How **Retail Banks** Should Be Banking on **Engagement**

WHEN IS THE LAST TIME you actually talked in person with your banker? Not long ago, the relationship a consumer had with their banker was one of their most cherished and valued. While the digital revolution has amplified the convenience factor by eliminating the need for unnecessary face-to-face transactions, technology has done little to deepen the kind of engagement between banks and their customers that fosters long-term loyalty and high customer lifetime value.

Today, consumers' trust in banking brands has reached an all-time low. A study by the National Association of Retirement Plan Participants[1] found only 8% of consumers trust their financial institutions, and Edelman has consistently scored financial services with the lowest trust levels since 2012. It's not surprising. Banking has become increasingly robotic, with ATMs, online and mobile banking, and IVR phone systems having replaced human interaction, while points-based programs reward continued patronage. A recent Bill.com survey showed 82% of institutions plan to invest more in technologies that enable digital banking[2].

Itaü mobilized thousands of people in Brazil through the brand's "Read to a Child" program, helping distribute 45 million books to children across the country, sharing their experiences along the way.

In a category that's beset by advances in digital and fintech that are quickly levelling the playing field and eroding discernible differences between brands, "Building sustainable brand equity in an increasingly digital world will become even more important (to retail banks)," advises Deloitte in their 2016 Banking Industry Outlook[3]. "Banks should develop a clear, consistent, and sustainable brand strategy that is impervious to temporary shifts in consumer perceptions," Deloitte recommends.

BANK ON CONSUMER ENGAGEMENT, NOT ADVERTISING

Despite this advice, banks are doing more navel-gazing than ever, with 92% still actively benchmarking their customer experience against that of other banks, according to the Bill.com report. If this trend continues, financial institutions will continue to find it harder to attract, grow and retain consumer business should their own investments not be steered in a different direction: Towards engaging customers in ways that can truly make their brand stand out in the sea of sameness that has become the modern retail banking landscape. Research proves that brands that achieve high levels of engagement have fanatical, cult-like customers that are six times more likely to pay attention to their marketing communications, resist competitive appeals, advocate for them via word of mouth, and trust the brand by giving them the benefit of the doubt. With the advantage of a fanatical customer base, brands that excel at engagement become nearly impossible to overtake, command their categories and reap the benefits of recession-proof profitability.

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So, how should retail banks be thinking about engagement? There are six areas in which banks should be increasing their investments.

ONE: BE REMARKABLE

Turn Customers into Vocal Advocates

A legitimate and powerful way that bank brands can regain consumer trust and amplify engagement is by doing or offering something remarkable enough that consumers spontaneously spread positive word-of-mouth.

Cardless cash, which allows customers to draw money from ATMs and branches through their smartphones, has an inherent "cool factor" as it reduces transaction time to mere seconds.

To launch their cardless cash service, Avidia Bank used social media to amplify the buzz and WOM, hosting real time ATM versus cardless cash battles on Periscope (an unusual tactic among banks that captured significant consumer attention), then identified and joined the ensuing conversations on other social networks. Avidia saw engagement rates as high as 10%, resulting in a 13% increase in adoption[4], surprisingly skewing older, with a median age of 41.

Banking decisions can be supremely confusing for consumers, and many customers prefer to receive information about (and experiences with) a financial product from a live person. Additionally, customer satisfaction has been shown to lag without the traditional in-person exchange with a financial service representative. "Online banking has altered the traditional feedback system between banks and customers, creating a communication problem," writes Brent Robinson of Bazaarvoice.

In the absence of real human exchanges, a legitimate way banks can build trust is by empowering customers

Bank of America's Student Leaders program enables the bank to engage an important and elusive audience to help foster brand affinity.

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to authentically share their experiences with other customers through user-generated content, comments, ratings or reviews. While regulations seem to have deterred bank brands from embracing user-generated content, research shows that consumer trust is fortified when real experiences from real customers can be accessed. "Ratings and reviews are a tried and true method to show that a brand engages with their community," notes Robinson. "Displaying user feedback shows current customers that the bank cares about their experience and it actively wants to keep their business."

TWO: BE PUPOSE-LED
Shared Causes Make Customers Care

After studying 50,000 organizations over 10 years, Jim Stengel, former global marketing director of Procter & Gamble, concluded that brands focusing on improving people's lives—above and beyond the products and services they offer—grow three times faster than competitors, outperform the market on margin, dominate their category and maximize profit in the long term.

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Itaú Unibanco, the largest Latin American bank, and the top brand on Interbrand's Best Brazilian Brands list for over ten years[5], has based its stellar 13% growth rate and success on its pursuit of purpose instead of profit. In their 2016 report, Interbrand remarks, "Itaú leads the ranking (once again) and shows all of us the power behind a consistently built purpose, in tune with the company's culture and the brand's attitudes." Itaú has based its brand positioning on, "The constant effort to enhance their ability to promote positive changes in people's lives and in society through its business and the causes it supports such as education, culture, sport and urban mobility," explains Gonzalo Brujó, Interbrand's CEO EMEA & Latin America. Brujó applauds Itaú's "Read to a Child" program for enrolling customers all over Brazil in the brand's noble cause by distributing 45 million books to children and sharing each of their experiences publicly.

Bank of America is one such brand that has been investing heavily in cause marketing and sponsorships[6] as a way to engage and mobilize staff and consumers alike. As Charles Greenstein, SVP and global sponsorship marketing executive at Bank of America explains, "Sponsorship is a valuable tool in our marketing toolbox that we use to drive revenue, our brand, impact the community and engage employees." It's no surprise that Bank of America tops the lists of most active sponsors in the U.S., as opposed to the lists charting the highest spending advertisers. Instead of buying the attention of consumers through paid media, Bank of America has opted to earn their attention by aligning the brand with events and causes their target customers care about most. In 2016, Bank of America allocated$40 million[7] to provide essential job skills to, and fund employment experiences for 100,000 young adults to demonstrate the brand's long-standing commitment to youth development and success. Young adults represent an important segment for Bank of America to engage, since research has shown a higher tendency for promiscuity among younger banking customers[8].

THREE: BE INSPIRATIONAL
Leverage Your Best Asset—People

While real people may be disappearing from the front lines of most banks, the institutions themselves are still powered by real people. However, most brands (and banks are no exception) seem to ignore their internal audiences—the very audience that has the greatest ability to make a brand truly great—favouring instead external audiences to whom they target the majority of brand communications. Brands that succeed in dominating categories outside of banking are those who invest heavily in forging a company culture founded on employee engagement. Brands who achieve high employee engagement rates are 78% more profitable than organizations with low levels of engagement[9]—a statistic you'd think most banks would act upon—yet banks are consistently failing at employee engagement, when compared to all other industries, resulting in deplorable customer and employee turnover rates.

Involving customers in the product or service development process and perpetually harvesting—and celebrating—their ideas is some-thing that brands in many industries have proven as an effective engagement strategy that drives brand trust, affinity and loyalty.

Pennsylvania's 1st Summit Bank has wholeheartedly embraced this truism, attributing their consistent growth, profitability and ranking on the Best Banks to Work For list[10] to a commitment to employee engagement that stems from the top. 1st Summit CEO, Elmer Laslo, is also the bank's head of professional development, spending a disproportionate amount of his time visiting branches to personally mentor and teach employees about everything from financial wellness and peak performance, to time management. Lasso gives every employee the same level of attention and the same opportunities for personal and professional growth, regardless of rank and tenure. "People see 1st Summit Bank as a company that not only cares about its customers, it cares about its employees." Laslo explained. "They can see that happy employees make for happy customers." Laslo attributes internal engagement to helping transform

1st Summit into a $950 million-asset bank without ever making an acquisition, and one that enjoys the highest profits in the U.S. within its asset class[11].

The hidden potential of highly engaged employees is truly unleashed when they become vocal, visible brand advocates and ambassadors outside of the branch walls. Through Avidia Bank's employee advocacy program, Avidia Smarties, real employees represent the brand both online in social media channels, and offline in real life. Avidia Smarties are highly engaged, social media-savvy staff members from various branches and departments of the bank, who are subsequently screened and trained in customer engagement and social media, before being appointed. As an official ambassador, they then have access to the brand's social media dashboard and can publish pre-approved brand content across their own personal social channels from a central content library, as they did during Avidia's cardless cash campaign. "Using social as a primary distributor of great content makes sense," notes Hootsuite Global Industry Principle of Financial Services, Amy McIlwain. "Breaking social media responsibilities out of the marketing only silos, empowering executives and employees across the organization instead, is a growing trend in financial services."

FOUR: BE RELATABLE

Mirror Customers In Your Brand Persona

Programs such as Avidia Smarties not only succeed in making employees feel a greater sense of ownership and stake in the brand for which they work, but they also

Avidia Smarties are the bank's army of trained brand ambassadors responsible for engaging customers internally and externally through social media as a way to drive brand affinity and loyalty.

Brands succeed in forging deep affinity and loyalty by weaving themselves into the fabric of customers' daily lives, extending their touch points beyond that of their core product or service offerings to engage them in new ways that make the brand ultimately more relevant and valuable to them.

succeed in humanizing the brand by giving it an authentic, personable voice with which consumers can not just dialogue, but relate.

Yet, instead of focusing consumer engagement in ways that help amplify the warmth and competence of a brand, many banks seem content to pay celebrities millions to represent their brands as a surrogate that consumers know and like more than their brands. This practice is so widespread in the banking sector that there's even a BuzzFeed-style list ranking the top ten biggest celebrity bank promotions[12].

SunTrust Bank leverages consumers themselves to be more relatable. The brand's #MondayMotivation social media campaign features visual examples of consumers in relatable financial scenarios as a way to foster a sense of support from the bank to achieve their financial goals. SunTrust also harvests financial success stories straight from their social media followers. By encouraging customers to publish blog posts related to specific financial scenarios, the brand provides relatable stories that foster connections with their followers. It's no surprise SunTrust placed first on Facebook for top U.S. retail banks[13].

In the case of Canada's CIBC, humanizing their brand involved replacing photos of consumers in their ads with an illustrated penguin nicknamed Percy. In 2015, after Percy generated a positive initial reaction among consumers[14], CIBC moved to feature Percy almost exclusively in their ads as a way to give the brand a more human touch in an effort to address research showing that customers desired their banking to be more flexible and more personal. "When you look at the people [in banking ads], it is easier to find the differences between the people in the ad and yourself," explained Terry Drummond, ECD at the bank's creative agency, Juniper Park. "But when you see a penguin, you go to the things that connect you and that is what makes it so powerful. What we are aiming for is that human connection and signalling that we understand some of the traditional frustrations [with banking]. We are just aiming for moments, human moments."

FIVE: BE INVOLVED

Most brands talk. Cult brands listen.

Involving customers in the product or service development process and perpetually harvesting—and celebrating—their ideas is something that brands in many industries have proven as an effective engagement strategy that drives brand trust, affinity and loyalty. "Companies engage in co-creation projects because they want them to foster the discovery of customer interest and value, which they can turn into innovation and competitive advantage," explains Gaurav Bhalla, CEO of Knowledge Kinetics and author of Collaboration & Co-Creation: New Platforms for Marketing & Innovation. "Open innovation thinking, where companies collaborate with suppliers, distributors, and customers to co-create unique value, is fast replacing traditional thinking that viewed innovation as a proprietary activity and marketing as a static, one-way broadcast."

Several years ago, PwC's Financial Services Technology Leader, Julien Courbe, prophesied, "We're heading into the co-creation phase, where consumers help develop the personalized products and services they want. The ultimate goal is to establish communities of individuals, stakeholders and enterprises working together to produce value through engagement platforms designed to enable mutual collaboration." According to PwC's Global Digital Banking Survey, only 9% of banks studied highlight capturing ideas and co-creating as an end goal of customer engagement[15]. "It's critical to acquire and analyze different sources of internal and external data to really under-stand consumers' needs—and eventually redesign banking processes to reflect a customer's point of view," adds Courbe.

However, despite the apparent opportunities and advantages, co-creation remains a practice that hasn't gained much traction among bank brands[16]. "For a customer shopping for banking products, the choices are fairly limited. So is the flexibility to create the ideal, completely customized product. More often than not, the only value of a bundled offering is a price discount," notes

Scotiabank's commitment to being "Canada's Hockey Bank" exposes the brand to millions of Canadians through a combination of grass-roots community programs and highly visible national campaigns, including the annual Hockey Day in Canada coast-to-coast celebration.

Chandramouli Kundagrami of Infosys. "Any greater innovation is usually initiated by the customer who is trying to fulfill a specific need; unfortunately, banks don't make it easier by providing tools to facilitate the process. This is the extent of co-creation that most banks—give or take a few—offer their customers today."

In the absence of co-creation strategies among banks, it's no wonder that consumer distrust remains a challenge for the category, though some forward-thinking banks have been brave enough to experiment. In 2015, Société Générale invited tech savvy customers in India to co-create the digital bank of tomorrow through a 30-hour hackathon, as did Royal Bank of Scotland through their "Hack Make the Bank" project in collaboration with The Open Bank Project, where participants created innovative fintech applications using an RBS-provided Open Bank Project API.

More recently, Deutsche Bank is hosting an innovation challenge through "crowd storming" platform Jovoto where consumers can share their vision on how Artificial Intelligence would help Deutsche Bank reinvent its customer service experience. "The digital world is driving changes in banking at great speed," says Markus Pertlwieser, Chief Digital Officer PWCC at Deutsche Bank. "Working with Jovoto and open innovation helps us stay agile by screening innovative ideas on a global scale in a short amount of time." The initiative is designed to empower consumers explore how AI can be adapted to banking, and unearth ideas that will improve how the brand operates in the future. The brand has put €25,000 up for grabs and the opportunity to develop their concepts with experts at the Deutsche Bank innovation labs Berlin.

SIX: BE PERVASIVE
It's What You Say and How You Say It

Brands that succeed in forging deep affinity and fierce loyalty among their customers are those who find ways to heighten their relevance by weaving themselves into the fabric of their daily lives. Brands like Disney and Red Bull envelop customers' lives by extending their touch points beyond that of their core product or service offerings to engage them in new ways that make them not just more visible, but more relevant and valuable to them.

Bank of America is sponsoring a personal finance show called "The Business of Life" that is produced by Vice Media, a team of raw documentary storytellers who are best known for their groundbreaking news magazine hosted on HBO. BofA's show is being jointly promoted through digital scrapbooking site, Pinterest, which links the branded content with those financial topics millennial Pinterest users are interested in most.

Brands who have already made a commitment to these principles are now reaping some of the benefits of consumer engagement, most notably, that of a fiercely loyal following who effectively does the advertising for them.

To raise their cultural relevance and exploit a nation's pride in their beloved sport, Scotiabank invented Hockey Day in Canada, the biggest single-day celebration of the game in the country that's become an annual tradition, for nearly 20 years running. The initiative involves the selection of a host city or town, and culminates in a nationwide telecast from other cities or towns across Canada, that also plays out online through broadcast partners' websites and social channels.

Beyond the once-a-year event, Scotiabank invests so heavily in a spectrum of year-round hockey-related programs that the brand has become nearly inseparable from the sport. They are the Official Bank of the National Hockey League, NHL Alumni and multiple NHL teams, including the Calgary Flames, whose home arena is the Scotiabank Saddledome. Scotiabank's Community Hockey Sponsorship Program supports over 8,000 minor hockey teams in communities across Canada, and their Heroes of Hockey Day chronicles the challenges of three kids' hockey teams as they compete for a prize trip through a reality series broadcast during Scotiabank Wednesday Night Hockey nationally and online.

Scotiabank dons their "Canada's Hockey Bank" moniker honestly. At the grassroots level, their Community Hockey Sponsorship Program sees each of Scotiabank's more than 1,000 Canadian branches financially supporting a local hockey team, league or association in the communities they serve. The program is supported by their Hometown Hockey tour, where Scotiabank visits 24 different communities to celebrate local hockey with family-friendly games, entertainment, giveaways and autograph sessions with NHL Alumni. The brand has even tailored banking solutions towards hockey players and parents, providing such tools as their Hockey Season Calculator to help families financially plan for their investment in an increasingly expensive sport.

CONCLUSION

"There's no substitute for a strong brand reputation. It takes time to build, and it's hard to regain if it falters. That sentiment has special relevance for banks," Nielsen remarks in their aforementioned study. "Whether because of hidden costs, hard-to-understand contract terms, a lack of customer service or awareness of corruption around the industry, their confidence in their banks has been shaken. And as choice increases, customer perceptions about individual brands are becoming increasingly important for long-term success."

For retail banks to earn back consumer trust and effectively differentiate—in a new world where consumers increasingly tune out advertising—investing in consumer engagement as means to achieve extreme levels of brand affinity and loyalty has become the most viable approach. With traditional forms of marketing generating increasingly diminishing returns on investment, brands who have already made a commitment to the principles outlined above are now reaping some of the benefits of consumer engagement, most notably, that of a fiercely loyal following who effectively does the advertising for them.

Rob Howard

Over my 20-year marketing career, I've worked with super-brands like Nike, Prime Restaurants, Pita Pit, Michaels and The Home Depot. Today, I'm Cult's Chief Engagement Engineer, helping brands transform ordinary customers into devoted fans with irrational loyalty. I enable brands to create meaningful, profitable connections with consumers in ways that traditional marketing can't.

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