

A Metia report

# Marketing in digital transformation

Why financial institutions need to put brand experience before technology



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# 0

## Table of contents

<b>1</b>	Introduction .....	4
<b>2</b>	The acceleration of digital transformation in 2020 .....	6
<b>3</b>	Understanding marketing's role in change.....	8
<b>4</b>	What financial marketers said about their involvement in digital transformation .....	11
<b>5</b>	Putting brand experience before technology.....	13
<b>6</b>	Conclusion .....	16

# Introduction

The pandemic has highlighted the struggles of digitally transforming an organization. The accelerating demand for change has been testing. Larger financial players with bigger budgets have, for the most part, found it easier to quickly pivot to meet new digital necessities.

Those outside the top tier have struggled to provide digital services at the same speed to customers. But the pandemic also gave an opportunity to discover why certain organizations were better prepared to deal with rapid change. These insights help explain what contributes to successful digital transformation and what strategies smaller banks and credit unions can use to keep up.

At the height of the pandemic, Metia surveyed 500 financial marketers about their digital transformation experience. The results paint a picture of digital transformation in the banking industry and how it played a role in COVID-19 responses. This research has shown a disparity between smaller and larger organizations, but it also highlights key changes that smaller banks and credit unions can make to keep up, without Fortune 500-sized budgets.

This report presents important findings from this research to help small to medium banks and credit unions achieve more success in their digital transformation initiatives.

## Who we spoke to



We conducted an online survey of 500 senior marketers from the US and Europe, covering the full range of institution sizes. All respondents had live digital transformation initiatives. The senior marketers interviewed represent a diverse set of skills, experience, and priorities.



The survey took place between April 27 and May 17, three months into the COVID-19 pandemic.

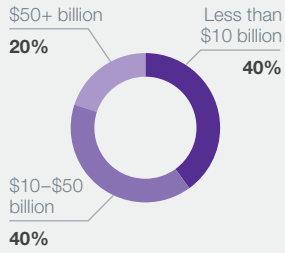


All comparative data shown in the report is statistically significant and has been tested at a 95% confidence level. All comparative data represents a true difference in opinion, need, or priorities between different institutions or types of marketer.

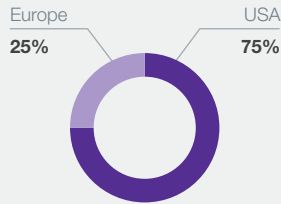
Figure 1a:

### Who we spoke to

#### Assets size



#### Location of financial institution



#### Length of current digital transformation initiative

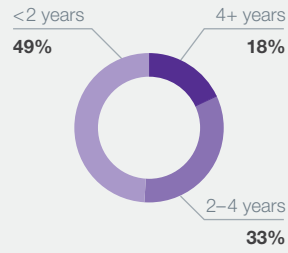
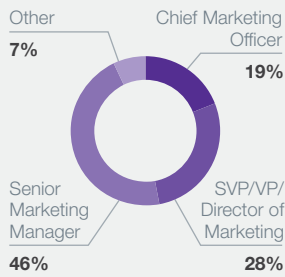


Figure 1b:

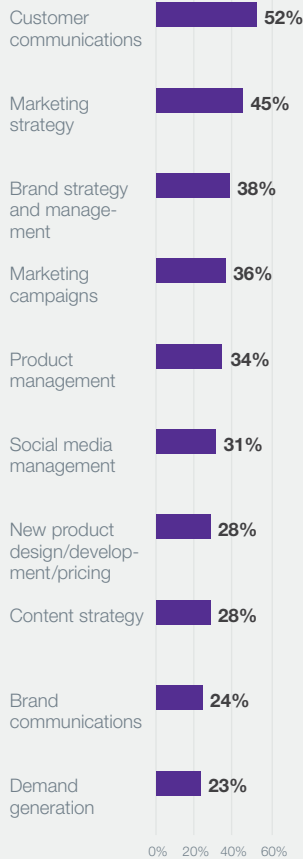
### Who we spoke to

#### Current role

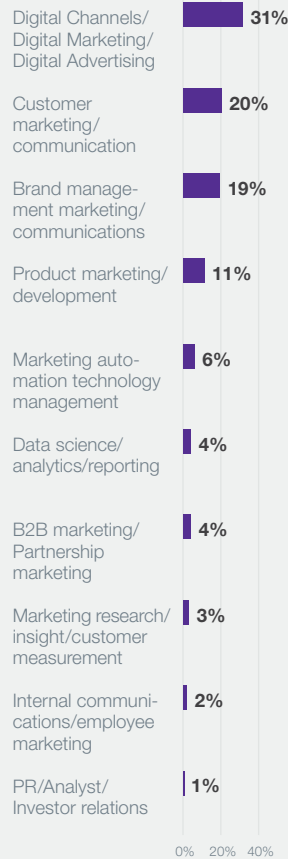


47% of the marketers in the study have C-suite roles. Regardless of seniority, everyone has a wide portfolio of responsibilities from setting institution-wide strategy to hands-on campaign execution.

#### Overall responsibilities



#### Primary current focus



# 2

## The acceleration of digital transformation in 2020

Digitization for banks and credit unions is nothing new. *In The State of Digital Transformation in Financial Services, 2020*,<sup>1</sup> Forrester found that 26% of financial services organizations are in a constant state of digital transformation. But despite the vast number of transformative initiatives happening at any given time, 70% of them do not reach their goals.<sup>2</sup>

In 2019, executives cited digital transformation risk as their number one concern<sup>1</sup> even before we were hit with a global crisis that gave digital transformation an escalated and immediate urgency. When change became critical in 2020, those that were able to adapt quickly better weathered the onslaught of COVID-19. Unsurprisingly, our research shows that the organizations that could pivot immediately already had some form of digital transformation in place.

### Putting marketers in a leading role

Crucially, this research also discovered that the financial institutions that put marketers at the center of digital transformation were more likely to have greater success with their initiatives. This finding allowed us to categorize financial institutions into two groups:

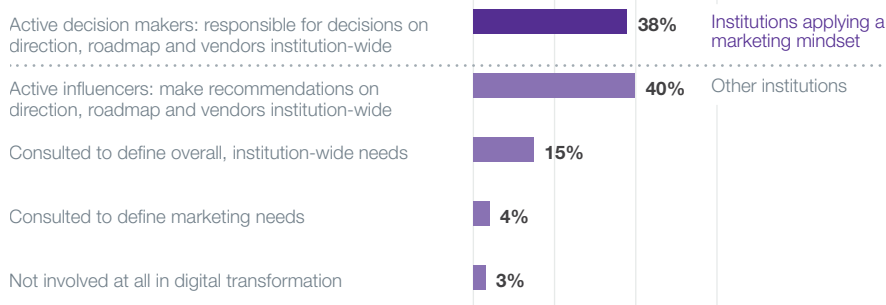
- 1 Those with a marketing mindset—where marketers were heavily involved as active decision makers in digital transformation initiatives**
- 2 Those that only involved marketers as less significant stakeholders during the transformation process**

<sup>1</sup> <https://www.fintechfutures.com/files/2020/05/The-State-Of-Digital-Transformation-In-Financial-Services-2020.pdf>

<sup>2</sup> <https://www.mckinsey.com/industries/retail/our-insights/the-how-of-transformation>

Figure 2:

### Level of marketing involvement in institution-wide digital transformation



We then looked at the performance of these two groups considering each organization's:

- 1 Ability to respond to COVID-19**
- 2 Maturity of digital infrastructure**
- 3 Proven and measurable financial improvements directly linked to digital transformation investments**

The 38% of institutions that involved marketers as active decision makers were consistently ahead of every other institution on all ROI metrics assessed. This finding is key to answering how smaller banks and credit unions can level the digital transformation playing field and is the foundation of our points discussed in this report.

In *The State of Digital Transformation in Financial Services, 2020*, Forrester found that marketing leaders are not consistently involved in digital transformation initiatives at a high level. Marketers can neither strategize nor execute. Forrester found that the top five leading roles for leading digital transformation strategy were Chief Information Officer/Chief Technology Officer, Chief Executive Officer, IT Manager, Chief Operations Officer, and Chief Financial Officer. And the top five leading digital transformation execution were CIO/CTO, IT manager, Chief Digital Officer, CEO, and Chief Data Officer.<sup>3</sup> Not a marketer in sight.

With only 38% of organizations applying a marketing mindset, our findings pose a worrying picture for successful digital transformations in financial services, but they present a golden opportunity for those willing to put the customer first in everything they do.

<sup>3</sup> <https://www.fintechfutures.com/files/2020/05/The-State-Of-Digital-Transformation-In-Financial-Services-2020.pdf>

# 3

## Understanding marketing's role in change

Most digital transformation initiatives take a technology oriented approach. They lead with capabilities rather than customer experience. Taking a market oriented approach to digital transformation instead allows financial institutions to re-focus time and effort around what consumers really want, and to provide an experience that fully on-boards customers so transformation doesn't go to waste.

In his article 'What the Hell Is Market Oriented?' Benson Shapiro states:

"Functions and divisions will inevitably have conflicting objectives that mirror distinctions in cultures and in modes of operation... The customer-oriented company possesses mechanisms to get these differences out on the table for candid discussion and to make trade-offs that reconcile the various points of view. Each function and division must have the ear of the others and must be encouraged to lay out its ideas and requirements honestly and vigorously... To make wise decisions, functions and units must recognize their differences."<sup>4</sup>

These conflicting objectives are ever-present in the process of digital transformation.

A clear understanding of marketing's role in digital transformation is necessary. Marketers need to know the customer inside out in order to successfully take a product to market. This also means representing the customer internally and fighting for the things they need, whether it's an improved online experience, a wider range of products, or more competitive pricing.

This internal pool of customer knowledge provides immeasurable value to digital transformation initiatives. Technologists must invite marketers to the digital transformation table.

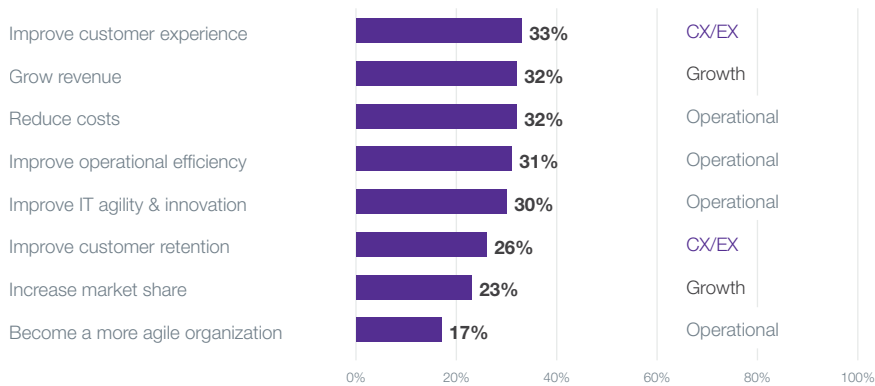
5 <https://www.fintechfutures.com/files/2020/05/The-State-Of-Digital-Transformation-In-Financial-Services-2020.pdf>

Further reading into Forrester's *State of Digital Transformation in Financial Services, 2020*, shows that the primary motivations for digital transformation predominantly focus on operational outcomes. Four out of eight primary motivations were considered operational, and only two out of eight were aimed at improving customer experience.<sup>5</sup>

Figure 3:

### Primary motivations for embarking on digital transformation initiative: IT-led initiatives

#### What motivations look like when technologists are in charge



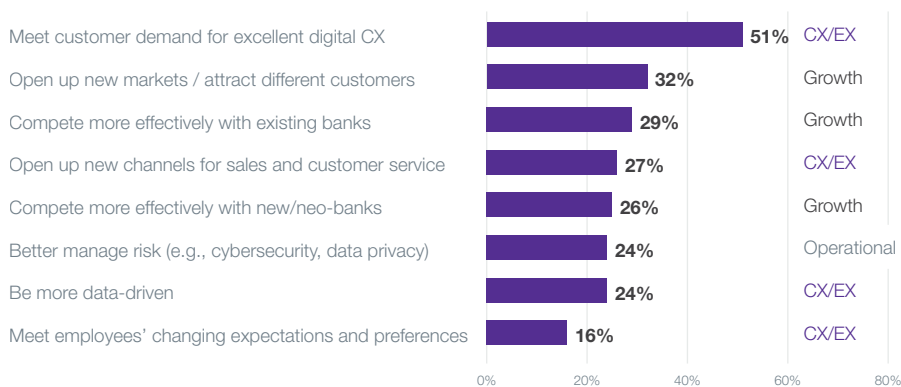
Source: Forrester—*The State of Digital Transformation in Financial Services, 2020*

We investigated the same scenario in our own research and looked at what primary motivations rose to the surface in financial institutions that actively involved marketing decision makers in the digital transformation process.

Figure 4:

### Primary motivations for embarking on digital transformation initiative: marketing-led initiatives

#### What motivations look like when marketers are in charge



Our research found that customer experience becomes much more important, and better customer experiences often result in better ROI.

<sup>5</sup> <https://www.fintechfutures.com/files/2020/05/The-State-Of-Digital-Transformation-In-Financial-Services-2020.pdf>

Behnam Tabrizi, Ed Lam, Kirk Girard, and Vernon Irvin asked in their *Harvard Business Review* article ‘Why Digital Transformation Isn’t About Technology’: “Why do some DT efforts succeed and others fail?... Fundamentally, it’s because most digital technologies provide possibilities for efficiency gains and customer intimacy. But if people lack the right mindset to change and the current organizational practices are flawed, DT will simply magnify those flaws.”<sup>6</sup> In other words, there’s a lot of lost potential as firms stop short of the next steps needed to maximize positive customer impact.

They go on to say, “If the goal of DT is to improve customer satisfaction and intimacy, then any effort must be preceded by a diagnostic phase with in-depth input from customers.”

And who knows the customer best? Marketers.

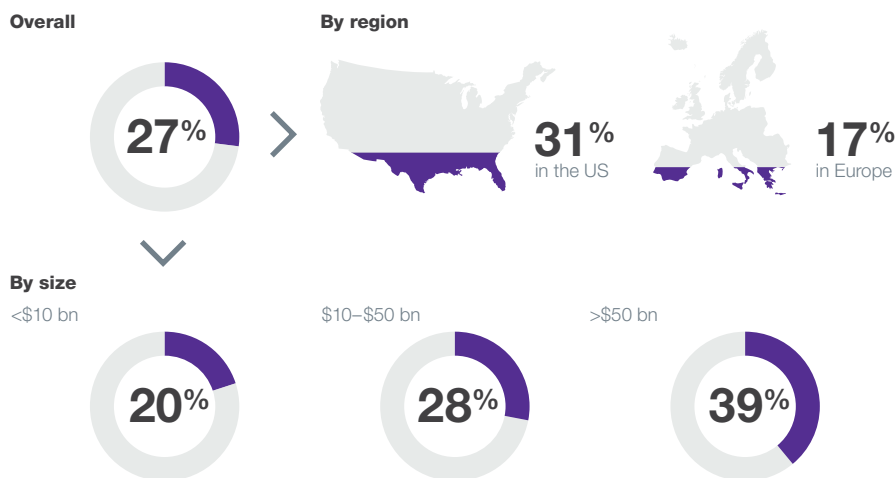
### Closing the digital gap

Today we all have more experience in dealing with pandemic life. That means organizations can start more long-term planning instead of constant firefighting. Marketing, for the most part, has stabilized. Advertising spending is climbing and hiring is improving, but that doesn’t mean the moment to transform has passed. Nor does it mean that smaller institutions that were previously unable to quickly pivot won’t be able to catch up with those that made drastic changes in 2020.

Before COVID-19, smaller banks and credit unions in our study already recognized that they were being outspent and outbuilt by bigger banks. This gap has widened during the pandemic and smaller financial institutions are feeling less optimistic.

Figure 5:

### Institutions extremely/very optimistic in ability to meet customers’ emerging needs over the next 12 months



The digital gap between smaller banks and their larger competitors means it’s critical to find new ways to think and invest differently in order to deliver what customers need in a time of rapid change and financial uncertainty. Smaller institutions need to be creative and highly customer-focused to make the most of the resources that are available.

<sup>6</sup> <https://hbr.org/2019/03/digital-transformation-is-not-about-technology>

# 4

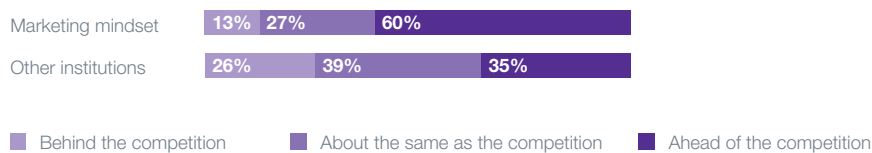
## What financial marketers said about their involvement in digital transformation

Our research found that the organizations that involved marketers as active decision makers in digital transformation initiatives were more successful. Of the 500 institutions surveyed, 38% involved marketers as active decision makers.

Organizations that gave marketers a seat at the table were consistently ahead of other institutions on all the ROI metrics assessed. Just consulting marketers wasn't enough; 40% of the other group said marketers were active influencers in digital transformation projects.

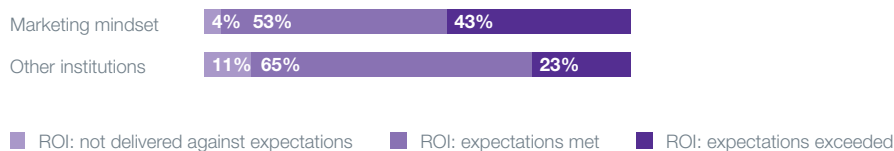
Banks and credit unions with a marketing mindset were more likely to have built digital experiences that had already put them ahead of the competition when transformation became an immediate necessity:

Figure 6:  
**Assessment of existing digital capabilities (pre-COVID-19)**



They were also more likely to exceed expectations of digital transformation ROI:

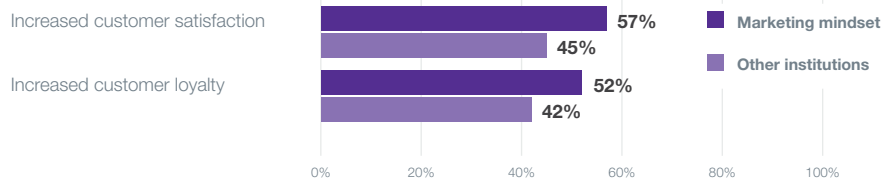
Figure 7:  
**Digital transformation ROI (pre-COVID-19)**



In addition, they experienced greater customer value and loyalty:

Figure 8:

### Proven digital transformation outcomes: customer satisfaction and loyalty (pre COVID-19)



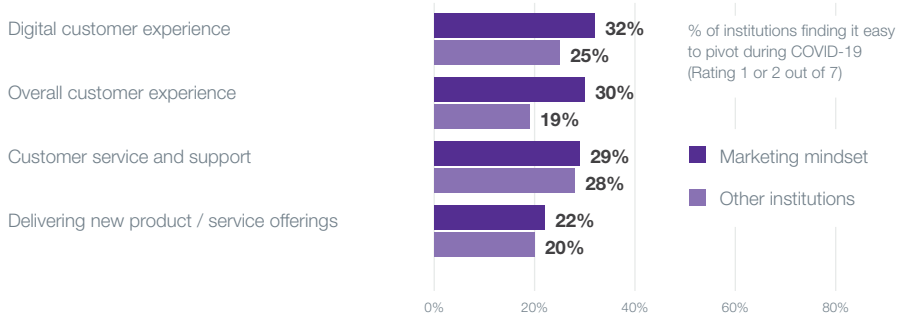
And, ultimately, the 38% with a marketing mindset were also better equipped to pivot when the COVID-19 crisis hit:

Figure 9:

### Ability to pivot critical customer experiences to deal with COVID-19

During the COVID-19 pandemic, if you adapted or were forced to change how you supported customers, how easy was it based on your current systems, processes and culture?

1 = We pivoted immediately when the crisis emerged  
7 = We're still struggling to make the changes we need



The data speaks volumes. If an organization is looking to move the dial through digital transformation, marketing needs to have an active decision-maker role from the start.

Taking an approach that is customer- or market-oriented is critical. Understand what consumers want and how to get them to embrace change, rather than taking a product-led approach of “build it and they will come.” The reality is they probably won’t, especially if the competition is taking a customer-centric approach.



## Putting brand experience before technology

Technology is readily available. So universally available, in fact, that most digital transformations have similar outcomes. Whether it be greater online banking access, mobile apps, or fully digital bank loan applications, the likelihood is that any given organization is not alone in offering a digital product. The difference lies in the experience.

Successful marketers understand that banks and credit unions need to support technology investment with a compelling experience that is relevant, authentic, and emotionally engaging in a positive way. Marketers know that a meaningful brand and branded experiences are critical drivers of digital adoption.

Three distinct brand beliefs underpin marketing-led digital initiatives:

- 1 Digital transformation without parallel brand transformation will not deliver what banks, credit unions, or customers need.**
- 2 No one can compete on features and functions alone.**
- 3 The future of banking in the new normal will be based on deep, emotive, and engaging relationships.**

*The Technology Fallacy: How People Are the Real Key to Digital Transformation* (2019)<sup>7</sup> suggests that the consumption gap between companies and people is still very much alive and well when it comes to digital transformative tech. Its authors conclude that the biggest challenge facing any digital initiative remains the ability of consumers to adopt and the propensity for the business to adapt to technology innovations. They explain that cultural changes must take place alongside technological advancements for organizations to digitally transform sustainably and with greater success. The biggest cultural change is to put people at the heart of digital transformation initiatives, rather than the tech.

<sup>7</sup> <https://mitpress.mit.edu/books/technology-fallacy>

Taking a marketing-led approach to digital transformation ensures that institutions understand that the job is not done when the solution is built and shines light on customer challenges. You need to show people why and how they should use new digital experiences. Marketers fill this gap, picking up where the technologist thinks the job is done—building out new technology platforms and products is just the beginning of the transformation process.

The 38% of marketers who work in organizations that give marketing a leading role in digital transformation agree with the viewpoint *The Technology Fallacy* discusses:

Figure 10:



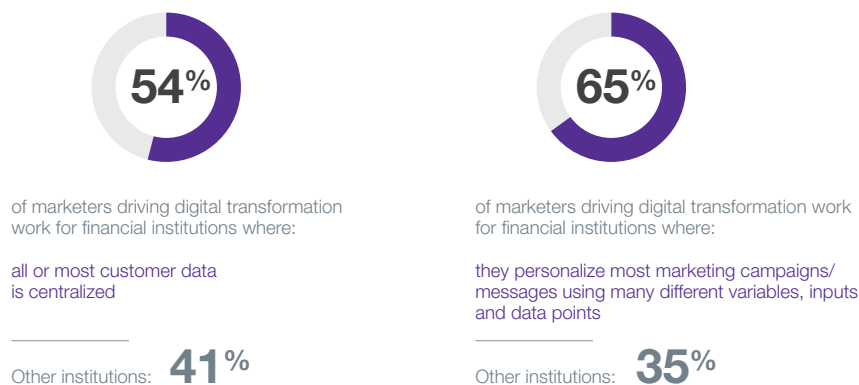
Marketers understand the nuances of contextual communication. Our research found that the organizations that gave marketers a leading role during digital transformation were more likely to have optimized their data infrastructure and to be actively engaged in personalized and contextualized communication with customers. They've thought about the end-user experience.

### Meaningful data is key

Marketers are more likely to insist that collecting meaningful customer data, curating it appropriately, and using advanced analytics are core requirements:

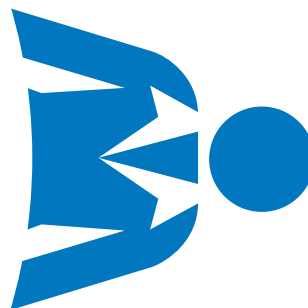
Figure 11:

### The marketing mindset in action: driving to become data-driven financial institutions



Data is key to modernizing marketing and customer engagement by enabling banks and credit unions to deliver experiences that are personalized, resonant, omnichannel, and delivered in real time. Banks and credit unions are unlikely to return to a world where branch-based staff will be the primary vehicle for cross-selling or upselling. Consumers have experienced how effortless digital-only experiences can be. Modern financial marketing must connect customers with the banking experience where they are now, not in the traditional space where banks and credit unions have operated.

Effective sales will require the right offering reaching the right person at the right time. It will be when customers and prospects are thinking about their bank or credit union when considering money, wealth, health, or major life events more than when they just have a specific transactional need. It is likely to be in a social context, and it could be anytime, 24/7/365.



# 6

## Conclusion

Successful banks and credit unions understand that broadcasting messaging of products and services to the customer is not enough. The future of financial marketing means institutions integrating with the existing digital ecosystems of customers and prospects, rather than expecting customers to embrace those of banks and credit unions.

Technology is no longer a differentiator, but experiences are. Put people at the center of digital transformation—build around their needs, rather than allowing tech to take the lead. Marketers understand the consumer best within most organization. Make marketers key digital transformation decision makers and reap the benefits of increased ROI, greater customer satisfaction and loyalty and a better ability to quickly adapt to changing environments.

The smaller institutions that have been further disadvantaged by COVID-19 have a clear opportunity to increase the impact of the resources they do have by putting senior marketers in the driver's seat. The same is true of the larger banks that want their investments to deliver what matters most to their customers.

## About Metia

Metia Group is a global marketing agency with offices in London, Seattle, Austin, and Singapore. We employ some 100 marketing professionals; each is expert in a particular area of specialization.

Our clients include big corporations and ambitious businesses. We provide them with structured marketing programs that reach across geographies, scale massively, can be deployed systematically, and are measured relentlessly.

Metia has specialist services designed to support our clients in the areas of Insight, Demand, Content and Advocacy. These services are based upon deep expertise and proven methodologies, and they are enabled by unique tools and systems.

In addition to working with technology and digital-native businesses, Metia works with global banks, community banks, credit unions, neo-banks and fintechs across North America, Europe and Asia, helping them to design new customer experiences, build brands that resonate online and connect with new audiences.

To learn more about our capabilities and discuss how we could help you reach and engage your target audiences with focused, measurable campaigns, please contact us at [info@metia.com](mailto:info@metia.com).

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### EMEA

 +44 (0)20 3100 3500

 [info@metia.com](mailto:info@metia.com)

### North America

 +1 425 629 5800

 [infoUSA@metia.com](mailto:infoUSA@metia.com)

### Asia

 +65 6224 7992

 [info@metia.com](mailto:info@metia.com)