

Is the CMO the future of financial services?

Marketing teams are positioning themselves to reinvent financial services

■ ■ ■
The better the question. The better the answer.
The better the world works.

EY

Building a better
working world

Marketers are racing to keep up with the dizzying pace of innovation in technology: AI is enabling autonomous everything, whether services or self-driving vehicles. Marketing technology (MarTech) has yielded increasingly powerful predictive models of consumer behavior based on accelerated analysis of large data sets. Real-time 5G data will soon enable faster and higher-bandwidth service delivery to the end consumer. These innovations, among others, are transforming how consumers interact with brands.

In the marketplace, financial brands will face even more competition from innovative new entrants capable of transformative disruption. Financial institutions will have to respond quickly to retain customer attention – and assets.

To assess the current state of ongoing innovation, Ernst & Young LLP (EY US) surveyed 150 chief marketing officers (CMOs) and senior marketing executives at leading financial services institutions. These successful leaders shared their insights about how digital demands have changed the role of the CMO to encompass a renewed focus on customer experience as well as responsibilities and challenges centered on continuous change and invention.

This report shares findings from the survey, supplemented by learnings from client engagements and conversations with CMOs and marketing leaders at leading financial services companies across the United States.

Our main finding: CMOs are taking on five new roles that promise to improve the inventive capacity of the marketing department. Through greater collaboration, a focus on customer experience, increased MarTech investments and capabilities in change management, marketing teams are, quite deliberately, positioning themselves to invent the future of financial services.





Five new roles for the financial services CMO

- 1 • The CMO as chief collaboration officer**

Innovative marketing executives are now orchestrating and influencing strategic transformation in coordination with marketing, sales, operations, IT, risk and other enterprise functions. Illustrating this trend, 40% of CMOs listed the chief digital officer or chief technology officer as their top ally.
- 2 • The CMO as customer experience officer.**

Eighty percent of all marketing executives have committed to a customer-focused strategy. Financial services CMOs are no longer primarily focused on outbound messaging through marketing campaigns. Instead, they are now responsible for advocating for the customer at all points of the customer life cycle, while also controlling every facet of how their brand is perceived in the marketplace.
- 3 • The CMO as MarTech chief information officer.**

CMOs have become responsible for securing an investment mandate to support data-driven marketing that drives insights for omnichannel strategies. Marketing organizations need to access real-time processing resources, while cultivating the talent to create differentiation through creative uses of data. This requires CMOs capable of conveying the importance of the data-driven marketing vision to the rest of the executive team.
- 4 • The CMO as change leader.**

Two-thirds of financial services marketing leaders agree that we're in a period of unprecedented change, and we concur. In the emerging environment of intelligent personalization and 5G, marketing leaders are in the ideal position to guide their organizations toward meaningful engagement in a real-time world.
- 5 • The CMO as inventor.**

Beyond traditional media, marketers need to break through the clutter with imaginative, innovative approaches that build on technology to create an emotional connection with customers. That explains why 46% of CMOs reported that their top priority for future investment would be to improve customer experience or enhance digital channels.



1

The CMO as chief collaboration officer

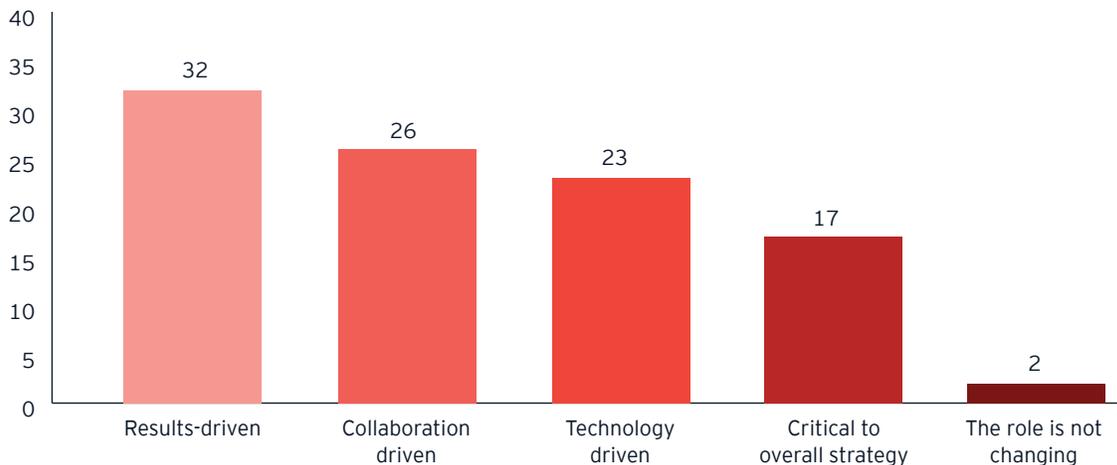


The availability of granular data has made the role of the CMO much more results-driven than in the past. CMOs are finding that the most effective way to achieve great results

is to collaborate throughout the enterprise to invent new ways to make use of emerging technologies and channels.

Among our survey respondents, **98% confirmed that the role of the CMO is changing.**

In your view, how is the role of the CMO changing?



Base: N=150

The top answer (32%) was that the role is becoming more **“results-driven.”**

An increased focus on results has been enabled by detailed data about digital marketing. In the past, marketers could make broad claims about the success of marketing campaigns. Today, just about every customer

interaction can be examined both in detail and in aggregate, and smart marketers track the effectiveness of a campaign from first impression through to post-sales. Yet this also means that marketing executives themselves can be measured and benchmarked on their ability to deliver quantifiable results that maximize the business benefit of their marketing budgets.

“

CMOs are caught up in measuring awareness and digital traffic; savvy CEOs want to understand how these metrics impact both top and bottom lines. That requires the CMO to be a strategic partner to enterprise and business owners by aligning shared financial and growth goals. Marketing is redefining value add- identifying new markets/customers, developing innovative products, and improving distribution effectiveness.

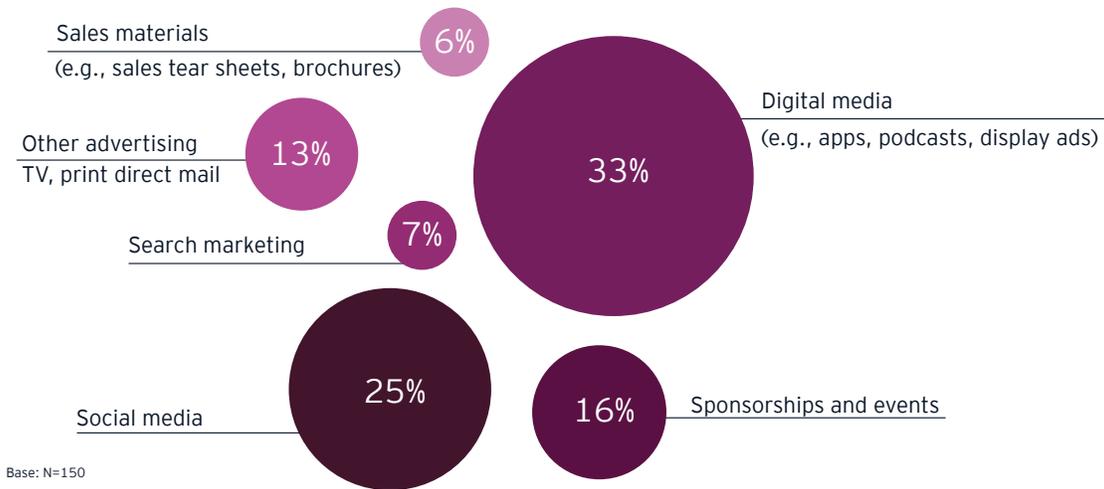
Bernhard J. Klein Wassink
EY Global Insurance Customer and Growth Offering Leader
(himself a former CMO of a leading financial services organization)

The next-highest response (26%) was that the role of CMO was becoming more “collaboration-driven.”

Consider this: For every dollar spent on legacy advertising channels (e.g., sponsorships and events, TV, print, direct mail and printed sales materials), two dollars go to digital media, social media and search marketing. That’s a huge shift in business practices. **Digital is 54% of total ad spend and forecasted to increase to 67% in 2023.**

Source: eMarketer, Feb 2019

Where are you currently spending advertising budget?



Digital marketing channels operate on a rapid cycle time, requiring a higher degree of collaboration with internal and external stakeholders. It’s the difference between planning an annual television ad vs. operating a social

media instant response team. More than ever before, marketers need to be closely involved with lines of business to refine and react to the marketplace.

“

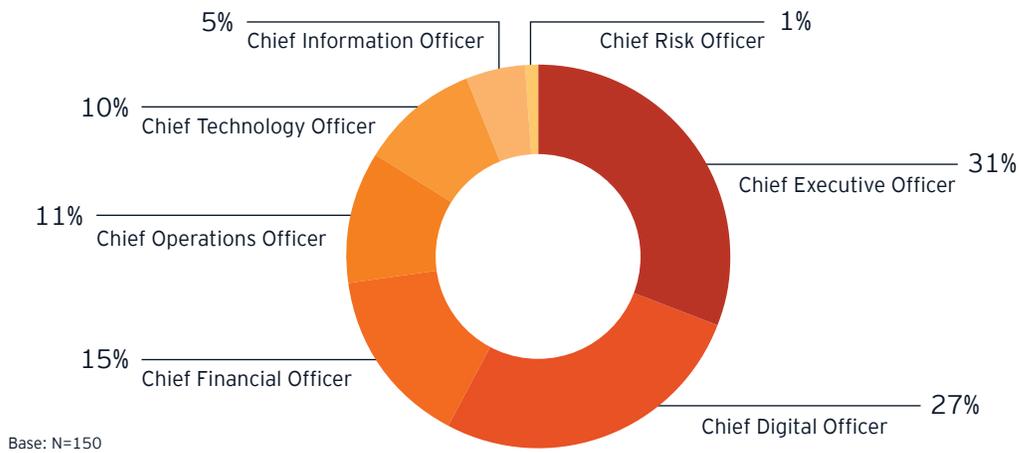
We at EY see CMOs as critical to the overall strategy of the businesses they work for. They are helping to break down institutional silos; foster consistent, valuable and trusted customer experiences; protect and promote the brand; and ensure that businesses play to their unique strengths and exploit rapidly emerging market opportunities.

Avril Castagnetta
EY Americas Insurance Marketing
Transformation Leader

Nevertheless, the CEO was the most important strategic partner for just 31% of respondents. More than half (52%) were more closely aligned with a technology executive (27% for chief digital officer, 15% for CTO, and 10% for CIO), and the rest are aligned with the CFO (15%), COO (11%) or chief risk officer (1%).

Surprisingly, we found a disconnect between the importance of privacy and trust at the board and CEO level with our survey results. CEOs are demanding that marketing teams work closely with privacy and risk functions, as well as with enterprise data owners, to address critical issues around cybersecurity and reputational risk. Yet few CMOs identified the chief risk officer as a strategic partner.

From within the C-suite, who are your most important strategic partners?



The high rate of alignment between marketing and technology executives can be explained by the state of digital transformation at financial institutions. In the survey, 80% of respondents said that they are either planning or implementing a transformation to become more customer-centric. CMOs can take a powerful role in shaping and guiding technology development to improve customer experiences and enable higher levels of personalization.

These combined demands for collaboration place CMOs squarely in the crossroads between disparate divisions of the enterprise, giving the marketing function primary oversight for how the enterprise touches the customer, along with the highest level of responsibility for safeguarding the brand.



“

Financial services URLs were brand/promotion repositories housing brochureware and educating clients on products and services. Today, digital assets are the storefronts for their brands. They are the voice, face and hub of the organization, representing the entire portfolio of experiences a client has as they engage with the company. With only 30 seconds to make a first impression, marketing's challenge - create connective online and offline engagement.

Pamela J. Delaney
EY Americas Financial Services
Marketing Transformation Leader

Digital technology has completely changed the customer experience.

Customers can access a full range of services through their mobile devices, conduct easy transactions via voice and open new accounts by clicking on a social media post. Yet many financial marketers are stuck using new approaches (e.g., social media campaigns) to achieve old objectives (e.g., drive customers to the branch or online), which is an insufficient role for marketing given the centrality of digital to the customer experience.

By taking a more active role in guiding the customer-facing aspects of digital channels, marketing professionals will increase the strategic value of their contributions. Using real-time capabilities, marketers can position themselves to integrate customer-focused personalization into the customer experience in ways that reinforce the value of the brand, thereby creating an emotional connection with the customer. According to industry research and confirmed by EY US experience, clients with an emotional connection to their financial institution will invest more, consolidate more assets and show greater brand loyalty.

(Source: Harvard Business Review, "The New Science of Customer Emotions," 2015)

Approaches to deliver a real-time customer experience include:

- ▶ Observing real-time customer interactions with digital channels (instead of relying solely on customer surveys)
- ▶ Making real-time decisions using algorithms that automatically identify customer needs, set offers and pricing, and target hyper-specific customer segments (instead of relying solely on periodic market research)
- ▶ Continually updating key word purchases and social media campaigns across multiple networks (instead of relying solely on annual advertising buys in mass media)

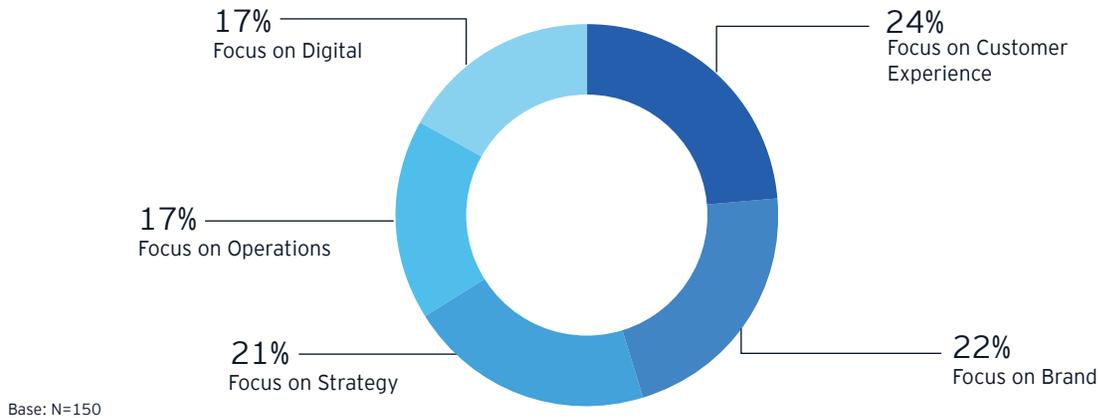
Every aspect of the customer experience should be considered a “marketing moment” that offers an

opportunity to reinforce the brand. Accordingly, marketing leaders should advocate for a much stronger voice – as well as ownership stakes – in the digital channels where those customer experiences happen.

Marketing leaders are starting to find their voice as customer champions within their organizations. When asked about their present roles as marketing leaders, “focus on customer experience” was the top answer (24%), beating out more traditional roles such as “focus on brand” (22%) and “focus on strategy” (21%). The two remaining choices – “focus on operations” and “focus on digital” (17% for each) – also have direct bearing to the delivery of improved customer experiences.



As a marketing leader, how would you assess your own role at your present employer?



Regardless of their roles, 9 out of 10 financial marketers are increasing their focus on customer experiences. More importantly, most financial marketers are taking multiple actions in parallel. Even when customer experience is the top priority, survey respondents indicated several possible ways to get there.

What actions are you taking to improve your brand's customer experience?



3

The CMO as MarTech chief information officer



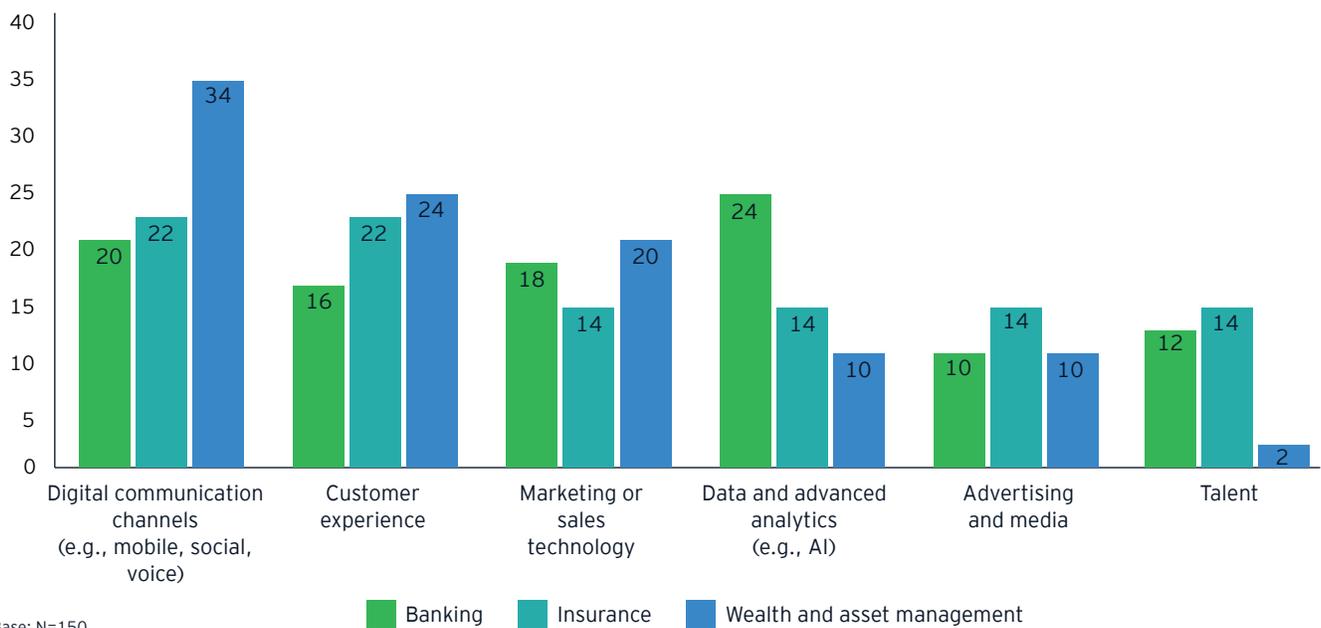
Marketing organizations have always been measured by outcomes, but today's data-driven approaches enable an unprecedented level of precision in assessing the effectiveness of a particular campaign. As a result, marketers have already moved away from "spray-and-pray" campaign strategies in favor of highly targeted and strategic outreach to specific customer segments and individuals. With purposeful engagement, marketers can match the most appropriate tactics with clear and quantifiable goals throughout the sales and servicing cycle.

For data-driven marketing to succeed, financial services marketers will require a significant investment in tools, training and process improvement. Core capabilities include real-time data collection and analysis, omnichannel delivery for personalized customer

experiences, and highly granular data measurement to assess and evaluate real-time results. These capabilities are critical for gaining insights into how customers behave across all channels, which then can inform future analysis and innovation efforts.

When asked about how they would like their companies to invest more resources, the top answer in asset management was "digital communication channels" (34%). In banking, the top choice was "data and advanced analytics" (24%), and in insurance, it was a tie between "digital communication channels and customer experience" (22% each). While these address different aspects of technology, all directly or closely pertain to improving the customer experience.

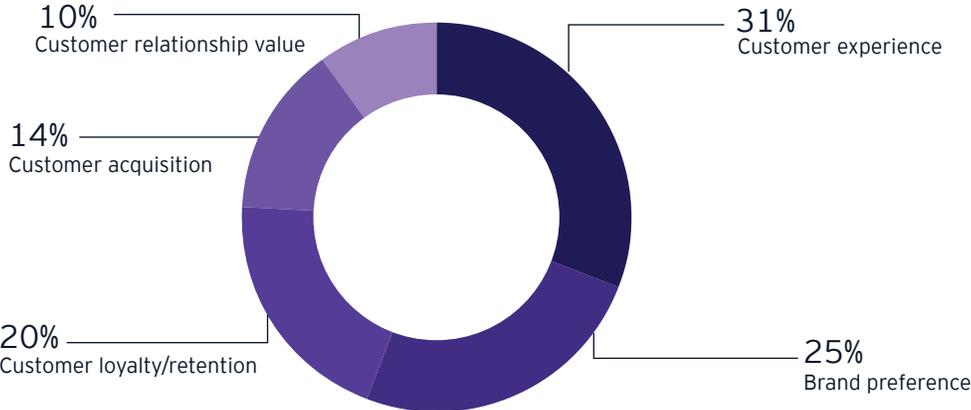
In which area would you like your company to invest more resources? (by sector)



To underscore the shift away from legacy marketing activities, across all industry verticals, only 20% wished for more resources in traditional areas in "advertising and media" (11%) and "talent" (9%).

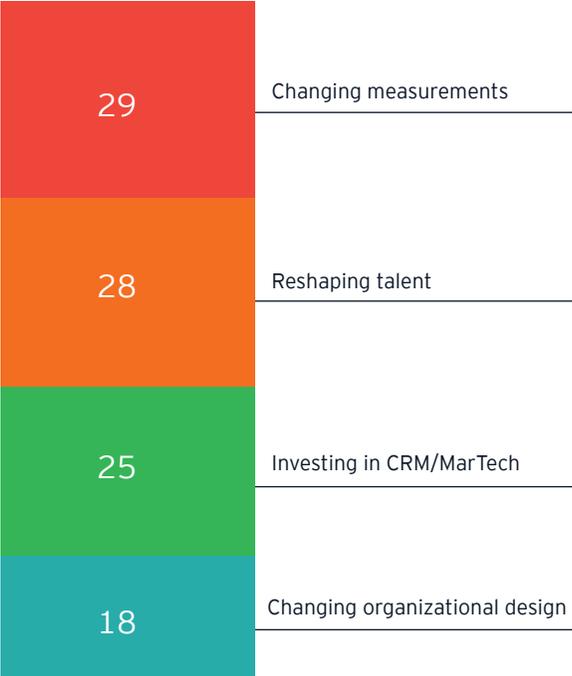
When building personalized customer experiences, marketers recognize the need for high-quality data. When asked which was the most important area for accurate measurement, the top answer was “customer experience” (31%), beating out traditional metrics such as “brand preference” (25%) and “customer loyalty/retention” (20%).

If you were able to measure one of the following accurately, which would be most important to you?



The need for high-quality data was also evident when we asked about ways in which marketing operations were becoming more customer-centric, as the top two answers both pertain to the acquisition and analysis of data – “changing measurements” (29%) and “investing in CRM/MarTech” (28%). Yet it’s important to recognize that technology is not the entire picture, as “reshaping talent” (25%) and “changing organizational design” (18%) are also critical to making sure that employees are empowered to guide customers through their sales journeys.

How is your company’s marketing operation becoming more customer-centric?



Base: N=150

“

Technology ROI starts with marketing fundamentals: Determine who you’re targeting and figure out what you want to say and what offers you can make. Then, ensure that your creative assets make sense. The objective is to present relevant offers and targeted communications at appropriate points during the omnichannel customer experience, in the moments that matter.

Chris Gianutsos
Managing Director, Digital, Ernst & Young LLP

EY US has identified the following strategic objectives for today's financial services CMO:

- ▶ **"Be Personal" by building a trusted brand experience that understands what individual customers need**
- ▶ **"Be Digital" with a work culture that motivates employees to collaborate on invention and innovation**
- ▶ **Lead with technology to provide competitive parity with new entrants in the marketplace and gain efficiencies across operations**
- ▶ **Personalize with big data insights, make sense of real-time customer data and act on marketplace insights**

4

The CMO as change leader



We are in an unprecedented era, with uncharted territory and unbelievable opportunity. The core of the marketing opportunity is in personalization of the customer experience. Banks, insurers and asset managers now have the potential to combine intelligent recommendations, human guidance and contextual delivery in ways that promise to transform every aspect of financial services.

Our very first question in the survey asked whether the respondent agreed with the statement: "The role of the CMO is going through a period of unprecedented change."

Two-thirds said "yes."

Do you agree with the following statement?

"The role of the CMO is going through a period of unprecedented change."



At EY US, we see this monumental change taking shape in real time at many of our clients. Many have called on EY US to advise on how to appropriately future-proof their

organizations and set them up to take advantage of all that is planned in the way of future innovation and client engagement strategies.

Perhaps the advent of mass communication in the 20th century was a bigger deal. Or, you could make the argument that the CMO role has been undergoing changes nonstop for the past few decades. Nevertheless, we believe that the role of the CMO has changed immensely given the increasing sophistication of digital networks along with faster approaches to generating and analyzing data about customers.

Not only is the technology changing, but the marketplace is undergoing a major transition as well. In the US, financial services is at the cusp of a historic generational wealth transfer, which will call for specific combinations of digital services and human interactions to appeal to different customer segments within baby boomers, Gen X and millennial generations.

We've already seen highly innovative approaches for marketing to specific target customer segments, whether it's women investors, banking for Gen-X households, or financial education for the heirs to high-net-worth private banking clients.

Intelligent personalization, delivered with purposeful engagement that aligns sales through the appropriate customer channels, will not only transform how financial services are marketed and sold, but also how they are delivered and evaluated.

“

Purposeful engagement is strategic engagement where marketing and sales are aligned to meet and exceed the needs of each and every customer along their unique client journey to establish trust, value and relevancy. Creating a space for that emotional connection enables winning financial organizations to stay in the game, scale and innovate for tomorrow.

Pamela J. Delaney

EY Americas Financial Services Marketing Transformation Leader

5

The CMO as inventor



The mindset of an inventor will be critical to the success of collaborative efforts in marketing. As new operational environments evolve within financial institutions, inventive marketing executives will be well positioned to redefine their roles as being highly strategic.

In addition to the multiple new roles and responsibilities being taken on by CMOs, there's one key role that should be considered absolutely essential – inventor.

By inventing ways of reaching, attracting, and retaining customers, organizations can create unique relationships that can survive disruption.



The other roles being taken on by CMOs will provide fertile soil for inventive thinking.

- ▶ **Chief collaboration officer:** By collaborating across so many disparate areas of an enterprise, marketers will better recognize the untapped potential of the enterprise.
- ▶ **Customer experience officer:** By closely observing and analyzing customer journeys at a highly granular level, marketers will uncover ways in which the customer experience can be improved.
- ▶ **MarTech chief information officer:** By investing in the latest MarTech innovations, marketers will be in a position to execute upon innovative strategies that make new uses of emerging technology.
- ▶ **Change leader:** By developing skills in leading change, marketers will have the clout to launch true innovation within their organizations.



By combining these insights and capabilities, CMOs will be positioned to come up with new thinking that has the best chance to succeed. In their new roles, marketing leaders will have the insights, know-how and relationships to be at the strategic center of the transformation of the financial services enterprise.

The future will belong to financial institutions that deliver large-scale, intelligent personalization in ways that highlight appropriate aspects of service quality, reputation, pricing, products and technology.

With the EY US “Be Personal” as your transformation blueprint, marketers can lead the transformation toward a better way of doing business.



Ernst & Young LLP authors



Pamela J. Delaney
EY Americas Financial Services
Marketing Transformation Leader



Bernhard J. Klein Wassink
EY Global Insurance Customer and
Growth Offering Leader



Avril Castagnetta
EY Americas Insurance Marketing
Transformation Leader



Fabrice Albizatti
EY Americas FSO Advisory BCM Customer
and Growth Offering Co-Leader



Chris Gianutsos
Managing Director, Digital,
Ernst & Young LLP

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. For more information about our organization, please visit ey.com.

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2020 Ernst & Young LLP.
All Rights Reserved.

SCORE no. 08549-201US
1910-3290391

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax or other professional advice. Please refer to your advisors for specific advice.

ey.com

*The authors would like to recognize the following EY professionals for their support and contribution to this report:
Rashmi Singh, Nancy Gordon, Alyssa Smith and Jennifer Younts.*