

# Digital Marketing in Financial Services Industry— A Knight in Shining Armor

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**Abstract**—With changing dynamics of global economies, the organisations are experiencing traditional strategic crunch. And thus looking for various avenues to withstand the competition and sustain in business by way of innovative technology usage in every aspect of organisation. As marketing is essential for the organic growth of a company, allocating marketing resources has become a complex decision, especially in times of economic crisis. Thus, marketing managers have the responsibility to optimally allocate resources and demonstrate that these investments generate appropriate returns for the firm. As a result of the financial crisis, consumer spending is down, the stock markets plummet and the forecasts warn of more bad economic news in the future. While, historically, marketing budgets are among the first to be cut in a budget crunch, recent marketing outlook reports. Today's financial institutions recognize the power of digital marketing in establishing real-time relationships with new and current customers, while having the ability to quickly track and analyze customer touches and adjust accordingly. The recent decline of the financial markets and the economic fallout brought about important challenges for the financial services industry, both from the asset and customer acquisition and the retention standpoint. The current paper focuses on successful implementation of digital marketing strategies, tactics and programs to improve the ROI and inturn improving the credibility of organisations.

## 1. INTRODUCTION

By changing conditions of global economies, the organisations are experiencing traditional strategic crunch. And thus looking for various avenues to withstand the competition and sustain in business by way of innovative technology usage in every aspect of organisation. Today's financial institutions recognize the power of digital marketing in establishing real-time relationships with new and current customers, while having the ability to quickly track and analyze customer touches and adjust accordingly. The recent decline of the financial markets and the economic fallout brought about important challenges for the financial services industry, both from the asset and customer acquisition and the retention standpoint. The survey conducted on digital marketing tools during second quarter of 2012 by Reuters and Bloomberg reveals that most of the respondents prefer using their own Web sites, e-mail, online advertising and search engines tools etc., which can easily

measure return on investment. Therefore the adoption of digital marketing techniques could play an important role in the recovery of financial services sector and make digital marketing a key part of their strategy going forward; the results show that the financial services industry has successfully implemented digital marketing strategies and platforms and even anticipates larger digital marketing budgets for the future period.

## 2. THE BENEFITS OF DIGITAL MARKETING

Digital marketing in general gives businesses of any size access to the mass market at an affordable price and, unlike TV or print advertising; it allows truly personalized and tailored marketing.

Specific benefits of digital marketing include:

1. Global reach - a website allows you to find new markets and trade globally for only a small investment.
2. Lower cost - a properly planned and effectively targeted digital marketing campaign can reach the right customers at a much lower cost than traditional marketing methods.
3. Traceable and measurable results - measuring your online marketing with web analytics and other online metric tools makes it easier to establish how effective your campaign has been. You can obtain detailed information about how customers use your website or respond to your advertising. Web analytics can be set up to show you exactly how much money you make from each digital tactic.
4. Personalization - if your customer database is linked to your website, then whenever someone visits the site, you can greet them with targeted offers. The more they buy from you, the more you can refine your customer profile and market effectively to them.
5. Openness - by getting involved with social media and managing it carefully, you can build customer loyalty and create a reputation for being easy to engage with.

6. Social currency - digital marketing lets you create engaging campaigns using different types of rich media content. On the internet these campaigns can gain social currency - being passed from user to user and becoming viral.
7. Improved conversion rates - if you have a website, then your customers are only ever a few clicks away from completing a purchase. Unlike other media which require people to get up and make a phone call, or go to a shop, digital marketing can be seamless and immediate.

### **3. THE FOUR DIGITAL MARKETING TRENDS SHAPING THE WORLD FINANCIAL SERVICES SECTOR**

#### **1. Building a strong presence online**

Delivering an engaging and consistent social conversation can enhance the customer experience. The first step is getting the basics right. Banks must define a clear approach to digital experience online. They should take advantage of data insights to enable real-time contextual relevancy, contribute to the community and accelerate the customer journey. Social media can be one of the best places to connect with audiences in new, personalized and educational ways.

#### **2. A firm understanding of regulations**

The financial industry is one of the most regulated in the world and digital media channels can pose risks in terms of data security and the related legal threats. Despite the benefits of digital media, banks need to set up teams to keep informed on policies and to use these channels wisely to mitigate risks. For example, financial institutions can use these channels exclusively for handling customer queries, for managing social media compliantly while building genuine engagement, and for resolving issues on social networking sites. With this careful approach in mind, banks should continue to look ahead to future innovations and technology advances to strengthen security and regulation compliance online.

#### **3. Real-time customer personalization**

To remain 'front of mind' with clients, financial brands are avoiding the impersonal, big-box feel and focusing on a friendlier connection to their customers through social media. Banks can use digital data to monitor customer and market trends to provide value-driven, personalized messaging and tailor customer service to each individual client. By doing so, they can listen to their audience and engage with them in genuine two-way conversations.

#### **4. Mobile-friendly apps**

To thrive in the digital age it's critical to transform the customer experience online. The rapid growth in mobile use

and the accessibility of social media through smart phones are providing banks with opportunities to connect with their clients. Across the world, financial institutions are investing heavily in mobile-friendly apps that make it easy for clients to conduct banking transactions while on the go.

With these key digital marketing trends in mind, financial services institutions can present a continuous rollout of mobile technologies to create deeper, interactive, real-world engagement with consumers.

### **4. DIGITAL MARKETING TRENDS FOR FINANCIAL SERVICES IN 2016**

The use of digital marketing continues to rise in the financial services industry. In the past, banking institutions were traditionally slow to change. But with clients moving from traditional brick-and-mortar banking to online banking, many institutions are now changing their online behavior. The financial services industry faces three critical challenges: promoting customer trust and advocacy, complying with extensive regulation compliance and capturing audiences with personalization and targeted content. To achieve competitive differentiation, banks are setting a clear digital strategy to overcome these obstacles and reach their goals.

### **5. DIGITAL MARKETING AS UNBEATABLE KING IN INDIAN FINANCIAL SERVICES SECTOR**

The financial services industry has trailed behind other sectors in digital marketing before 2013, but in 2013 the industry is perched to make a leap forward and made digital marketing an unbeatable king in Indian financial services sector. A recent report by KPMG on the impact of digital media on financial services, reveals that banks (like other industries) have an immense untapped opportunity to monitor social networks, analyze trends, and engage with customers to create relationships. Digital media is a great way for customers to learn more about financial institutions and deepen relationships, it has emerged as the platform that will decide many of the winners of tomorrow's connected enterprise. In the area of financial services, initial initiatives saw banks seeking to understand customer opinions about bank products and service experiences. Later it evolved to a more proactive role of responding to customer feedback quickly. Today, financial institutions around the world are working overtime to develop the Connected Customer Strategy. With India having a strong base of young digital media users, this is clearly a segment that represents in many ways the customer of the future. Financial institutions who want to remain relevant will have to develop a channel and interaction strategy that is able to address the needs of a diverse set of customers with their own set of preferences and demands. By understanding the forces underlying social networking interaction, financial institutions will be able to craft their interaction strategy with both their current and future customers.

## **6. USAGE OF ADVANCED ANALYTICS AS CORE COMPETENCY IN INDIAN DIGITAL MARKETING**

The availability of advanced analytics, abundance compute power and cheap storage, advanced search and scanning capabilities will allow a bank to offer customized services to their customers. Successful financial institutions will be able to take customer delight and satisfaction to new levels provided their underlying operating models can keep pace. Financial institutions need to foresee the usage of digital media as an important tool. Financial institutions will have to address the diverse needs of their employees and customers from an experience, innovation, and delight perspective in order to provide various financial services, while preserving the trust and security of the customers. As the global financial meltdown spreads, it is clear that financial brands have been profoundly damaged by a crisis of confidence among their stakeholders. In this case, the major marketing efforts regarding adjusting messages for addressing stakeholders' concerns should be conducted towards restoring trust and rebuilding confidence. By simply continuing with light-hearted promotional messaging, financial brands appear out of touch with the crisis at hand. Brands acquiring struggling ones have the opportunity to take advantage of repositioning themselves, through: - campaigns that integrate advertising, direct mail, and public relations for communicating the advantages of the acquisition, demonstrating that the new entity understands stakeholder needs, and reinforces the new company's dedication to addressing stakeholder issues along with investor and customer grievance handling.

## **7. CHALLENGES IN REBUILDING CONSUMER CONFIDENCE**

The financial services companies that have not made digital marketing acquisition would face a different set of challenges in rebuilding consumer confidence. The lack of visibility can lead to stakeholder uncertainty and suspicion. Such brands should proactively demonstrate that they are credible, strong and healthy players in the changing marketplace through campaigns via the Internet, direct mail, and public speaking. Employee engagement is also crucial for these companies - it is a real opportunity to turn employees into brand advocates; keeping them informed reinforces each company's dedication to their long-term strategies and to making the best of a bad situation, and even the potential to take this opportunity to make a big impact. These brands also have the opportunity to position themselves as confident and active industry leaders by serving as clearinghouses for information about the financial crisis. A creative approach could be to develop a Web-based resource centre, populated by information that includes practical advice from independent experts about how individuals should respond to the financial turmoil. This type of activity builds brand credibility without the risk that the brand will be associated with troubled institutions. Equally

important is a strong, targeted marketing campaign to acquire customers from vulnerable competitive institutions. The wait-and-see approach that characterizes the current actions of most financial services brand leaders must be changed: intelligent marketing and brand strategy will demonstrate leadership and pay dividends in the future. Greater transparency and provision of practical advice will play an important role in regaining the customers' trust. Because consumer confidence in the long-term health of financial companies is dramatically influenced by advertising and marketing efforts, those brands cutting back their advertising during the current downturn not only risk being "out of sight" but also "out of business". Financial brands should try to constantly communicate with their customers by considering low cost digital marketing alternatives like E-mail marketing; Online and offline Public Relation; Social networking.

## **8. DIGITAL TRANSFORMATION (DT)**

The use of technology to radically improve performance or reach of enterprises – is becoming a hot topic for companies across the globe. Executives in all industries are using digital advances such as analytics, mobility, social media and smart embedded devices – and improving their use of traditional technologies such as ERP – to change customer relationships, internal processes, and value propositions. Other executives, seeing how fast digital technology disrupted media industries in the past decade, know they need to pay attention to changes in their industries now. How can senior executives successfully lead digital transformation? While many experts urge companies to get started on the digital transformation journey, few tell how to do it. Though large traditional firms are truly different from digital entrants, many are starting to transform their businesses successfully through digital technology. Specifically, Companies face common pressures from customers, employees and competitors to begin or speed up their digital transformation. However they are transforming at different paces with different results. Successful digital transformation comes not from implementing new technologies but from transforming your organization to take advantage of the possibilities that new technologies provide. Major digital transformation initiatives are centered on re-envisioning customer experience, operational processes and business models. Companies are changing how functions work, redefining how functions interact, and even evolving the boundaries of the firm; successful DT does not happen bottom up. It must be driven from the top. Focus on the "how" more than the "what." The most successful transformations we have seen focus as much (or more) on how to drive change as on the detailed content of the change. A compelling transformative vision, with related engagement, governance and KPIs will allow people throughout the enterprise to identify new "whats" to meet or extend the vision. Successful DT comes not from creating a new organization, but from reshaping the organization to take advantage of valuable existing strategic assets in new ways. Companies can do much

more to gain value from investments they have already made, even as they envision radically new ways of working. Despite the hype around innovative digital technologies, most companies still have a long way to go in their digital transformation journeys. Leadership is essential. Whether using new or traditional technologies, the key to digital transformation is re-envisioning and driving change in how the company operates. That's a management and people challenge, not just a technology one.

## 9. CONCLUSIONS

The combination of accountability, convergence and the infusion of digital media into every facet of life make the future look very bright for digital marketers, while the economic crisis will accelerate the shift of focus and importance from traditional to online marketing tactics and tools. The findings presented in the article reveal that the foundation is set for marketers, but they are not shifting budgets fast enough to fully understand the value and impact of these new tools and platforms. We expect the impact of the current financial crisis to bring a huge opportunity for companies to gain a competitive advantage by becoming more aggressive in the use of new digital platforms. The next step is moving beyond one-off digital campaigns, increasing experimentation with digital tools and moving towards relationship marketing activities that build and maintain long-term customer retention. Of great importance is the integration of digital channels with traditional outlets like TV, radio, direct mail, and direct sales coupled with rigorous analysis for fully allowing marketers to understand the consumption patterns.

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## Author's Profile:

Dr. Chaitanya Chintham has received an award "Excellence in Research" at The Indo - American Education Summit 2016 and she has 40+ research articles both National and International to her credit. She has received Doctor of Philosophy in Commerce & Business Management in Feb 2015. She received her M.B.A. (Finance) degree with distinction in the year 2001 from Kakatiya University, Qualified National Eligibility Test (NET) for Lectureship in the year 2005, and qualified Certified Financial Manager from Center for Financial Management, Bangalore in the year 2010. She served as Lecturer in management at New Science P.G. College (2003-05) and L.B. College (2005-08) affiliated to Kakatiya University. She served as Associate Professor (2008 -10) at Vijaya School of Business Management affiliated to Osmania University. Currently, she is Associate Professor in Vidyadayini College of IT & Management, Hyderabad affiliated to Osmania University. Her research interests include Fundamental Analysis, Financial Risk Management, and Security Analysis and Portfolio Management.