# MILLENNIAL DILEMMAS:

HOW FINANCIAL BRANDS CAN ATTRACT AND RETAIN THE VALUABLE YOUTH MARKET

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## EXECUTIVE SUMMARY

Millennials are very different in their attitudes and approach towards financial brands compared to previous generations. Jacob Bailey's unique research into Millennials and their finances has established five key traits. They are:



In this report we will examine what makes Millennials tick, how you can ensure they pick your brand ahead of another and make them loyal.

### MILLENNIALS STATISTICS

58%

OF CUSTOMER

ACQUISITION

WILL COME THROUGH
PEER RECOMMENDATION
DURING THE NEXT
FIVE YEARS

MILLENNIALS REMAIN LOYAL TO A FINANCE BRAND FOR ONLY

2YRS

IT'S FIVE YEARS ON AVERAGE FOR GEN X



37%



WANT SOCIAL MEDIA
OR SMS COMMUNICATION
AROUND 'SIGNIFICANT
EVENTS'

(MORTGAGES, ACCOUNT ALERTS)

44%



#### OF MILLENNIAL BANK CUSTOMERS

WOULD LIKE MORE RELEVANT AND BETTER REWARDS FOR THEIR LOYAL CUSTOM

UNDERSTANDING CHANNEL IS KEY:

20%

OF MILLENNIALS PREFER
POSTED COMMUNICATIONS,
WHILE

46%

WANT FACE-TO-FACE ADVICE ACCOUNT ALERTS

WARNINGS OF OVERSPEND ARE DESIRED BY

36%

OF MILLENNIAL BANK CUSTOMERS

## WHAT THEY'RE SAYING



Think beyond transactions and create personalised journeys

Transparency is key

Keep Millennials in mind throughout product and communication development Consider CSR and giving back to causes they care about

**Sources:** "Talking the consumer's language: financial services", DMA UK, 2016; "Missing Billions", Jacob Bailey Group, 2017

### INTRODUCTION

Millennials are not hard to reach – or shouldn't be in a world full of media channels.

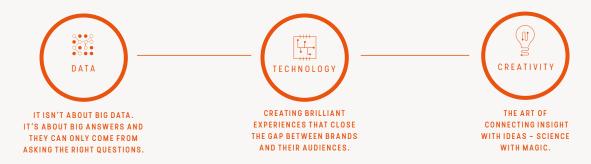
But they are hard to impress. They're also maturing in an economic environment of uncertainty and mistrust. These factors make it more difficult for financial services providers to prove their worth to this age group. It's harder still to stand out as the ones to do business with.

With the influx of new technology comes the need to get to grips with a demographic that flits from one customer service channel to another. Behaviour can depend on their location, the time of day and other considerations including what point has been reached in the monthly pay cycle.

Results count now and in the future. If treated right, today's Millennial customer will likely be tomorrow's wealthy client. Understanding their attitudes towards finances and the brands that manage them is key to both retention and acquisition.

Harnessing technology to target individuals with brilliant creative – a heady blend of what we dub "science and magic" – allows brands to connect relevance, bringing them closer to the audience.

Wooing and keeping Millennial customers is no mean feat. Below we set out a framework based on data, technology and creative expertise that does just that, breeding loyalty and boosting lifetime value.



# UNDERSTANDING MILLENNIALS IN FINANCE

Our unique research identified the five aforementioned values characterised by Millennials.

Here's a more in-depth look at the drivers of their behaviour:

#### Unconfidently confident

The stereotypical Millennial is entitled and selfish, expecting rewards they often don't earn. It's an unhelpful perception. We found that they actually lack confidence but tend to hide behind an assured veneer, having grown up in the public gaze of social media.

They demand constant recognition and reassurance. Conversely, they view help as 'interference' and fail to acknowledge the support of their elders for fear of seeming incompetent.



#### Individualistic and entrepreneurial

Millennials hate to be lumped under a catch-all label. Social media has made them more individualistic than previous generations, so they want to be treated as such. Tailored communications, offers and rewards are crucial to gaining and retaining their attention.

Meanwhile, some 90% of this age group think being an entrepreneur is about embodying that spirit, not necessarily starting a company. They believe the workplace should embrace what they have to offer and allow them to contribute to organisational direction in order to gain their trust and loyalty.

It follows that brands wishing to attract and retain the custom of Millennials need to be transparent and be prepared for a two-way dialogue, listening and adapting to their views and needs.

# UNDERSTANDING MILLENNIALS IN FINANCE

CONTINUED

#### Instantaneously expectant

Our on-demand world has forged Millennials' expectation that everything should be ready how they want it, when they want it. They don't delight in waiting for feedback, delivery or, in a work setting, promotions and pay rises.

FOR EXAMPLE, 53% SAY THE OPPORTUNITY TO FAST TRACK TO THE TOP IS THE MOST ATTRACTIVE ELEMENT OF A JOB, AHEAD EVEN OF SALARY (44%).

Finance organisations would do well to take note of this clamour for customer service "in the moment". The better they are at responsive communication, the more likely they'll be to scoop Millennials' custom.

#### Socially and environmentally driven

Money certainly isn't everything to Millennials. They value individual benefits and rewards, particularly any which have additional social value.

Successful financial brands consider tailorable reward packages a given, enabling customers to self-select what is of interest to them. According to research, 73% of Millennials listed this as attractive. Meanwhile, against a backdrop of mistrust and financial impropriety laid bare by the Credit Crunch and its decade-long aftermath, organisations should show their friendly side. Giving something back through CSR programmes will go a long way with this age group.

#### Technology focussed

There's a paradox at play in the way Millennials employ technology. At work they'll happily use their own kit if they deem it better than equipment provided by their employer. They also prefer digital comms professionally.

41% LIKE TO COMMUNICATE VIA INSTANT MESSAGING.

Because they have grown up with digital, there is nothing special about it. The finance industry has seen increased engagement with printed material, particularly if it is personally addressed and tailored to Millennial customers. Further research we conducted (source: Jacob Bailey Missing Billions Report, 2017) revealed post to be the most popular channel among this age group for day-to-day transaction communications.

However, this pivots to a preference for face-to-face support when bigger decisions are necessary (loans, account changes etc). Our insight explains this is due to a lack of confidence in their own financial education – which is where we came in (see above).

Armed with this knowledge of what drives Millennial behaviour, brands can segue to strategy; what will help them sign up and satisfy this tricky demographic.

#### CHALLENGE ONE:

### ATTRACTING MILLENNIALS

### **Sign-up snags...** Barriers to meeting Millennials' expectations abound. These include:



The wrong message – exemplified not by a bank but by that City custodian the Financial Times, which was savaged by "20-somethings" for suggesting they need to save much more heavily towards retirement.



Fiscal confusion – anecdotally, many brands tell us they want to understand more about how they can support Millennials who are bamboozled by a dizzying array of products and services. It's enough to turn off even the savviest customers and have them squirrel salary and savings under their mattresses.



Upstart start-ups - Atom, Nutmeg, Monzo; every day there seems to be a new financial brand on the block. With their ease of payment systems and snazzy, social media-driven service, they're driving custom away from traditional players.

#### CHALLENGE ONE:

### ATTRACTING MILLENNIALS

CONTINUED

#### Solutions: the rules of attraction

So how do financial brands both old and new capture the attention of the Millennial market?

At Jacob Bailey Group we're experts in delivering Creative Business Services underpinned by three core disciplines: data, technology and creative. Seen through these lenses, here's how to increase sign-ups of younger financial customers:

#### Data for acquisition

This is all about using data wisely to build trust with individuals. Great CRM is built on providing transparency as much as choice and convenience. A recent Facebook study [Millennials and Money: The Unfiltered Journey] found just one in 10 people aged 21 to 34 trusted financial institutions.

Brands can and should remedy ailing trust by recognising that customers are willing to share their data if there is a clear value exchange. In other words, prove to me I can trust you, contact me in the right way and at the right time, using the information you have on me wisely and correctly, and I'll give you more details about me.

#### Technology for acquisition

Horses were harnessed for the Agricultural Revolution. Britain went full steam ahead powered by natural minerals during the Industrial Revolution. There's really no excuse for ignoring the opportunities brought by the Digital Revolution. Millennials demand and expect to have dialogue with brands – engagement through every possible channel – when and where they want to. Financial services is no exception.

Recognising this multichannel desire has underpinned the fintech movement's success. Our research shows that more than three quarters of Millennials interact with banks on social forums, while half said they would happily converse via live chat. Financial providers need to do the best job possible of harnessing smartphone handsets, and all the channels they bring, to improve transactions, not just communication.

#### CHALLENGE ONE:

### ATTRACTING MILLENNIALS

CONTINUED

#### Creativity for acquisition

Genuine cut-through can be gained by understanding that Millennials are attracted as much by ideas that appeal to their lifestyle as much as the health of their bank balance. It's not enough to assume these customers simply judge a bank or insurer based on the breadth of their product offering, interest rates and so on.

MEANWHILE, TRADITIONAL PRODUCTS NEED TO BE ADAPTED TO BE MORE RELEVANT FOR MODERN WORKING HOURS AND LIFESTYLES. THE GIG ECONOMY IS RENDERING LONGSTANDING MORTGAGES AND LOANS UNSUITABLE, WHILE PEER-TO-PEER LENDING RESONATES WITH MILLENNIALS THROUGH MORE ATTRACTIVE RATES AND OFFERS.

Monzo has focussed on lifestyle enhancement in its marketing, resulting in people queuing down the street to grab their new card. Drawing attention to the added benefits a product or service can provide, not just a series of interest rate calculations that'll make them feel like they're resitting GCSE Maths, can propel sign-up numbers. Speak their language, cut through complexities and help them make informed choices. For example, DMA UK research ["Talking the consumer's language: financial services", DMA UK, 2016]

FOUND 36% OF MILLENNIALS (THE HIGHEST SHARE OF ANY AGE GROUP) WERE INTERESTED IN MONEY-SAVING ADVICE FROM BANKS.

CHALLENGE TWO:

### RETAINING MILLENNIALS

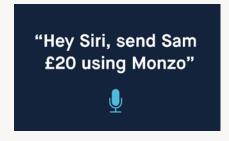
**Breaking up isn't hard to do...** Just as Millennials give financial marketers acquisition anxieties, there are also barriers to better retention rates. These include:



Shiny new services – the proliferation of aggregators and fintechs with smart social media strategies make it much easier to shop around. Whereas stats show previous generations stay with their provider for the long term – according to the DMA UK some 40% of people have never switched – we can expect this figure to drop as Millennials flit around for a great deal and the best brand experience.



Ill communication – conversely, the corollary of a poor experience is the dreaded leaky bucket. Failure to personalise communications and rewards with hard-won Millennial customers could rack up droves of them realising a rival brand might be a better bet. This particularly applies in a world of shared experiences, where bad provider behaviour will be aired on social media.



All pay and no play - the days of customers being content with receiving a cheque book and a branded pen once a year are over.

Today's young client wants more than a transactional relationship; Millennials want a dialogue, they crave reward, and above all want corporations to get them into events and experiences that they'd otherwise struggle to see. Ignore this at your peril - because someone will come along with better offers.

#### CHALLENGE TWO:

### RETAINING MILLENNIALS

CONTINUED

### **Breaking up isn't hard to do...** Just as Millennials give financial marketers acquisition anxieties, there are also barriers to better retention rates. These include:

#### Solutions: stay in step with Millennial mores

#### Data for retention

Catering for the Millennial trait of individualism is crucial. That means constructing a programme of **tailored rewards**. All of the customer data locked in companies' servers is pointless if it's not used to personalise relevant communications and offers.

For example, a bank should know its customers' hobbies – are they an avid cinema-goer, a fashionista, a globetrotting traveller? It should be providing ticket deals and showtime experiences that fuel people's passion. Similarly, if a young couple come to a branch for a mortgage or wedding loan, it ought to offer an incentive to stay with the bank during the next natural life stage of parenthood, whether that's information on junior ISAs or perhaps a deal on life insurance.

Meanwhile, plenty of Millennial consumers would relish the chance to have regular alerts helping them better manage money: more than 40% according to the DMA UK's research – higher than any other age group. Known as **predictive intent**, this banking service allows customers to stay abreast of when they are about to breach their overdraft or how much money they have left to spend until payday. Some 58% would like access to a personalised daily money management advice service. It's another example of how to make the most of existing data so the customer benefits and feels valued.

#### Technology for retention

In the experience economy, Millennials expect to be taken on a satisfying journey by their financial services provider to engender loyalty. Keeping hold of younger customers is tricky when a shiny new offer comes along as often as snow at the North Pole. Yet new entrants have shown it can be done.

Founded by Millennials, Monzo is fluent in the needs of its peer group. During one full day's service outage, it kept customers updated with regular, honest information sent through its app and social media channels. Progress reports were constant until the glitch was fixed. Contrast this with Barclays, which suffered similar service downtime but only tweeted once to 20,000 followers; hardly the extent of its customer base.

#### Creativity for retention

Experiences rather than transactions are vital to keep this age group engaged. In the humdrum world of financial services, it might be easy to forget Millennials expect so much more than completing deposits and withdrawals.

Banks and insurers need to consider what creative campaigns to serve after the gold rush of them becoming a customer. This is about understanding the Millennial mindset, knowing what would really keep them excited and engaged. DMA UK stats suggest almost four in 10 Millennials want access to exclusive offers from partner brands, websites and retailers.

Successful challenger brands are adept at earning loyalty and trust. They use eye-catching offers to stand out from the crowd. Their lesser-known counterparts and the behemoth established banks need to follow suit to hang on to their customers.



CASE STUDY:

## MOVING MASTERCARD FROM INTERNAL MISSION TO MILLENNIAL GOLD

Jacob Bailey Group worked with Mastercard on what was initially an internal campaign. The money technology giant found it difficult to understand what turns on a Millennial audience.

Knowing Mastercard had roughly 15,000 staff on its books in the relevant age group, Jacob Bailey suggested turning to this workforce for advice. For the No Cash Challenge, we created a platform, complete with points-based gamification elements. Users pointed out preferences and experiences via a company blog.

The insights gleaned from this internal campaign which fully engaged 61% of registrants - were then collated, analysed and used to shape products for the marketplace that drew on employees' experiences and targeted Millennial customers. @ MasterCard TO TELL US WHAT THEY THINK! CONNECTING RELEVANCE © JACOB BAILEY. ALL RIGHTS RESERVED

### CONCLUSION

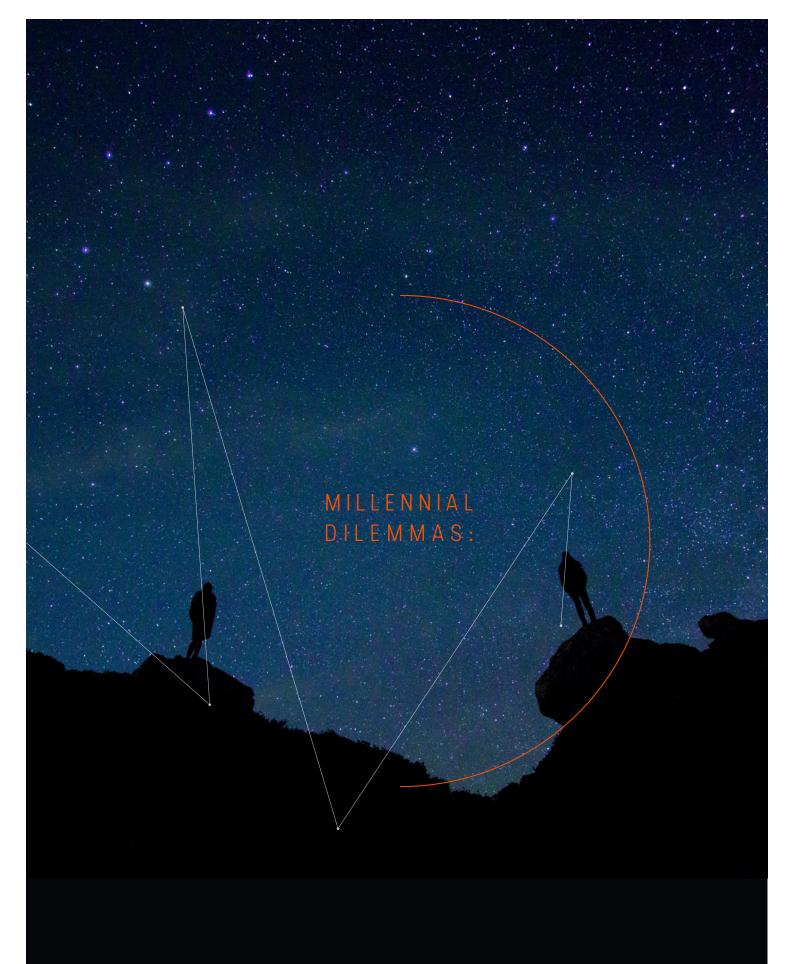
So what can financial institutions and fintech challengers take away from putting Millennials under the microscope? There are some key actions to deal with fickle fiscal behaviour and rewarding hard-won loyalty. These include:

Think experience, not just transaction; go beyond traditional financial service provision. Great digital journeys, built on simplicity, convenience and connecting relevance.

Stay helpful and transparent at all costs – building trust is important for this generation.

Get involved in what matters most to them; invite them to help shape your brand culture and product development. Use a powerful combination of data, technology and creative to know when and where Millennials want to deal with your brand.

FINALLY, IT'S WORTH NOTING THAT, JUST AS WE GET TO GRIPS WITH MILLENNIALS, THE NEXT GENERATION IS STEAMING UP THE TRACKS. GEN Z IS ALREADY LOOKING LIKE A FINANCIAL FORCE TO BE RECKONED WITH, AND EVEN MORE TECH AND MEDIA SAVVY THAN ITS PREDECESSORS. BANKS AND INSURERS MUST STAY ON THE FRONT FOOT AND CONTINUE TO EVOLVE THEIR PRODUCTS, SERVICES AND COMMUNICATIONS TO MEET THE CHALLENGES THIS NEW BREED OF CUSTOMER WILL SURELY BRING.





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