

# Growing Local Banks in the Millennial Market

YOUR GUIDE TO REACHING THE LARGEST DEMOGRAPHIC IN US HISTORY



# Introduction

Over the past decade, many banks have struggled to achieve growth in a stunted economy. Today, retail banking faces a new competitive landscape as Millennials, now the nation's largest generation, are poised to become financial institutions' clearest path to growth.

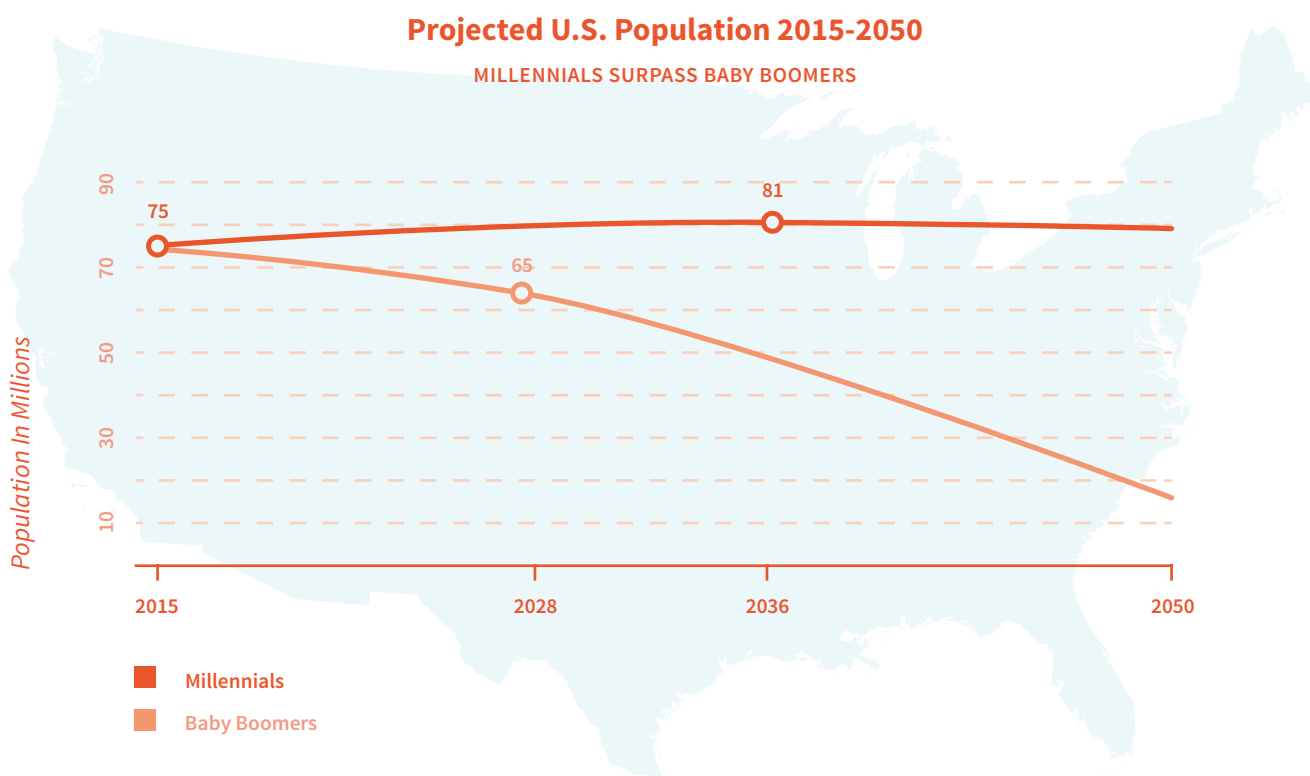
As digital natives who have grown up online, Millennials demand a personalized, technology-driven banking experience. Banks must respond with convenient and sophisticated tools that demonstrate their understanding of Millennial expectations and empower their staff to anticipate and respond to customers' specific needs.



## Getting to Know the Millennial Consumer

Millennials (also known as Generation Y) are the demographic cohort following Generation X. They were born in the 1980s and 90s, which makes them 25-34 years old as of 2017. There are eighty million millennials in America alone and they represent about a fourth of the entire population, with \$200 billion in annual buying power.<sup>1</sup> As of 2016, Millennials have officially surpassed Baby Boomers as the nation's largest living generation<sup>2</sup> as well as the largest generation in American history. Research shows that older demographics (ages 35-54 and 55+) are more brand loyal and less likely to switch from their

preferred brand in later phases of life.<sup>3</sup> 18% of Millennials said they had switched from their primary bank in the past 12 months, compared to 10% of customers aged 35-54 and only 3% of people 55 and older<sup>4</sup> making a change. Furthermore, local community banks are the biggest "winners" in attracting Millennials with a 5% migration.<sup>5</sup> For banks across the nation, this means that the people with the most potential to help your bank grow are currently under the age of 35. Are you building your strategy with them in mind?



<sup>1</sup> [forbes.com/sites/danschawbel/2015/01/20/10-new-findings-about-the-millennial-consumer/#1f91b0296c8f](http://forbes.com/sites/danschawbel/2015/01/20/10-new-findings-about-the-millennial-consumer/#1f91b0296c8f)

<sup>2</sup> [pewresearch.org/fact-tank/2016/04/25/millennials-overtake-baby-boomers](http://pewresearch.org/fact-tank/2016/04/25/millennials-overtake-baby-boomers)

<sup>3</sup> [cebglobal.com/blogs/exploring-loyalty-by-customer-demographic](http://cebglobal.com/blogs/exploring-loyalty-by-customer-demographic)

<sup>4</sup> [accenture.com/us-en/insight-consumer-banking-survey](http://accenture.com/us-en/insight-consumer-banking-survey)

<sup>5</sup> [blog.accessdevelopment.com/millennials-loyalty-statistics](http://blog.accessdevelopment.com/millennials-loyalty-statistics)

## Understanding Millennial Expectations

The Millennial Disruption Index,<sup>1</sup> which identifies the industries most likely to be transformed by Millennials, reveals that the banking industry is at the highest risk of disruption. Millennial customers are flocking to virtual banking platforms for the ease and convenience of digital experiences. Research shows that 16% of Millennials ages 25-34 are considering opening an everyday banking product with an online-only bank within the next year.<sup>2</sup> Additionally, 13% of Millennials cited convenience as the most critical factor in their bank selection process.<sup>3</sup>

Millennials also put a high value on the human aspect of doing business that virtual platforms cannot provide. Based on their consumer purchasing experiences for other products and services, they want the ability to bank on their own terms but at the same time expect convenient access to people who have all of the information about their personal details, their account, and their needs. 78% of consumers ages 18-34 expect a customer service agent to know their contact and product information as

well as service history at the company when they reach out for assisted service.<sup>4</sup> They want personal relationships, enhanced by technology.

To attract Millennial customers, financial institutions must provide personalized, targeted service across multiple channels, both online and off. Banks should embrace digital channels through online banking solutions, but there is still tremendous value in having local branches where customers can come and feel known. For Millennials, authenticity and meaning are strong loyalty drivers. In fact, research shows that Millennials (76%) rank businesses that cater to the local community as the most important thing to them when choosing where to spend their money.<sup>5</sup> For local and community banks, this means they are already well-positioned to attract Millennial customers as long as they simultaneously prioritize a streamlined digital experience and strong, personalized customer service.



They want personal relationships,  
enhanced by technology.

<sup>1</sup> [millennialdisruptionindex.com/wp-content/uploads/2014/02/MDI\\_Final.pdf](http://millennialdisruptionindex.com/wp-content/uploads/2014/02/MDI_Final.pdf)

<sup>2</sup> [blog.accessdevelopment.com/millennials-loyalty-statistics](http://blog.accessdevelopment.com/millennials-loyalty-statistics)

<sup>3</sup> [blog.accessdevelopment.com/millennials-loyalty-statistics](http://blog.accessdevelopment.com/millennials-loyalty-statistics)

<sup>4</sup> [event.on24.com/eventRegistration/EventLobbyServlet?target=reg20.jsp&eventid=1092954&sessionid=1&key=5BCCDD45131A82C969FE271236CCE8CB](http://event.on24.com/eventRegistration/EventLobbyServlet?target=reg20.jsp&eventid=1092954&sessionid=1&key=5BCCDD45131A82C969FE271236CCE8CB)

<sup>5</sup> [blog.accessdevelopment.com/millennials-loyalty-statistics](http://blog.accessdevelopment.com/millennials-loyalty-statistics)

# Attracting & Retaining Millennial Customers

Millennials are transforming the way banks approach sales strategies and customer service because of their two-pronged desire for technology-driven experiences and personal, human-centric exchanges. The ability to deliver service focused on customers' real needs will be essential for financial institutions looking to engage the Millennial market.

Banks' big opportunity is to tap into the power of responsive customer service, combined with powerful, leading-edge technology, to attract new buyers, build customer relationships, improve profitability, and optimize sales efforts. Here are the top five strategic ways banks can attract and retain Millennial customers.

## 1. Collect the Right Data to Make Millennial Customers Feel Known

In the Millennial market, demonstrating that you understand your customers' problems and specific needs is no longer seen as a bonus, it is an expectation. Brands are already using technologies like CRM, cookies, and self-service modules to tailor digital experiences to known patterns of behavior. Google and Facebook are setting the standard in personalized marketing and service, conditioning Millennials to expect valuable and pertinent information in every interaction with a brand.

Data from one study showed that consumers are willing to pay up to 41% more for an excellent customer experience, including personalized engagement across all touchpoints.<sup>1</sup> As the demand for personalized service continues to increase, banks must harness their customer data to meet that demand.

Many banks are relying on outdated tools that are inadequate to facilitate an experience where the customer feels known. This clearly falls short of meeting the

expectations of Millennial customers. The process of jumping from a core banking system, to an Excel spreadsheet, to email, an appointment book, and a collection of sticky notes makes it impossible to share information across an organization, and so knowledge becomes siloed. As a result, the customer's experience is at best unremarkable and at worst an annoying hassle. There is no place for mediocrity on the Millennial palette.

One of the best ways to communicate to your customers that you know them and understand their needs is to recommend the right products at the right time. To grow, banks need a place where every customer touchpoint is logged in real-time. Unified and robust customer data empowers everyone in the organization to act as the customer's primary relationship manager which builds trust and loyalty.

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<sup>1</sup> [risnews.edgl.com/retail-research/Customer-Engagement-Tech-Trends-Study--The-Personalization-Imperative95903](https://risnews.edgl.com/retail-research/Customer-Engagement-Tech-Trends-Study--The-Personalization-Imperative95903) >

## 2. Unify Data for a Full View of Customer Relationships & Profitability

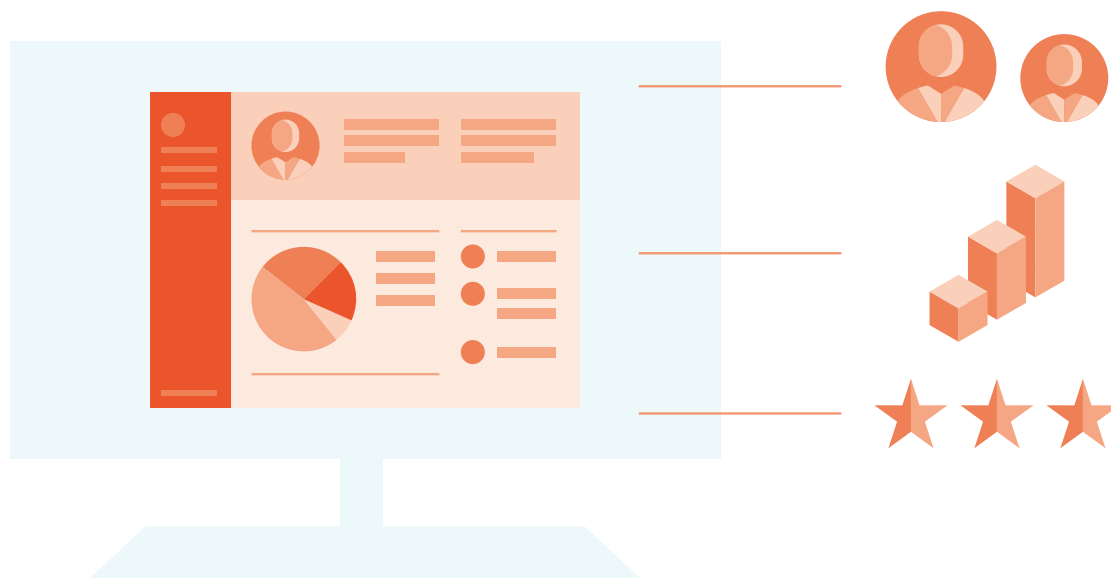
Too often, growth strategies are not aligned with customer needs. Between core banking and ancillary systems, data tends to be unstructured and difficult to sift through, obscuring a full view of the customer that would reveal profitability and inform growth strategies.

**Without a full view of the customer's data, including their relationships and profitability, banks are ill-equipped to offer the personalized service that Millennials demand.**

Customer information must be organized in such a way that everyone who has occasion to interact with customers can easily access, understand, and act on the

data necessary to drive effective marketing, customer service, and sales efforts. When it comes to profitability, for instance, looking at an individual account gives you too narrow a view. Instead, team members need insight into the entire relationship with the customer and their overall profitability.

By unifying data, banks can quickly know the value of their accounts and household relationships, and see customer ranking, trends, and month-to-date profitability. This allows salespeople to identify where the opportunities are and focus their efforts where it will have the most impact. For example, with increased visibility, banks can create programs for retaining top customers and growing the others.





### 3. Automate Marketing Messages to Nurture Relationships

Research shows that 85% of Millennials are more likely to make a purchase if it is personalized to their interests, both inside the branch and with digital offerings.<sup>1</sup> As such, establishing a customer-centric marketing strategy using real data has never been more important.<sup>2</sup>

At the most basic level, it is vital to tailor communications to each customer's specific profile, as well as take the opportunity to add a personal touch to every interaction. Thank new customers for their business in an onboarding email, or offer white glove treatment to your most profitable customers. Using a banking technology solution, these customized communications can be prompted during frontline interactions at the local branch and through automated email marketing campaigns, or other touchpoints.

According to a report from McKinsey,<sup>3</sup> in a banking environment with strong bottom-line pressures, maximizing frontline sales performance should be the top priority. Frontline staff has the daily opportunity to deliver valuable customer-specific sales and service messages to

customers during those interactions — but most banks fail to capitalize on these moments of opportunity due to a lack of actionable data.

With a technology solution, banks can prompt employees at the frontline, call center, or during any customer interaction with customer-specific sales and service messages. Using data-driven automation to identify what products or services are appropriate for any given customer, customer service representatives are able to effectively cross-sell.

Customized communications can also be streamlined and scaled through the use of automated marketing campaigns. For example, you can set up an onboarding campaign for new customers that is triggered the moment a new customer opens an account and a suite of customizable messages such as thanking them for their business, offering them valuable resources, and others that nurture the bank's relationship with them, will be set into motion. In doing so, their decision to bank with you is affirmed, they are guided to next steps, and your organization is established as a trusted advisor for their financial journey.

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1 [blog.accessdevelopment.com/millennials-loyalty-statistics](https://blog.accessdevelopment.com/millennials-loyalty-statistics)

2 [secure2.sfdstatic.com/assets/banking-wake-up-call/index.html](https://secure2.sfdstatic.com/assets/banking-wake-up-call/index.html)

3 [mckinsey.com/industries/financial-services/our-insights/maximizing-frontline-sales-in-retail-banking](https://mckinsey.com/industries/financial-services/our-insights/maximizing-frontline-sales-in-retail-banking)

#### 4. Recruit and Retain Motivated Millennial Employees

Strong Millennial talent will help attract Millennial customers. By being an attractive place to work and leveraging the right tools, banks can bring on younger, digitally-native employees who will help the organization sync with the needs and desires of Millennial prospects.

By 2025, Millennials will account for 75% of the global workforce. And, at some companies, like Accenture and Ernst & Young, they already account for 2/3 of the entire employee base.<sup>1</sup> Is your bank a place where millennials want to work? Do you have technology that makes their jobs and lives easier? The internal technology stack that a bank invests in speaks to the culture of the organization and is a significant factor for Millennial employees as they decide whether it will be a good fit for them.

When weighing employment options, Millennials prioritize places where they will be empowered to achieve goals — not just in the form of engaged management and competitive salaries, but also in the tech systems they

will be asked to work with every day. Technology matters to them. A recent study found that 38% of millennials feel outdated collaboration processes hinder their company's innovation.<sup>2</sup>

Millennials are looking to work hard and contribute, but they need the right tools — the kinds of tools they are accustomed to rely on — to do so.

Banks are realizing the value of incentive plans for attracting and retaining motivated employees. By automating the process of tracking employee goals and incentives, both employees and their supervisors will have access to timely information that helps enact behavioral change and achieve organizational goals. For recruitment purposes, providing staff with the tools they need to meet measurable sales goals and objectives will be essential to attracting and retaining Millennial talent.



<sup>1</sup> [smartsheet.com/blog/recruiting-and-retaining-millennials-how-technology-makes-difference](https://smartsheet.com/blog/recruiting-and-retaining-millennials-how-technology-makes-difference)

<sup>2</sup> [d1jbvhpem1c36a.cloudfront.net/wp-content/uploads/IdeaPaint-2013-Millennial-Survey.pdf](https://d1jbvhpem1c36a.cloudfront.net/wp-content/uploads/IdeaPaint-2013-Millennial-Survey.pdf)





## 5. Leverage Technology for Scalable Personalization

The use of technology to empower better customer service is a megatrend. Research shows that 48% of bank CEOs and 67% of credit union CEOs listed it as a top priority in 2016.

This prioritization reflects a growing understanding of the constraints antiquated systems are putting on financial institutions. Investment in data-driven tools to afford better understanding and build life-long relationships with your number one asset — your customer — cannot be undervalued, and will be essential to keeping up with the competition.

Banks that want to grow while maintaining close customer relationships that can be managed by anyone in the branch need a platform that doesn't just passively store the information, but gives them a way to make customer information valuable and actionable across every department — from the sales team looking to track

where prospects are in the pipeline, to the marketing team wanting to trigger automated messages, to front-line employees needing to be equipped to serve anyone who walks into their branch.

**Millennials are key to growth for banks and credit unions. They are a group that expect a highly-personalized customer service, while simultaneously demanding a fully-streamlined and convenient digital experience when interacting with their financial institution.**

To maintain momentum and achieve growth, banks will need to react with data-driven customer service and sales strategies, powered by a technology platform that allows them to meet customer needs, empower their staff, and grow their business.

## The Right Tool for Answering the Challenge of Growth in the Millennial Market

Finding a technology platform that empowers financial institutions to meet the demands of digitally native customers is surprisingly difficult. Most options were created as a one size fits all solution for business, not specifically banks or credit unions, and the cost can be prohibitive for the average community financial institution. Banks are unique businesses with unique needs so contorting a one size fits all solution into a relevant form that is truly useful in a bank environment is just not possible. What is needed is a tool designed to meet the specific needs of financial institutions that provides an active and truly comprehensive view into customer relationships.

Another challenge is that financial institutions have core systems in place which must be factored into the equation. That's why 360 View created a platform where banks and credit unions can access all customer data in one place. Now credit card, wealth management, or online banking account data can combine with core checking or savings account information, allowing financial institutions to leverage a wealth of data at their fingertips to build strong relationships and get actionable insight.

360 View is the growth platform developed for banks and credit unions, providing all the tools necessary to maximize your team's performance. Our solution goes beyond CRM, allowing you to gain insight into profitability, automate marketing campaigns, track goals and incentives, all while providing richer relational experiences that are personalized to every customer's unique needs.

Through comprehensive customer profiles, real-time reporting, marketing automation and data-driven insights, we empower growth for your organization. Our customizable platform allows you to tailor 360 View to match your unique workflows and processes, including custom dashboards, reporting, marketing programs and more. 360 View brings together all the tools necessary to help you achieve your goals and realize growth at your organization.

With more than 15 years of experience serving the financial industry, we understand the challenges you face and our team is committed to working with you every step of the way to ensure success.

If you're ready to get started with a growth strategy that will help attract and retain millennial customers, visit our website to learn more and sign up for a free demo.

[360view.com/request-live-demo](https://360view.com/request-live-demo) ▶