



The art of customer engagement.....

Increasingly the word engagement has become part of the marketing lexicon.

But what really does it mean when applied to financial services? Many people will be financially engaged through regular use of their bank account acting as a utility.

JGFR defines financially engaged consumers as those who are intending to take out a savings, investment or borrowing product in the next 6 months. The numbers of such customers have fallen by 2.5 million to an estimated 35.3 million in the past year as economic pressures have hit households.

At the recent 2011 annual Financial Services Forum (www.theforum.co.uk) members conference customer engagement was considered from a number of different angles.

- Why communication via advertising – where 90% of all advertising falls because it is too complicated for consumers – struggles to make an impact in engaging consumers. The great majority of consumers feel helpless when confronted by often confusing messages from financial services businesses. Most consumers will need an influencer to help them understand financial services.
- How the leading US life insurer – MetLife (www.metlife.com)- changed a declining take up of product and penetration through re-engaging with the customer through a multi-channel approach
- How the Co-operative Bank is seeking to increase its presence as a challenger brand through a personalised approach to understanding customer insecurities and needs.
- What the challenges are in terms of employee engagement in relation to the growth in defined contribution (DC) pension schemes and the need to develop large-scale collective communication models to cost-effectively relay information to scheme members see (http://www.napf.co.uk/PressCentre/NAPFcomment/0009_The_Pension_Communications_Project_230910.aspx)
- Why the emergence of Social, Mobile, Open and Cloud is set to transform the way customers engage with business as a younger generation of renters rather than owners reshapes the marketing landscape. Among many of the under 40s sharing their experiences, their likes and dislikes are creating new engagement models based on the smartphone – which is viewed as the catalyst for industry change, especially for banks and how they will need to re-engineer the way they service customers (see JP Rangaswami and Brett King)

With Metro Bank (<https://www.metrobankonline.co.uk/>) Chairman Anthony Thompson presiding over the conference a lively debate on the future of the branch transpired. Much will depend on the attitudes of Generation Y (today's under 30s) who by 2015 are expected to use predominantly the mobile channel for their banking services with much less reliance on the bank branch.

Research by JGFR last year found that product purchase channels were branch (48%), internet (48%, of which 40% was from PC and 8% from mobile), 21% call centre, 19% direct mail, 18% named

adviser and 10% social media. This December the 2011 product buying channels survey is undertaken.

In the coming year the entry of the Post Office into the current account market with its 12,500 branches and existing successful product mix will provide the biggest shake up to the main financial services provider market covering 90% of the population and dominated by the 10 leading banking brands with a 89% market share (for leading providers see http://www.jgfr.co.uk/files/Main_financial_services_providers.pdf).

Customer engagement will remain a challenge for financial services businesses – much of the discussion at the conference was of a tactical rather than of a market widening strategic nature.

Only once in mid-afternoon was the market backdrop of the financial downturn mentioned. This in connection with the fact that pension scheme members may not like to receive bad news.

And the conclusions –customer engagement in financial services means different things – for many customers engagement will revolve mainly around current account deposits and withdrawals on a very regular basis; for others engagement is about getting advice on investing hard earned savings or taking out family protection through life insurance or taking out a loan or mortgage. That banks straddle both types of engagement makes assessing customer engagement in financial services a more difficult challenge.

To discuss the approach of JGFR to customer engagement please email j.gilbert@jgfr.co.uk