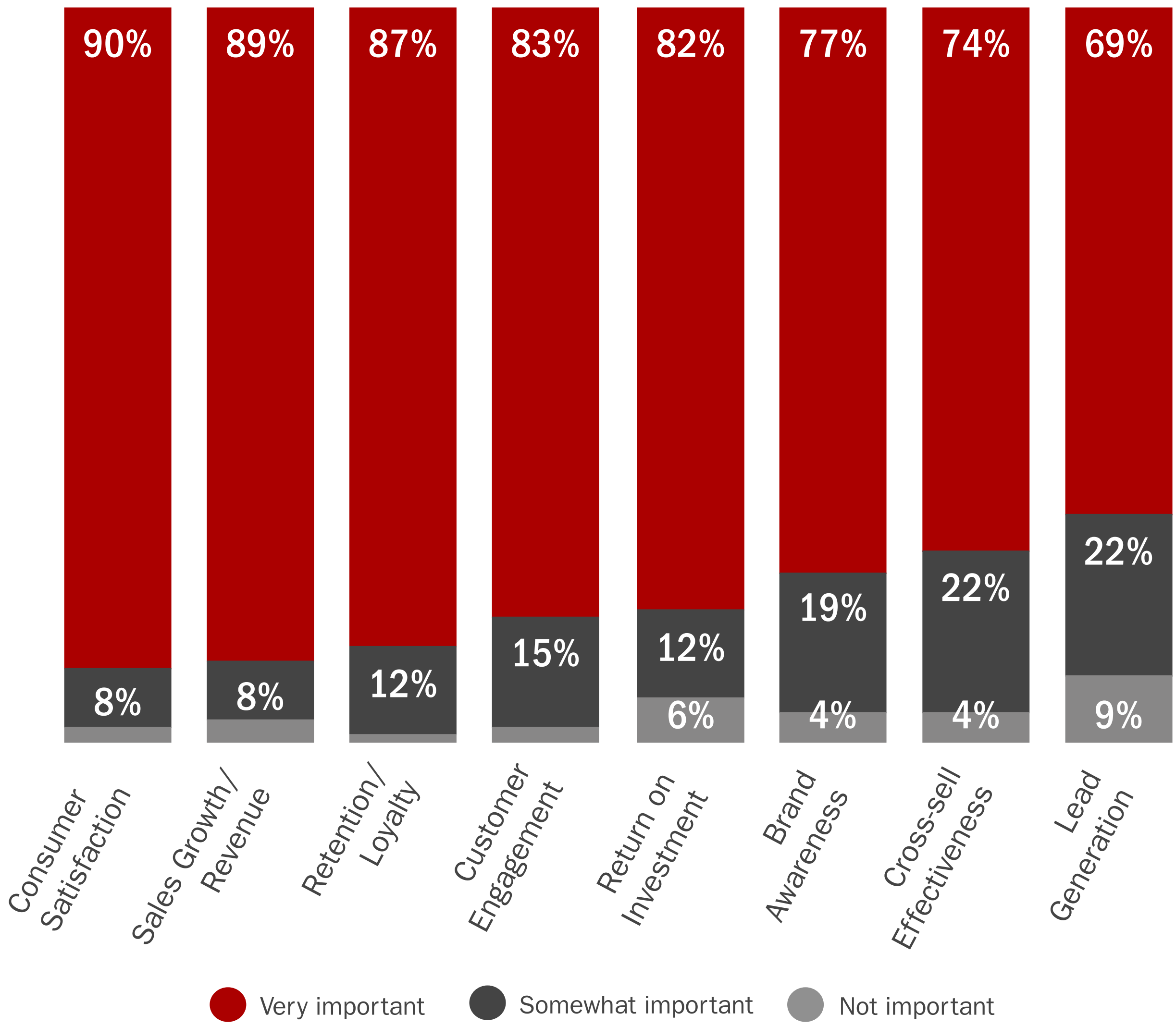
In other words, most organizations don't know the value of an increase or decrease in satisfaction. More disturbing is that previous research around customer satisfaction by the Digital Banking Report indicates that many of the measures used to determine customer satisfaction are outdated. Bottom line … there is no clear bottom line.

While sales growth and retention were ranked second and third (same as last year), the importance level went down slightly for both. What also seems to be a paradox is that organizations believe measures of retention are important, yet they rank retention as the lowest marketing priority. The same inconsistency is also seen in the area of cross-selling.

Maybe financial marketers believe every measure of marketing effectiveness is important, yet don't put their money or their team behind the efforts.

CHART 23: MOST IMPORTANT MARKETING MEASUREMENT TOOLS

Q: How important are the following marketing measurement tools?



Source: Digital Banking Report Research © March 2019 Digital Banking Report

As consumers explore new channels and financial institutions adopt advancing marketing technologies, attribution becomes crucial to centering your entire marketing organization around a common goal of revenue generation.

While sales and revenue measurements are important, without a measure of cost of action or customer value, this metric lacks clarity. Retention is also a somewhat nebulous metric based on our research since most organizations measure the retention rate as a simple measure across the organization instead of for specific programs.

There are **many different approaches to marketing attribution** that range from basic, single-factor models to advanced models, which can incorporate complex algorithms and logic. But every method of **attribution has its pros and cons —** making it one of the most hotly contested areas of marketing today.

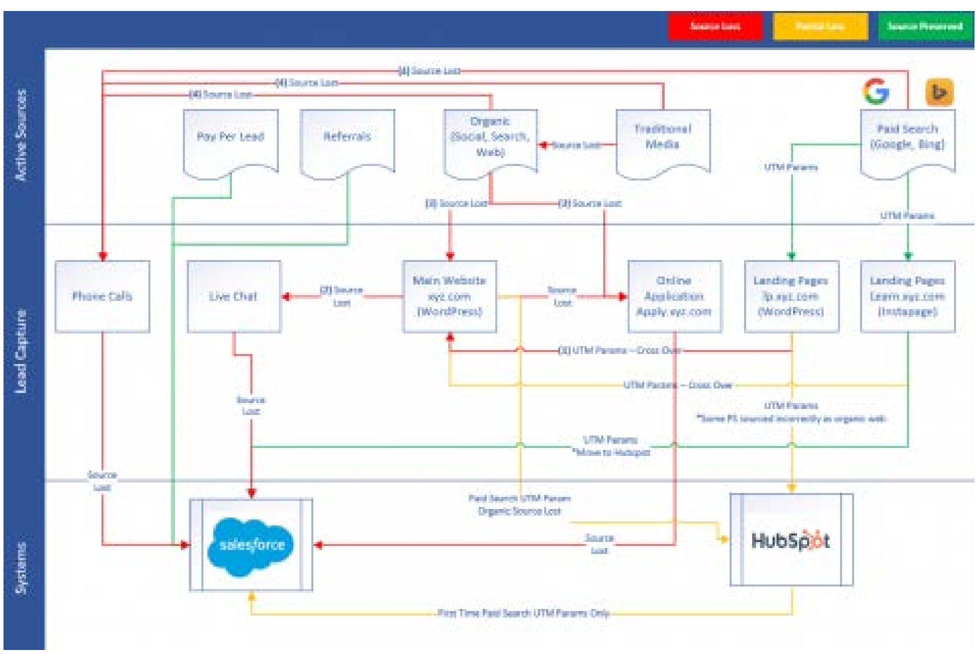
In general, marketing attribution models can be grouped into three categories:

1. Single source attribution
2. Multi-source attribution
3. Weighted multi-source attribution

As consumers explore new channels and financial institutions adopt advancing marketing technologies, attribution becomes crucial to centering your entire marketing organization around a common goal of revenue generation.

In general, single touch models like first-click and last-click will be better suited for shorter buying cycles with few touchpoints, as well as brand awareness and direct response campaigns.

Many tools allow you to quickly switch between different views and build a detailed picture of your conversion paths. Over time you'll identify which models assign credit where it is deserved, and allow you to make the smartest analytical decisions that will impact your bottom line. Until then, keep experimenting.



Source: Iron Focus © March 2019 Digital Banking Report

2018 Spend Analysis

While the banking industry is starting to move more towards digital marketing options, much of the spending for financial advertising remains stuck in the past To be effective, financial marketers must reallocate funding to digital channels and new channel alternatives ...

There is an unprecedented opportunity for banks and credit unions to leverage new ways to generate awareness, engage consumers and generate positive results. How are financial organizations managing the increasingly fragmented advertising universe and capitalizing on the myriad options available to them? As we have in the past, we combined insights from the survey conducted by the Digital Banking Report with insights from research done by eMarketer. Here's what occurred in the past and what to expect through 2019 and beyond.

It should be noted that the eMarketer definition of the financial services sector includes commercial banks, credit agencies, personal credit institutions, consumer finance companies, loan companies, business credit institutions and credit card agencies. It also includes companies engaged in the underwriting, purchase, sale or brokerage of securities and other financial contracts.

Growth in Digital Marketing

In 2018, financial services accounted for a little more than 12% of total digital ad spending, behind only retail and automotive. That translates into $13.05 billion in 2018, increasing year-over-year to a projected $15.25 billion spend in 2019, according to eMarketer.

$13.05B

CHART 24:
US DIGITAL AD SPEND IN FINANCIAL SERVICES WILL INCREASE BY 14.4% IN 2019

Source: eMarketer
© March 2019 Digital Banking Report

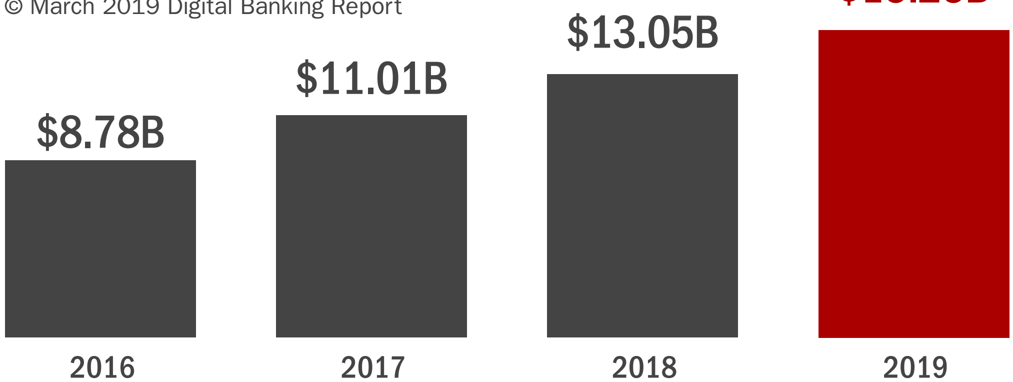
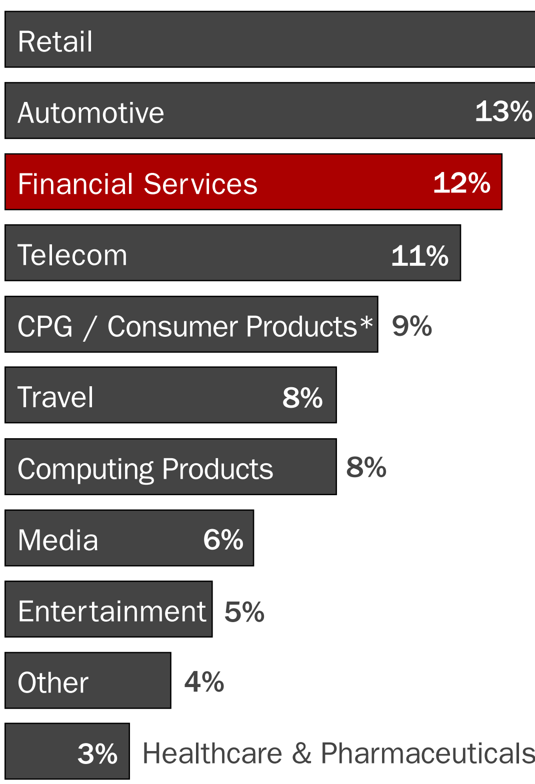


CHART 25:
FINANCIAL SERVICES WERE THE THIRD LARGEST USER OF DIGITAL ADS IN 2018



* Includes consumer electronics

Source: e-Marketer © March 2019 Digital Banking Report

The growth of 18.7% in 2018 and the projected growth of 16.9% in 2019 still only places financial services in the middle of all industries from a growth perspective. It should be recognized that this growth is against a significantly smaller base than many of the other industries analyzed by eMarketer.

The top growth industries for digital ad spend are anticipated to be media, entertainment, computer products, retail and consumer products. Only automotive, telecom, travel and healthcare were lower than financial services in digital ad spend growth.

Financial service companies have long been big spenders in search, finding the format strategically advantageous for customer acquisition. Recently though, the sector has been making big investments in display in keeping with the growing prominence of digital video and social media.

Importance of Search and Display in Financial Services

According to eMarketer, search is an important component of digital ad spending as consumers research financial services such as credit cards, loans, etc. That said, display continues to outpace search in spending (52.9% to 42.6%). "Outlays on display ads increased by 20.5% to $6.90 billion in 2018 and will rise to $8.16 billion in 2019," states eMarketer. Comparatively, search grew 17.3% in 2018 to $5.56 billion and is expected to reach $6.47 billion in 2019.

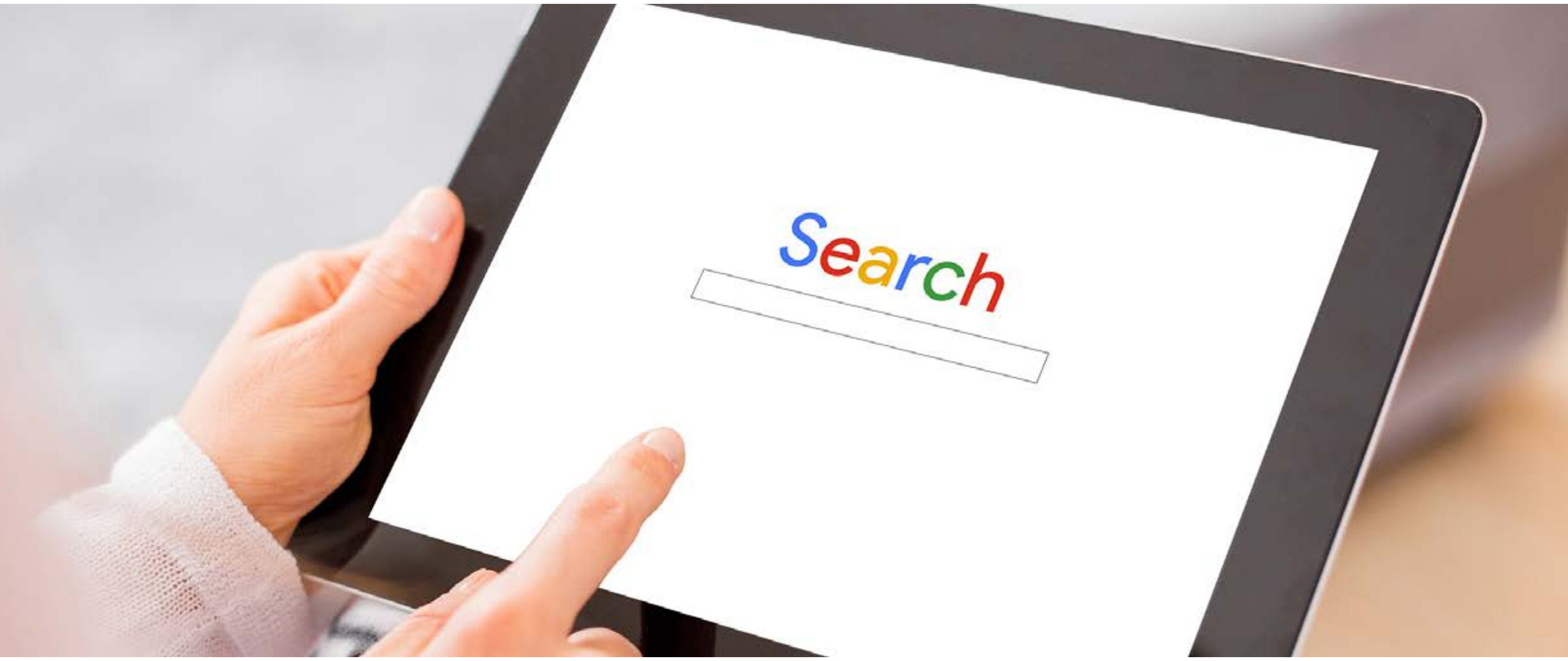
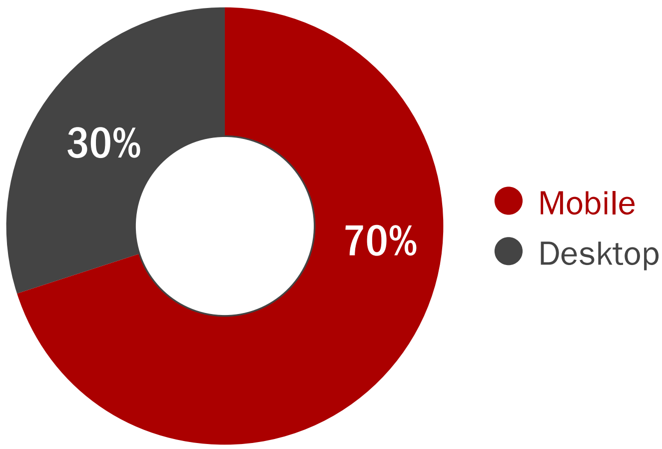
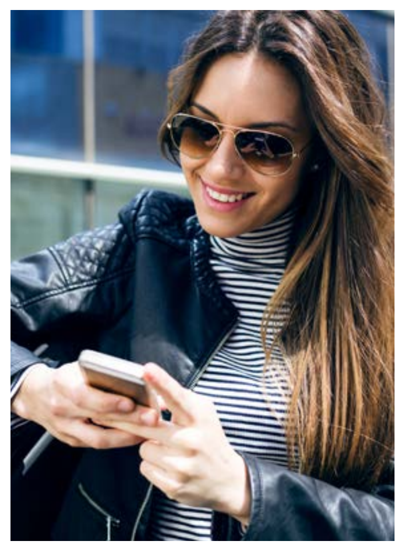


CHART 26:
70% OF FINANCIAL SERVICES' DIGITAL AD SPENDING WENT TO MOBILE IN 2018



Source: e-Marketer © March 2019 Digital Banking Report

Mobile Continues to Grow in Importance



According to eMarketer, mobile is also a significant growth area for the sector as financial services companies work to keep pace with the increasing amount of time consumers – particularly Millennials – are spending with their mobile devices. Seventy percent of 2018's digital ad spend was allotted to mobile, with a total spend of $11 billion expected in 2019, up 20% over 2018.

Impacting this growth is the reality that consumers are increasingly using mobile apps to meet savings goals and investors are using mobile to trade and to keep up on the market.

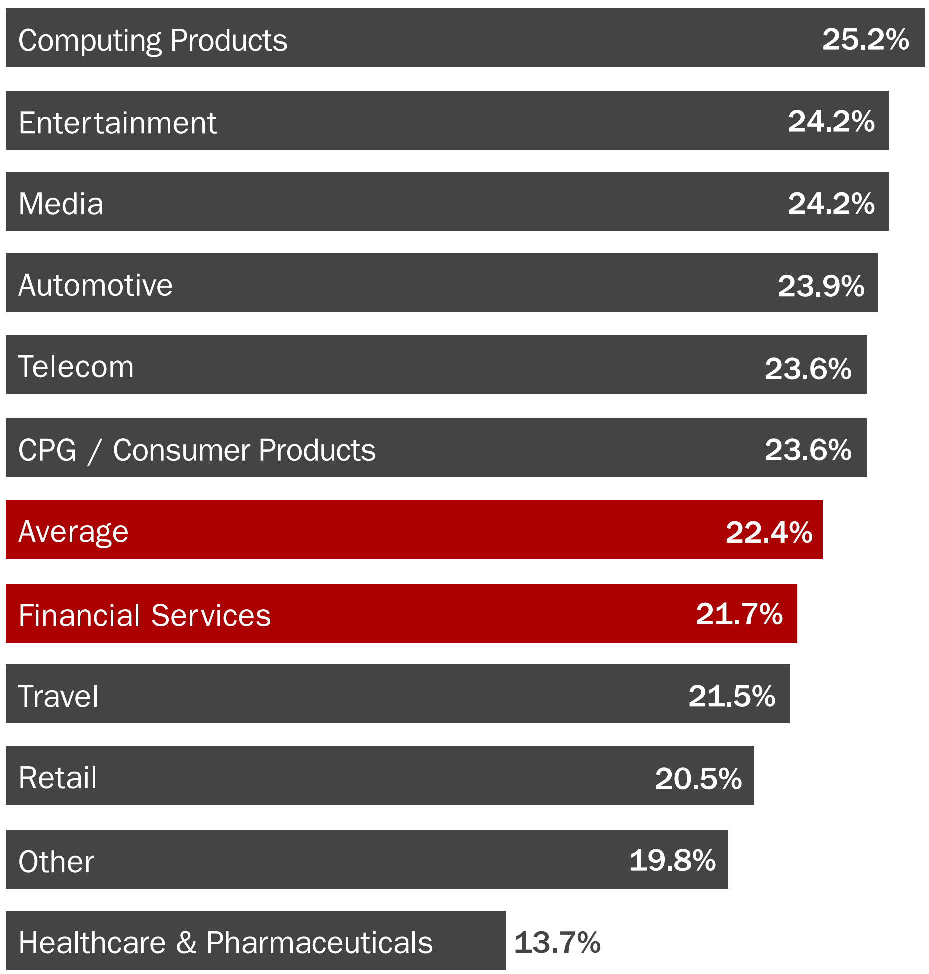
Finally, with greater emphasis on financial education, content marketing and the quest for digital engagement, more and more of the interactions between financial institutions and the consumer will be on mobile devices.

Spending on Video Grows, But Still Lags Marketplace

Insight from eMarketer shows that financial services view video as a good investment, increasing spending to $1.75 billion in 2018 – a growth of 13.1% over the spend in 2017. Growth is expected to increase to 21.7% in 2019, slightly below industry averages.

Even with this growth, however, the financial services' share of digital video ad spend as part of display is only 25.4%, well below any other industry monitored by eMarketer.

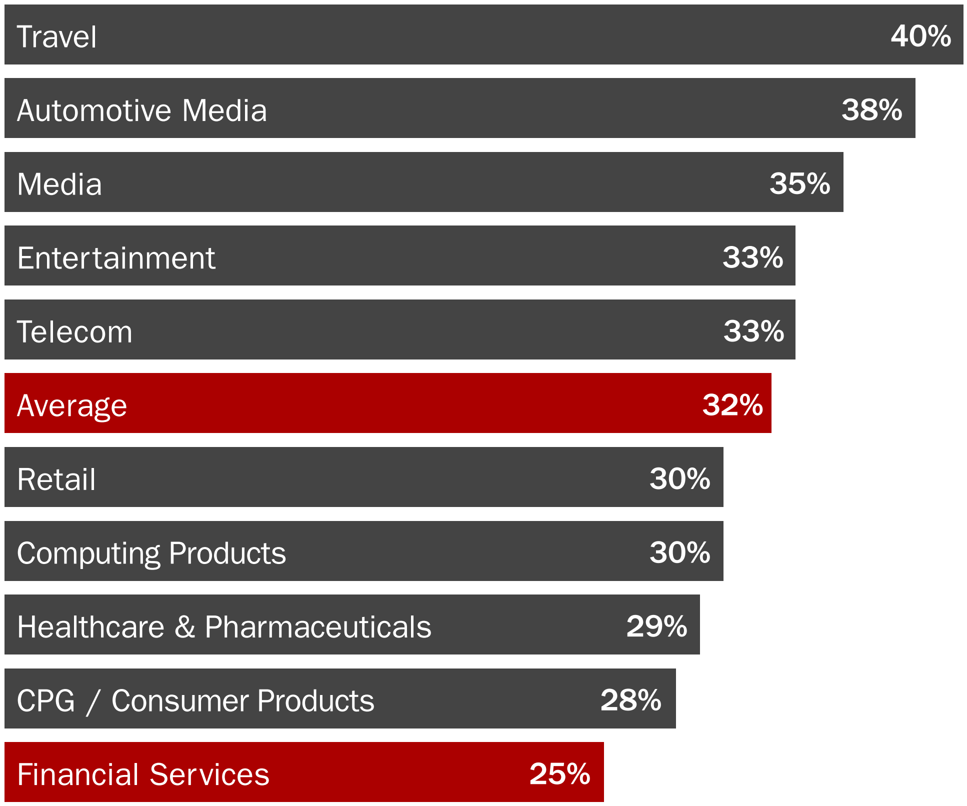
CHART 27:
GROWTH IN DIGITAL VIDEO AD SPENDING BY FINANCIAL SERVICES IS CLOSE TO OVERALL AVERAGE



Source: eMarketer © March 2019 Digital Banking Report

CHART 28:

FINANCIAL SERVICES LAGS OTHER INDUSTRIES IN VIDEO AD SPENDING



Source: e-Marketer © March 2019 Digital Banking Report

Change in Marketing Budget

While it is not surprising that the largest financial institutions spend the most on marketing, it may be surprising that the largest organizations also will have the highest change in budgets as a percentage in 2019.

The good news for financial marketers is that budgets appear to be increasing across all asset classes except for institutions with assets between $1B - $10B. Interestingly, this same asset category had some of the smallest increases in 2017 and 2018.

Marketing Budget Allocation by Strategic Goals

When asked how budgets were allocated, the survey responses all created their own 'bell curve' but with the level of commitment differing by strategic goal. For instance, when we did a weighted average of responses by strategic objective, we found that more than 30% of budgets were allocated for new customer acquisition. The next highest goals (cross-selling and branding) received slightly over

25% and 20% of financial institution's budget on average respectively.

As we found in 2018, while there is a great deal of discussion in the industry around the importance of an improved customer experience, less than 15% of organizations' budgets (on average) were allocated to this objective.

CHART 29: MARKETING BUDGET ALLOCATION BY STRATEGIC GOALS (2019)

Q: How much of your marketing budget is allocated to the following strategic goals?

%	% allocated to acquiring new customers/ members	% allocated to upselling and cross-selling existing customers/ members	% allocated to branding/name awareness	% allocated to customer experience	% allocated to content marketing	% allocated to other marketing objectives
100%	1%	0%	0%	0%	0%	0%
90%	2%	0%	0%	0%	0%	0%
80%	2%	0%	0%	1%	0%	0%
70%	2%	3%	2%	0%	0%	1%
60%	3%	2%	2%	1%	1%	1%
50%	14%	2%	7%	2%	2%	2%
40%	11%	4%	8%	2%	2%	3%
30%	16%	8%	14%	4%	4%	5%
20%	24%	27%	24%	17%	19%	15%
10%	10%	29%	22%	33%	31%	35%
5%	3%	11%	9%	14%	23%	16%
0%	1%	3%	2%	12%	7%	6%
Not sure	11%	11%	10%	14%	11%	16%

Source: Digital Banking Report Research © March 2019 Digital Banking Report

Marketing Budget Allocation by Media Channel

When we asked bank and credit union executives globally about how much they allocate to various communication channels, it is clear that old habits are hard to break. For instance, while financial institutions have reduced their offline marketing budgets, more than 30% of marketing budgets still go to mass media (TV, print, radio, etc.). Worse yet, over 30% of the organizations continue to allocate over 50% of their budgets to offline channels.

The good news is that digital channel use is increasing in banking, with an average of 36% of budgets going to web, social and other online channels. That said, 38%% of organizations surveyed committed 20% or less of their marketing budget to online marketing.

Finally, more organizations seem to be paying attention to mobile marketing opportunities even though only 10% of organizations committed 40% or more of their budget to mobile marketing. That said, more than 50% of organizations spent 10% or less of their budget on mobile ads. This is obviously a potential opportunity for financial institutions to improve mobile marketing efforts.

CHART 30: MARKETING BUDGET ALLOCATION BY CHANNEL (2019)

%	% allocated to broadcast and offline media (e.g., print, TV, radio)	% allocated to online marketing (web, social, etc.)	% allocated to marketing in mobile channels (smartphones, tablets)	% allocated to other marketing media
100%	1%	1%	1%	0%
90%	1%	0%	0%	1%
80%	2%	3%	1%	1%
70%	5%	5%	1%	5%
60%	10%	5%	1%	3%
50%	11%	7%	1%	4%
40%	12%	12%	5%	6%
30%	16%	21%	7%	11%
20%	14%	22%	24%	18%
10%	8%	11%	28%	30%
5%	4%	4%	6%	3%
0%	6%	1%	16%	5%
Not sure	10%	8%	9%	13%

Source: Digital Banking Report Research © March 2019 Digital Banking Report

Marketing Technology Use

Consumers are demanding customized engagements across all channels, particularly on mobile devices. This places customer experience, customer retention and growth, and customer analytics as the most important components for financial marketers. Now more than ever, marketing technology is at the forefront.

According to Gartner, CMOs are under pressure to find the right tools to achieve results based on three customer-centric trends:

- Rising customer preferences for mobile engagements
- Elevated customer expectations for personalized interactions
- Leadership demands for marketing transparency & ROI

The tools to achieve these goals are more available and affordable than ever. The key is to determine which technologies financial marketers should use to achieve this customer-centric model over the coming years.

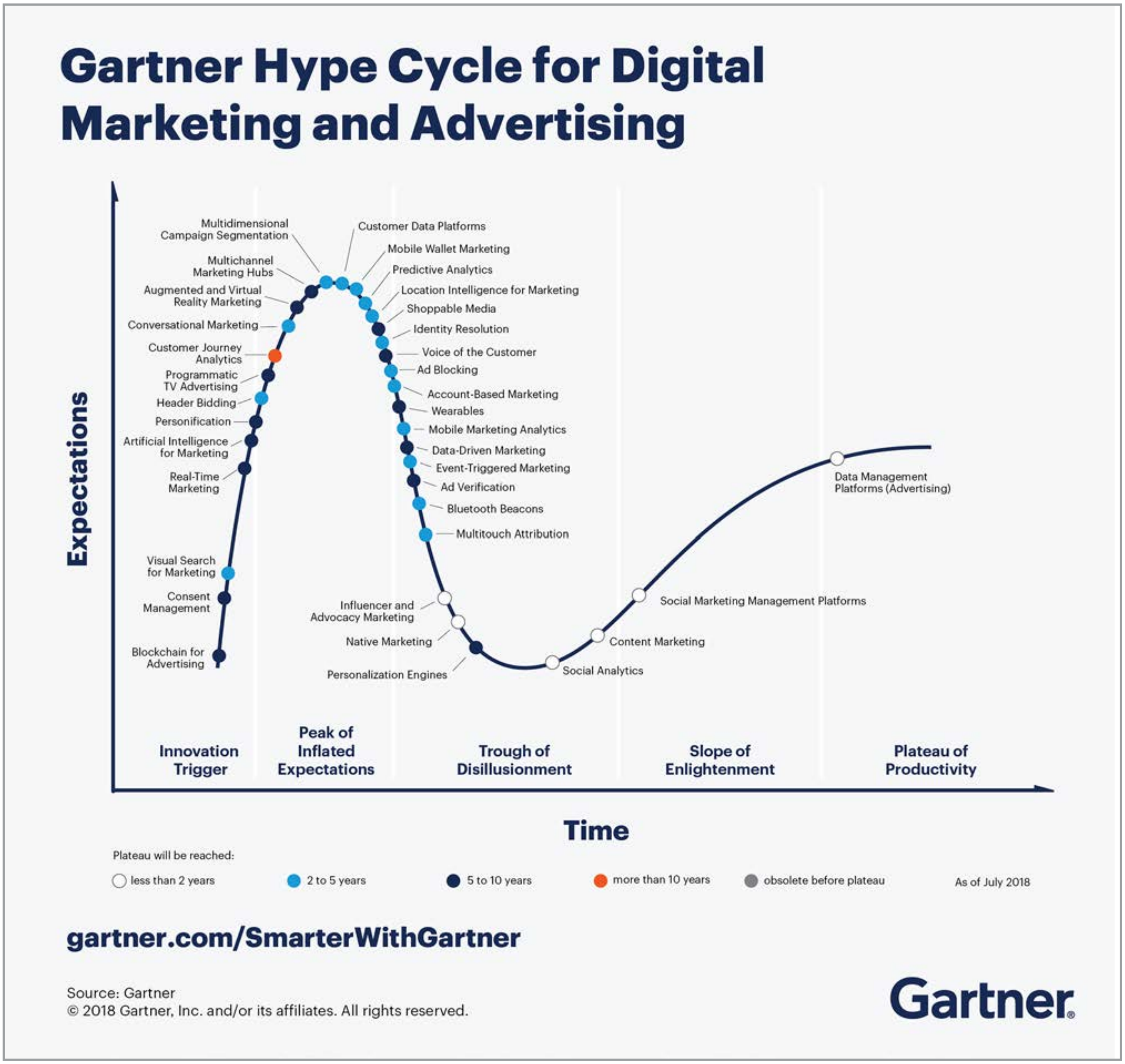
In 2019, new regulations and new opportunities exist for marketers to ensure an equitable and transparent value exchange with their audiences.

"As marketers double-down on data-driven strategies to deliver growth, they must address growing demands from consumers and regulators for more control over personal data usage," says Bryan Yeager, Senior Director Analyst, Gartner for Marketers.

The good news is that if financial institutions focus on a value exchange for use of personal data, 'opting-out' becomes much less of an issue.

Alternatively, the inability to provide value for the use of personal data by financial marketers and their partners will negatively impact customer trust and result in increased regulatory oversight.

One tool that can help prioritize technology investments is the Gartner Hype Cycle for Digital Marketing and Advertising. The Gartner Hype Cycles provides a graphical representations of the maturity and adoption of technologies and applications, and how they are potentially relevant to solving real business problems and exploiting new opportunities.



From bots to voice devices, financial marketers will be using technology and advanced analytics to improve conversational engagement across all channels to build trust and become a valued partner in a consumer's daily financial life.

AI Hype Exceeds Actual Use

As has been the case for the last 3 years (or more), the hype around AI in marketing heavily outweighs actual adoption. AI-related discussions and knowledge of the potential benefits of using artificial intelligence in marketing are well documented in several recent studies by the Digital Banking Report. Yet only a very small percentage of financial institutions (mostly the largest firms) report using AI marketing capabilities in targeting, communicating and engaging with consumers.

That said, AI techniques, such as natural-language processing, are responsible for driving innovations like conversational marketing technologies, which is believed to be the most important category of growth potential for financial marketing in the future.

Data and Analytics Drives Financial Marketing Technology Spending

The need to leverage multiple sources of customer data and to understand the interactions over multiple channels to deliver contextual experiences is at the foundation of growth of two key marketing technologies. The investment and use of customer data platforms (CDPs) and multichannel marketing hubs are projected to increase among financial services marketing departments in 2019 at the same time as being ranked highly by Gartner in their most recent Hype Cycle.

CDPs allow marketers to integrate an increasing number of data sources and deploy the data for engagement across numerous channels, such as email, social media, text platforms and websites. At the same time, multichannel marketing hubs and campaign management solutions allow financial institutions to manage communications for consistency as well as impacting the consumer at the right time along their journey.

"Marketing technology solutions will disrupt the way financial marketing is done more than anything in the past."

Some of the emerging trends that financial marketers will be paying attention to in 2019 include:

- **Increase in conversations.** From bots to voice devices, financial marketers will be using technology and advanced analytics to improve conversational engagement across all channels to build trust and become a valued partner in a consumer's daily financial life.

- **Increase in programmatic advertising.** Programmed-based media buying will expand and will include native mobile marketing, television, radio and out-of-home media, social channels and even content engagement.

- **Increase in content marketing.** Personalized content marketing will provide the foundation

for a dramatic movement from a 'selling' mentality to an 'advising' platform. This more engaging form of personalization will allow for customizing multiple dimensions of a consumer's experience based on demographic, psychographic and behavioral data.

- **Increase in real-time communication.** Moving from daily or monthly data updates to immediate updates will provide the ability for 'just-in-time' communication. This will not only improve results, but will allow for engagement and pricing of services based on immediate need and behaviors.

CHART 31: REAL-TIME ENGAGEMENT GAINS TRACTION

56% of financial service marketers engage customers in real time across one or more marketing channels.

47% of financial service marketers adapt their marketing strategy and tactics based on customer interactions.

Source: Salesforce Research © March 2019 Digital Banking Report

- **Increased attention to privacy.** With privacy regulations such as GDPR, there is a significant challenge to the free flow of personal data. This can limit the ability to collect and deploy insights, reducing the number of customers available to target and personalize communications. Alternatively, this also places a higher premium (and reward) for using data and insights for the customer's benefit.

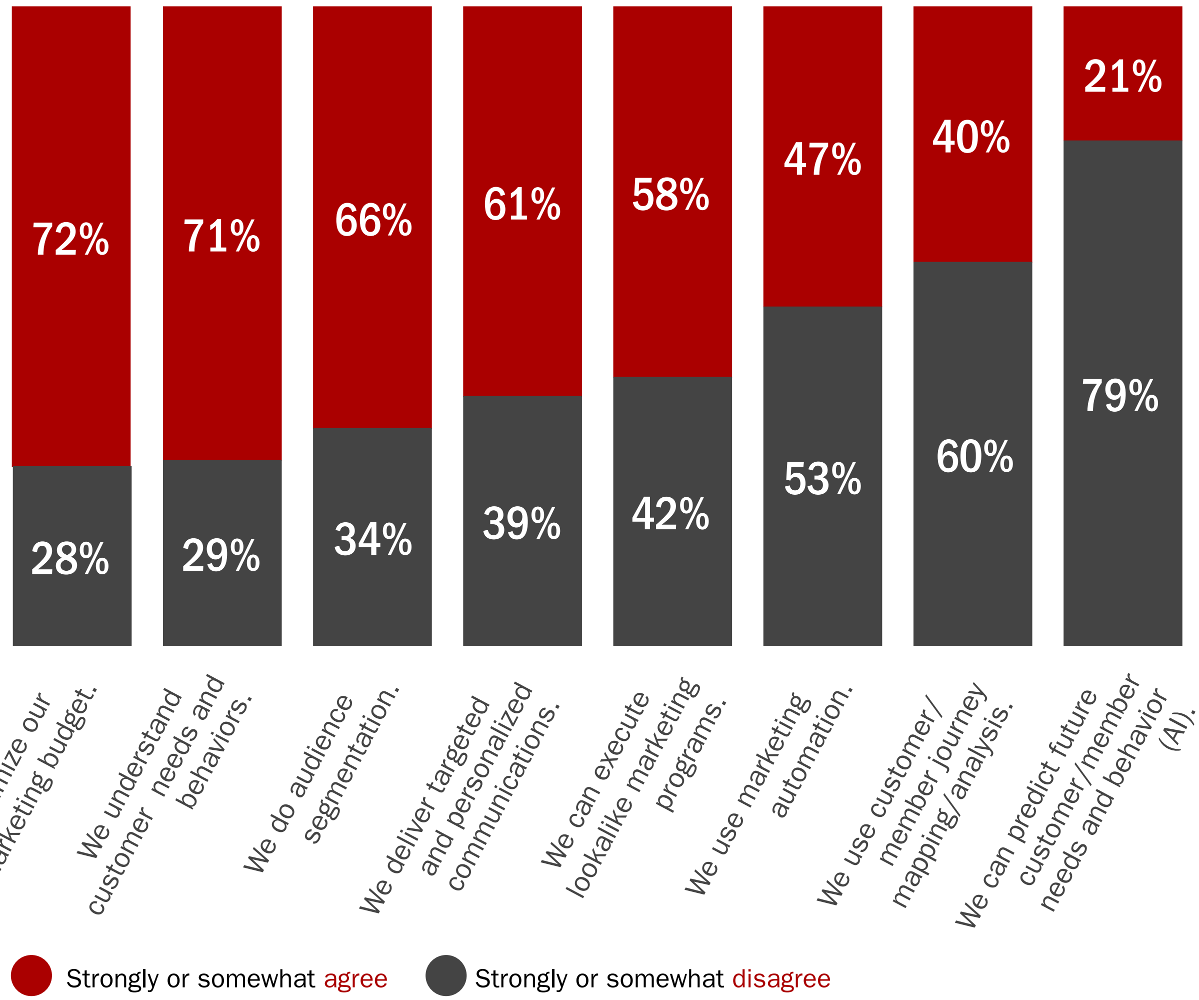
Data Analytics Maturity at Financial Institutions

In 2018, we wanted to get a gauge as to where financial institutions were in their capture and use of data. As might have been expected, the use of data is strongest when we look at traditional applications, such as budget allocation (72% agree or strongly agree that data is used for this purpose), understanding needs and doing basic segmentation (71% and 66% respectively).

More than 50% of organizations also felt comfortable with targeted personalization (61%) and delivering 'lookalike' programs (58%). All of these findings were improved from 2017.

CHART 32:
USE OF DATA TO DELIVER RESULTS (2018)

Does your organization leverage data for the following purposes?



Source: Digital Banking Report Research © May 2018 Digital Banking Report

This year, we asked whether respondents were adept at using AI to recommend the next best action for a customer. We consider this the most basic of AI uses and one of the most important in moving from a sales to an advisory positioning from the customer's perspective.

Unfortunately, almost 7 in 10 organizations say they are 'not adept' at using AI for marketing at this time. Only a quarter of organizations considered themselves 'moderately adept' while 5% thought they were proficient at using AI for marketing (all were the largest financial institutions. Obviously, financial institutions are nowhere near able to meet or exceed the consumer expectations of "know me, look out for me, and reward me".

CHART 33:
DIGITAL MATURITY OF USING AI FOR NEXT BEST ACTION RECOMMENDATION

Q: How adept is your organization in using AI to recommend next best actions for marketing to your customers or prospects

Source: Digital Banking Report Research © March 2019 Digital Banking Report

Prioritization of Advanced Marketing Strategies

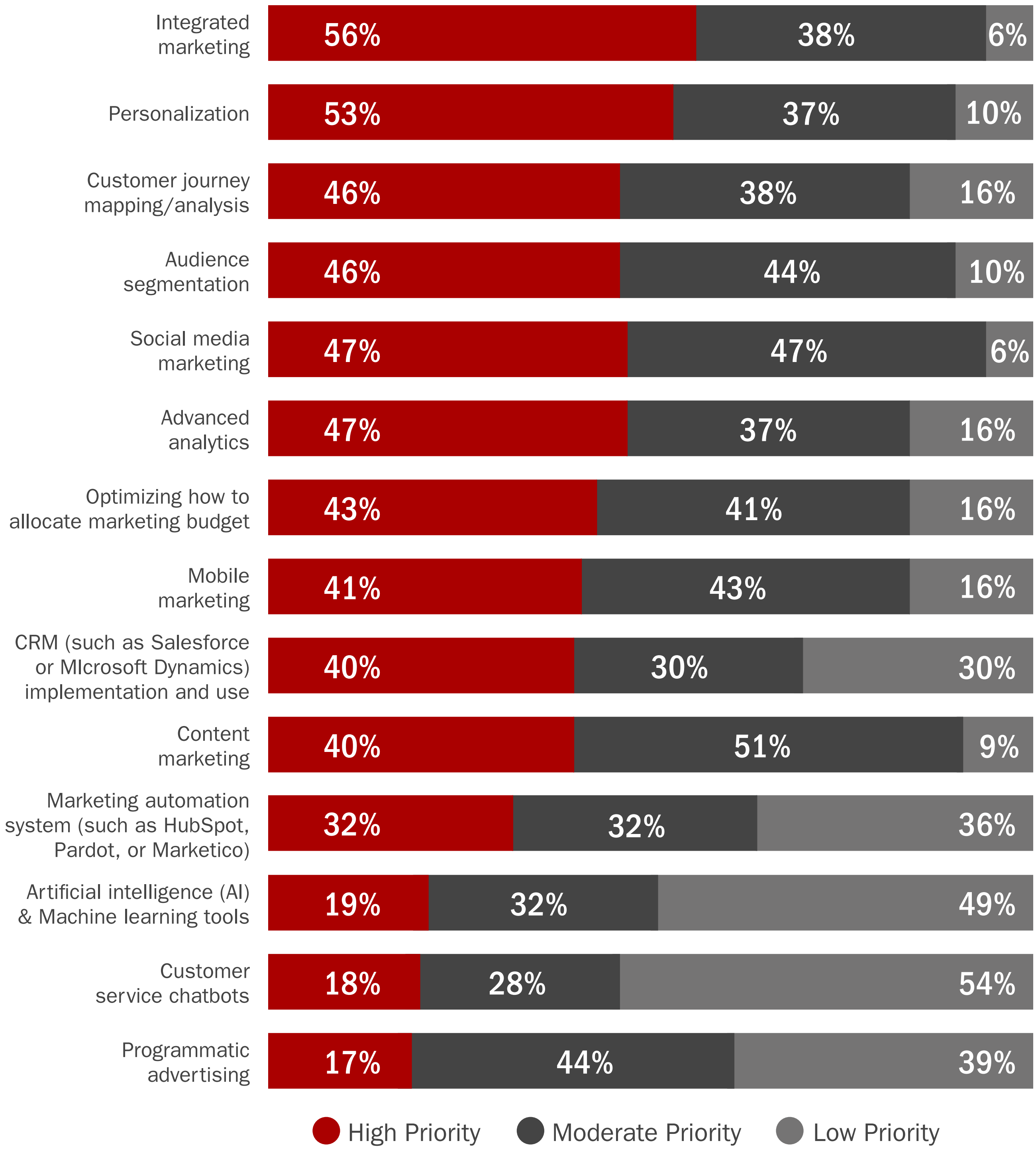
When we asked financial marketers about the prioritization of their efforts, we found great alignment with what most industries believe to be the difference between success and failure in the future of marketing. Of greatest importance were strategies such as use of integrated marketing, personalization, customer journey mapping and audience segmentation.

Compared to the same question in 2018, there were significant increases in the mention of customer journey mapping and personalization and there was a drop in the mentions of content marketing.

Compared to 2018, advanced analytics, predictive modeling (AI) and CRM systems/marketing automation each increased in importance (albeit modestly) but still fell lower in the rankings than other priorities. In fact, 49% of those questioned said that AI was 'not a priority'. Further, 36% said marketing automation tools were not a priority as did 30% for CRM systems.

CHART 34:
PRIORITIZATION OF DIGITAL MARKETING STRATEGIES

Q: Which trends will be priorities for your company in the next 12-18 months?



Source: Digital Banking Report Research © March 2019 Digital Banking Report

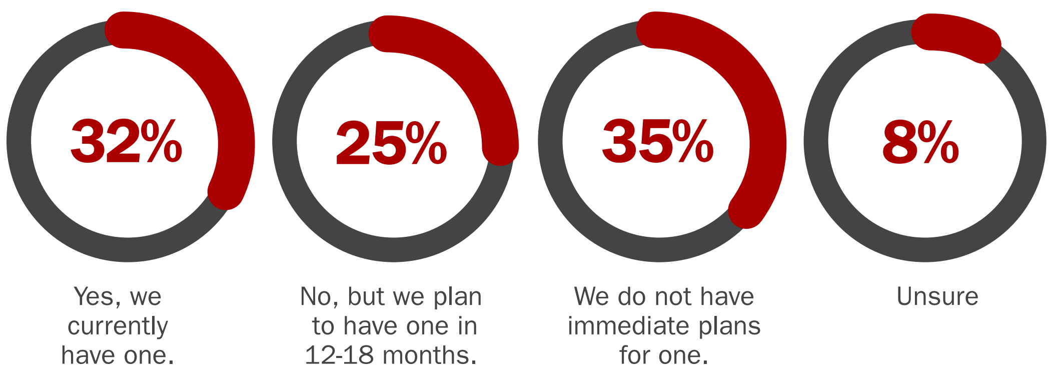
Marketing Platforms

Roughly one in three organizations (32%) currently use some form of marketing automation, with another 25% indicating that they plan to use marketing automation software in the future. The percentage with a marketing automation system increased by 8% compared to 2018, while those with ‘plans to implement marketing automation in the next 12-18 months decreased by 4% since last year. Of concern is the fact that 35%% of organizations do not leverage marketing automation (and don’t plan to in the near future).

When we look at the responses by organization size and type of organization, the largest organizations definitely are further ahead in the utilization of marketing automation. By type of organization, the largest banks are most likely to leverage marketing automation, with the credit unions beginning their use. Very few community banks have moved to the use of marketing automation software.

CHART 35: CURRENT USE OF MARKETING AUTOMATION

Q: Are you currently using a marketing automation platform? (E.g., Salesforce, Hubspot, Marketo, Pardot, etc.)

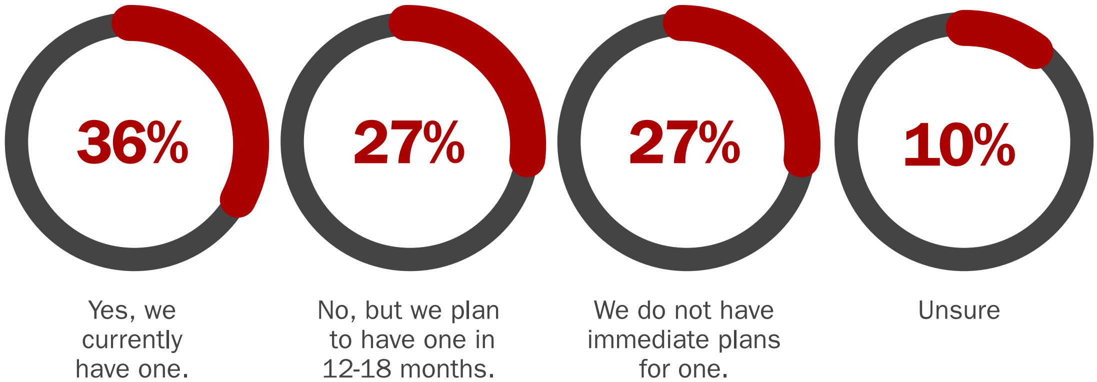


Source: Digital Banking Report Research © March 2019 Digital Banking Report

We also inquired into whether organizations are using content marketing systems at this time. As with the questions on marketing automation, the structure was rather loose to avoid concerns around definitions. Very surprisingly, the percentage of organizations indicating that they are using some form of content management systems currently dropped from 49% to 36% this year, with the percentage of organizations planning to have a content management system in the next 12-18 months increasing from 17% to 27% this year. Roughly a quarter of the institutions (27%) do not have plans to build or buy a content management system – which is very similar to what was found in 2018.

CHART 36:
USE OF CONTENT MANAGEMENT SYSTEM

Q: Are you currently using a Content Management System?

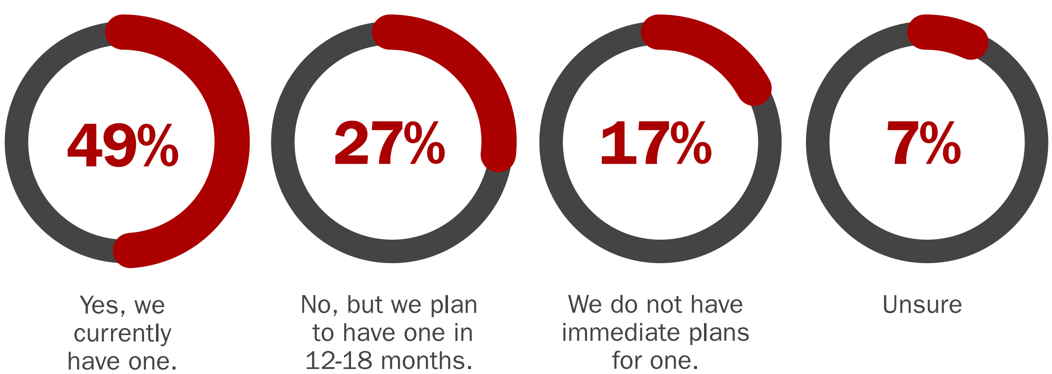


Source: Digital Banking Report Research © March 2019 Digital Banking Report

While there was a slight decrease in organizations stating they already had a CRM platform in 2019 compared to 2018, the number was not as significant as was found with content management systems. Still roughly half (49%%) of organizations surveyed have a CRM platform, with another one in four (27%) intending to have a CRM system in place in the next 12-18 months. Only 17% stated they did not intend to have a CRM platform in the future.

CHART 37:
USE OF CRM PLATFORMS (2019)

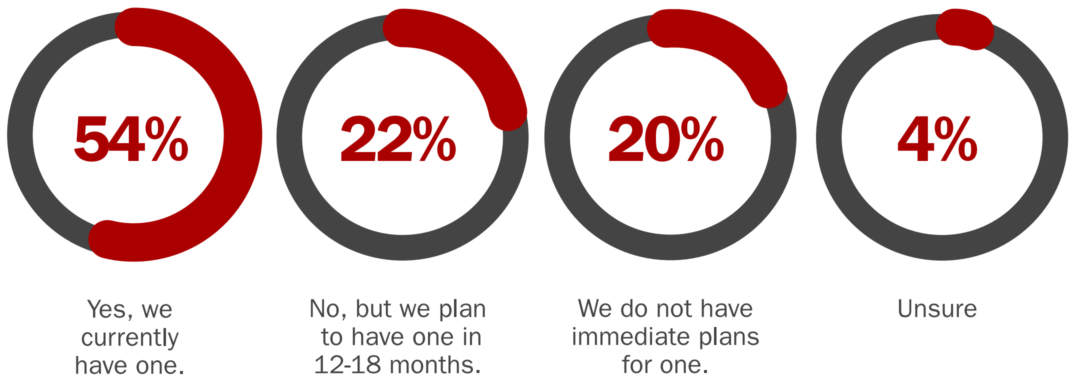
Q: Does your organization utilize a CRM platform?



Source: Digital Banking Report Research © March 2019 Digital Banking Report

CHART 38:
USE OF CRM PLATFORMS (2018)

Q: Does your organization utilize a CRM platform?



Source: Digital Banking Report Research © May 2018 Digital Banking Report

Why Marketing Technology Matters

Before saying that every organization must invest in marketing technology tools to survive, it's important to understand the needs of your organization and what tools can best help you affect change. If you have a limited staff, the ability to automate tasks and utilize tools that 'talk' to one another can improve efficiency and improve marketing results.

Even going back decades, organizations have needed some version of all of the marketing tools discussed. Maybe you already have some in place in the form of Excel spreadsheets or some other homegrown option, but all of the technology listed is important.

It is probably best to determine the most time consuming tasks your marketing department does and see if there are ways to streamline these with your current solution or if it would make sense to upgrade to one of the many third-party options available. You also should consider what the upside in results would be if a better platform was deployed.

How is your organization moving beyond marketing touchpoints and product silos to get a view of how you are managing the entire customer journey — from their first touch on your website during the shopping process throughout their buying journey and customer lifecycle? Maybe the cost of upgrading to a new CMS platform is too much at this time. On the other hand, you may determine that finding a platform that provides an integrated solution might be best.

An integrated system of technology tools will make your marketing communications more effective, from your website to your email marketing. The goal is to deliver the right content to the right consumer at the right time (CMS + marketing automation). At the same time, you need to capture leads from website visitors and add them to your relationship management tool (CRM) so that automated nurturing campaigns can have the maximum impact on an individual level.

Most marketing automation software is sold as a platform — an integrated suite of tools with a feature set. The automation tools, and the specific capabilities of each tool, vary from platform to platform. That said, you can expect most marketing automation platforms to have tools and features to assist or automate the management of the following:

- Lead capture
- Lead scoring and management
- Lead nurturing
- Campaign management
- Content management
- CRM integration
- Analytics and reporting

Done well, the reason why organizations are embracing marketing automation is that automation can help businesses realize increased marketing ROI and overall growth.

Financial Marketing 2020: Show Me the Money

After years of discussing the importance of improving the customer experience in financial services, financial marketers are going to be held responsible for driving a stronger marketing ROI with every personalized marketing message. While CX will not decrease in importance, there will be an increased emphasis on marketing results in 2020 and beyond.

Over the past decade, the profession of marketing has moved from being an art to being a science, with a foundation of new technologies powered by AI and IoT, and with a level of personalization and real-time communication only dreamed of in the past. Consumers are continuously connected through mobile devices and have complete control over the organizations they interact with and purchase from. Their expectations are elevated – and the opportunity for organizations that master the technology available has never been greater.

Using technology to build engagement, in real-time, with connected consumers is building in momentum across all industries as the return on these personalized interactions can't be matched with traditional marketing. While the marketing strategies and tactics are far more complex due to the mix of channels available and the multitude of consumer journeys taken, there has never been an opportunity to combine data, analytics and digital channels into such a powerful formula for success.

According to Salesforce, "79% of consumers say the experience a company provides is as important as its products and services. Today's most successful marketers are using AI-powered automation through a myriad of channels to reach consumers with relevant, personalized content in real time, at all stages of the customer journey."

Authentic personalization is now more essential to marketers than ever, as 84% of customers say treating them as a person — and not a number — is key to winning their business. "Innovations in real-time two-way communication, from AI-supported live chat to dynamic chatbots, are transforming consumers' brand interactions for the better," states Salesforce. "Brands now have all the tools they need to deliver truly personalized customer experiences at every touchpoint."

Focusing on the ROI of Digital Marketing

As mentioned, the marketing function across industries is moving from an emphasis on the customer experience to being held accountable for a tangible return on marketing investment. These should not be conflicting objectives. In fact, it has been found that building a better customer experience through effective, personalized and contextual engagement positively impacts revenues and customer lifetime value.

Research from Salesforce found that 79% of customers are willing to share relevant information about themselves in exchange for contextualized engagement, and 88% for personalized offers. When marketers invest in personalizing customer experiences, they see clear benefits.

- 92% of marketers say personalization majority (54%) or moderately (38%) improves brand building.
- 86% of marketers credit personalization with a major (44%) or moderate (43%) boost in lead generation.
- 84% of marketing leaders say personalization majorly (45%) or moderately (39%) improves customer acquisition.

As could be expected, developing highly personalized communication also has a positive impact on customer retention (85%), customer advocacy (82%) and upselling (79%), Each of these has a major financial impact for an organization.

Most likely with expectations set by the big tech companies, 62% of consumers now expect companies to "anticipate their needs." And that number is only going to increase in 2020 and beyond. Those firms that improve contextualized communication and engagement will be the most successful.

Moving from Product to Customer Centricity

In 2020, successful marketers will not be at the mercy of product managers who want to 'push product' based on season or broad customer or prospect segmentation. Micromarketing using digital channels and highly personalized content will be the norm, with results being able to be measured by the hour as opposed to by the quarter. Product and financial goals will be met incrementally in real-time as opposed to being based on product promotions.

Each communication going forward will be customized based on the behavior of the customer and the stage of the buying journey, as well as the time of day, location of the customer, recent social engagement, etc. More importantly than ever, seamless multichannel communication will become paramount.

As we move quickly to 2020, we are beginning to see the trends that will stand the test of time in financial marketing. Not all will be embraced by all organizations, either because of budget limitations and or lack of skill-sets or the culture required to move forward.

Across every stage of the customer journey, social marketing will become increasingly important. According to Salesforce Research's fifth edition "State of Marketing" report, once a customer relationship has been established, tried-and-true email marketing remains a keystone in effective direct engagement. In addition to a company's website:

- The marketing channels with the highest ROI for lead generation include social marketing, customer social communities, and paid search or search engine marketing.
- Marketing channels with the highest ROI for upselling include email marketing, partner affiliate marketing and social marketing.
- Marketing channels with the highest ROI for customer retention include customer social communities, email marketing, and social marketing.

Moving Marketing Measurement Out of Dark Ages

While the channels and technologies of marketing have evolved, the Digital Banking Report has found that marketing measurement of results has not kept pace. With customer journeys involving more channels and stages than ever before, single touch attribution no longer works. Not only can it over or underrepresent the importance of any channel or message, it will completely invalidate any marketing ROI measurement.

In addition, the importance of measuring social media, mobile interactions, video engagement and referrals will increase in the future. Most importantly, not being able to measure results in real-time will no longer be tolerated by most progressive organizations.

Some trends from 2019 that will increase in importance in 2020 and beyond include:

- High-performing marketers are 1.4x more likely than underperformers to say traditional approaches to marketing measurement are no longer effective.
- 43% of marketers are now tracking customers' overall lifetime value, while 49% track mobile analytics.
- 52% of marketers track how many and how often they receive referrals from customers, and 51% track how much it costs to acquire a given customer.

New Ways to Connect

The Gartner Hype Cycles illustrates that there is a sequence of stages when we look at the maturity and adoption of marketing technologies and applications. From the 'innovation trigger' to the 'peak of inflated expectations' and 'trough of disillusionment', it is sometimes difficult to sort out the real from the hype.

As we move quickly to 2020, we are beginning to see the trends that will stand the test of time in financial marketing. Not all will be embraced by all organiza-

tions, either because of budget limitations and or lack of skillsets or the culture required to move forward. That said, each of these relatively new trends should be considered as a way to improve marketing ROI in banking.

❑ **Voice-first engagement:** Voice devices are one of the most rapidly adopted technologies in recent history and is changing the way consumers interact with the world around them. Beyond standalone devices in the kitchen or bedroom, voice engagement is possible on a mobile device, in a car or virtually anywhere a consumer wants to engage,

The biggest change in the future will be the transition from the use of voice devices to answer questions to the ability to use voice devices to provide personalized advice and recommendations.

❑ **Video marketing:** The growth of using videos to connect has expanded well beyond YouTube marketing. In fact, 72% of consumers would rather use a video to learn about a product or service than any other channel. The impact on financial marketing will be significant as we look for new ways to deliver personalized financial education and content marketing. According to some experts, 80% of what we consume online may soon be video content.

❑ **Social media 'conversations':** In the past, financial institutions used social media to 'talk' to customers and prospects or used social channels for referral purposes. Today, we are beginning to see a lot more organizations use social listening (monitoring) strategies to find mentions of brands, products or keywords that can drive outbound engagement across all social channels.

❑ **Content marketing:** By 2020, we expect to see more use of content marketing, from financial education to product demonstrations and advisory messaging. Banks and credit unions will continue to test the viability of long vs. short-form content to determine the best way to engage. The biggest trend in banking regarding content will most likely be the ability to personalize, by name, each message.

❑ **Outsourcing:** With so many changes to the marketing landscape, more and more organizations will seek outside partners to help them move forward and generate positive financial results quickly. With talent in the marketplace limited, and an increased focus on generating a positive financial impact, the movement to solution providers who have a proven record of success will be part of every financial institution's strategy in the future.

The Road to 2020

As we look to 2020, marketing will double down on the importance of improved customer experiences, but will increasingly focus on measuring the financial impact of these experiences. With ROI driving the mission, there will be an increasing adoption of artificial intelligence (AI), a premium placed on mastering data management and advanced analytics, a heightened focus on real-time customer engagement and a need to deliver detailed measurement of results.

Rather than leadership of financial institutions asking to see the newest TV commercial or hear the next radio commercial, they will increasingly say, "Show me the money" as it relates to the impact of marketing initiatives. It's time to move from being viewed as a cost center to being a revenue center within the bank or credit union.

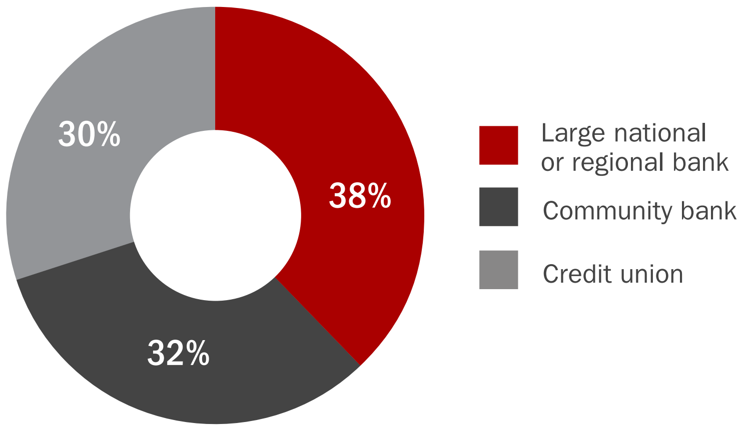
About the Research

This Digital Banking Report is based on an online survey of financial marketing and retail banking professionals worldwide, carried out in March 2019. The survey used the subscriber lists of The Financial Brand and the Digital Banking Report, which include retail banks and credit unions of all sizes worldwide. Over 300 respondents took part in the survey.

No responses from non-financial organizations were included in the results, and only completed surveys were included. The responders were self-selected after receiving a nominal incentive of raw survey results.

The charts on the following pages provide more detailed information on the profile of survey respondents.

CHART 39:
RESPONDENTS BY TYPE OF FINANCIAL INSTITUTION



Source: Digital Banking Report Research © March 2019 Digital Banking Report

CHART40:
RESPONDENTS BY ASSET SIZE (IN US$)

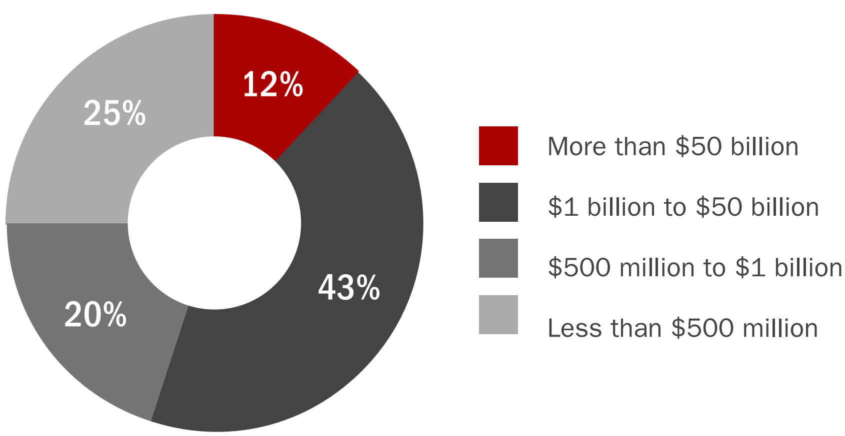


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CHART 41:
RESPONDENTS BY POSITION/TITLE

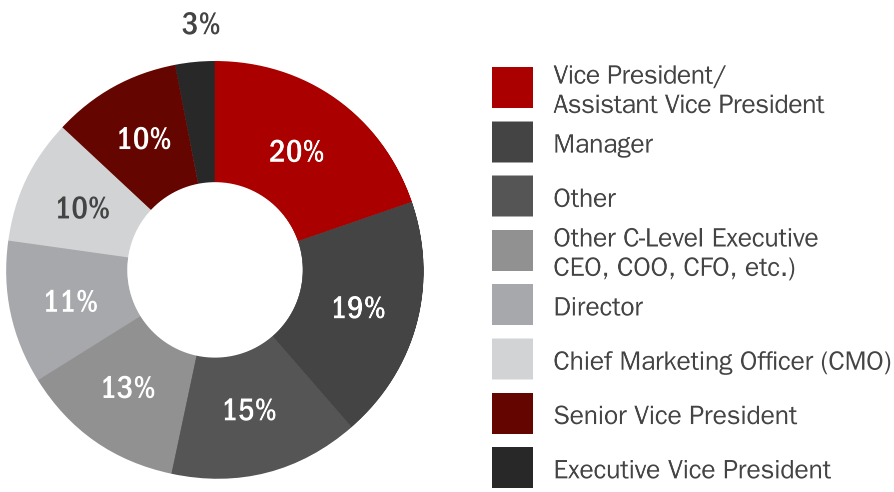

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CHART 42:
RESPONDENTS BY ROLE/DEPARTMENT

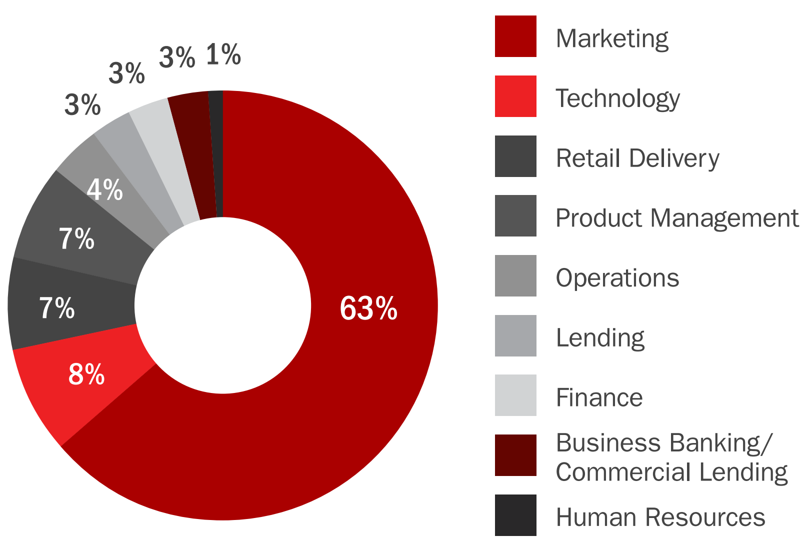

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CHART 43:
RESPONDENTS BY LOCATION

Q: Where is your financial institution headquartered?

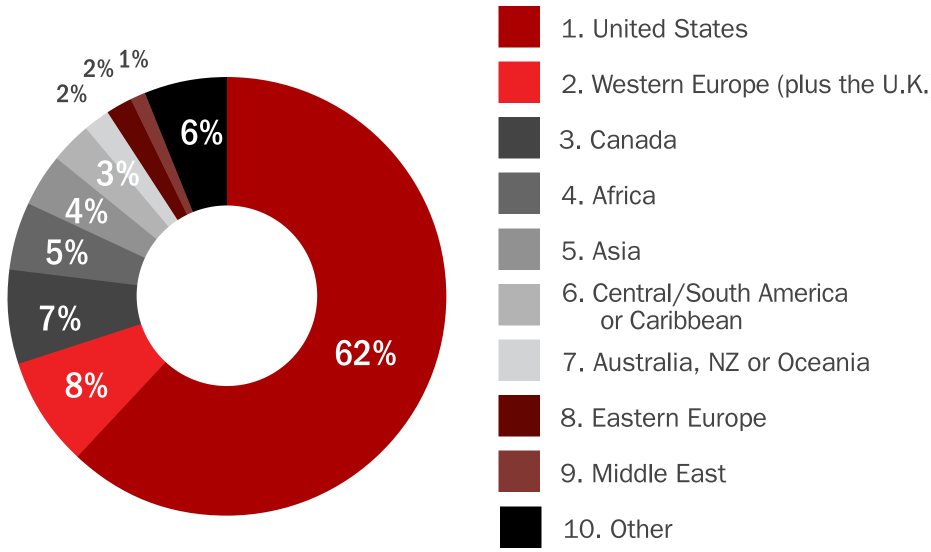

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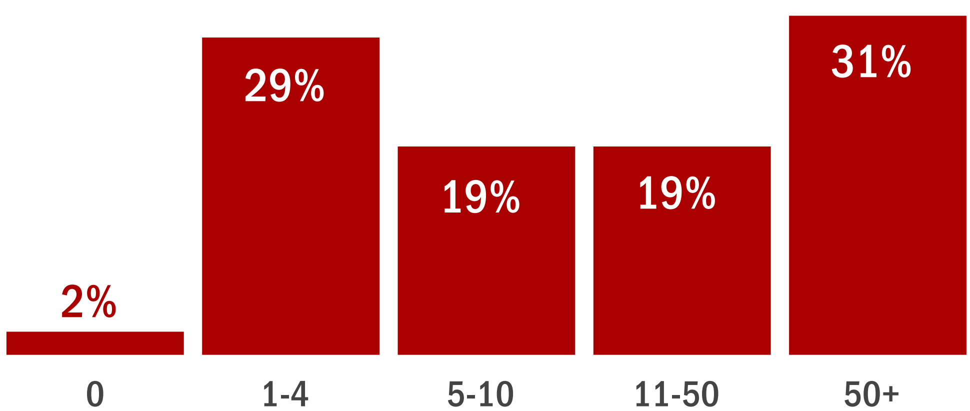
CHART 44:
SIZE OF MARKETING DEPARTMENT

Q: How many full-time employees are dedicated to your organization's marketing efforts?



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About the Author

Named as one of the most influential people in banking and a Top 5 Fintech Influencer to Follow, **Jim Marous** is an internationally recognized financial industry strategist, co-publisher of The Financial Brand and the owner and publisher of the Digital Banking Report. The Digital Banking Report is a subscription-based publication that provides deep insights into the digitization of banking, with over 150 reports in the digital archive available to subscribers.

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As a sought after keynote speaker, author and recognized authority on disruption in the financial services industry, Marous has been featured by CNBC and CNN, Cheddar, The Wall Street Journal, New York Times, The Financial Times, The Economist, The American Banker, Accenture and the Irish Tech News and has spoken to audiences worldwide. Jim has also advised the White House on banking policy and is a regular contributor and guest host for the Breaking Banks podcast.

You can follow Jim on **Twitter** and **LinkedIn** or visit his professional website.

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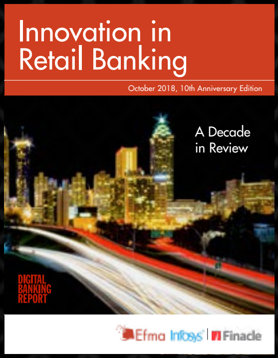

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