



DIGITAL MARKETING IN THE FINANCIAL SECTOR

How to Capitalize on Today's Marketing Technologies for a Better Tomorrow

In a world increasingly driven by new technologies, digital marketing has proven to be the most effective way to reach and engage today's savvy consumers. Unfortunately, the financial-services industry has been notoriously slow to embrace modern marketing — it's often held back by security and regulatory concerns. Now, many financial institutions have come to the realization that they must quickly ramp up their digital game to remain competitive.

Digital marketing in the financial sector can be especially challenging, but relying solely on outdated and less-effective marketing methods such as cold calling or direct mail poses a greater risk to businesses that need to engage new generations of consumers.

As online banking and bill paying have surged in popularity — with a growing number of people paying for products by simply scanning their phones — there is a huge opportunity for financial institutions to create data-driven, personalized digital marketing

campaigns that boost engagement, attract new customers and optimize the customer experience.

To better understand how marketers working with and for today's financial companies are responding to this digital transformation, SmartBrief surveyed marketing professionals in different financial settings, including corporate banks and lenders, credit unions, insurance providers and fintech businesses. This survey also included C-suite marketing executives, directors, managers, analysts, strategists, digital marketing and media specialists and other key players in the financial-services marketing space.

The good news is that the value of digital marketing is apparently much clearer to financial marketers than in years past. Fifty-one percent of respondents said that the bulk of their marketing budgets are now allotted to digital marketing, and an impressive 74% said they feel like they now have a clear digital marketing strategy in place. In addition, nearly 90% of respondents said their marketing

budgets have stayed the same or increased over the past year, showing that financial companies have come to understand the power and impact that digital marketing can have on their bottom lines

EXPLORE TODAY'S TOP TRENDS

The financial-services professionals surveyed indicated that the top three trends with the most potential effect on the future of digital marketing are personalization, artificial intelligence/machine learning and mobile opportunities. These technologies — when leveraged properly — all work to provide the best customer experience possible, while also growing and maintaining the customer base, cutting costs, increasing efficiencies, and ultimately, driving revenue.

PERSONALIZATION

The biggest digital marketing trend financial organizations hope to capitalize on to improve their customer experience is personalization. While financial companies have been collecting account and transactional data for a long time, they are now using data to better understand customer preferences, interests and behaviors. This can help them create products and services that are more tailored to their customer needs.

Personalization takes customer data into account to customize the content each individual sees.

Personalization can be applied across virtually all marketing channels — PPC ads can be targeted to only display for certain audiences, email messages can change based on recipient and even website content can dynamically alter to show different content blocks to different audience segments.

Research from [Epsilon](#) indicates 80% of consumers are more likely to purchase a product or service from a brand offering a personalized experience. Millennials especially have come to expect personalized digital experiences from the companies they use, so financial institutions need to leverage the power of personalization to stay relevant and competitive.

Something as simple as knowing whether your customer has children can make a vast difference in the type of messaging, products and services that you push. According to a [2019 report](#), 72% of consumers said they only engage with marketing messages that are customized to their specific interests. Messages that miss the mark may end up in the trash.

[Adweek](#) reports that personalization can reduce acquisition costs by as much as 50%, lift revenue by 5% to 15%, and increase marketing spend efficiency by 10% to 30%. Smart financial institutions already are using — or are planning to use — personalization techniques to help achieve their marketing goals.



80%
of consumers are more likely to purchase a product or service from a brand offering a personalized experience.

AI/MACHINE LEARNING

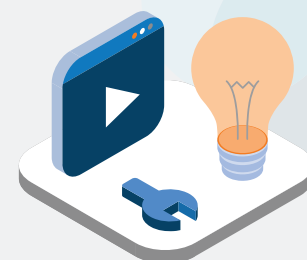
Survey recipients also felt that AI/machine learning technologies are beginning to make a significant impact on digital marketing in the financial-services industry.

AI is basically the science and engineering of making intelligent computers and computer programs; machine learning is a subset of AI where a computer takes a large amount of data, which it uses to learn specific tasks (such as language recognition).

Most financial-services companies have a wealth of customer data, but they may not be using that data to its full potential. AI can take vast amounts of data, make sense of it and act on it immediately — something that would be virtually impossible for human marketers to do.

Last year, there was an increase in the practical application of AI in various industries — including the financial sector. There are many financial applications for AI such as customer service, market and customer analysis, credit scoring, usage-based insurance, data-driven trading, regulatory compliance and fraud detection. Banks, insurance companies, credit card and payment processing companies, asset and wealth management firms, lenders and fintech companies all led major investments in AI last year that reached nearly [\\$9 billion](#).

Beyond data analysis, it is important to note that a growing number of financial institutions are already using AI for marketing activities such as on-site personalization, optimization, testing and automated campaigns. The potential of AI and its effect on digital marketing is just starting to be realized; forward-thinking organizations should research potential applications on their specific business and work to implement AI solutions.



“ AI has the potential to boost rates of profitability by an average of 38% and could lead to an economic boost of

\$14 trillion

in additional gross value added by 2035. ”

According to SmartBrief marketing survey 2019



MOBILE

Mobile marketing is so ubiquitous today it no longer can be classified as a trend; more people now access the internet via their phones than any other medium. Mobile-optimized websites, landing pages, emails and ads are mandatory for success in today's market. Beyond the obvious, however, financial organizations are now starting to employ mobile technologies in new and innovative ways to drive engagement.

The public has embraced online banking and bill pay services, and financial organizations are increasingly looking to mobile for their day-to-day client communications — sending personalized texts, notifications and offering immediate transactions.

Mobile apps and financial tools — whether designed to help plan for retirement or purchasing a home — are additional ways to engage and educate your customer base while building brand loyalty.

The overall benefits of reaching consumers on their mobile devices, such as immediacy, convenience and relevancy, can best be attained by using an integrated, multichannel mobile marketing approach. Financial businesses that want to succeed must continue to focus on mobile technologies and make mobile a priority for future growth.

PLANNING FOR THE FUTURE

Financial-services marketers surveyed by SmartBrief cited influencer marketing, chatbots, GDPR and voice search as additional trends to watch in this industry. These are all areas that savvy financial marketers want to keep on their radar going forward.

Some of the ways our respondents said they are preparing for the future include exploring new ways to provide a one-to-one marketing experience, building a more robust martech stack, investing in tech and automation, developing AI-empowered mobile apps, and researching/testing mobile marketing and chat.

57 Million

Americans use mobile banking. 69.3% of millennials do their banking online.



EMPLOY EFFECTIVE DIGITAL MARKETING TECHNIQUES

As financial businesses ramp up to prepare for technologies and trends of tomorrow, they also must continue to assess which marketing techniques are most effective for them today. This will enable them to create budgets that provide the most ROI and yield the greatest results.

Respondents to SmartBrief's survey reported that the biggest challenges they face marketing in the financial sector include: reaching the right audience, the length of the sales cycle, inadequate reporting/analytics, inadequate budget and a lack of a solid digital marketing strategy.

To help companies reach the right audience, many financial institutions are planning on incorporating new distribution channels in the next six months, such as personalized newsletters, social media sites (LinkedIn, Twitter, Facebook and Instagram), podcasts, videos and blogs. These channels allow financial organizations to reach millennials especially, an audience vital to the future of the industry.

Here are some of the other key findings from the survey:

- The digital marketing methods considered the most effective are: 1) email marketing, 2) content marketing, 3) paid search/SEO, and 4) social media.
- The top three most effective email marketing tactics for promoting content are event emails, promotional emails and monthly newsletters.
- The content marketing channels that produce the best results for those surveyed are social media, blogs and videos.
- The vast majority of respondents said they feel that their organization is "somewhat effective" at content marketing, leaving room for improvement.

In conclusion, marketers in the financial sector recognize the importance of digital marketing and are working to capitalize on new technologies to improve the entire customer experience — engaging new consumers, retaining existing customers and building brand loyalty. By developing a strategy that makes the most of email marketing, content marketing, paid search and social, while also exploring more advanced techniques such as personalization, automation, AI and mobile applications, financial companies can position themselves for success — both today and in the future. ■

“ Adding value while maintaining utility and security — all while complying with a complex regulatory burden — is a balancing act that organizations will need to excel at in the coming years. ”

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