

FROM CHAOS TO OPPORTUNITY

Helping Financial Services Marketing Leaders Thrive in 2021 | April 21



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Introduction

Our deep dive into the views of over 300 CEOs, CMOs and other senior marketers shows leaders buffeted by change, but still optimistic about how to thrive in 2021 and beyond.

In January, Clear M&C Saatchi released 'From Chaos to Clarity'. We spoke to over 700 CEOs, CMOs and senior marketers across the USA, UK, Germany, Singapore and China to build a deep understanding of the key issues and opportunities for marketers. Our aim in doing this was simple: to develop solutions that are both theoretically sound and actionable in the messy reality of business.

Over 300 of the CEOs, CMOs and other senior marketers we interviewed work in the Financial Services (FS) sector. In this companion piece, 'From Chaos to Opportunity', we zero in on the challenges facing FS marketers. While the COVID-19 pandemic has affected FS less severely than some sectors, its impact has still been transformational. From shuttering branches to bolstering digital offerings and managing work from home, FS companies have fundamentally shifted the way they do business at an incredible speed. At the same time, the macroeconomic environment and competitive landscapes have undergone massive changes. Unprecedented levels of fiscal and monetary stimulus, the K-shape of the economic recovery and the rapid rise of retail stock trading have created a more unpredictable and complex context in which to operate.

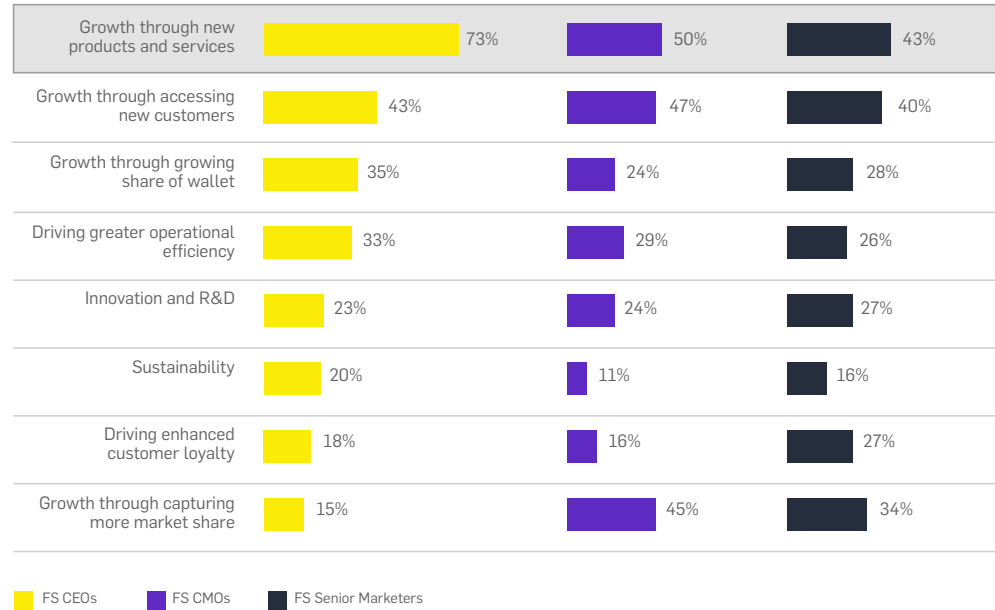
This deep dive into the views of FS CEOs, CMOs and other senior marketers shows leaders buffeted by change, but still optimistic about how to thrive in 2021 and beyond. In these challenging times, we know that success can take many forms, but all of these leaders are united by their desire to deliver more value for their organisations, customers and clients.

While this optimism is welcome, we've identified some concerning challenges which senior marketers must lean into to deliver more value internally, to shareholders and to wider stakeholders. Read on to find out more about these forces of chaos and three key strategies to overcome them.

An opportunity to drive the commercial agenda

Our data reveals a clear story for FS leaders. According to CEOs in the sector, success in a post-pandemic environment will not be driven through existing products and services or even through loyalty among existing customers. Instead, new product and service development (NPD and NSD) will sit at the heart of their recovery and growth strategies.

Primary business objectives



So the message from the Chief Executive is clear – they want their marketers to be firmly in the strategic driving seat.

FS marketers would be wise to examine how their plans are helping to drive the innovation agenda within their organisations, especially as NPD appears less at the forefront of the CMO agenda than that of the CEO.

The opportunity for marketing in this context could not be clearer. Marketing has never been more influential within FS organisations, with 68% of FS CEOs saying that marketing's influence within their organisation is increasing over time. CEOs want marketers to be playing a key role in driving business success. When asked about marketing's future priorities, FS CEOs cited 'accessing new customers' (55%), followed by 'innovation and R&D' (40%) and 'new product and service development' (33%).

So the message from the Chief Executive is clear – they want their marketers to be firmly in the strategic driving seat – but identifying the way forward means focusing on unmet needs and working cross-functionally to develop new and innovative customer solutions that add genuine value. Collaboration will no doubt be core to marketers achieving this, with 78% of FS CEOs expecting to see an increase in cross-functional partnerships within their organisations in the near future.

The good news is that CEOs and marketing leaders in FS are confident they can rise to this challenge. Over 50% of FS CMOs say they are very prepared to tackle the marketing challenges of the future, compared with only 44% of CMOs in all industries. This sentiment is echoed by FS CEOs, 63% of whom are 'very confident' in their marketing team's ability to deliver against their KPIs.

However, as is often the case, all is not as it seems. Our data shows that this rosy picture of high-level alignment hides some deep and fundamental issues which are undermining marketing's strategic impact. Unless they tackle these issues head on, FS marketers may miss the chance to have a transformational impact on their organisations' commercial agendas.

Forces of chaos for financial services marketers

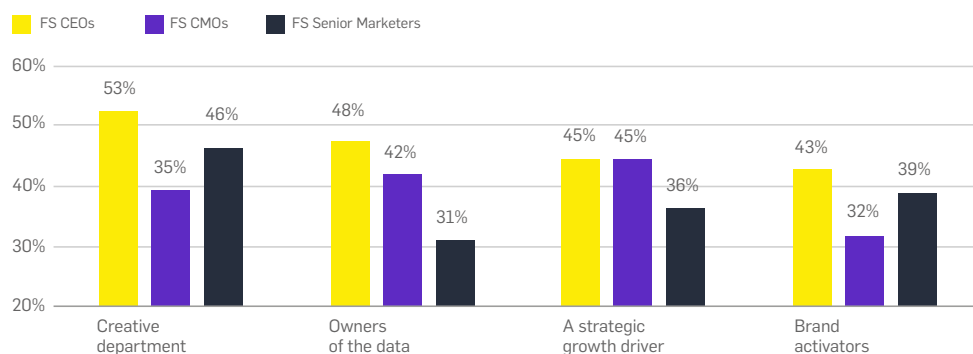
Clear has identified three forces of chaos which are limiting marketers' ability to drive their organisations forward:

1. Marketing identity crisis

Marketing suffers from the lack of a clear profile or 'raison d'etre' within FS organisations. FS CEOs perceive the marketing function as many different things, including a 'creative department', 'owners of the data', 'brand activators' and a 'strategic growth driver'. Meanwhile it's clear that FS CMOs don't share their CEOs' perception of being a creative department and see their role as more aligned towards driving growth.

Without understanding a clear role for marketing, it's impossible to effectively play that role within an organisation. And while senior marketers have historically taken pride in wearing many hats, further analysis of the data shows the danger that comes without clarity of purpose.

How Marketing is perceived within FS organisations

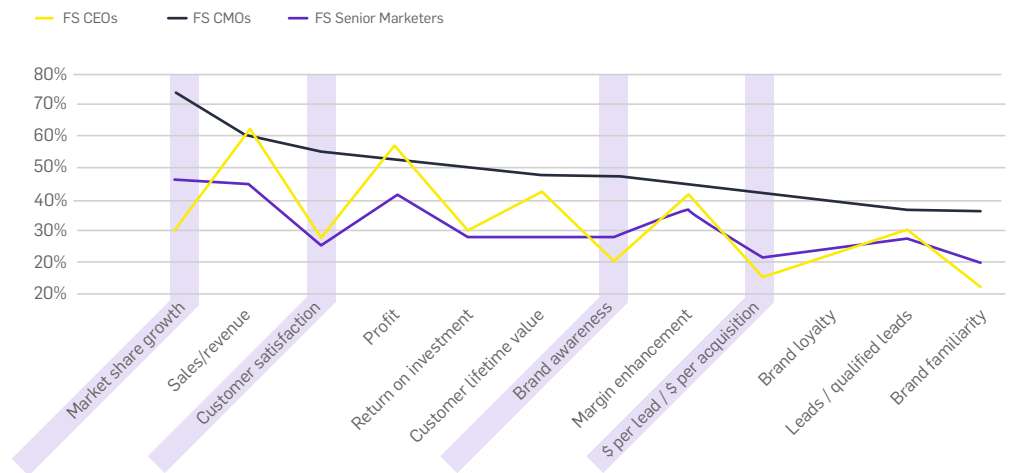


2. Goal misalignment

Within the data we see a clear example of senior leaders talking at cross purposes, leading to failure in achieving strategic goals. While FS CEOs are primarily focused on the 'new' (e.g., new product and service development), their CMOs are looking elsewhere, focusing on capturing more market share with existing products. In contrast, 'capturing market share' isn't even a core objective for many FS CEOs. This is largely because many FS organisations, particularly banks, are finding it difficult to drive profitable growth in traditional product categories, especially in current accounts and lending. There is a major push, therefore, to find new areas to invest in for differentiated returns through new ecosystems, geographies or services for customers.

This misalignment of goals is echoed in how FS CMOs measure success compared to FS CEOs. While FS CMOs see their most important KPI as 'market share growth', few CEOs agree. The story doesn't end there – the other metrics CMOs are focused on like 'customer satisfaction', 'brand awareness' and 'cost per lead/acquisition' are much further down CEOs' lists in terms of how marketing success should be measured.

Top KPIs for FS Marketing departments



However, this phenomenon isn't solely a result of differing perceptions around KPIs.

We also see evidence of misalignment on the biggest threats or challenges for FS marketers. CEOs and CMOs have fundamentally different views of the context in which they're operating. When asked about the biggest challenges facing marketing in the future, CEOs are focused on return on investment (ROI) and clarifying the strategy. The top challenge they cite is an 'unclear ability to track impact of investments' with 'lack of clear business strategy and/or objectives' right behind. By contrast, FS marketers are predominately focused on marketing execution, not broader strategy and/or ROI. Their top two challenges? 'Lack of understanding of new marketing technologies' and the 'changing media and media consumption landscape'.

One group is focused on strategy; the other appears more interested in tactics. Is this a failure of vision and awareness on the part of the CMOs? Or a failure of leadership and effective goal-setting on the part of the CEOs?

It's clear that FS marketers need to create a more open, frequent and transparent dialogue with their CEOs around goals, challenges and expectations. Otherwise, they'll find themselves delivering vanity metrics that aren't aligned with the overall commercial agenda – which prevents them from capitalising on the opportunity to drive transformative change that begins with the customer.

3. Emerging talent crisis

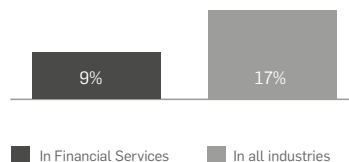
As we called out in 'From Chaos to Clarity', we also see an emerging talent crisis within the marketing function in FS firms.

Worryingly, our data shows that those in marketing today are less keen on remaining in the function than you might think. There appears to be a brain drain crisis emerging – few senior marketers we surveyed aspire to be CMOs in their next role, a problem that's even more acute within Financial Services. Instead, they aspire to CEO, Board and/or consulting roles. In order for marketing to meet the moment, talented marketers are required, but there's little sign that those in the C-suite are aware of this talent issue; few FS CEOs and CMOs see attracting and retaining talent in the industry as a real priority.

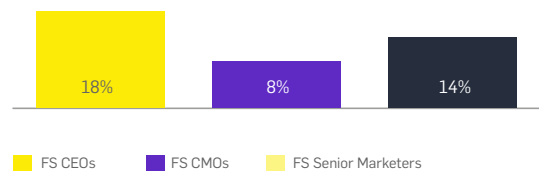
'I think generally the profession is misunderstood. We're not very good at marketing 'marketing', and not just to people who have yet to start their careers... you'd hope that we still have a strong pull through to the senior positions that keeps the talent pipeline strong and keeps marketing towards the top of the agenda, but I think that there's something about the reputation of marketing in the C-suite. It's often not the top job so for people who want to get on a board that's definitely an issue.'

Mark Evans – Managing Director, Marketing & Digital at Direct Line Group

% of senior marketers that aspire to be CMOs in their next role



% that said 'attracting and retaining talent to the industry' was one of their biggest business challenges in the next 3-5 years



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FS marketing musts for 2021 and beyond

There's a significant opportunity to demonstrate leadership and a strong appetite for marketing to do more to drive future business success. In order to capitalise on this, marketing needs to clarify its role, align with broader business objectives and get out of its comfort zone to drive transformation in a post-COVID environment. We suggest three key strategies for marketers to take advantage of this opportunity:

1. Get aligned on strategy

It goes back to the basics. Marketers must have a deep understanding of the business context, challenges and pressures, as well as understanding how profitable growth will be achieved in the short- and long-term. Based on this, the marketing function should align its strategy and KPIs to that broader business strategy. True leaders will get ahead of the strategy development process, leveraging their understanding of the competitive landscape and customer dynamics to help define that strategy in the first place. Ultimately, marketing needs to demonstrate that it can shape and drive the strategic direction of the business, not get distracted by tactics and channels.

2. Think new, not more

FS marketers are very comfortable identifying 'hooks' for existing products and services and the most compelling ways to get those messages to target audiences. It's a crucial role that the marketing function delivers effectively and efficiently, but it's no longer enough in an increasingly competitive context. CEOs expect marketers to also leverage their insights, data and expertise for innovation and new product and service workstreams. This means working cross-functionally to capture new opportunities to add value for customers and clients. FS leaders understand that gaining competitive advantage means transforming their core business in a future-focused way – marketing should be central to identifying where and how to capture those opportunities.

To further support marketing leaders in harnessing chaos and finding clarity, Clear M&C Saatchi have designed a set of proprietary frameworks and tools to guide future strategy. Find out how to leverage and maximise them in our whitepaper 'From Chaos to Clarity'.

3. Mix it up

Finally, FS marketers need to be brave. Marketing departments must embrace change to tackle future challenges. This change may take many forms, including experimenting with new routes to market, uncovering unmet needs that require new products or services and considering novel ways to inspire and grow marketing talent.

The data is clear: traditional marketing focused on marcomms excellence and efficiency is insufficient to drive the business forward and retain talent. The marketers who adapt and live up to these challenges will be the ones taking full advantage of future opportunities.

This means creating a truly adaptive strategy – which, built on the right data infrastructure, can quickly make sense of the market, the customer and the landscape to identify the best moves for the business.

Marketing needs to clarify its role, get on the same page with broader business objectives and get out of its comfort zone to drive transformation in a post-COVID environment.

About us



Clear is a global growth consultancy, part of the M&C Saatchi group. We use clarity to cut through complexity and generate growth.

We work with some of the world's leading brands to identify ways in which complexity and chaos are limiting their ability to grow. In doing so, we bring clarity to what needs to be done now and next.

Our capabilities include business, brand, experience and innovation consulting and we work with clients across a broad range of industries – including Banking, Investment, Insurance, Law, CPG, Technology, Retail, Automotive, Travel, Airlines, Restaurants, Entertainment and Apparel.

We have offices in London, Frankfurt, New York, Dayton, Shanghai and Singapore.

Find out more at clearstrategy.com and follow us on LinkedIn and Twitter (@clear_global).

Essential reading

Clear's original study: 'From Chaos to Clarity'

Five clear steps to help you shift to an adaptive marketing strategy:
'Why marketers need adaptive strategy'

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