

# BALANCING THE BOOKS OF CUSTOMER EXPECTATIONS

HOW CLOSE ARE YOUR MARKETING STRATEGIES ALIGNED TO THE NEW NORMAL?



According to Deloitte, offering a high-quality customer experience can lower the cost of serving customers by up to

**33%.**

## The Objective

This white paper addresses some of the overlooked challenges in the financial services industry to meet customer expectations by finding a value-sweet spot between traditional and digital marketing.

*“Financial peace of mind is the most important product that a financial Institution can offer its customers and it can be delivered only through personalization.”*


Sajil Koroth

CEO and Founder of Kapitalwise Inc.

## Get in Touch

How can we help you? We'd love to hear from you

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# 1. CUSTOMER EXPERIENCE - THE NEW NORMAL

The pandemic was a global shock and an irreversible occurrence and soon all of us had to come to terms with it. But, this time financial institutions and policymakers came to the rescue helping the community deal with this economic downturn. Things were quickly put in place and there were a lot of new adaptations in the system.

**Customer experience now comprises more than 15% of marketing budgets compared to about 9% in 2017, according to the poll of 265 top marketers sponsored by the American Marketing Association (AMA), Deloitte, and Duke University's Fuqua School of Business.**

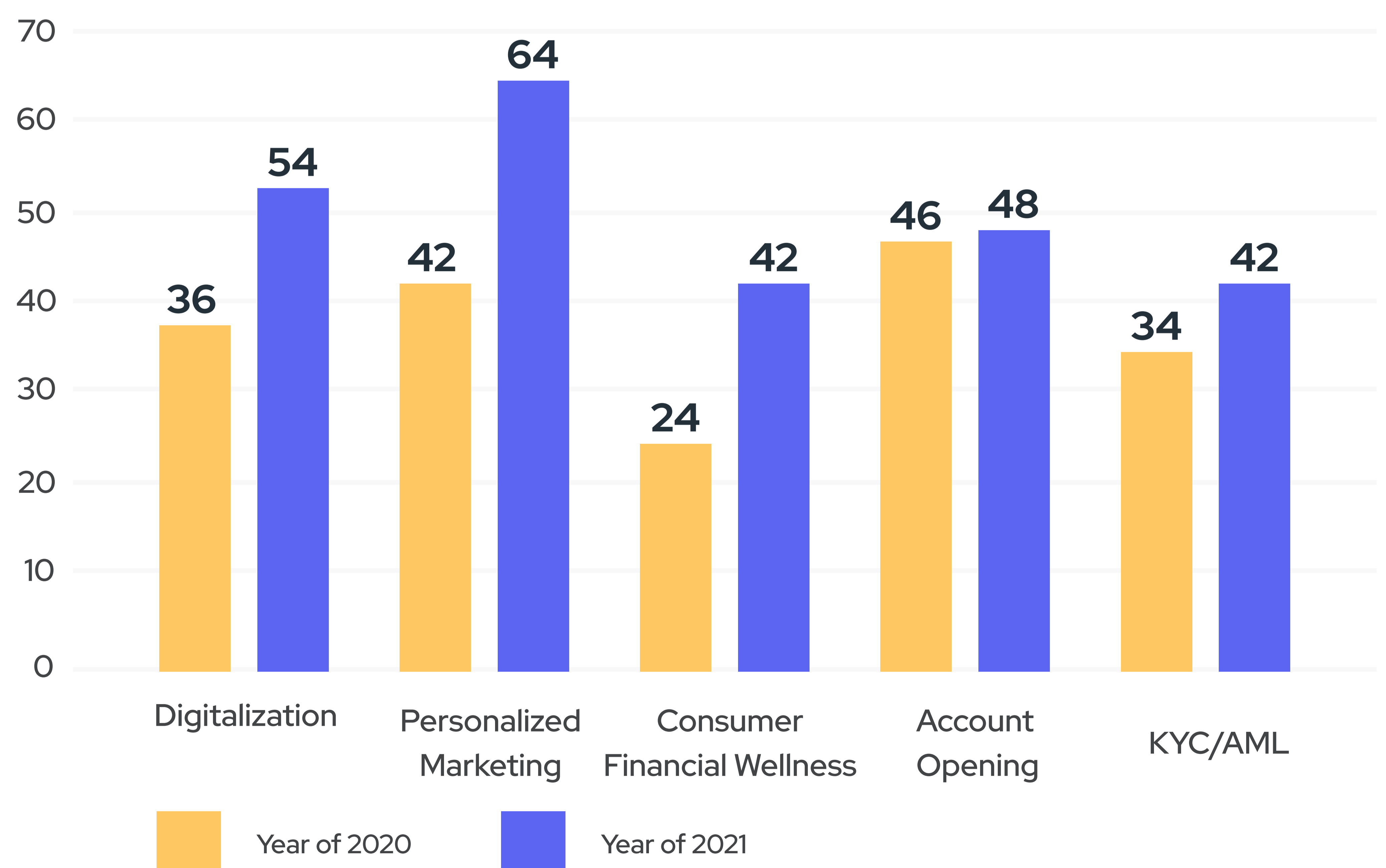
For the marketing department, customer experience standards are on the constant rise. We all live in a customer-centric world and intense competition is a great contributor to the product service quality. We know satisfied customers are our biggest advocates. Financial institutions are also juggling with customer expectations, their perceived quality, and the actual deliverables. Although technology has played a vital role in solving the problem of need analysis, are banks and credit unions good to go when it comes to planning their marketing budget and living up to customer expectations?

**Increasing customer retention rates by just 5% can increase profits by 25% to 95%.**

## Shift in tech priorities

2020 vs. 2021

**72%**  
Changes made to marketing plans in 2020 for 2021 due to Covid-19.



Source: Kapitalwise November 2020 Survey Index

## 2. ADDRESSING THE ADVERSITIES

### *Cost cutting to optimize revenue*

Cost cutting still seems to be a challenge especially after an economic downturn with revenue optimization as one of the top priorities. Several factors affect this but there is no denial, there's a wall between departments with its own policies and targets, increasing complexity. Right? For a financial institution, the bigger they get, the more complex the internal communication structure becomes resulting in unnecessary cost.



Chief Outsiders mentioned in their second annual CMO-survey-2021 results that 62.5% of CMO's think that marketing budgets will either increase somewhat or significantly, while only 16.7% think budgets will be cut. [Everybody knows digitalization will ease out things, but can they completely leave the traditional methods behind?](#)

### *Meeting customer expectations via personalization*

It's a fact that human wants are unlimited. The financial sector is becoming a red ocean and the competitive threat is huge. Our customers today demand personalization after being exposed to advancements from various industries. Financial Institutions have a huge and diverse customer base and customer-centricity is a challenge.

Analyzing customer expectations seems difficult while catering to a huge customer base with a lot of data. Everyone tries to avoid overloading customers with a bundle of irrelevant products/services suggestions via outdated traditional personalization systems like name, location, or purchase history.



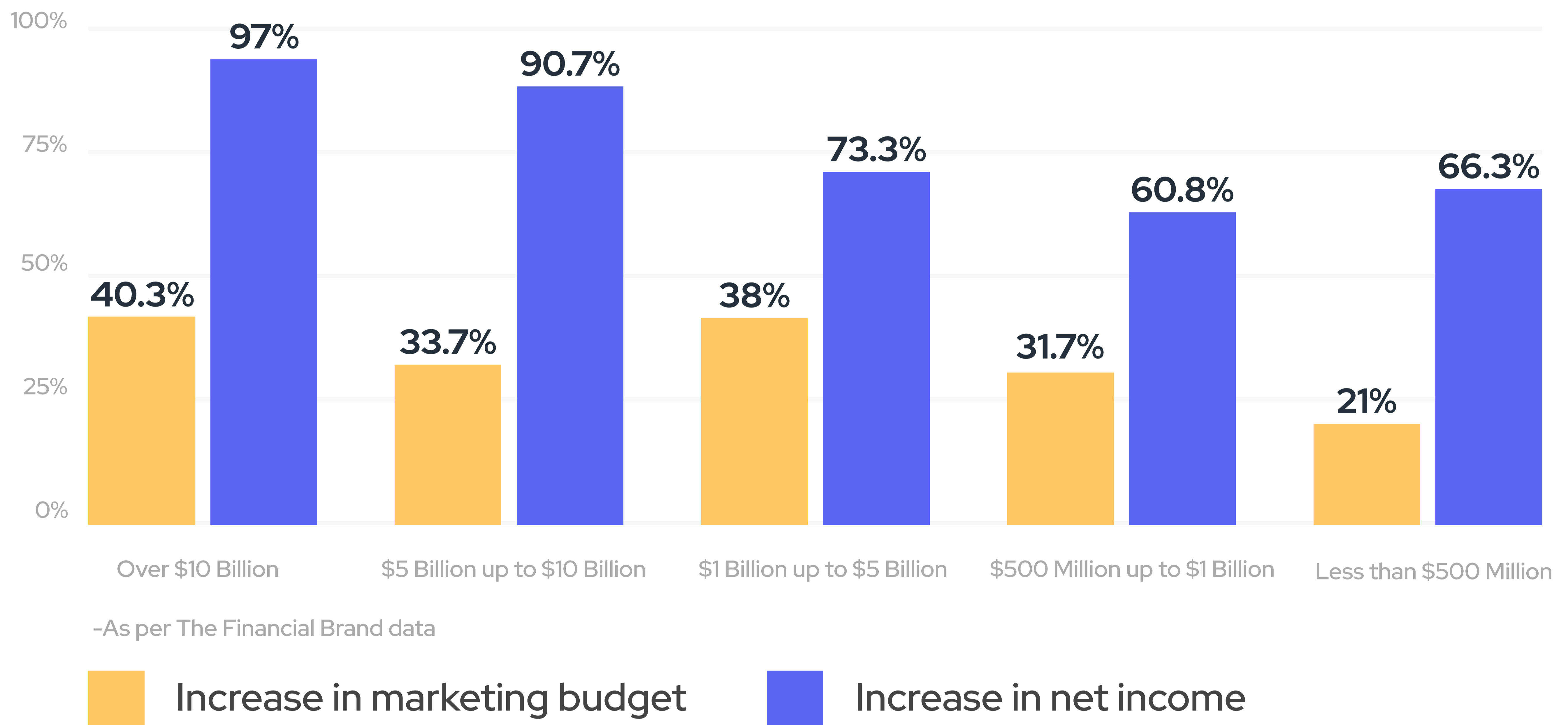
[How do marketers think customer needs are shifting?](#)

Marketers anticipate that more customers will emphasize trusting relationships (40.2% increase) while pressures for low price continue to drop (by 21.3%), since August 2019.

## CORRELATION BETWEEN THE INCREASE IN THE MARKETING BUDGET AND IMPACT ON THE NET REVENUE.

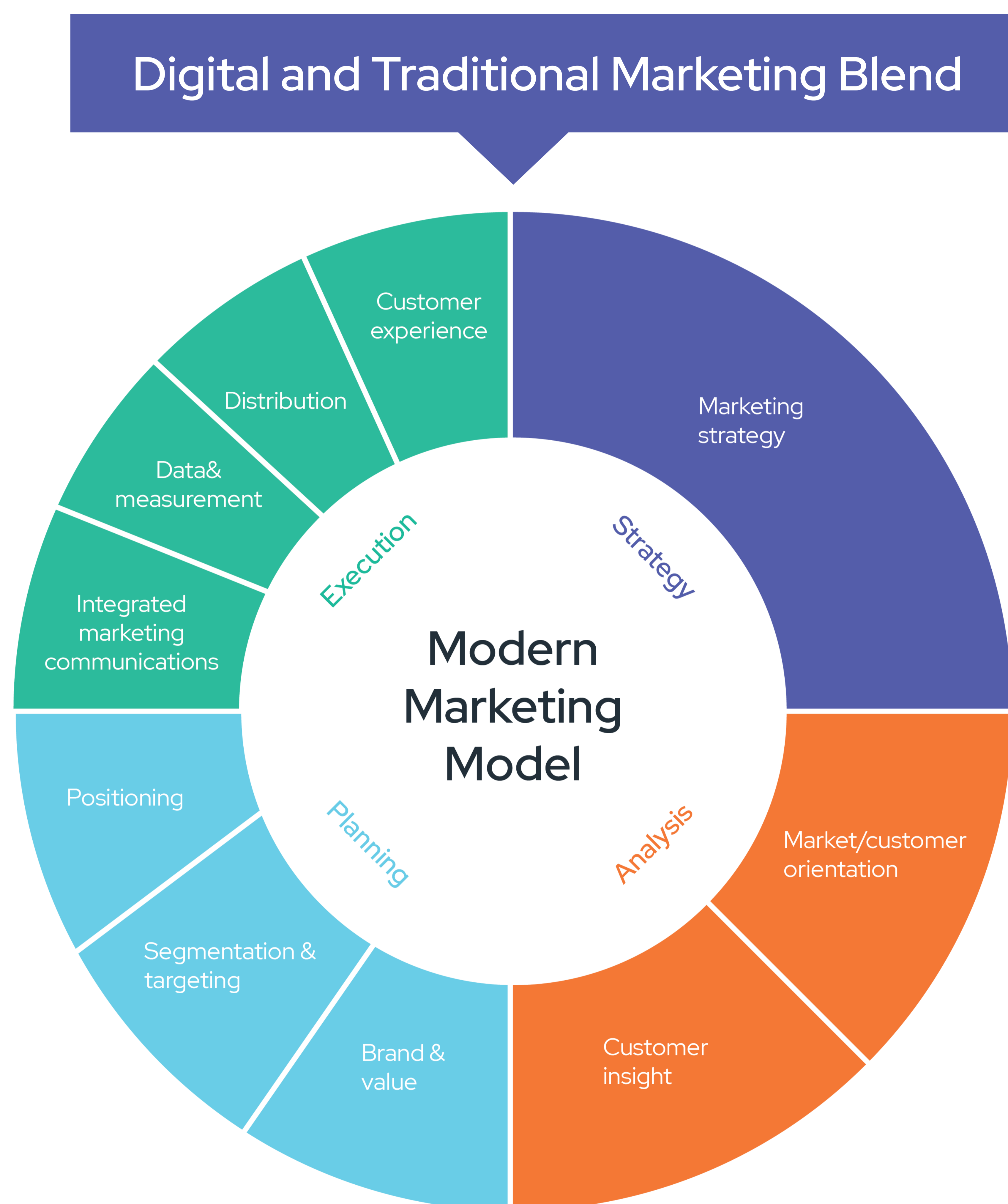
An increase in marketing budget by 40% improved the net income by 97% for banks with AUM over USD \$10 billion. Banks generated, on average, \$18.34 for every dollar spent on marketing in 2018, up from 2015's average of \$14.48.

- The Financial Brand



### 3. THE MODERN MARKETING MODEL

Over the past few years, the marketing methods of financial institutions have changed drastically. But, the marketers are still on the teeterboard of traditional vs. digital marketing. Earlier direct marketing techniques and mass media tools were prevalent but now things have become more targeted ever since new marketing channels got introduced. How do we strike a balance between classic marketing and digital marketing?



*"The modern marketing model fuses digital and classic marketing into one future-facing framework. This informs marketing's remit, required competencies, and organizational design." - Econsultancy*

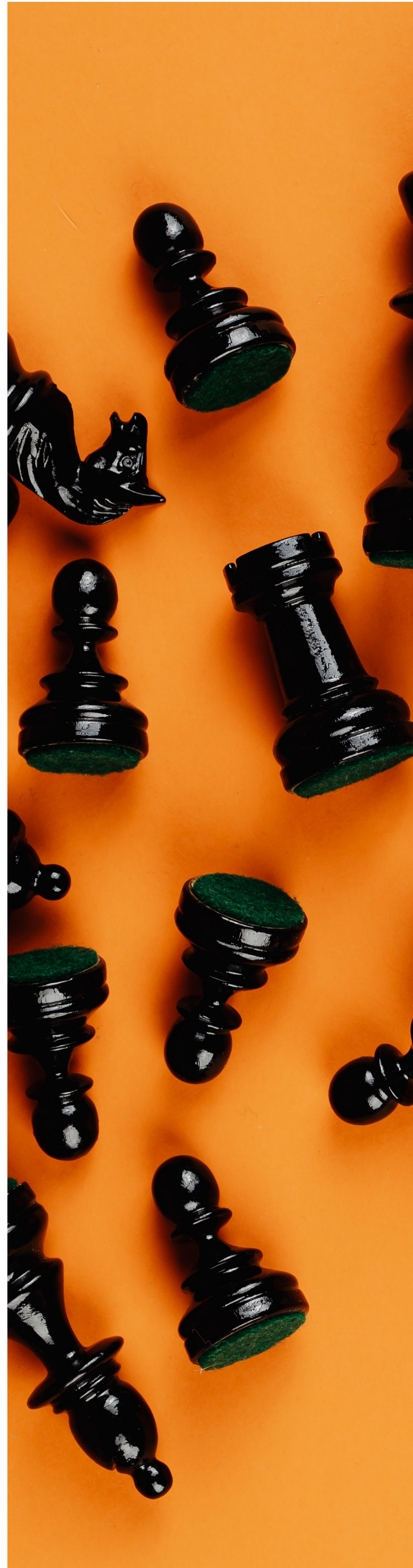
The M3 model introduced by [Econsultancy](#) would help financial institutions to be more customer-centric by identifying organizational loopholes and work on the areas of improvisation.

Here is an explanation of the components and how they correlate with each other.

## Strategy

### Marketing Strategy

Identifying if the marketing is aligned to the business objectives and anticipating the resources including the budget plans needed to deliver the outcomes.





# Analysis

## Market/Customer Orientation

The ability to look beyond just marketing and sales, focusing if the financial institution is capable of succeeding in an 'X' marketplace. Basically calls for consumer research, market insights, and competitor analysis.

## Customer Insights

Determining who the consumers are, their needs and expectations, their methods of communicating with the bank or credit unions, and drawing insights based on them.



# Planning

## Brand and Value

Analyzing Unique Selling Propositions (USPs), something that consumers shall care for that's much beyond just price. Working on the value proposition and the purpose.

## Segmentation and Targeting

Identifying the most suitable marketplace based on classic (demographics, psychographics, geographic and behavioral) and digital (contextual) bifurcation and coming up with the most suited target market preferences.

## Positioning

This is where individual streamlining comes to play based on customer/member preferences and targeting insights. With digital marketing lies a potential for dynamic personalization in real-time using data attributes, automated financial service with AI to drive personalized customer experiences.



## Execution

### Customer Experience

Understanding customer journey across multiple channels and coming up with a measurement framework to improve customer experience besides increasing sales.

### Distribution

Analyzing how the consumers will find us. Mediums like channel or branch management, marketing automation, online content distribution platforms etc. can be used to draw consumer's interest.

### Integrated Marketing Communications

This is all about getting the right message in front of the right people using different forms of channels. All kinds of traditional and digital marketing tools can be used to reach customers reflecting more towards the 'Push' marketing methods.

### Data and Measurement

How do we measure and optimize performance?

Defining the metrics required to optimize marketing performance, data governed and privacy policies determined. Persuading analysis and insights to drive performance and enable efficient data-driven marketing.

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# 90%

Consumers are willing to share their behavioral data if additional benefits are provided that makes shopping cheaper or easier.

## 4. GET ACCUSTOMED TO A DIFFERENT CUSTOM

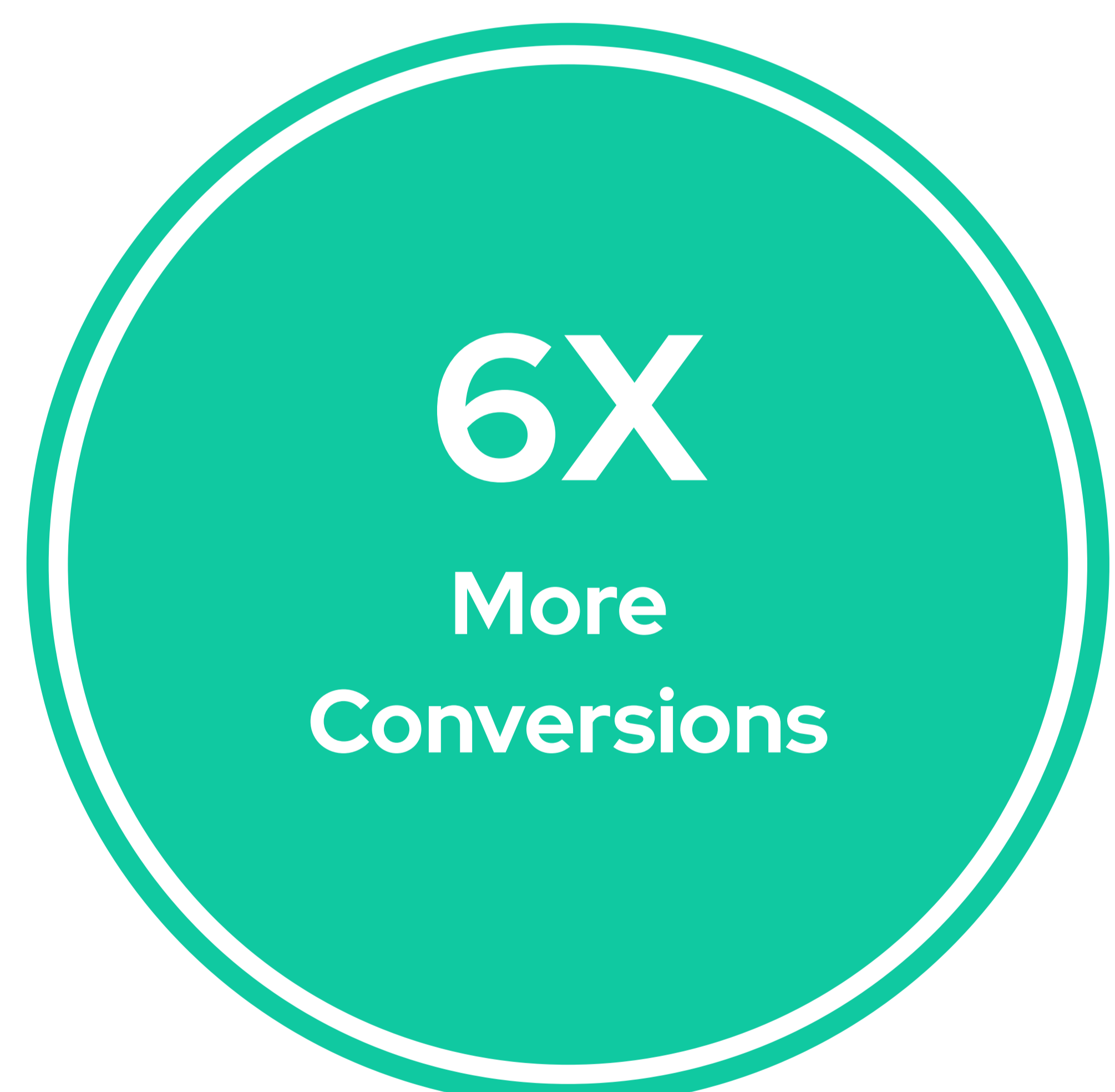
### No-Code to Decode Customers

The world is shifting towards digitalization and there is a constant obligation to meet customer expectations. While there is an increasing demand seeking 'financial peace' by consumers, financial institutions are also open to a bundle of threats.

*"Technology adoption is one of the most critical priorities today everyone is familiar with, but no one knows where to begin."*

Mobile bankings, safeguarding cybersecurity, digital lending are all tools of the digital-first approach financial institutions are driven towards. There's a mindset that it can help them showcase their services on a large scale. But do they better one's relationship with their service providers?.

Kapitalwise aims to help the relationship managers elevate their work with new and relevant insights into their client's financial life and offer recommendations for how to best help customers achieve their financial goals.



## 5. HEAR IT FROM INDUSTRY EXPERTS



*"Financial institutions need to be prepared with such agile and easy to deploy tools for better customer engagement where digital transactions are becoming the new normal."*

**BRENDAN HOLT DUNN**

**CEO, HOLDUN FINANCIAL SERVICES**

*"Kapitalwise is helping community banks unearth hidden gems in their data by identifying changes in financial behavior."* - [Main Street Matters Blog](#)



*"A predictive engagement platform that puts everything you need to know about your account holders in one place, streamlining support, relationship management and upsell."* - [The Factsheet Finastra](#)

# Get in touch to learn more about Kapitalwise No-Code platform

*We help financial institutions attain a seamless customer engagement experience and drive revenue in real-time.*

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## REFERENCES AND CREDITS

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