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Tech-Powered Growth: How Financial Institutions Can Bridge The Martech Gap With Big Tech

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Executive Summary

The stage is set in 2022 for traditional financial services to take a leap forward in marketing technology. Shuttered bank branches and competition from digital-native fintechs make investing in digital capabilities critically important. An increased emphasis on privacy and data regulations makes marketing much more difficult, but it also provides financial services the chance to catch up to digital natives. This leap requires CMOs to embrace a customer-centric strategy to drive differentiating customer experiences; invest in modernizing outdated marketing technology stacks with new capabilities like AI and automation; align products, services, and service models to their organizations' customer journeys; and leverage first-party customer data and data-driven decisioning.

In January 2022, Capgemini commissioned Forrester Consulting to evaluate and compare the current state of marketing technology maturity at financial services and technology organizations. For this research, Forrester conducted an online survey with 300 respondents and interviewed eight marketing executives at US and UK enterprise financial services and technology firms.

To see where financial services firms are now and what they need to do to catch up to digital-native companies that lead this space, we created a maturity model that gauges maturity in 24 key capabilities across five categories: strategy, process, technology, data, and organization. We compared the strengths and weaknesses of financial services and technology organizations on the model in order to determine a roadmap to marketing technology maturity.



Key Findings

Improving martech maturity requires a customer-centric strategy. Financial services firms' marketing efforts are usually product-driven, rather than customer-driven. But as digitally native companies show, well-aligned marketing technology and strategic partnerships can help accomplish the wider organization's customer strategy.

Data challenges prevent financial services firms from customer-centric execution. Strong customer data capabilities facilitate better customer experiences and more effective marketing efforts. Compared to technology companies, financial services firms struggle to identify customers across channels and to use real-time data to create personalized experiences. Financial services firms should model digital-native companies with strong data savvy to become more insights-driven.

Martech investment drives a better customer experience. Financial services companies are hampered in their digital marketing growth by outdated technologies and high levels of redundancy and technical debt. Unifying the martech stack can help solve these challenges, increase agility of marketing operations, and better serve customers over digital channels. Additionally, advanced analytics, machine learning and artificial intelligence — which financial services firms have also been slow to adopt — can automate decisioning that improves internal efficiencies and creates more personalized customer experiences.



Market Forces Drive Financial Services To Improve Their Martech

Traditionally, the financial services industry lags the high-tech industry in technology innovation. However, pandemic-related market conditions, as well as competition from digital-native fintechs are fueling digital transformation at traditional financial services organizations, prompting significant investment in marketing technology.

When the pandemic forced bank branches to close, many customers shifted to digital banking even if they preferred not to do so. Forrester found that 19% of US online adults between the ages of 18 to 44 banked online for the first time due to the COVID-19 pandemic.¹ This in turn drove financial services firms to prioritize and invest in digital capabilities. Those unable to provide personalized service through digital channels lost to competitors that could.

“You saw a huge influx of banking loyalty shift when the physical banking side disappeared. Customers went to banks that were ready for digital engagement and service.”

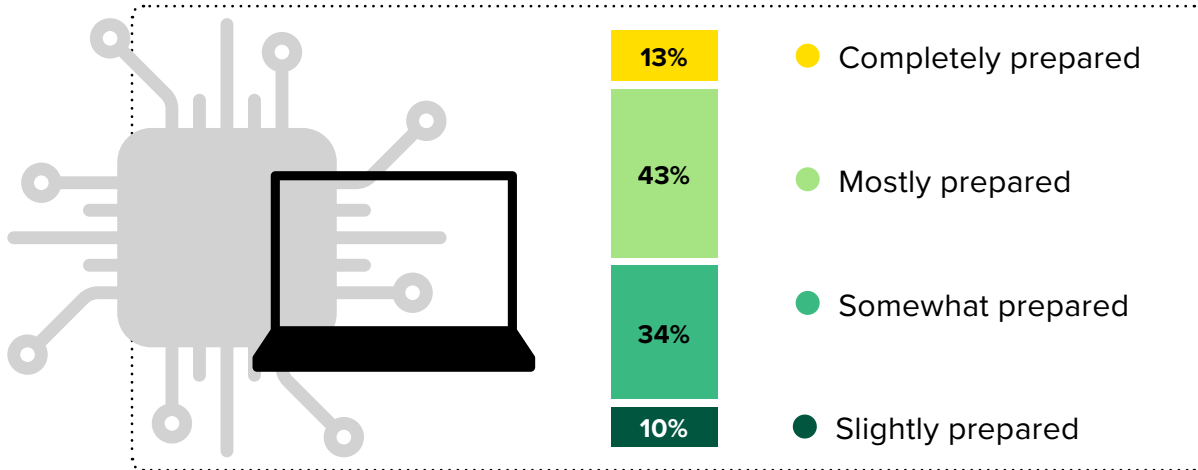
Executive director of EMEA marketing, global financial services firm

FINANCIAL SERVICES ARE EQUIPPED TO HANDLE DATA DEPRECIATION

While traditional financial services companies raced to pivot to digital, technology and fintech companies used the pandemic to accelerate digital strategies. However, data depreciation (e.g., the increased emphasis on data privacy, regulations, and limited access to third-party data sources) may be a force that works to equalize martech maturity between the industries. In fact, an equal percentage of marketing leaders in both high tech and financial services say their organizations are completely prepared for data depreciation (see Figure 1).

Figure 1

“Given your current marketing technology capabilities, how prepared do you feel your organization is for data deprecation, where an increased emphasis on data privacy, limited data access from third parties, and new regulations are limiting marketers’ access to data?”



Base: 305 VP and C-level marketing decision-makers at financial services and high-tech enterprises
Source: A commissioned study conducted by Forrester Consulting on behalf of Capgemini, January 2022

While all organizations expect to feel the impact of data deprecation, many decision-makers we spoke to think that traditional financial services firms may be better-positioned to manage limited access to third-party consumer data and its accompanying privacy regulations, potentially giving their organizations a key advantage over digital-native competitors. This is due to several reasons:

- **Financial services firms already have solid privacy policies.** Due to the sensitive nature of the data that financial services companies are responsible for, most financial services firms already have strict data use policies.

“Before any new regulations mattered, data was locked down in financial services companies. We are not progressive in using customer data, but we are up to date on regulations. We don’t want to be seen as at risk.”

Executive director of EMEA marketing, global financial services firm

- **Regulatory compliance is business as usual for financial services firms.** Many digital-native high-tech and fintech companies must overhaul themselves in order to work within new data regulations like the California Consumer Privacy Act (CCPA) and General Data Protection Regulation (GDPR). But financial services companies that already had compliance teams and processes can easily incorporate compliance with new regulations into their existing strategies and processes with moderate new investment.

“[As a result of data deprecation,] a lot of investments we made we need to reconfigure.”

VP of strategy and operations, global digital business service

- **Many financial services firms have valuable first-party data they can take advantage of with the right technologies.** As third-party data becomes harder to use because of data deprecation, many firms plan to rely on first-party data as the main informer of their personalization efforts. Financial services firms have a strong first-party data foundation due to their product diversity, personal customer relationships, and history of direct-to-customer marketing. Taking advantage of this first-party data advantage will require the right data investments, but those investments can now be made with regulations in mind.

“With the depreciation of third-party data, customers’ first-party data got more valuable. Customer loyalty programs [and] customer credit cards are more valuable than ever.”

Head of industry marketing, global digital technology firm

Comparing Maturity Levels Shows Where Financial Services Should Improve

Driven by the dual market conditions of data depreciation and the pandemic, the need for better digital marketing capabilities makes investment in martech a top priority. In 2022, financial services firms plan to improve their marketing technology capabilities (see Figure 2). High-tech companies will as well, focusing specifically on marketing technology to improve customer acquisition and satisfaction, and pursuing advanced AI and automation.

“Our goal is to leverage the transformational change of 2020 [and] 2021 to drive deeper engagement and better adoption of our products and capabilities through mastery of machine learning and automation.”

Head of industry marketing, global digital technology firm

Will the increased importance of and investment in digital channels help traditional financial services firms close the marketing technology gap with digital-native companies like fintech and high-tech firms? We created a model to compare current marketing technology investments and capabilities of financial services and technology firms. We assessed 24 dimensions across five categories: strategy, process, technology, data, and organization on a five-point scale (see Figure 3). Comparing the financial services firms to technology companies, the surveyed revealed:

- **Financial services firms lag technology firms in marketing technology maturity.** We grouped respondents into three maturity brackets: low (bottom 25%), medium (middle 50%), and high (top 25%). Almost 40% of surveyed financial services firms fall into the low-maturity bucket, compared to just 14% of technology firms.

Figure 2

Top 5 Marketing Priorities By Industry

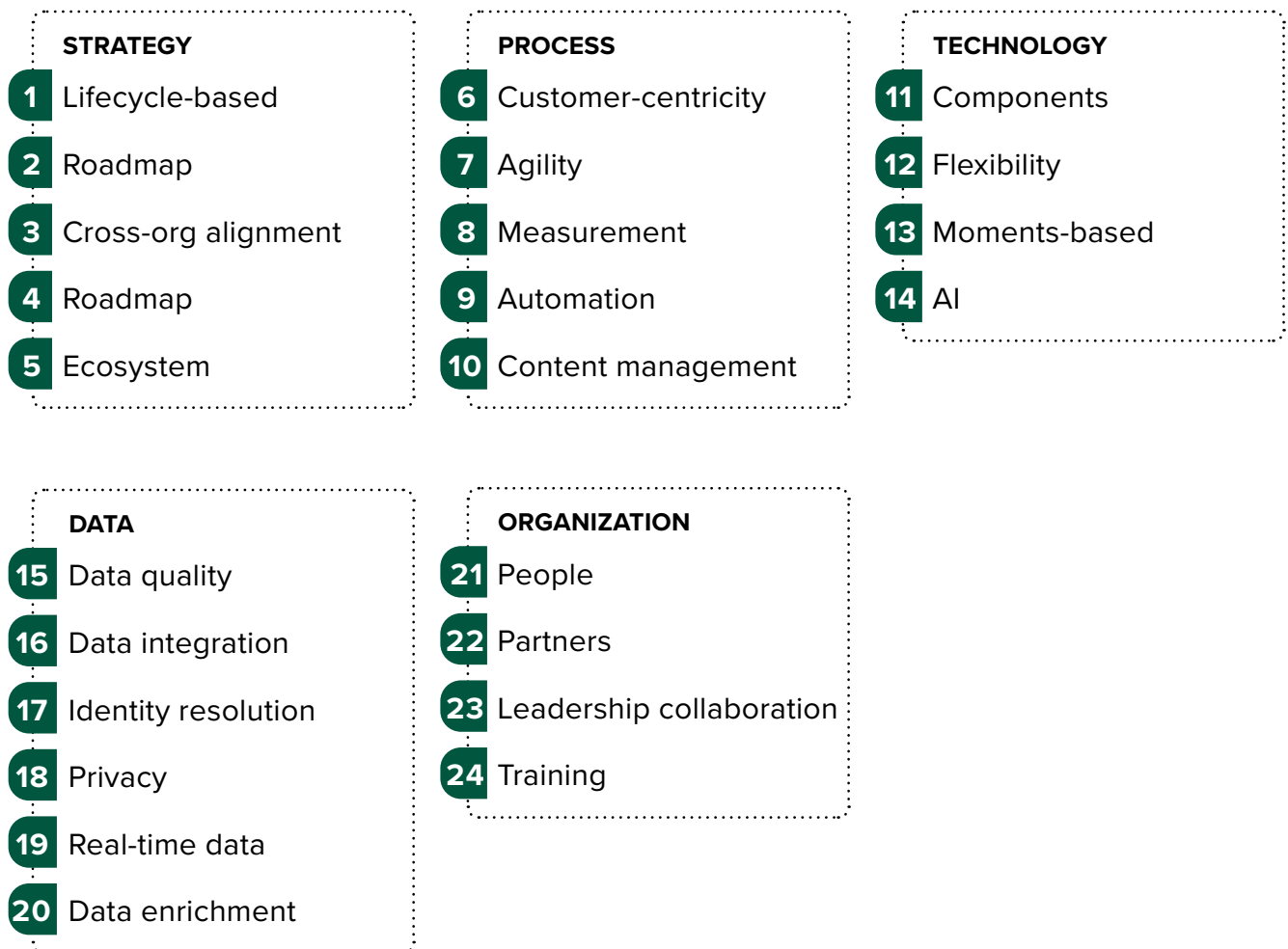
	SMALL FINANCIAL SERVICES FIRMS (<5,000 EMPLOYEES)	LARGE FINANCIAL SERVICES FIRMS (5,000+ EMPLOYEES)	HIGH-TECH FIRMS
1	Improve martech capabilities	Win new customers	Improve customer satisfaction
2	Improve customer satisfaction	Improve customer satisfaction	Win new customers
3	Increase CLV	Increase personalization	Improve martech capabilities
4	Win new customers	Improve martech capabilities	Improve ROI
5	Increase revenue per customer	Refresh or strengthen brand	Increase personalization

Base: 305 VP and C-level marketing decision-makers at financial services and high-tech enterprises
Source: A commissioned study conducted by Forrester Consulting on behalf of Capgemini, January 2022



Figure 3

Marketing Technology Maturity Model



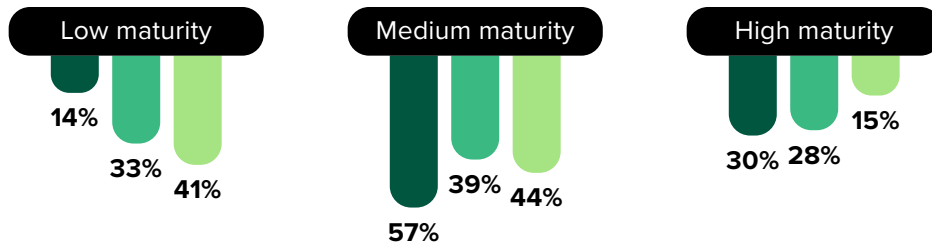
Source: A commissioned study conducted by Forrester Consulting on behalf of Capgemini, January 2022

- **Larger financial services firms are even further behind.** Our model shows that larger financial services firms are less mature than smaller firms; just 15% of larger financial services firms are in the high-maturity bracket, while 28% of small financial services firms are high maturity (see Figure 4). Conversely, more large financial services firms than small ones are in the low-maturity bracket (41% vs. 33%).

Figure 4

Marketing Technology Maturity By Industry

- High tech
- Small financial services (<5,000 employees)
- Large financial services (5,000+ employees)



Base: 305 VP and C-level marketing decision-makers at financial services and high-tech enterprises
 Source: A commissioned study conducted by Forrester Consulting on behalf of Capgemini, January 2022

“The financial services industry has an extremely product-centric approach to business that can undermine [a firm’s] ability to modernize, centralize planning and marketing strategy, and be customer-centric.”

Managing director of analytics and insights, US national financial services firm

- **The greatest maturity gaps for financial services are in the categories of strategy and data.** While the other categories are very close in terms of average maturity score, a closer examination into the technology category unveils some important differences between the two industries, making strategy, data, and technology the top priorities for martech improvement for financial service firms.

STRATEGY: IMPROVE CUSTOMER-CENTRICITY

While many high-tech firms make customer-centricity the focus of their marketing strategies, traditional financial services firms are still very product-centric in their marketing mindsets, organization, and strategies. Forrester research finds that few financial services firms take a customer-centric orientation; just 7% of financial services companies were customer-obsessed in 2021.² To pivot to more customer-centricity, financial services should:

- **Use technology to activate customer journeys.** Smart marketers use technology like automation and AI to create personalized experiences across an entire customer journey. They also align technology roadmaps and investments to complement their organization's broader customer experience strategy. In both capabilities, financial services companies lag high-tech ones. Large financial services companies in particular struggle to align technology investment to their organizations' customer strategies, with 59% saying their martech roadmap only somewhat aligns or less (see Figure 5).
- **Do the hard work around planning.** A strong differentiator between low- and high-maturity organizations is the ability to plan resources, capabilities, and developments with an eye toward the future and what's next. And while this is a mantra of technology companies (80% indicate they do this today) less than 40% of large financial services companies do the same.
- **Use partners to strengthen customer focus.** More high-tech companies are likely to collaborate with partners for customer-centric innovations compared to large financial services firms (77% vs. 44%).

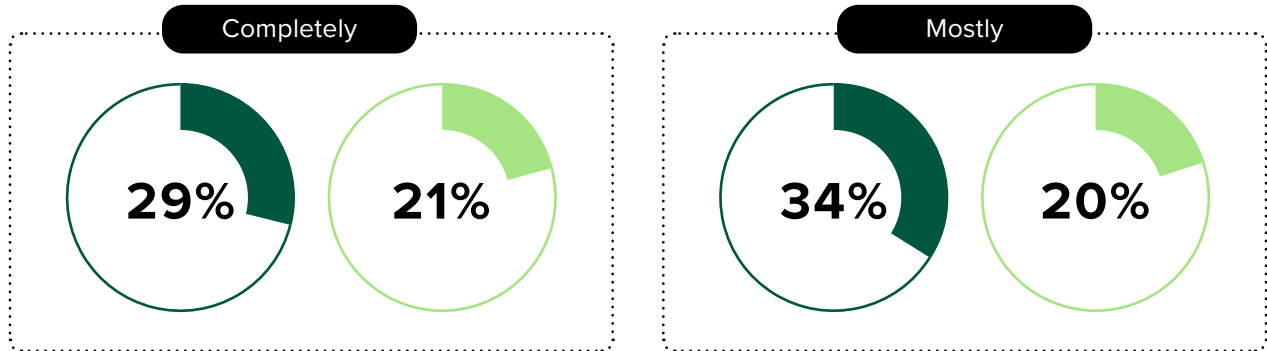


Figure 5

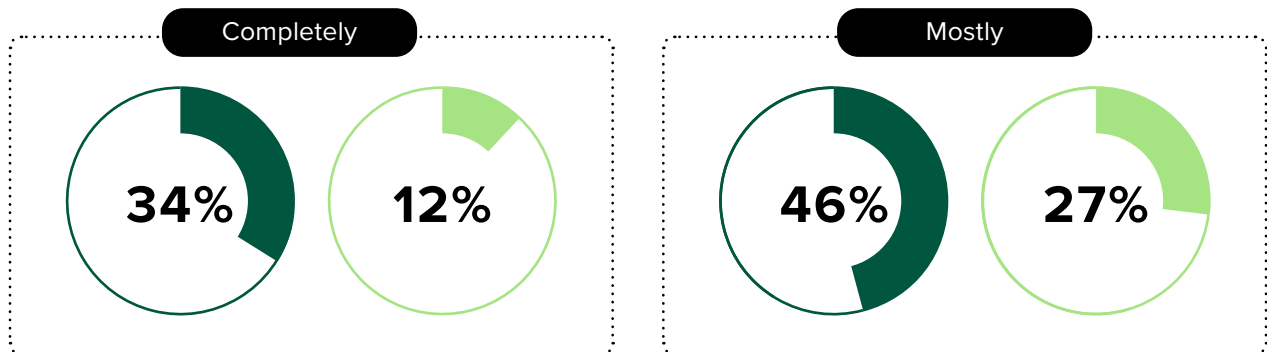
“How much does each of the following statements reflect your organization’s current marketing technology strategy?”

● High tech ● Large financial services (5,000+ employees)

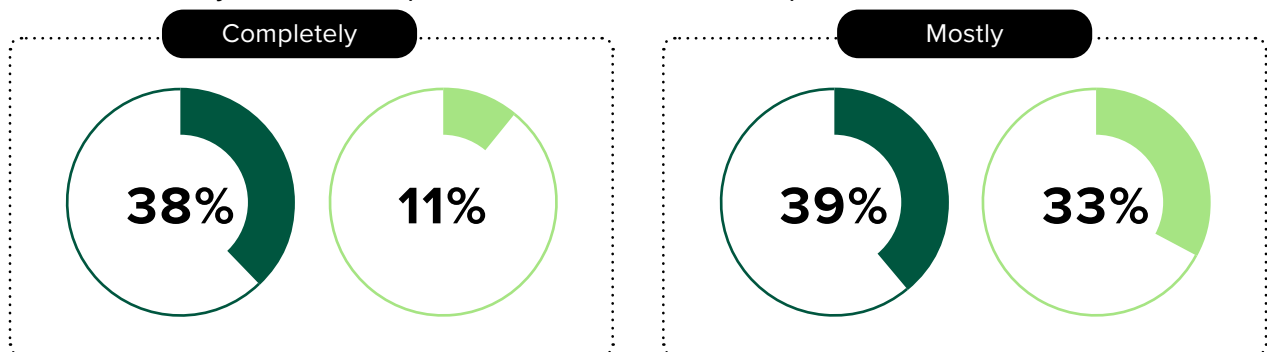
We have a documented martech roadmap that we regularly update in order to align our technology investments to our customer strategy.



We plan our resources, capabilities, and developments with an eye toward the future and what’s next.



We leverage our ecosystem of partners, suppliers, agents, and channels to help us innovate in ways that will improve customer relationships.



Base: 218 VP and C-level marketing decision-makers at financial services and high-tech enterprises
Source: A commissioned study conducted by Forrester Consulting on behalf of Capgemini, January 2022

“We are looking at our existing data and analytics tools and making sure they can talk to each other. It’s a challenge because combining reports takes manual effort currently. Being more automated will allow us to spend more time on analytics.”

CMO, US regional bank

DATA: INVEST TO BE MORE INSIGHTS-DRIVEN

Clean, current, and complete customer data that provides the insights needed to help a firm be customer-led will improve customer relationships and drive personalized marketing experiences. However, our maturity model shows that financial services firms need improvement around data (e.g., collection, analysis, measurement, and insight activation). Conversely, digital-native companies are already more insights-driven in their strategies and program execution. Comparing financial services and technology companies, there are several areas for improvement:

- **Cross-channel customer identification improvement is a priority.** Strong customer identification capabilities are a precursor to successful personalization. Yet less than half of large financial services companies we surveyed are confident in their ability to identify and leverage customer identities to create valuable brand experiences. Almost seven in 10 tech companies can do the same (see Figure 6).
- **Personalization should be more real-time.** A lack of real-time capabilities leads to an inability to react quickly to insights, which is a top challenge noted by financial services companies of all sizes. Only 36% of large financial services companies say they personalize programs based on real-time data, compared to 51% of technology companies.

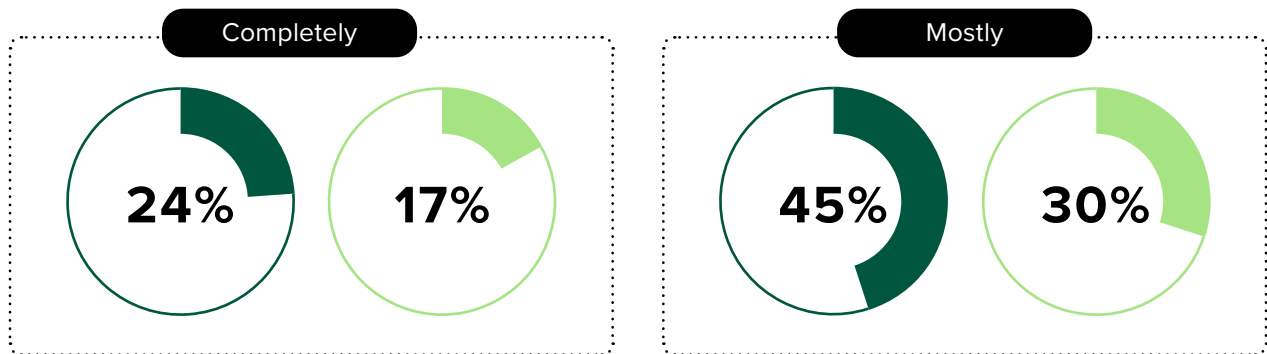
- **All need smarter measurement.** Effective measurement of customer engagement is difficult across industries, even for high-maturity firms. Although it’s always tough, cross-channel measurement is even harder with many commercial attribution models breaking down without third-party data available to track users across platforms. Almost half of survey respondents can only measure customer engagement in channel siloes. With data deprecation making attribution much more difficult, building the right data infrastructure will be more important than ever for financial services to allow them to close the data gap with digital natives.

Figure 6

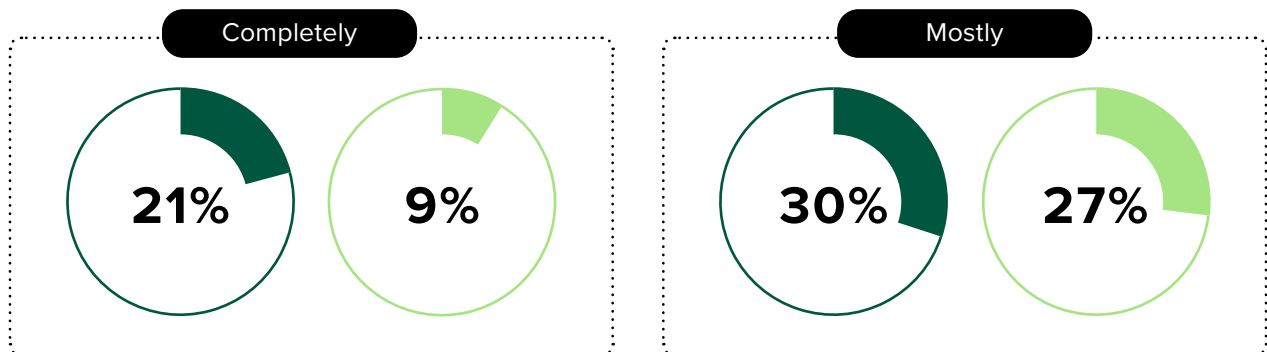
“How much does each of the following statements reflect your organization’s current marketing technology data capabilities?”

- High tech
- Large financial services (5,000+ employees)

We have defined the processes to collect and match identity keys to recognize customers across touchpoints and devices, associate identities with customer profiles and behavior, and leverage resolved identities in order to create valuable brand experiences.



We plan our resources, capabilities, and developments with an eye toward the future and what’s next.



Base: 218 VP and C-level marketing decision-makers at financial services and high-tech enterprises
 Source: A commissioned study conducted by Forrester Consulting on behalf of Capgemini, January 2022

“Measurement challenges related to data deprecation is something financial services [firms are] freaking out about and why they are investing in tech to future-proof. There is a need to create infrastructure to build a new method to market from first-party/legacy data.”

Executive director of EMEA marketing, global financial services firm

TECHNOLOGY: MODERNIZE THE MARTECH STACK

Marketing technology modernization will be key to improving digital customer relationships for financial services firms. Both financial services firms and high-tech firms consider technology the greatest barrier to their current success and an area of great opportunity. Organizations in each industry face different challenges to improve marketing technology to better meet their marketing and customer needs. Technology challenges and priorities for financial services firms include:

- **Financial services firms suffer from outdated technology and tech redundancy.** This is a top challenge for low-maturity organizations. Financial services firms today struggle with high levels of technology redundancy. It's the second biggest challenge (37%). In addition, 35% of respondents indicate outdated marketing technologies are a challenge (ranked the fourth biggest challenge). Financial services firms are saddled with technology debt. To compensate, interviewees say their organizations intend to modernize their martech stacks in 2022.

“Our focus is on modernizing basic elements of the martech stack: offer management, a new DAM (digital asset management), [and] integrations with CMS and the marketing ecosystem.”

Managing director of analytics and insight, US national financial services firm

- **Automation will improve speed and accuracy of processes at financial services firms.** Low-maturity organizations struggle to automate their processes, and the financial services executives we spoke to noted that their industry has been reluctant to adopt automation technologies that may be standard in other industries. Many indicate that automation is a top priority for their firms in 2022, but that there is a lot of red tape that needs to be navigated to effectively implement automation improvements.

“Automation is a top priority on our 2022 roadmap. By bringing in more modern capabilities to understand and use data, we will be able to deliver more optimized marketing to consumers.”

SVP of innovation and marketing, global credit card company

- **Advanced technologies like AI remain in the future for all respondents.** Use of AI to improve program performance is a gap for most organizations we surveyed, regardless of industry. Less than half of organizations in the high-maturity group are effectively using AI. But financial services does lag behind high tech in use of AI today (27% vs. 38%). These technologies help drive marketing efficiency and effectiveness and should be considered in any marketing technology improvement efforts.

Martech Maturity Drives Business Results

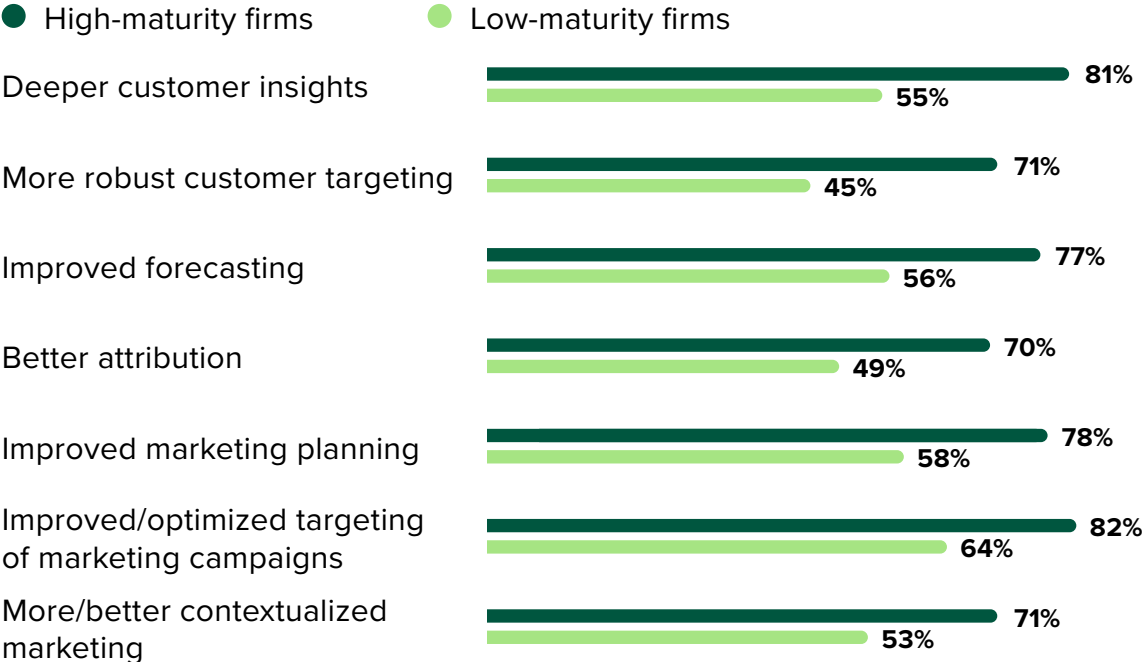
Good utilization of technology will enable digital innovation, more customer-centric marketing efforts, and measurement approaches that tie marketing activity to business results. We found that companies that invest in marketing technology enjoy better results. They specifically see:

- Deeper customer engagement.** Productive marketing technology drives the marketing engine so that it can contribute to top goals (see Figure 7). High-maturity organizations in this study uncover deeper customer insights; they can better target ads and site content to customers; and they forecast, plan, and attribute marketing performance at a higher rate than low-maturity organizations. This means they can deliver better targeted and contextualized marketing campaigns that drive better customer engagement.

Figure 7

“What marketing benefits has your organization experienced through your current marketing technology investments?”

(Sorted by gap between high and low maturity)



Base: 156 VP and C-level marketing decision-makers at financial services and high-tech enterprises
 Source: A commissioned study conducted by Forrester Consulting on behalf of Capgemini, January 2022

- **More leads and conversions.** Mature organizations' investments in marketing technology yields greater gains in both sales leads and conversions rates (see Figure 8). Of all organizations reporting quantifiable lead gains, 89% of high-maturity organizations report a 4% or greater lead generation increase as a result of their marketing technology, compared to just 64% of low-maturity organizations. That's a nearly 40% increase. Similarly for conversion, 46% of high-maturity organizations report a greater than 3% improvement, compared to 27% of low-maturity firms, which is a 70% increase.
- **Higher revenue.** Organizations that have invested in their marketing technology maturity are seeing the return on that investment in the form of increased sales revenues. Of all organizations reporting quantifiable revenue gains, 39% of high-maturity organizations report 4% or greater sales revenue increase as a result of their marketing technology, compared to 31% of medium- and 26% of low-maturity organizations, showing the benefit of incremental improvement to marketing technology maturity.

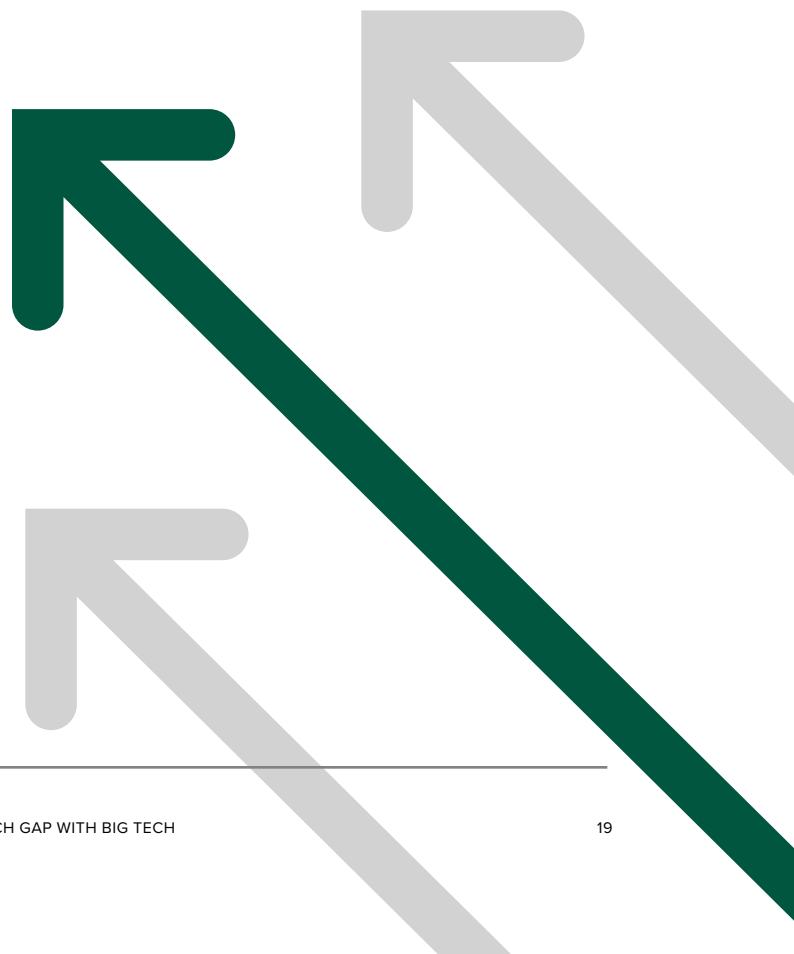
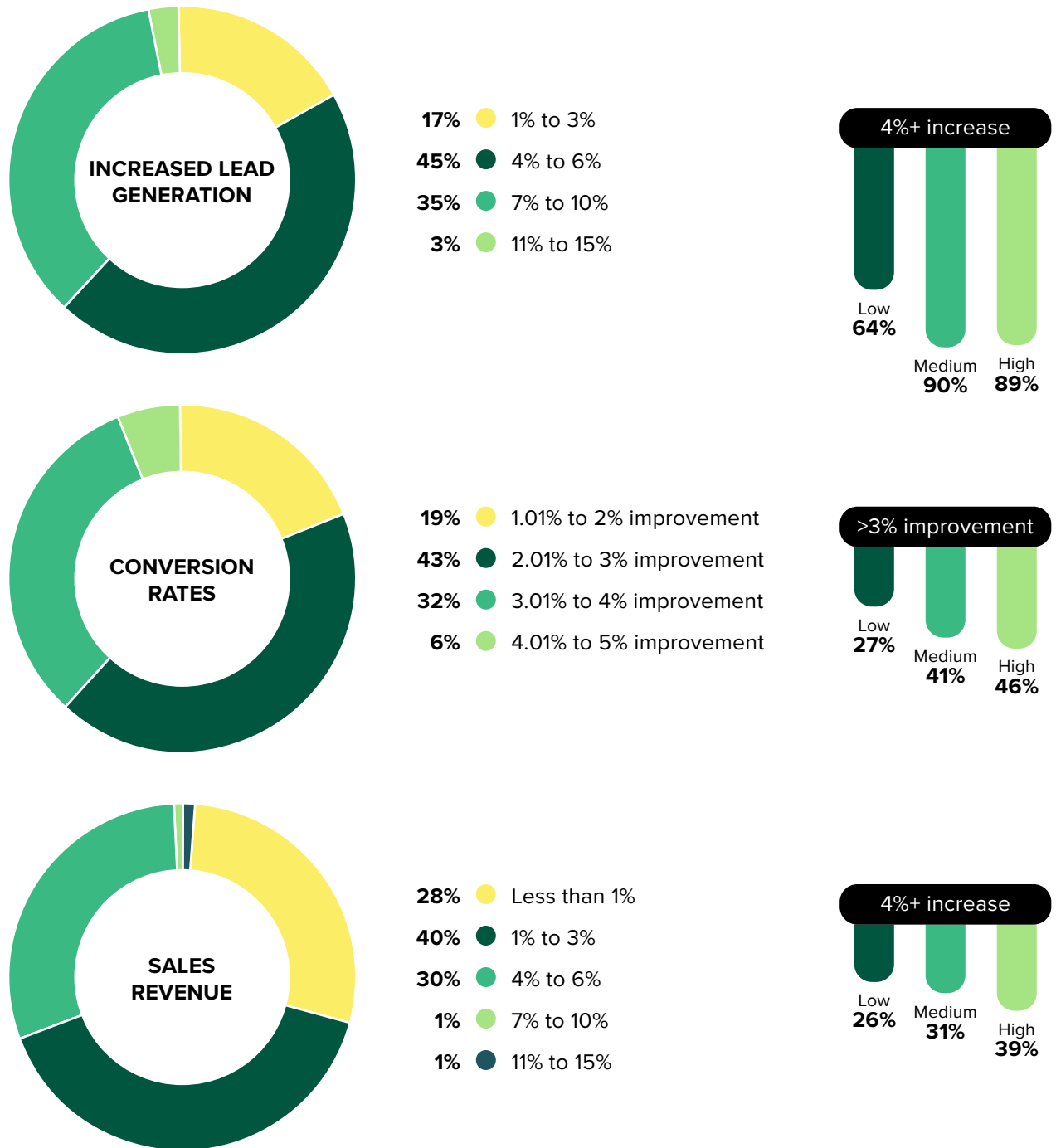


Figure 8

Martech Maturity Drives Business Results

Estimation of percentage increase experienced as a result of current investment in marketing technology



Base: 305 VP and C-level marketing decision-makers at financial services and high-tech enterprises
 Source: A commissioned study conducted by Forrester Consulting on behalf of Capgemini, January 2022

Key Recommendations: Don't Put Off The Pivot To Customer-Centricity

Financial services firms have a golden opportunity to advance their marketing technology maturity in 2022. The increased importance of digital marketing with the investment priority that comes with it and the impacts of data deprecation all afford financial services a chance to close some of the gaps that digital-native companies have attained. But they have to move fast and in lock step with customers' needs and wants to maximize the value of their investments.

Forrester's in-depth survey of financial services and technology executives responsible for marketing technology yielded several important recommendations:

Apply design principles to strategy, internal processes, and customer experience.

Design thinking encourages ideation without an expected solution in mind. This and the use of customer research like journey mapping and ethnographic research fosters creative solutions for both internal and customer problems. Businesses that get good at design thinking apply it to product development, workflow optimization, and experience design. And they use journey mapping and orchestration tools to help them upend established business practices in order to deliver customer value at a higher margin.

Adopt adaptive planning to react quickly to market change.

The pandemic was a hard lesson in the importance of strategic agility for many financial services firms. To become more customer-centric, financial services organizations need to update their marketing strategies and tool kits to address market and customer changes in real time. Move toward people-led planning, which uses an iterative approach and agile ways of working in order to flex marketing plans to market needs.³

Make product development and roadmaps customer-led.

Direct customer input is a critical component to ensure that marketing technology improvements and innovation align with customer needs and wants. An interviewed SVP of innovation and marketing at a global credit card company said their organization holds in-person and digital events with customers to showcase new product innovations and to gather direct customer feedback, which is then used to update products and to plan future roadmaps.

Invest in real-time customer data and advanced analytics technologies.

The nature, quality, and timeliness of data dictates the effectiveness of the customer experience in a digitally connected world. And advanced analytics methods and decisioning technologies like AI or machine learning can help by running automated simulations and experiments at scale to improve decision quality. For all of this to work optimally, financial services companies should invest in tools like customer data platforms (CDPs) that can create unified customer profiles for effective cross-channel execution and alignment of the customer journey.

Modernize your martech stack with a unified platform.

Firms that simply automate existing processes while keeping the same fractured martech stack could create more complexity and potentially more cost.⁴ Using a unified technology platform for martech allows financial services firms to adapt more quickly to customer needs, eliminate existing technology silos, reduce complexity and redundancy, and allow for intelligent process automation.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 305 financial services, fintech, and high-tech decision-makers at enterprise organizations in the US and UK to evaluate marketing technology maturity. Survey participants included marketing C-level and VP decision-makers responsible for marketing technology strategy. Respondents were offered a small incentive as a thank you for time spent on the survey. The study was completed in January 2022.

Appendix B: Demographics

GEOGRAPHY	
US	50%
UK	50%

INDUSTRY	
Financial services/fintech	50%
Technology	50%

COMPANY SIZE	
1,000 to 4,999 employees	56%
5,000 to 19,999 employees	35%
20,000 or more employees	10%

TITLE	
C-level executive	50%
Vice president	50%

Note: Percentages may not total 100 because of rounding.

Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

“Enable Moments-Based Marketing With Enterprise Martech,” Forrester Research, Inc., June 10, 2021

Appendix D: Endnotes

¹ Source: “In The Wake Of The COVID-19 Crisis, US Financial Services Firms Must Respond To Changing Customer Needs And Behaviors,” Forrester Research, Inc., June 4, 2020.

² Source: “The State Of Customer Obsession In Financial Services,” Forrester Research, Inc., October 12, 2021.

³ “How To Pivot To People-Led Planning,” Forrester Research, Inc., June 30, 2021.

⁴ Source: “Envisioning End-To-End Process Redesign In Financial Services,” Forrester Research, Inc., March 17, 2022.

The background is a deep teal color with a complex, abstract pattern of flowing, curved lines that create a sense of depth and movement, resembling a tunnel or a dynamic landscape. The lines are more pronounced on the right side, where they seem to curve around a vertical axis.

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