

Show Me You Know Me

Moving banks from silent listeners to engaged partners

A Financial Services Report





Foreword by

Lindsay....

At least once every couple of months I'll buy myself something from Paul Smith. A new shirt. Some shoes. Maybe even a jacket. Lockdown treats, I guess.

There are three parties who know about this: Paul Smith, my bank, and myself. (If I'm being completely honest, it's four, as my wife has eyes like a hawk and can spot a new pair of strides from twenty paces). But the points stands – I know what I've bought, the retailer knows what I've bought, and my bank knows what I've bought.

Because I buy regularly, I get regular promotions from Paul Smith – sale items, new arrivals, seasonal offers; "Lindsay likes what we make, let's sell him more". It's a self-fulfilling prophesy.

But I've never had anything from my bank, despite them knowing how much I spend a year with Paul Smith. The only promotions I receive are generic (I'm based in the UK, for clarity); long-standing 'everyday offers' which are anything but everyday given some of them I've not redeemed for over three years, yet which still sit in my online banking app.

Equally, it should clock that within the generic there are some which resonate. My enthusiasm for hotel discounts and overseas spending suggests I enjoy travel (an enthusiasm which will only have grown by the time we can travel again).

Banks are ignoring the opportunity brought about by personalisation; by analysing data; to gather insights into their customers; and using it in tailoring more relevant, effective communications.



Consumers are visibly welcoming the idea of promotional offers from their banks. The trust is there for them to use personal data (securely) if it's in the consumers' interest (pardon the pun). And those banks that are already doing it – and doing it well – are seeing the dividends, literally.

However, the results from our survey demonstrate that many banks are not taking the initiative in tailoring promotions and are instead opting for the generic, bringing with it the subsequent lack of uptake. This gives a misleading viewpoint that there's no demand from their customers.

If you do it badly, then it obviously isn't going to work, but that doesn't mean it's a flawed idea – it just means that it's a flawed execution.

As online shopping continues to become the predominant means of buying goods, there's never been a better opportunity for banks to look at how they can use customers' data better. In doing so, a bank can move from being a functional, silent repository, and become an engaging channel for customers to get more of what they want. In doing so, it will inherently drive loyalty among consumers – what's not to like?

Now, if you'll excuse me, I've got a Paul Smith sale to check out, while my wife isn't looking.

Lindsay McEwan, VP, EMEA



Research-driven insight

To explore consumer attitudes around how open they'd be to receiving promotional offers from their bank (that which they use most frequently, i.e., retail banking), we undertook research across five markets in Europe – the UK, Germany, France, Italy, and Spain. We sought to gain an understanding of the opportunity that sits at banks' doors. Essentially, is there the appetite from consumers for their banks – the company with more behavioural information about them than any other – to use the data they hold to inform tailored promotional offers?

Given it's a proposition that other consumer sectors already deliver daily (retailers, supermarkets, fashion brands), the process is understood; we're not trying to establish a new paradigm. Indeed, most banks offer promotions as part and parcel of a current account – but are they doing it effectively, and is it resonating with their customers? If not, there's little reward for the effort.

Here we explore the factors behind the opportunity.



Trust as a bedrock

The use of customer data is fundamentally reliant on a single premise: how much trust does that customer have in the company, brand, or supplier holding the data? To safeguard it, to keep it private, not to share it without consent. If this trust doesn't exist, then any opportunity to use it to benefit the customer (and by proxy, the brand), doesn't exist either.

It's this dynamic which underpins the premise that personalisation isn't an option without trust, and with it the opportunity to deliver tailored promotions.

Encouragingly, the majority of customers across Europe trust their bank to use the data they hold to securely and responsibly send personalised promotional offers; with 67% in the UK increasing to 76% in Germany and France.

This only tells half the story though. In the UK and Germany, customers trust their bank most of all when considered against their supermarket, favourite retailer, and mobile or internet providers, (in France it stands second, behind supermarkets by two percent). If we consider that supermarkets have been offering personalised promotions through loyalty cards for decades, the fact that consumers have more trust in banks to deliver the same service stands out.

Customer Trust in their banks

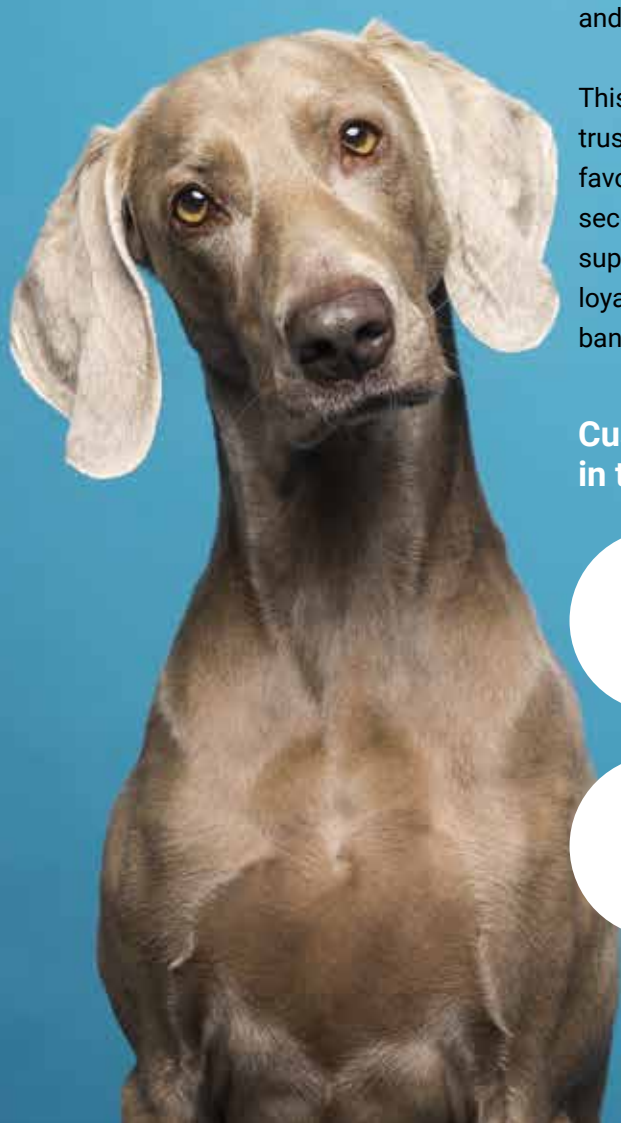
76%

in Germany & France



67%

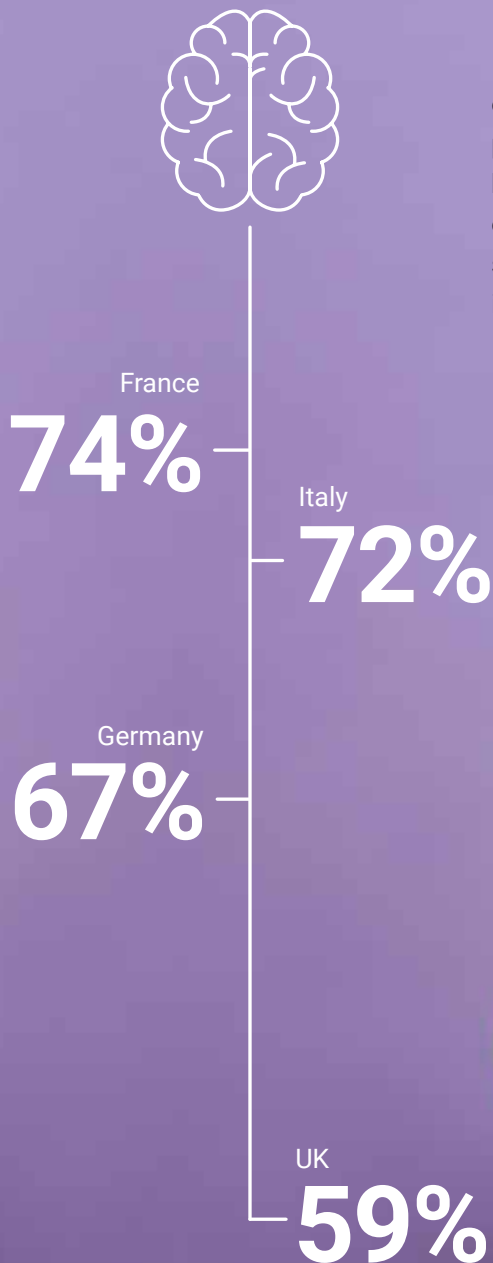
in the UK



Know your Customer

Naturally, without an understanding of the customer the opportunities for personalisation would be lost – and this in turn will affect impact and acceptance. As we'll discuss shortly, the generic approach doesn't resonate, which makes 'relevance' a key term when considering personalised promotions.

Indeed, when asked if what a company knows about them could make offers more relevant, respondents nearly always put banks top of the pile. In France (74%), Italy (72%), Germany (67%), and the UK (59%) banks are either top of the pile, or within a couple of percentage points of it. These are promising statistics when we consider it sits alongside supermarkets which are readily accepted as knowing the consumer inside out.



Ignoring consumer appetite

There is a marked discrepancy between banks across Europe in terms of offering promotions as part of having an account, be they available at all times or as limited time offers. French banks top the list with 67% respondents stating they received such offers, followed by Italy (60%). In Germany the percentage drops into the minority at 47% while just three-in-ten respondents from the UK stated their bank did so, and just 27% in Spain.

This is made into more of an imperative when we look at customer uptake of offers. In Spain and Germany offer uptake comes in at 72% and 74% respectively, climbing to 80% in Italy and 82% in France. Incredibly, while only 30% of banks in the UK are sending promotional offers, 83% of customers use them (the highest in Europe). And 72% of Spanish respondents using the promotional offers sent by their banks but just 27% receiving them, a huge commercial opportunity is being ignored. If ever there was a wake-up call for a sector it's this.



Relevance, relevance, relevance

If we dig into the issue of why some customers aren't taking up offers, we come back to the issue of knowing the customer. Of those who didn't use the promotions sent to them by the bank, the majority cited a lack of relevance either to their interests, or to their lifestyle and situation. Frustratingly, considering the very nature of the data a bank holds, a significant figure also cited unaffordability as a reason to ignore the promotion.

In Spain, at its peak, 53% of respondents cited irrelevance to their interests as a reason not to take up promotional offers, with Germany and the UK coming in at 41%, Italy 36% and France at 32%. The fact that at its lowest point a third of customers are being sent irrelevant offers, and at its peak over half, shows the poor job being done.

Looking beyond interests and toward alignment to lifestyle and situation, it's essential to note that the lack of understanding is even more prescient given people's current circumstances and how they've been affected by the impact of Covid-19 personally and professionally. The UK and Germany are the highest markets with 38% and 36% of respondents respectively stating such a mismatch as the reason for not using promotions. This still sits around the one-in-four figure for the other markets with Spain (27%), Italy (26%), and France (24%).

Relevance checklist

- ✓ **Interests**
- ✓ **Lifestyle**
- ✓ **Situation**



Moving on from the generic

This scale of the irrelevance is simply careless. A bank knows everything about how customers spend their money – where, when, how much (and often), and who with – so to ignore this insight and opt instead to simply offer the generic is a commercial own goal, yet it exists across Europe.



The statistics clearly show that the appetite among consumers exists for personalised promotions from their banks

Indeed, when questioned about whether they would be more or less likely to use these offers or promotions if they were tailored to their lifestyle and spending habits, the survey data hits home why ignoring the opportunity at hand is a fallacy.

Just 3% of respondents in Italy and Spain stated they would be less likely to take up offers if they were personalised (compared to 77% and 75% respectively who stated they more likely). In France, the 'less likely' figure nudges to 5% (with 68% being more likely), and while in Germany 9% stated they'd be less likely to take up personalised offers, 62% maintained they would be more open to the idea.

Intriguingly, while the UK has the lower figure (2%) of respondents stating they'd be less likely to take up offers, only 49% stated they'd be more likely, with an equal number stating it wouldn't make a difference. There's certainly a debate to be had about whether demonstrating the value behind personalised promotions and increasing their presence might shift this ambivalence. Showcasing the 'what's in it for me?' factor can increase appetite among those who see others benefiting.

The statistics clearly show that the demand among consumers exists for personalised promotions from their banks, but what do you do now? Importantly, it's all about the cleanliness and understanding of the data and having this inform the customer journey.



Communication frequency

Effective engagement

The survey also looked to gain an understanding of how banking customers across Europe would want to receive promotional offers in terms of through which channel, which medium, and how often. Unsurprisingly perhaps, few were keen on daily (or more frequent), promotional pushes; with around 3% of respondents in each country welcoming such a frequency – suggesting that overwhelming customers with communications isn't the smartest approach.

The optimum time to send offers to respondents who said they'd want to receive promotions was once a month, with 30% of French and Spanish; 31% German; and 26% of Italian consumers welcoming this frequency. In the UK this was the second preference at 26%, (with 30% wanting offers being sent less than once a month), but the fact that more than one-in-four consumers across Europe want monthly pushes is extremely encouraging.

However, when we cross reference this with age, we see a very interesting twist. The once-a-month frequency increases in demand as the consumers get older. For example, in the UK, 20% of 18- to 34- year-olds want monthly offers, rising to 25% for 35- to 54-year-olds, and 32% for over-55s. This is echoed in every single country – most markedly in France where we see the figures jump from 21%, to 30%, to 46% respectively, thus more than doubling in variance.

Understanding how the age of your customers impacts the frequency to which they should be sent promotional offers shows how important it is to have clean data. Ignoring the differences between age groups risks alienating one or more groups of customers.

Conversely, when we consider those who want to receive once a week, the demographic split turns on its head. The younger age group welcomes such frequency significantly more than the older – most markedly in France where the difference moves from 19% of 18- to 34-year-olds, through 12% of 35- to 54-year-olds, down to just 7% of the over 55s wanting to receive such frequent offers.



OVER 25%
OF CONSUMERS
WANT MONTHLY
PROMOTIONS

Turning insight into action

We know the appetite exists among consumers for their banks to deliver personalised offers based on their spending habits. The research data clearly shows this. The opportunity therefore is starting to analyse customer data to match these expectations.

This must inform a strategic customer journey programme, using data analytics to understand purchasing and behavioural trends to give an understanding of the customer's behaviour and preferences. This can be augmented to include predictive activity through machine learning tools, by bringing a wider pool of anonymised data together to deliver focused insight on the future path an individual might take.

Once the picture of the customer becomes clearer, the opportunity to A/B test can put in place a positive feedback loop, which iteratively improves the experience a customer will have. Once it becomes clear to the customer that the promotions being sent are relevant and of interest, by definition they will get opened more often, and uptake will increase. The 'what's in it for me?' factor becomes clear.

Most importantly, all the insights we unearthed from the survey demonstrate very clearly why integrated pan-European strategies need the cleanest data – and the right tools – to make them resonate as strongly as possible with each audience, across the right channel, at the right frequency, in the right region. There's no one-size-fits all.



Format is everything

It's not just frequency where age becomes a factor. Perhaps predictably – but no less critically for effective marketing strategies – the format through which consumers welcome promotions differs between age groups.



Email was the most preferred communication channel across every market in Europe, but while in Germany there is just one percentage point difference between the three age groups, in France preference for email rose a factor of 30% between the 18- 34-year-old age group and the 35- 44-year-old. In the UK preference for email rose between the youngest and oldest age groups by a factor of 23%; in Italy 18%; and Spain 15%.



While preference for phone-based communications was relatively flat across age groups through UK, Italy, and Spain, in France nearly twice as many 18- 34-year-olds cited a preference for this channel compared to the oldest age group, and in Germany this same model increased by nearly 150%.



Interestingly, app-based communications were largely uniform in acceptance across age groups – with the exception of the UK, where 11% of those aged 55 or above welcomed them, compared to 27% of 18- 34-year-olds.



It's texting however where we see the absolutely critical nature of clean data and understanding your customers come into its own when considering channels.

In France, more than twice as many 18-34-year-olds wanted texts compared to 55s and over (34% against 15%), and this downward trend is replicated in Italy (39% to 25%), and Spain (45% to 30%). However, in Germany this is relatively flat in comparison, going from 33% (18- 34-year-old), to 38% (35- 54-year-old), and 36% (55-year-old and above). In the UK however, this is flipped on its head; 16% of 18-34-year-olds welcome texts, while 25% of those aged 55 and above do the same.



Tealium connects customer data — spanning web, mobile, offline, and IoT devices — so brands can connect with their customers. Tealium's turnkey integration ecosystem supports over 1,200 client-side and server-side vendors and technologies, empowering brands to create a unified, real-time customer data infrastructure. The Tealium Customer Data Hub encompasses tag management, an API hub, a customer data platform with machine learning, and data management solutions that make customer data more valuable, actionable, and secure. More than 1,000 businesses worldwide trust Tealium to power their customer data strategies. For more information, visit www.tealium.com.

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