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INSIGHTS

Building a Customer-Centric Digital Customer Acquisition Strategy for Banks in 2023

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2023 has been a year of flux for financial marketers. At iQuanti, we've seen many of our Fortune 500 banking and financial services clients needing to constantly adapt their marketing strategy in response to the evolving macroeconomic climate in the U.S.

In a recent webinar hosted by The Financial Brand, we unpacked how banks can transform and future-proof their customer acquisition by putting customer success and priorities at the centre of their digital marketing strateg y and delivery.

Here is what we've learned.

Financial firms today are facing **increasing challenges** in digital customer acquisition and growth.

Consumer spending and demand have shown positive growth in 2023. However, there has been a loss of confidence in the financial system and a rising need for safety and assurance following the collapse of Silicon Valley Bank, First Republic Bank, and Signature Bank early on in the year. This resulted in a significant migration of deposits from smaller banks to larger players. Many new online banks have attracted a large number of customers with better interest rates and high-yield options.

As of August 2023, inflation in the U.S. has ticked upward to 3.7%. There have been 11 quick (and quite dramatic) Fed interest hikes between March 2022 and July 2023 alone. Most banking and financial services firms have been forced to reassess and adapt their marketing focus to address these changes.

There have been significant changes in the digital marketing ecosystem as well in 2023. The cost of search channels is rising. Tech companies are increasingly focusing on making privacy-first changes, which in turn, makes targeting more challenging for advertisers. With third-party cookies going away soon, addressing privacy-driven challenges has become more urgent. Financial marketers are watchful of the recent advancements in technology, especially generative AI, and are still assessing its impact and implications for them. Marketing budgets have shrunk in light of the uncertain economic climate, and most of our clients have seen an increased demand to prove ROI on digital investments.

All these factors have combined to create pressure on the economics of digital acquisition. Overlay this with heightened customer expectations from digital experiences and marketers in financial services are in a tough spot.

Customers now demand the same level of **sophistication**, **immediacy** and **personalization** in their interactions with banks as they do in other industries.

Deloitte

How can financial marketers adapt and thrive? The answer lies in a more customer-centric approach.

For most consumers, money is a subject of much anxiety. And, for them to purchase a financial product on a digital platform like a website, their experience needs to be trusted and seamless – across channels (social, search, website, etc.) and across journey stages (information search, comparison, etc.). However, the user experience is often fractured.

With customer acquisition, there are **four key areas** where we've seen even established brands struggle with:

Building a robust digital customer acquisition strategy:

Identifying where your customers are, which online/offline channels work the best for your brand, and ensuring your channels work well together is core to building an effective customer acquisition strategy.

Demand generation:

How do you get traffic to your website or footfall in your branches? How do you get people to engage with your social content? How do you get potential customers to look for your brand and your products/services? How do you generate demand?

Experience optimization and conversion:

Large banks and financial services firms are usually organized by products. While most of them actively work on ensuring their lower funnel content assists the conversion process, they struggle to align messaging across channels, partners, and across the journey stages to get the customers to eventually convert.

Data and analytics:

By the very nature of their business, banks and financial services firms usually have access to a lot of customer data. By focusing on building their analytical capabilities and harnessing their first-party data better, banks can achieve a 360-degree view of their customers across channels and enable more engaging, highly personalized user experiences.

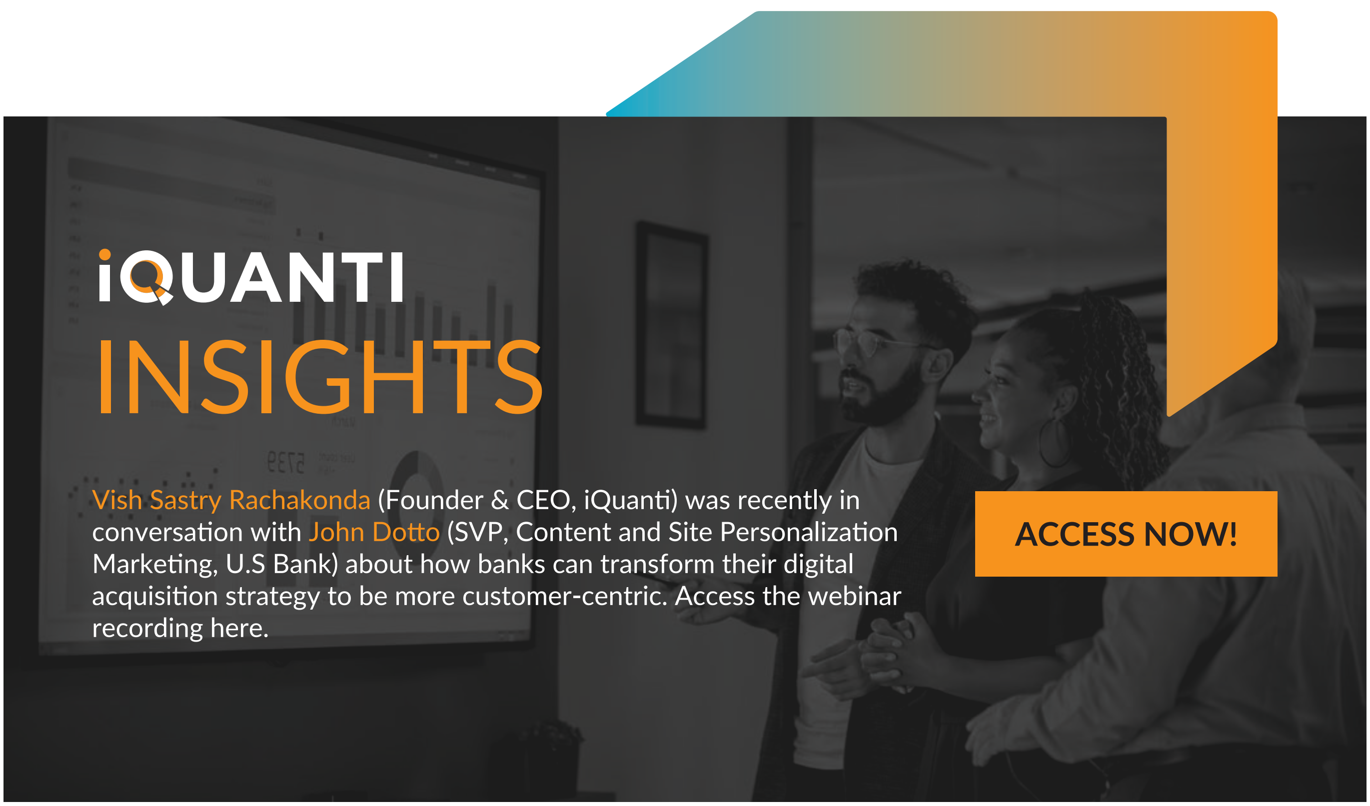
It is time for marketers to reassess and revamp their approach to digital acquisition. They need to break down barriers across channels, and across different funnel stages, and get brand and performance marketing to work in tandem.

The key to success here is simple. In theory, at least. Build your acquisition strategy to be diligently customer-centric, every step of the way.

The key to transforming digital acquisition strategy for banks and financial services is **being customer-centric.**

For banking and financial services, what does transforming digital customer acquisition strategy really entail?

The banking infrastructure is heavily siloed. So transformation here is primarily about breaking down silos -- across channels, journey stages and products – and making them work together to deliver to customers' needs. Even if you are unable to break the existing silos completely, even figuring out how to make them work together more effectively could have a transformative effect on your acquisition.



This transformation is usually powered by three levers:

1. Data capabilities to enable meeting the right customer on the right platform
2. Technology to deliver the right digital experiences across channels
3. Organizational change to facilitate seamless collaboration and shared KPIs/goals.

What does this mean for financial marketers?

Most of your customers (or potential customers) go through a multi-touch, omnichannel journey. Organizations need to start by being able to recognize a customer and then orchestrate a cohesive, personalized digital experience and across channels and journey stages.

Even with something as simple as a Google search, users usually see organic search results and paid ad results driving completely different experiences. This is because the SEO and paid search teams within the organizations are separate and are not working together to offer an integrated experience and message to the user. If you are able to offer that across these channels, you'll be able to lead them to convert/purchase more efficiently.

Transforming digital customer acquisition strategy is primarily about breaking down silos - across channels, journey stages, and products – and making them work together and be more customer-centric.

Moving from channel-centricity to customer-centricity

Marketing teams at banks and financial services firms are often organized by channels. And costs and effectiveness of channels vary widely. This means that everything from marketing budgets at the campaign-level to reporting ROI happens separately across different channels as well.

To get a unified view of customers across channels, marketers need to overcome the channel-led silo mentality and begin to treat channels more holistically.

It has been refreshing to see more organizations waking up to the need to break down these silos.

At iQuanti, we've helped many clients work through this change.

We have, for example, helped design a unified holistic SEO-SEM strategy for a top-5 US bank to enable a clearer, non-siloed understanding of the performance of search channels overall. We developed:

1. Tests to analyze the incremental organic traffic growth (and hence, conversions) driven by suppressing certain search terms in paid search
2. Tests to assess the incremental CTRs and conversions generated by offering unified, complementary messaging across paid ads and organic result pages.
3. A holistic dashboard that reports KPIs and ROI across the search channel – both organic and paid – instead of measuring these separately.

Banks with a strong local presence can look at getting incremental value by integrating their online and offline customer data. This will allow them to understand and report the impact of a digital investment on offline/branch traffic or conversions - but this requires robust analytics capabilities and efficient attribution models.

The good news is that we're seeing progress across the board in efforts to drive integrated experiences across channels.

Breaking down silos across journey stages

We are seeing financial organizations taking baby steps towards being organized by journeys (vs. being organized by channels). Being organized by journey stages allows marketers to get a unified view of the customer as he moves through the purchase funnel across channels and platforms. This approach offers distinct advantages to financial marketers as some channels are more effective at specific journey stages than others. For example, while targeting a user in the mid-funnel, SEO would fare better economically than paid search.

The thumb rule for any brand or performance marketer is to be where the customers are. But this gets tricky for banks and financial services organizations because it's a highly regulated industry.

Think about a channel like TikTok, for example. There are over 1.1 billion video views from users on TikTok who are looking for investing advice. There are restrictions around what a brand can and cannot say on social media. But there are influencers (or "finfluencers") actively offering advice and product reviews to your customers. Banks have to figure out a social content strategy that would allow them to tap into the potential of top funnel reach on such channels.

Another challenge we have observed with the larger players is that often, brand and performance marketing are managed by two separate agencies. This makes sense at the outset since the core competencies required for brand and performance marketing are very different. However, given that these agencies would ultimately be driving marketing messages in front of the same audiences, it would be helpful to begin with a common audience pool and channel/platform lists so you are able to connect experiences all the way across the journey funnel.

Moving from product-centricity to customer-centricity

Large banks are often organized by products. Some of these divisions, for example, credit cards or mortgages, have teams (and revenues) large enough to be classified as separate business entities altogether. They house their own marketing and customer service teams and work with distinct marketing budgets, acquisition goals, and even agency relationships. They are also mostly disconnected units that rarely share data and insights with each other. With customer and acquisition data siloed with product teams, there will be huge gaps and inefficiencies in knowing your customer.

There is an increasing realization in the industry about the challenges and huge opportunity costs associated with such an organisational structure, especially while trying to deliver integrated, personalized experiences to customers. We recently worked with a leading credit card player in assessing the economic cost of a siloed approach to data within the organization. We identified that 50-60% of "customers" brought in via prospect marketing by a credit card division were already existing customers who owned other products. The loss, as you would expect, was immense.

Our recommendation would be to start looking at the lifetime value of a customer. As you bring in a new customer, learn everything about her/him, and ensure you drive a personalized approach to meeting his needs. For example, you may bring someone in as a Checking Account customer, and then branch into mortgages, credit cards etc. Personalization is key here, and digital channels are probably the best means to address the unification of data and move from product-centricity to customer-centricity.

The three key building blocks of a successful customer-centric transformation: Data, technology, and organizational change

The eventual goal of transforming our digital customer acquisition strategy should be being customer-centric across channels, journey stages, and products. What enables this successful transformation?

There are three core building blocks to success here:
Data, MarTech, and Organizational shifts.

1 Data

Customers today expect that you'll recognize them across products and channels. With the right data capabilities across digital channels and digital products, we can target customers at the right time because of all the data we can overlay on the acquisition strategy.

Recent research from Deloitte has found that *"customers now demand the same level of sophistication, immediacy and personalization in their interactions with banks as they do in other industries."*

A study quoted recently by McKinsey states that *"71% of consumers expect companies to deliver personalized interactions." And the story doesn't end there: "76% get frustrated when this doesn't happen."*

What does this mean for financial marketers?

> Investment in data is going to be key and critical. Personalization for prospect site experiences is going to help break down a lot of the silos and really help transform an organization from being a product ROI-based organization to one that's really going to be focused on what the needs of the customers are. It's no longer 'what is the best ROI that we can drive'. It's more about 'where are we going to focus on getting that right conversion and that right product for that person.
>
> \- John Dotto (SVP, U.S. Bank)

2 MarTech

Technology is a key enabler. Digital marketing is increasingly less about marketing and more about using data and technology to deliver experiences. Building technology capabilities can help understand customers holistically in a cookieless world and have a long-term view of the customer.

The right MarTech stack can give an organization the ability to use data and action on it, and in the process, leapfrog from where they were previously.

With MarTech, we've seen our clients go in one of two directions – some have chosen to integrate all technology by working with one vendor partner (like Adobe), while others have opted to go with the best-of-breed providers for different requirements. Our team of technology experts and data scientists work with clients to help identify and vet the right solutions/vendors, on board them, and help train internal teams to maximize utilization of technology.

3 Organizational change

Of the three enablers we are looking at, this is perhaps the most challenging to plan for and implement.

There is no one-size-fits-all solution possible – every organization is a unique entity with its own nuances, people, strengths, and structure. Customer centricity in an organization means building the infrastructure, team structures, and processes to allow for cross-channel, cross-product, and integrated data systems.

When you are rolling out something new, you must factor in these nuances and its implications across teams. For example, if you are considering organizing by journeys, it could mean significant changes in the roles and responsibilities of your teams. Your teams would now be structured to manage an entire user journey across all products, and channels. The existing structure would need a complete overhaul and the team would need training and time to be onboarded to the new structure. Suddenly, you have someone trying to manage working with a brand agency, a performance agency, and familiarizing themselves with new products/channels. The evolution will need to be planned, rolled out, and implemented carefully - you will have to pivot the strategy to meet the needs and quirks of your particular organization.

Where should organizations start?

> “Before you go and start changing organization or taking any big step, just start measuring. Have a holistic dashboard, let everyone see the data because that is helpful. That would be step one.
>
> The second thing that I've seen work well is that instead of affecting any big changes or changing anyone's goals, just run pilots, observe and learn.
>
> The third step should be to use all your learnings from the dashboard and pilots to gain leadership support and necessary investments across data and technology. Now you should be all set to start transforming the organization in a structured manner."

\- Sastry Rachakonda (CEO, iQuanti)

The final word

The banking sector has an era of change ahead of it. With a shifting economic climate and major technological advancements, including those in AI, bank marketers may need to reevaluate and, in some cases, reimagine their entire marketing strategy as they figure out how to navigate these new changes.

But one thing is certain. As long as you steadfastly remain focused on your customers and build capabilities that would enable you to meet your customers' needs where they are currently at, you'll stay ahead of the curve (and ahead of the pack).

If you have any questions or comments or need help assessing your existing digital acquisition strategy, please feel free to reach out to our Banking and Financial Services performance marketing experts today.

Have questions?

Reach out to us at marketing@iquanti.com

About iQuanti

iQuanti ignites powerful and predictable digital marketing performance for global brands with an approach rooted in data science and deep vertical knowledge.

iQuanti offers a unique blend of channel management services, strategic consulting expertise, and proprietary product offerings to empower brands to exceed their customer acquisition, engagement, and conversion goals.

iQuanti's award-winning and patented enterprise SEO platform ALPS™ uses proprietary data science and machine learning to build predictive enterprise level SEO roadmaps that deliver stronger ROI.

Founded in 2008, iQuanti now has 600+ employees across New York, Chicago, Dallas, and San Francisco, as well as Bangalore, London, Singapore, Mexico City and Toronto. In 2022, iQuanti's top performance marketing results were recognized on multiple global platforms including the Global Agency Awards, UK Search Awards, and International Performance Marketing Awards. iQuanti was named to the Inc.5000 list of fastest growing private companies in the U.S. for the ninth time in 2022.

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