

**WHITEPAPER SERIES:**

Digital Transformation  
Challenges & Opportunities  
In Financial Services

IS MARKETING A STRATEGIC GROWTH INITIATIVE FOR  
YOUR FINANCIAL INSTITUTION? IF NOT, WHY NOT?



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## Introduction

In the rapidly evolving world of business, marketing has emerged as a strategic growth initiative. It should be no different for community banks and credit unions. Traditional marketing methods, such as print, broadcast, direct mail, phone, and outdoor advertising like billboards, have long been used to reach various audiences. However, the advent of digital marketing revolutionized the way businesses communicate with their customers. Digital marketing encompasses many areas and is itself evolving rapidly as it leverages huge volumes of data and AI insights to transform what it can accomplish.

Indeed, digital marketing has become a strategic growth initiative that needs to be embraced as such by the Financial Services industry. This whitepaper will lay out the reasons why.

## What does it mean to be a strategic growth initiative?

Digital marketing plays an increasingly strategic role in driving business growth. It enables brands to scale reach and engagement across digital channels that include websites, social media, and digital advertising to target, acquire, and retain customers.

Best-in-class brands focus relentlessly on optimizing digital marketing channels. They blend digital and physical experiences and embrace emerging technologies that can provide a competitive edge.

In fact, digital is no longer just a means of enhancing customer relationships; it's a primary medium for building new connections with target audiences. This includes employees, business partners, or social influencers.

A digital marketing strategy needs to align with marketing strategies to grow a business through customer acquisition and retention. It should also aim to impact business and marketing strategy by identifying opportunities to create value for customers and the business. A digital strategy should embrace new business models, reviewing new digital business and revenue models that can provide additional avenues for growth and customer engagement.



This drives overall value for the financial institution. As the pace of digital transformation continues, marketers are now taking center stage in their organizations, connecting the dots across customer needs and data, business priorities, and the digital agenda.

In summary, a well-executed digital marketing strategy can help financial institutions understand their customers better, reach new audiences, optimize their marketing efforts, and ultimately drive growth and profitability. It's a dynamic and exciting field that's constantly evolving with technological advancements.

## The Shift to Digital Marketing

The shift towards digital marketing has been driven by cultural, technological, and societal changes. Today's consumers are more connected than ever before, with access to information at their fingertips. This has led to an increased demand for personalized and relevant content. Financial institutions that fail to adapt to these changes risk being left behind.



Here's how:

- 1. Cultural Changes:** The digital age has brought about significant social and cultural dynamics. Digitalization, which refers to the cultural and societal changes brought about by the pervasive use of digital technologies, brings economic progress and opportunities, but also threats, social anxieties, and feelings of insecurity.
- 2. Technological Changes:** The effects of globalization, digitalization, and the Internet on marketing activities and consumers are indisputable. Almost every person, society, organization, and even the government has experienced some sense of transformation as a result of the increased connectivity and interaction.
- 3. Societal Changes:** Society and politics can influence the digital economy in two ways: by deciding on the use and distribution of the financial surplus generated by technological change and by improving the labor market, both in terms of demand and improving living conditions.
- 4. Increased Connectivity:** Today's consumers are more connected than ever before, with access to information at their fingertips. This has led to an increased demand for

personalized and relevant content. Financial institutions that fail to adapt to these changes risk being left behind<sup>4</sup>.

In summary, the shift towards digital marketing in financial institutions is driven by cultural, technological, and societal changes. It's crucial for these institutions to adapt to these changes and leverage digital marketing to meet the increasing demand for personalized and relevant content. Failure to do so could result in stagnation and missed opportunities for growth.

## Digital Marketing Is Not Monolithic



Digital marketing has evolved significantly over the years, with different progressions marking its growth and development. Key stages in its progression include:

1. **The Advent of the Internet**, which marked the beginning of digital marketing as we know it today.
2. **Email and Search Engines** which with the growth of internet users became the way for customers to find products.
3. **Big Data** where the increase in digital consumer activity led to massive developments in data and storage technology. This led to insight into who the customers of a business were and how best to connect with them.
4. **Social Media** and its rise allowed big data to grow even larger. Companies could now track human behavior patterns, create precise marketing efforts, and even offer predictive analytics.
5. **Smartphones**, from the release of the BlackBerry in 2003 to the Smartphones of today, what has not been said about this revolution? It certainly opened up an incredible new channel to engage consumers.

6. **Marketing Technology Platforms** allow businesses to use data on both the front end to tailor marketing messages and the back end to measure performance. By being able to scale data mining, personalization and analytics, these market tech platforms are both more affordable and an important investment for financial institutions.

## The Digital Marketing Maturity Model



According to BCG's research, financial institutions (FIs) worldwide are at various stages of digital maturity. The research identified five archetypes of FIs based on their level of digital maturity:

1. **Frontrunners** are those FIs leading the way in digitization, with a strong digital strategy in place and scaling their digital initiatives effectively.

As described in this research report, "In terms of digital maturity, the Frontrunners are clearly best in class and are far superior to their competitors in all areas. They have a clear digital strategy, and their leadership is fostering cultural change. Instead of making digital decisions silo by silo, which impedes consistent implementation, they make decisions designed to get buy-in from the entire organization, thus accelerating implementation. Frontrunners have a pool of talent capable of executing digital projects, they have scaled a first wave of data analytics and AI use cases, and they have strong cybersecurity capabilities.

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2. **Beginning and Advanced Digital Strategists** are those that have a digital strategy in place and are seeing positive results from their investments. They are following effectively on the heels of the frontrunners.

3. **Digital Strategy Skippers** are investing in digital technology and employee capabilities but without a guiding strategy, resulting in a struggle to scale their initiatives and often see them atrophy over time.
4. **Late Adopters** are just beginning their digital transformation journeys or have not yet started.

In addition, separate BCG research found that companies self-divided into four levels of digital marketing maturity: nascent, emerging, connected, and multi-moment. Each stage represents a significant progression in digital marketing, offering new opportunities for businesses to connect with their customers and drive growth.

BCG's research found that more mature brands increased their sales by an average of 18 percentage points more than their less mature peers and boosted cost efficiencies by an average of 29 percentage points. And these companies outperformed on market share as well by 2X more than low-maturity brands and 3 percentage points or more on average.

The level of digital and digital marketing maturity undoubtedly has a significant impact on a financial institution's performance.

## The Power of Data and AI in Marketing

One of the key advantages of digital marketing is the ability to leverage data to gain insights into customer behavior. With the immense amount of data available today, combined with artificial intelligence (AI), financial institutions can gain tremendous insights into the needs and preferences of their members. Furthermore, member expectations for more customized, even personalized, outreach and interaction continues to grow.



These insights can be used to tailor marketing messages and offers to individual members, showing them that the credit union truly knows them and cares about their financial wellbeing.

The combination of data and AI in digital marketing has opened up new avenues for financial institutions to understand and serve their accountholders

better. Here are some examples of practical uses of AI:

1. **Personalized Marketing:** With AI, financial institutions can analyze large volumes of data to understand individual customer behaviors and preferences. This allows them to tailor marketing messages and offers to individual members, enhancing the customer experience and demonstrating that they truly understand and care about their customers' financial wellbeing.
2. **Improved Customer Service:** AI can also be used to improve customer service. For example, Natural Language Processing (NLP) and chatbots are becoming more prevalent in the financial services industry as a way to automate repetitive tasks and provide quick, accurate responses to customer inquiries.
3. **Risk Assessment and Management:** AI can process massive amounts of data and spot trends at a level of detail that would be very hard for humans to achieve<sup>2</sup>. This makes it valuable for assessing risk at the time of underwriting and for ongoing risk assessment based on customer behavior.
4. **Operational Efficiency:** AI can help enhance operational efficiency by automating manual processes. This not only reduces operational costs but also allows financial institutions to focus more on strategic initiatives.
5. **Real-Time Decision Making:** AI can help banks make more informed loan and credit decisions based on highly accurate, real-time information. This can help banks better serve customers and set them apart from competitors.
6. **Insights from Unstructured Data:** AI is helping banks extract insights and relevant information from large volumes of unstructured data, such as customer communication data from sources like audio files, virtual chats, emails, and even handwritten notes.

In summary, leveraging data and AI in digital marketing allows financial institutions to deliver personalized experiences, improve customer service, manage risk more effectively, enhance operational efficiency, make real-time decisions, and gain valuable insights from unstructured data. This ultimately leads to increased customer satisfaction, loyalty, and business growth.



## **Marketing Performance: You Can't Manage What You Don't Measure**

It's not enough to simply execute marketing campaigns. Financial institutions must also invest in measuring the performance of these campaigns. Without this crucial step, they risk squandering

opportunities to optimize their communication and improve their return on investment. Measuring the performance of marketing campaigns is a critical step in ensuring the effectiveness of marketing efforts. Here's why:

1. **Understanding Effectiveness:** Measuring marketing performance helps businesses gauge the effectiveness of their marketing efforts. It involves analyzing various metrics and key performance indicators (KPIs) to quantify the success of campaigns, customer engagement, and overall marketing strategies.
2. **Optimizing Marketing Efforts:** The insights gained from performance measurement allow businesses to optimize their marketing efforts and allocate resources efficiently. This can lead to a higher return on investment.
3. **Setting Goals:** To efficiently measure marketing efforts, businesses need to set goals for the campaign. These should be SMART goals – Specific, Measurable, Achievable, Relevant, and Time-bound. This strategic goal-setting approach becomes the cornerstone for subsequent steps to measure marketing performance.
4. **Avoiding Mistakes:** Businesses should avoid common mistakes when measuring marketing performance, such as measuring too soon, manual data processing, and using vanity metrics.
5. **Key Metrics:** Key marketing performance metrics include conversion rate, return on investment, impressions, and click-through rate.

In summary, measuring the performance of marketing campaigns allows financial institutions to understand the effectiveness of their marketing efforts, optimize their communication, and improve their return on investment. It's a crucial step that should not be overlooked.

## **Marketing Technology Platforms: Enriching Customer Touchpoints**

Marketing technology platforms play a crucial role in this process. They allow financial institutions to use data on both the front end (to tailor marketing messages) and the back end (to measure performance).

This enriches all accountholder touchpoints and transforms marketing from a necessary expense into a strategic growth initiative.

Here's how they are transforming the way financial institutions operate and interact with their customers.

1. **Data Utilization:** These platforms allow financial institutions to use data on both the front end (to tailor marketing messages) and the back end (to measure performance).



This dual approach ensures that marketing efforts are not only personalized but also measurable and improvable.

2. **Enriching Customer Touchpoints:** By leveraging data, these platforms can enrich all customer touchpoints. This means that every interaction a customer has with the institution – whether it's visiting the website, receiving an email, or using the mobile app – can be personalized and optimized.
3. **Transforming Marketing:** Traditionally, marketing might have been viewed as a necessary expense. But with the advent of these technology platforms, marketing is being transformed into a strategic growth initiative. It's no longer just about spending money to get your message out there; it's about using data and technology to reach the right people with the right message at the right time.
4. **Driving Growth:** As a result of this transformation, financial institutions can drive growth in a more strategic and data-driven way. They can attract new customers, retain existing ones, and improve their overall customer experience.
5. **Adapting to Change:** The shift towards digital marketing and the use of these platforms is a response to cultural, technological, and societal changes. Today's consumers are more connected than ever before, and they expect personalized and relevant content. Financial institutions that adapt to these changes and leverage marketing technology platforms are more likely to succeed and grow.



In summary, marketing technology platforms play a crucial role in the digital transformation of financial institutions. They enable these institutions to utilize data effectively, enrich customer touchpoints, transform their marketing efforts, drive strategic growth, and adapt to the changing landscape.

## The Crucial Role of Executives and the C-Suite



For this transformation to occur, it must be front and center on the minds of executives and the C-suite of banks and credit unions. If they are stuck in the traditional world of marketing or merely giving lip service to digital marketing, then they can expect their financial institution to stagnate rather than grow.

According to BCG Research, more than 80% of the most digitally mature brands say that they have CEO sponsorship for data-driven marketing initiatives, whereas less than half of other

brands do. Having the necessary enablers in place provides a foundation for making rapid, lasting progress and it should be no different for financial institutions.

Here are ways that the leadership of financial institutions plays a crucial role in establishing a successful digital marketing strategy:

1. **Driving Digital Transformation:** Leadership should prioritize digital transformation as a key initiative. This involves embracing new technologies and digital platforms to improve customer experiences and operational efficiency.
2. **Sponsoring Data-Driven Initiatives:** With more than 80% of the most digitally mature brands having CEO sponsorship for data-driven marketing initiatives, this top-down approach ensures that data-driven decision making is embedded in the organization's culture.
3. **Focusing on Customer Acquisition and Personalization:** Leaders should focus on customer acquisition and personalization as key strategic initiatives. This involves using data and AI to understand customer behaviors and preferences, and tailoring products and services to meet their needs.
4. **Building a Full-Funnel Mindset:** Leaders should build a full-funnel mindset, prioritizing a balanced mix of data types such as financial, market-share reporting, and customer-related data. This approach ensures that marketing efforts are aligned with business objectives and customer needs.

5. **Developing Niche Digital Offerings:** Leaders should also focus on developing niche digital offerings. This involves identifying and targeting specific market segments that align with the institution's capabilities.

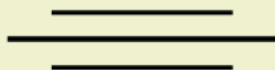
In summary, the leadership of financial institutions plays a pivotal role in driving digital transformation, sponsoring data-driven initiatives, focusing on customer acquisition and personalization, building a full-funnel mindset, and developing niche digital offerings. These efforts contribute towards establishing a successful digital marketing strategy that drives growth.

## Conclusion

In conclusion, marketing is no longer just about promoting products or services. It's about using data and technology to understand accountholders and their needs better, deliver personalized experiences, measure performance, and drive strategic growth.

Financial institutions that have ignored this new reality risk becoming irrelevant to their customers and membership. On the other hand, those that embrace this new approach to marketing with the full sponsorship of their C-suite are well-positioned to thrive in the digital age and beyond.

Just as the connection between a well formulated digital strategy and outstanding performance of a financial institution makes intuitive sense, so too does a top-down well-crafted digital marketing strategy make way for strong financial institution growth and increased customer/member retention.



### About DeepTarget

Powering the digital communication revolution for credit unions and banks with Growth as a Service (GRaaS), DeepTarget enables their growth of assets - deposits & loans, revenue, new members/customers, digital users, account holder relationships & loyalty and more. GRaaS is backed by a risk-free money-back guarantee and powered by their patented [DXP](#) currently deployed by 100s of FIs. It combines a skilled labor force and best practices to utilize data and AI insights from multiple data sources for a seamless, meaningful communications experience wherever, whenever and however their consumers bank. For additional information visit [www.deeptarget.com](http://www.deeptarget.com) and follow them on [LinkedIn](#).