

Maintaining customer engagement is critical to maximizing long-term customer value in financial services

Article

The news: To maximize long-term customer value, banks and financial institutions (FIs) must shift their attention to re-engaging their disengaged customers, per a 2022 [report](#) from Forrester.

The report surveyed 154 financial services customer engagement strategy leaders in the US. Responses were fielded and the study was completed in May 2022.

Key stat: 66% of respondents said customers are disengaged, or not opening or reading communications from the bank or institution.

- Banks and FIs say that maintaining customer engagement is a high priority, but that they struggle to be successful in their current states.
- As a result, disengagement is on the rise, and 79% of respondents say that re-engaging these customers is becoming more and more difficult.

More on the numbers: 73% of respondents said that customers are opting out of marketing communications and other messages year over year. When considering the reasons for the waning engagement,

- 68% of respondents said their firm finds it difficult to deliver contextually relevant consumer communications.
- 62% find it hard to provide customers with experiences that fit their needs.

But banks and FIs understand that they must keep these customers engaged to earn their loyalty and trust and to maximize their lifetime value.

- 87% said that building and maintaining customer engagement is important or very important over the next 12 months.
- 80% said maximizing long term customer value is important or very important to them over the next year.
- 65% said re-engaging disengaged customers is important or very important over the next 12 month.

What are the challenges? Many of the FIs have an abundance of customer data to implement tailored marketing campaigns, but logistical challenges and undefined ownership rules stand in the way.

- 43% of FIs say their firm has complex rules around ownership of customer relationships.
- 40% of respondents said there is a lack of clear ownership of communication strategies and key performance indicators (KPIs).
- 30% of those surveyed said there isn't a complete 360-degree view of the customer in the firm's current structure.

The CMO's role: Research we completed for our report, [Bank CMOs and Personalization](#), confirms that banks and FIs see implementing a personalized communication plan as a highly complex undertaking. It involves a lot of moving pieces that are tough to bring together quickly and in a timely manner. And the complexities grow with scale.

Banks and FIs must lean on their CMO to develop an effective customer communication strategy and lift up slumping customer engagement.

- The CMO should have a seat at the table with the CEO, the CFO, and the board of directors, and they should collaborate on determining KPIs for customer communication.
- The CMO should also be a key stakeholder in the firm's digital transformation. Seamless and boundaryless technology must be in place to smoothly orchestrate a customer's journey from beginning to end.

Benefits of Delivering Highly Effective Personalized Customer Experiences According to Financial Services Executives in North America, Nov 2021

% of respondents



Note: n=324

Source: Forrester Consulting in collaboration with Blend, "How Banks Can Unlock Quick Wins and Lasting Benefits Through Smart Personalization," March 24, 2022

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Our take: To truly focus on customers and spark their engagement, banks and FIs must take a step away from simply promoting a specific product the firm has agreed to sell and instead

align their marketing to the products and services their customers actually need. And FIs should understand that experiential marketing along the entire customer journey is what will drive long-term customer value. Other supporting steps include:

- Investing in tech and infrastructure upgrades to eliminate bottlenecks to efficiently gathering customer data.
- Adopting a firm-wide marketing strategy with clearly outlined rules and responsibilities.

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