



HARLAND CLARKE®

One Size Does NOT Fit All: Seven Tips for Marketing Financial Services to Millennials



Millennials represent one of the most diverse generations in recent history in terms of race, age range, and ethnic origins.¹ Though this group varies widely in terms of life experience, background and current life stage, it does share some common characteristics that financial services marketers should be aware of. Understanding the nuances of this highly diverse group can help marketers better address this growing market.



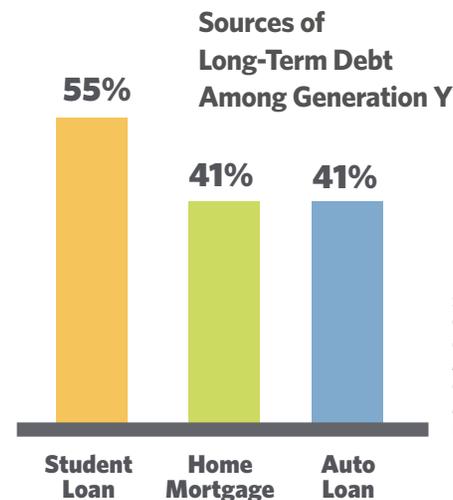
1. Understand their financial situation

Although Millennials present significant growth opportunities, financial institutions must also understand this group's attitudes and behaviors in order to ensure they market credit programs that meet their needs and take into account their unique economic circumstances.

Millennials are more likely to cite jobs/personal situations (28 percent) or economic concerns (26 percent) as the reason they haven't applied for a loan. These percentages are even higher for consumers 18-24 years old.²

This generation also tends to hold a significant amount of debt. Nearly 81 percent of college-educated Millennials report having at least one form of long-term debt. By far, the most common source is student loans (55 percent), followed by home mortgages (41 percent) and car loans (41 percent).

Those who currently have a credit card are more likely (15 percent) to indicate the balance is at the maximum limit. In addition, approximately one-third of Millennials who cited a need for loans in the next 12 months also said they have fair (32 percent) or poor (34 percent) credit ratings.³



Source: TIAA-CREF Institute, *College Educated Millennials: An Overview of Their Personal Finances*, February 2014.

¹ The Counsel of Economic Advisors, *15 Economic Facts About Millennials*, October 2014.

² The Raddon Report, *The Lending Opportunities Present by Millennials (Gen Y)*, November 2014.

³ Ibid.

2. Offer the right products at the right life stage

One size does not fit all when it comes to Millennials. The youngest Millennials are still in high school, while older Millennials may be establishing themselves in their careers or starting families. Your marketing plan should consider the ages, lifestyles, goals and financial needs of the various Millennial subgroups. Analytics and predictive modeling can help you evaluate purchase propensities of account holders and prospects, while segmentation offers insight into preferences and other nuances. Based on Nielsen® P\$YCLE segmentation research, we have identified 10 Millennial consumer segments that may offer financial institutions opportunities for growth.

| Segment Millennials | Fiscal Rookies | Loan Rangers | Up & Comers | Online Living | Young Digerati | New Nests | Rural Roots | White Picket Fences | New Homesteaders | Kids & Cul-de-sacs |
|--------------------------------------|--|---|---|---|--|---|--|---|--|--|
| Interests | <ul style="list-style-type: none"> Exercising (sports) Music Fitness Reading | <ul style="list-style-type: none"> Reading Music Instant Messaging | <ul style="list-style-type: none"> Athletics Technology Nightlife South American travel | <ul style="list-style-type: none"> Fitness Music Travel Online retail shopping | <ul style="list-style-type: none"> Upscale shopping Asian travel | <ul style="list-style-type: none"> Home-centered activities Parenting Country & Rock Music eBay shopping | <ul style="list-style-type: none"> Parenting Fast food outings Home-centered activities | <ul style="list-style-type: none"> Parenting Ice hockey games | <ul style="list-style-type: none"> Parenting Cars Recreational vehicles PlayStation® | <ul style="list-style-type: none"> Child-centered products/services Fantasy sports Watching X Games |
| Income | \$61,673 | \$56,146 | \$54,846 | \$76,499 | \$95,580 | \$45,081 | \$46,451 | \$55,645 | \$61,156 | \$74,704 |
| Income Producing Assets (IPA) | Below Average | Low | Moderate | Moderate | Elite | Low | Low | Above Average | Above Average | Above Average |
| Home Ownership | Mostly owners | Renters | Mix, renters | Mix, owners | Mix, renters | Homeowners | Homeowners | Mostly owners | Mostly owners | Mostly owners |
| Education | College Graduate | College Graduate | College Graduate | Graduate Plus | Graduate Plus | College Graduate | College Graduate | College Graduate | College Graduate | College Graduate |
| Employment | Professional | Professional | Professional | Management | Management | White Collar, Service, Mix | White Color, Mix | White Collar, Service, Mix | White Collar, Service, Mix | Professional |
| Financial Goals | <ul style="list-style-type: none"> Paying off student, auto loan and mortgage debt | <ul style="list-style-type: none"> Paying off student loan debt Purchasing auto, rental and life insurance Accessing/building credit Purchasing homes | <ul style="list-style-type: none"> Auto purchases Home purchases Establishing credit | <ul style="list-style-type: none"> Paying off student and personal loan debt Online stock trading | <ul style="list-style-type: none"> Auto purchases Home purchases | <ul style="list-style-type: none"> First-time home purchases First-time auto purchase Installment credit for home furnishings Purchasing term or whole life insurance | <ul style="list-style-type: none"> Establishing savings Home purchases Auto purchases Auto insurance purchases | | <ul style="list-style-type: none"> Purchasing recreational vehicles Home improvements | |

Nielsen P\$YCLE Segmentation System/Harland Clarke Marketing Services, 2015



Some suggestions for products, campaign themes and messages — based on Nielsen segmentation of Millennials, their interests, and financial needs might include the following:

| Segment | Fiscal Rookies | Loan Rangers | Up & Comers | Online Living | Young Digerati | New Nests | Rural Roots | White Picket Fences | New Homesteaders | Kids & Cul-de-sacs | |
|----------------------------------|--|--|---|---|---|---|--|---|--|---|---|
| Products | <ul style="list-style-type: none"> Investment-style insurance Auto, home and life insurance Mutual funds, stocks, options (for 401k) First mortgages Student loans | <ul style="list-style-type: none"> First mortgages Student loans Auto & renter insurance Personal loans Installment credit Medical & disability insurance Interest checking | <ul style="list-style-type: none"> First mortgages Auto loans Online bill pay | <ul style="list-style-type: none"> Term life insurance Disability insurance Auto insurance New residential insurance Medical insurance Online investing Mutual funds, stocks, options (for 401k) Online bill pay Student loans | <ul style="list-style-type: none"> First mortgages Credit cards Auto loans | <ul style="list-style-type: none"> First mortgages Auto loans Installment credit Short-term insurance Home equity loans Student loans | <ul style="list-style-type: none"> Auto loans Home mortgages Installment credit New savings accounts Online auto insurance | <ul style="list-style-type: none"> First mortgages Home equity loans Auto loans Children's savings accounts 529s | <ul style="list-style-type: none"> First mortgages Vehicle loans Personal loans Home equity loans  | <ul style="list-style-type: none"> Children's savings accounts 529s Home equity loans Personal loans | |
| Digital Use | <ul style="list-style-type: none"> Mobile financial management tools Reading blogs | <ul style="list-style-type: none"> Online banking Online auto & renter insurance Reading blogs | <ul style="list-style-type: none"> Online banking Reading blogs | <ul style="list-style-type: none"> Online banking Online stock trading Online insurance websites Reading blogs | <ul style="list-style-type: none"> Online banking Reading blogs | <ul style="list-style-type: none"> Online banking Insurance websites Reading blogs | <ul style="list-style-type: none"> Online banking Online auto insurance websites Reading blogs | <ul style="list-style-type: none"> Online banking Reading blogs | <ul style="list-style-type: none"> Online banking Reading blogs | <ul style="list-style-type: none"> Online banking Reading blogs | |
| Campaign/Messaging Themes | <ul style="list-style-type: none"> "Get low loan rates" "Buy your first home" "Pay off your debt" "Skip a payment" "Grow your money" "Invest for the future" "Manage your finances with online tools" | <ul style="list-style-type: none"> "Get low loan rates" "Buy your first home" "Skip a payment" "Pay off your debt" "Grow your money" "Manage your finances with online tools" | <ul style="list-style-type: none"> "Get low loan rates" "Buy your first home" "Grow your money" "Invest for the future" "Manage your finances with online tools" | <ul style="list-style-type: none"> "Get low loan rates" "Pay off your debt" "Invest for the future" "Manage your finances with online tools" | <ul style="list-style-type: none"> "Get low loan rates" "Buy your first home" "Use your card for reward points" "Invest for the future" "Manage your finances with online tools" | <ul style="list-style-type: none"> "Get low loan rates" "Buy your first home" "Manage your finances with online tools" "Invest for the future" "Save for college" "Open kids savings accounts" "Improve your home" | <ul style="list-style-type: none"> "Get low loan rates" "Buy your first home" "Skip a payment" "Save for college" "Open kids savings accounts" "Invest for the future" "Manage your finances with online tools" | <ul style="list-style-type: none"> "Get low loan rates" "Buy your first home" "Save for college" "Open kids savings account" "Invest for the future" "Manage your finances with online tools" | <ul style="list-style-type: none"> "Get low loan rates" "Buy your first home" "Improve your home" "Save for college" "Open kids savings account" "Invest for the future" "Manage your finances with online tools" | <ul style="list-style-type: none"> "Get low loan rates" "Buy your first home" "Save for college" "Open kids savings account" "Invest for the future" "Manage your finances with online tools" | <ul style="list-style-type: none"> "Get low loan rates" "Improve your home" "Save for college" "Open kids savings account" "Invest for the future" "Manage your finances with online tools" |

3. Use nontraditional marketing

Millennials are not as influenced by traditional media as previous generations.⁴ The internet is their medium of choice, and 33 percent choose blogs as their top media source.⁵ They have access to 7.1 devices and use at least four of them daily, including desktops, laptops, smartphones and tablets.⁶ On average, Millennials check their smartphones 43 times per day, and 52 percent of Millennials say they would rather converse via text message.

Social media is also very important to Millennials. They are more likely (38 percent) to view companies that use social media as more trustworthy than those using traditional advertising.⁷ Sixty-six percent report that they follow brands on social media. In addition, five out of six Millennials have connected with businesses via social media.⁸

When it comes to product recommendations, word of mouth plays a significant role in Millennials' decision-making process. Ninety-three percent have purchased a product after hearing about it from family or friends, and 89 percent trust these recommendations more than claims by the brand.⁹ Furthermore, Millennials make most of their new product discoveries via social media – the ultimate word of mouth engine.

⁴ Journal of Consumer Marketing, *Generation Values and Lifestyle Segments*, 2013.

⁵ Elite Daily and Millennial Branding, *The Millennial Consumer Study*, January 20, 2015.

⁶ Adweek, *Here is Everything You Need to Know About the Millennial Consumer*, August 13, 2014.

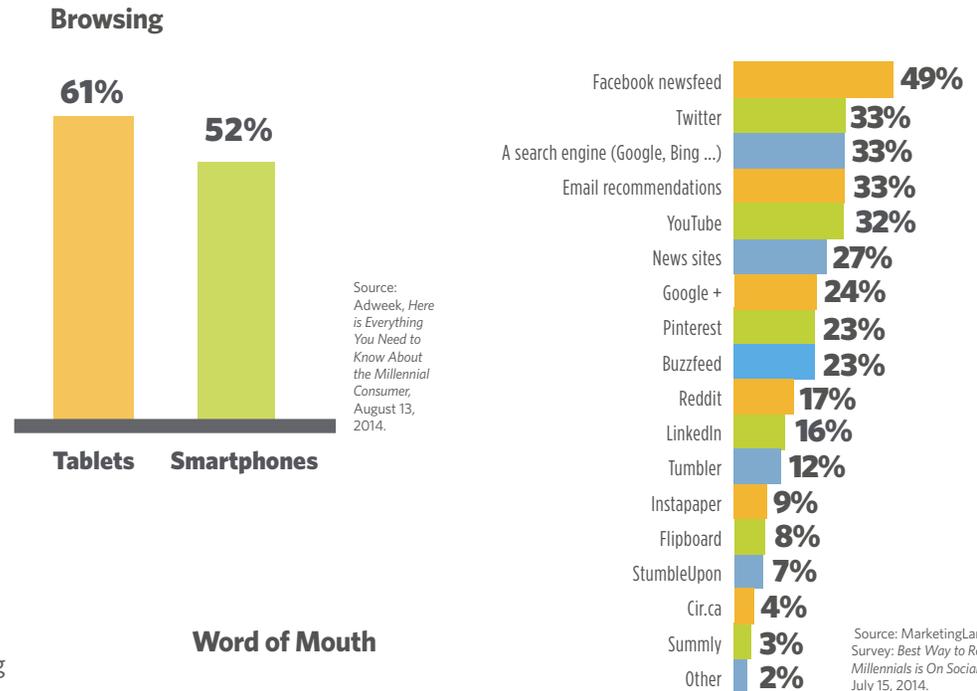
⁷ Ibid.

⁸ Ibid.

⁹ Ibid.

Social Networks Dominate Discovery

Q: How do you typically discover new and interesting things online?



Source: Adweek, *Here is Everything You Need to Know About the Millennial Consumer*, August 13, 2014.

Source: MarketingLand.com, *Survey: Best Way to Reach Millennials is On Social Media*, July 15, 2014.

Source: Adweek, *Here is Everything You Need to Know About the Millennial Consumer*, August 13, 2014.

How Millennials purchase financial products



24% used mobile devices for bank and credit union applications (+800% in five years)¹⁰



60% would prefer to apply for auto loans online¹¹



41% surveyed had applied for a home equity loan using a digital channel¹²

Understanding how this demographic researches information, engages with their devices and social media, and integrating these elements into a comprehensive marketing strategy is essential to connecting with this group in a way that is meaningful to them.

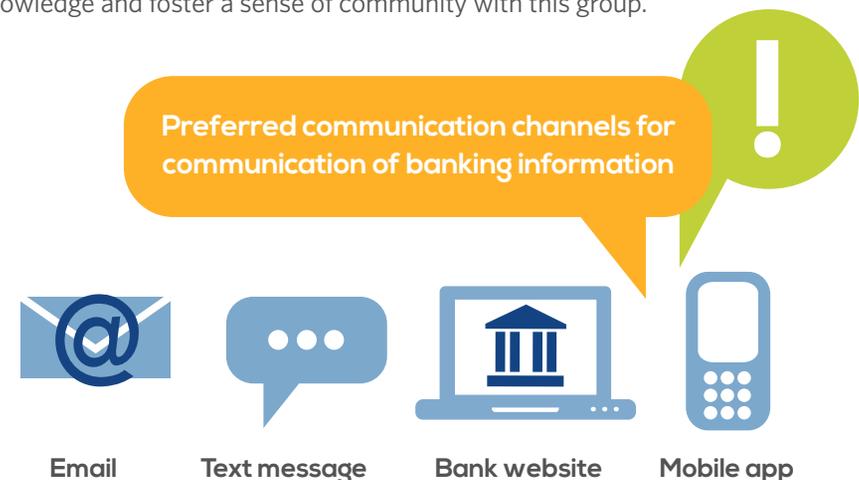
4. Develop personal relationships

More than any other segment, Millennials feel that banks treat them like a number¹³ while they see themselves as diverse and individualistic.

Messaging should be highly targeted to the interests and needs of the individual. Sixty percent of Millennials say they like a company reaching out to them for purposes other than selling them something.¹⁴ Rather than just push products, focus on engaging with Millennials using upbeat, conversational language and stimulating visuals.

While it may seem counterintuitive, Millennials are also very social and comfortable belonging to groups.¹⁵ So it's no surprise that 64 percent place a high priority on developing relationships with their financial institutions.¹⁶ It's also good news, given an increasingly crowded marketing landscape, and suggests this demographic is open to regular communication from their financial institutions. However, financial institutions must be careful to reach them in their preferred mediums as 43 percent complain they don't.¹⁷

Thus, while messaging directed to Millennials should be individualistic in nature, institutions would also be wise to acknowledge and foster a sense of community with this group.



Source: FICO © 2015 The Financial Brand

¹⁰ Andera, *The Future of Account Opening*, January 2014.

¹¹ AutoTrader.com, *The Next Generation Car Buyer*, January 2013.

¹² Forrester Research, *Multichannel Home Lending Status Boosts Results*, 2012.

¹³ Independent Community Bankers of America and The Center for Generational Kinetics, LLC, *The 2014 ICBA American Millennials and Community Banking Study*, October 2014.

¹⁴ MarketingLand.com, *Survey: Best Way to Reach Millennials is on Social Media*, July 15, 2014.

¹⁵ Boston Consulting Group, *How Millennials are Changing the Face of Marketing Forever*, 2015.

¹⁶ Independent Community Bankers of America and The Center for Generational Kinetics, LLC, *The 2014 ICBA American Millennials and Community Banking Study*, October 2014.

¹⁷ TheFinancialBrand.com, *8 Astonishing Facts Bankers Should Know About Millennials*, February 9, 2015.

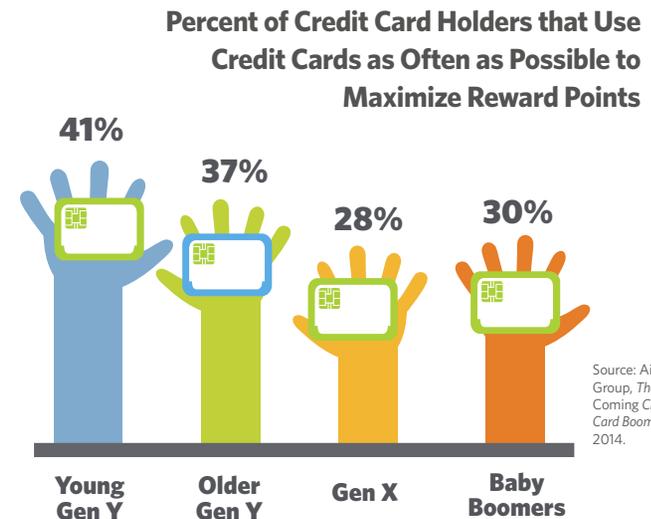
5. Make the relationships mutually rewarding

Millennials are partial to rewards and finding good deals, perhaps because they've grown up during a recession when money was tight. Sixty percent follow brands to hear about new deals and coupons.¹⁸

A significant number of Millennials open new credit card accounts to take advantage of initial short-term incentives like discounts, cash back and free airline miles. Forty-one percent use their credit cards as often as possible to maximize reward points.

In addition to rewards programs, Millennials also like to be rewarded for being a good customer, and using incentives, like coupons, financial institutions can turn millennial customers into highly influential brand ambassadors.

More than half of Millennials said people seek their opinions of brands, and they are willing to share positive (or negative) brand experiences on social media.¹⁹ So rewarding them for being good customers or offering a compelling deal can help engage and build positive relationships with Millennials — which could pay off big for your financial institution in the long-term.



¹⁷ TheFinancialBrand.com, *8 Astonishing Facts Bankers Should Know About Millennials*, February 9, 2015.

¹⁸ Ibid.

¹⁹ Boston Consulting Group, *How Millennials Are Changing the Face of Marketing Forever: The Reciprocity Principle*, July 15, 2014.

6. Educate them — but make it relevant

Millennials consider themselves financially savvy. Eighty-five percent agreed with the statement “I am good at dealing with day-to-day financial matters, such as checking accounts, credit and debit cards, and tracking expenses.” Unfortunately, the majority of these consumers were unable to answer basic questions about inflation, mortgages, bonds and risk diversification. This group is less likely than any other to read personal finance articles²⁰, perhaps because they don’t find the information useful or interesting.

So what’s a financial marketer to do? Give Millennials relevant content. Millennials are receptive to content from financial institutions and believe it is appropriate for an institution to feature financial information on its site — 43 percent trust the information. Sixty-six percent of 18-24 year olds trust financial institutions more when they offer helpful content.²¹

Millennials recognize there are times when they need financial information — 45 percent are looking for resources to help them get through a financial crisis — but they want it to be interesting and relevant.²² And they would rather it be written by professionals outside of the institution.

53% trust articles written by journalists who are experts in finance²³

25% say they would prefer non-financial information on the site²⁴

Top Five Types of Non-Finance Content Wanted on Financial Websites

- 28%** | TRAVEL & VACATION INFORMATION
- 26%** | LOCAL AREA INFORMATION
- 25%** | RETIREMENT GUIDES
- 24%** | TECH & GADGET GUIDES
- 20%** | LIFE STAGE INFORMATION

Source: Adweek, *How Banks Can Reach Millennials With Content*, October 19, 2014.

Only 20% of respondents felt that their financial institutions currently post interesting articles.

TOP FOUR CONTENT TRAPS THAT FINANCIAL INSTITUTIONS FALL INTO:

- 19% “Too Sales-Oriented”
- 18% “Too Boring”
- 12% “Too Long”
- 19% “Hard to Understand”

THE SOLUTION: A strong content strategy with quality at the center.

Source: Adweek, *How Banks Can Reach Millennials With Content*, October 19, 2014.

²⁰ Boston Consulting Group, “How Millennials Are Changing the Face of Marketing Forever: The Reciprocity Principle,” July 15, 2014.

²¹ TIAA CREF Institute, *College-Educated Millennials: An Overview of Their Personal Finances*, February 2014.

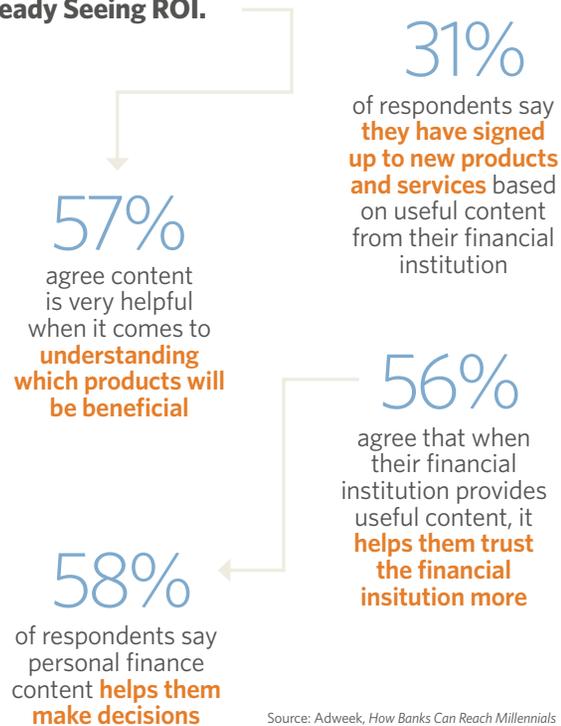
²² Adweek, *How Banks Can Reach Millennials With Content*, October 19, 2014.

²³ Ibid.

²⁴ Adweek, *Attention Brands This is How You Get Millennials to Like You*, October 6, 2014.

The goal is to strike the right balance between the information Millennials need and the information they want, and to do so in a compelling way. When done correctly, this strategy can pay off with a greater return on investment.

Financial Institutions That Deliver Excellent Content are Already Seeing ROI.



Source: Adweek, *How Banks Can Reach Millennials With Content*, October 19, 2014.

7. Give them the technology they want — especially “automatic” tools

Millennials are the most technologically proficient generation to date. They demand the convenience and speed of a “connected” lifestyle. This includes easy-to-use digital banking options. Eighty percent of them conduct basic banking digitally, preferring a bank’s website to mobile apps 2:1.²⁵

What Millennials Want

Personal Financial Management Tools²⁶

56% are likely to use their financial institution’s personal financial management tools to track spending and set budgets

49% want to pull information from all accounts into one place

21% of 25-34 year olds mix and match personal financial management software from online banking, desktop software and outside websites

Other Desirable Tools²⁷

54% want email alerts when their credit scores change

52% want credit scores in their monthly statements

47% want a credit score simulator

40% want a mobile app that turns credit cards on and off

²⁵ TheFinancialBrand.com, *8 Astonishing Facts Bankers Should Know About Millennials*, February 9, 2015.

²⁶ *ibid*

²⁷ Raddon Financial Group, *National Consumer Research*, 2014.

Connect the dots

As a consumer group, Millennials are undergoing major life stage shifts as they complete their education, start their first professional job, marry and build families. This demographic is expected to provide major growth opportunities for financial institutions prepared to engage and cultivate long-term relationships. Understanding market characteristics, buying behaviors and communication preferences of Millennials is essential to compete effectively for their business.

To learn more about marketing to Millennials,
call **1.800.351.3843**,
email us at **contactHC@harlandclarke.com**
or visit **harlandclarke.com/MarketingServices**.

Related Resources:

Four Things to Know About Millennials and Lending