

Marketing gets a completely new meaning

In the past months the Credit Crunch has spread like a highly contagious virus. Obviously, damage control and problem solving have the highest priority. But after the dust has settled, will it be business as usual again? Back to like it always has been? Forget about it. The attitude of consumers has changed dramatically in only a few months time. Irreversibly.

By **Roger Peverelli** Partner VODW Marketing

First thing you need to do when the house is on fire is to stop that fire. Damage control. But after that? The credit crunch will leave more than just a few scars and bruises. Due to the credit crunch, a number of key consumer trends shifted into a higher gear. These are the trends that are here to stay. These are the trends that set the stage for the future of finance.



Roger Peverelli

Consumers become more and more self directed. Consumers have grown mature at a rapid pace and in a not so gentle fashion. The credit crunch has been an important wake up call for most consumers. They have come to realize that at the end of the day they are responsible for themselves. They knew that all along, but they preferred to outsource this. They now realize that they need to act themselves. In their perception they cannot fully rely on financial service providers to secure their future. More and more consumers start taking matters into their own hand. The share of self-directed consumers will show accelerated growth.

Consumers call for transparency and simplicity. The desire for transparency is a worldwide consumer trend across industries, and another trend that is taking place even faster now in financial services, since so much of the credit crunch is rooted in complexity and in transparency. Transparency is therefore a must – and simplicity is the best way to achieve it. When the need for transparency and simplicity is recognized, solutions are usually first sought by adapting products. This view is far too limited.

Consumers are more and more looking at the behaviour and attitude of the provider. They want to see where their money is going, what exactly the financial service provider is investing in, the independence and reward structure of intermediaries, the remuneration schemes of top management, the way a company is organized, who one can call for what, and where one might go to sort out a dispute.

A key proof point is the extent to which consumers are truly able to buy and use services easily, at any point in the customer process.

Consumers listen to the wisdom of crowds. Due to the credit crisis, people have learned that the true value of information they directly get from brands is limited. Instead they start to prefer the unbiased opinions of their fellow consumers to the beautifully wrapped messages of financial services providers. This type of information sharing will play an increasingly important role along the path of purchase. This is where companies should spend more of their marketing budget, and see how they can become part of these networks and platforms.

Consumers revalue values. Corporate social responsibility got a whole different meaning. It is not about charity, and something you do on the side. It is about acting with the end purpose in mind, the role in society (neglecting this role is what caused the crisis).

Ethics will become the single most important qualifier for financial services companies, It will be an important driver of the innovation of products, service and marketing, but also have its impact on company investments, remuneration schemes, the entire chain or column, but also and foremost in the

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way the company takes the interest of its customer as a starting point. Fair, honest, open.

Consumers prefer 'being close' over 'global'. The pace in which the credit crunch virus spread worldwide is in the perception of many consumers enabled by the ongoing globalization. The result is that national (or even regional) players are becoming more attractive now. Although attractive might be the wrong word. It really has to do with the perception of reducing risk, the perception of safety. It is easier to get your money when the financial service provider is nearby.

Does this mean that multinational players have grown obsolete? Not at all. It just means that the touch of 'being close' is becoming more important, e.g. demonstrate clearly that one truly understands consumers.

Consumers have new drivers of choice. In the past, a company simply had to be big and get its brands well-known. That was proof enough of reliable products. Modern day consumers look beyond that.

They are more critical, and they are truly choosing products on the basis of what they know about companies.

The future of finance = back to the roots.

Originally, financial service providers were about facilitating trade, reducing insecurity, organising support in times of need, a carefree feeling and peace of mind. That is how they brought about an enormous acceleration of wealth and prosperity. For centuries. Money made the world go round.

This essence was, putting it mildly, completely lost track of over the past twenty years. And in the last year 'money' actually even made the world slow down.

At the present moment in history we are at a crossroads. The only positive side to the current misery is the opportunity it presents for financial service providers to step out from under their own shadow of those past twenty years and to take up their original role again. Back to the basic function of the financial Industry: risk management. Risk management in a broader perspective: we manage not only our risks as a company but also the risks of our clients. An active facilitator of the real economy – transparent, authentic, and simple. More than socially responsible: subservient to society. If they seriously take up that gauntlet, they will also regain integrity in the eyes of their customers.

Marketing is about content. Again. The very foundation of financial services – reliability and consumer trust – needs to be restored. In the coming years, marketing is about building intrinsic added value, and thinking from a consumer standpoint – rather than putting one's bets on the packaging and cosmetics. The days of clever tricks are over. More than ever, the sequence is first 'be good' then 'tell it'.

The future is transparent, authentic and easy

Transparency, authenticity and simplicity will form a trinity. Transparency and simplicity are a must, if the branch is going to become truly authentic in the sense of 'real' and recognizably relevant, so much is clear. Actively involving consumers in redesign efforts is essential.

The future is about ethics

Some service providers will take pride in never having been involved in subprime mortgages. Others

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Was - before the Credit Crunch	Is – after the Credit Crunch
<ul style="list-style-type: none">• Greed• Reliability• Return• Trust (e.g. through 'global')	<ul style="list-style-type: none">• Fear / search for safety• Transparent and easy• Ethics and social responsibility• 'Being close' (trust is questioned)

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>>> will indicate that their top investors and executives do not receive huge bonuses (thus rejecting the perceived culture of greed). Still others will truly commit to some specific world challenge, such as sustainability; or might emphasize solidarity as part of their own vision.

No matter what ethical position is chosen, it is essential to honor that promise, and ideally it must become an integral part of the company's DNA.

Basically this requires a 360-degree review of all products and services. What products, services and marketing instruments have even the slightest chance of being perceived as unfair, immoral, dishonest, non-transparent?

Ethics also offers a new source of inspiration for innovation, for new concepts and new added value.

The future is service

The proof of the pudding is now definitely in the eating. Service moments are moments of truth. Differentiation on customer experience is the key for financial services firms to secure and grow market share. We must truly understand what drives customer loyalty and deliver on that at every touch point. Listen – learn – respond is becoming a crucial part of the way we do business.

The distinguishing factor of any service won't just be the perfect technical excellence (like accessibility, speed or competence) – it will be the relevancy of the services for consumers.

Financial services companies that understand what the Credit Crunch did with consumers, use that understanding to invest in fundamental innovation and service, and use transparency, simplicity and ethics as guiding principles for these redesigning efforts have the keys to the future. ■

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The future of finance

Megatrends beyond the crisis

ADJIEDJ BAKAS, ROGER PEVERELLI

The financial services industry is currently experiencing one of the worst crises in history. But how did we find ourselves in this predicament? What does the future hold for banks,

insurance companies and pension funds?

In this book, renowned futurologist Adjiedj Bakas and Roger Peverelli reveal what the future has in store for the financial industry. The authors provide detailed analyses of the four megatrends which will bring about radical changes across the sector in the coming decades.

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