



Engaging the Next Generation of Consumers:
**Gaining and Building Trust
Throughout the Buying Journey**

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Agenda



- Your Future Customers: Gen Y and Gen Z
- The Great Wealth Transfer
- How Financial Institutions Should Prepare
- The Customer Journey
- The Value of Data Analytics
- Case Study

Your Future Customers: Gen Y and Gen Z



Gen Y: Savvy But Cautious

- Born between 1981 – 1996
- Purchasing Power: **\$600B**
- **7 in 10** think understanding investments is extremely important
- **53%** trust financial services; **70%** trust financial advisors
- **44%** use online money management tools
- Only **51%** feel confident in their financial services knowledge
- **13x** more likely to move money during a life-changing event
- Part of an extraordinary transfer of wealth — \$30T in next 20 years



Source: VISIONCRITICAL, [“The Great Wealth Transfer,”](#) March 2019
Source: American Funds, [“High net worth Millennials: Savvy with high expectations”](#)
Source: Mintel, “Marketing to Young Investors,” 2017
Source: InvestmentNews, “The great wealth transfer is coming,” July 13, 2015

Gen Z: Emerging and Powerful

- Born after 1997/Post-recession economy
- Purchasing Power: **\$143B**
- **75%** have a checking account
- **80%** want to be homeowners by age 30
- **48%** have a money or payment app on their phone
- **42%** are excited about using tech giants for financial services
- Find value in robo-advisors because of high comfort level with technology and lower fees

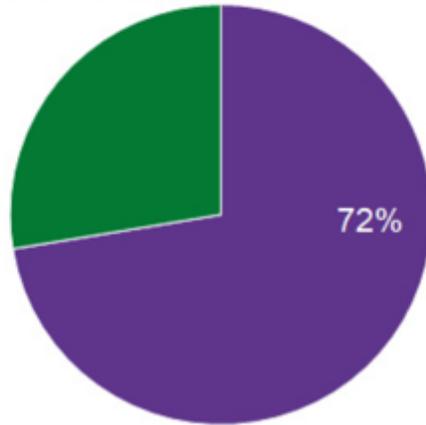


Source: *Forbes*, "How Much Financial Influence Does Gen Z Have?," January 10, 2018
 Source: Mintel, "Innovations in Banking," 2019
 Source: Realtor.com, "Hey, Gen Z, Better Start Saving for a Home Now!," February 1, 2019
 Source: *Forbes*, "Why Banks May Lose Out on Generation Z - If They Haven't Already," July 17, 2018
 Source: *American Banker*, "Banks Can't Afford to Ignore Generation Z," October 18, 2018

Reach Gen Z Through Their Parents

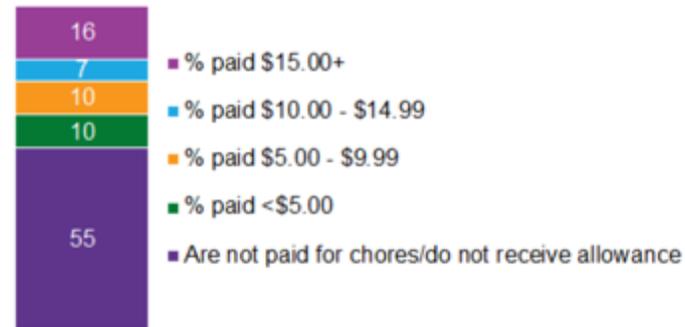
"Which of these are true for you? Please select all that apply."

"I ask my parents for money when I need it"



"Do you get an allowance or money for doing chores? How much do you receive each week?"

Weekly income from allowance/chores



Source: CompereMedia, "The Key to Gen Z's Wallet: Their Parents"
Source: Lightspeed/Mintel
Source: Simmons Research, *Fall 2018 NCS Teens Study 12-month*

Coming Soon: Gen Alpha



“ *The eldest members of this generation **started kindergarten this year [2016]**, but in 2050 (when they turn 40) the Generation Alpha population is predicted to reach **35 million**. When all the members of this generation have been born, they will number almost **two billion**.* ”

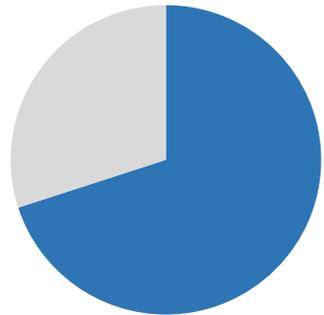
Source: *Forbes*, [“The Complete Guide to Generation Alpha: The Children of Millennials,”](#) 2016



The Great Wealth Transfer

\$68T Will Change Hands

The Great Wealth Transfer refers to **\$68T** passing from **45 million** HHs to heirs and charities over the next **25 years**



\$48T

will be coming from baby boomers passing on their wealth



57%

of total assets are estimated to be transferred to Generation X households.

Source: Accenture, ["The 'Greater' Wealth Transfer"](#)

Source: Cerulli Associates, *U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2018: Shifting Demographics of Private Wealth*

Source: The Financial Brand, ["Millennials, Gen Z Love Banking Brands That Champion Financial Wellness,"](#) November 8, 2018

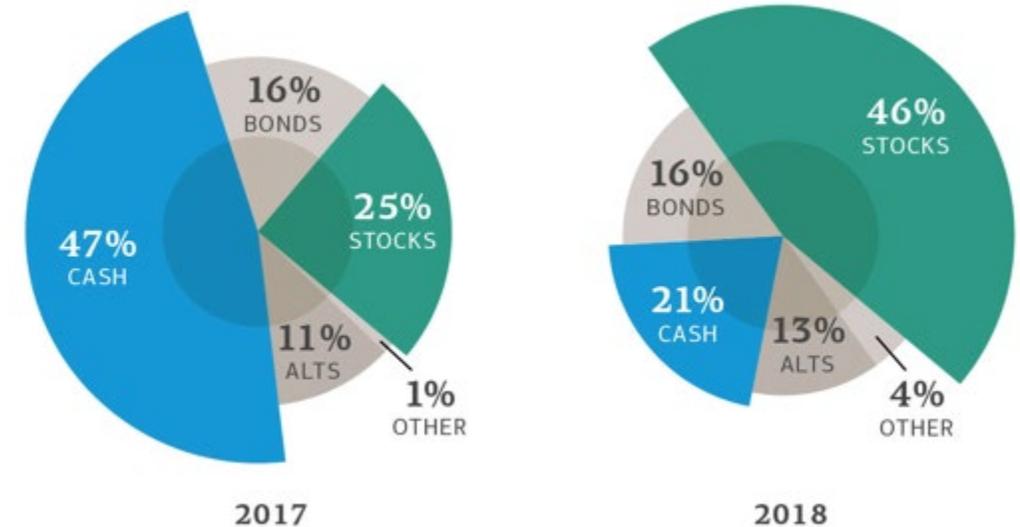


How Financial Institutions Should Prepare

Shift Expectations

- Retain loyalty and assets of boomers **and Gen X**, while developing a relevant value proposition **and long-term inheritance strategy for transfer to Gens Y and Z**
- Between 2017 and 2018 there was a big shift toward more sophisticated investment strategies among High Net Worth Gen Y.

How HNW Millennials are investing to grow their wealth



Source: Bank of America Private Bank, ["2018 U.S. Trust survey of High Net Worth investors"](#)

How to Earn Trust and Gain Business



- Be a trusted source of financial advice
 - Provide guidance, education *without selling* throughout the customer lifecycle
 - Proactively retain customers by increasing engagement with topics on financial literacy, estate planning
- Focus on both long-term growth and immediate account growth
- Offer multichannel banking, especially digital
 - Blend high-touch and high-tech engagement strategies and include branded, personalized service to encourage deeper relationships
- Provide feature-rich mobile app offering:
 - On-demand responses to questions, chatbots
 - Real-time chats with licensed financial advisors
 - Digital investing capabilities, robo-advisors
- Show how you give back, improve the world
- Leverage data and modeling to identify most valuable families and detect assets with high attrition risk



Capitalize on Consumers Who Are Ready to Switch

Key insight to help capture consumers in-market for new financial service providers

- **Loyalty is weak among younger generations**
One-fifth of Gen Z have already switched banks once
- **Consumers want a smooth transition**
21% of consumers don't switch banks due to concern about consequences of switching
- **Marketing and promotions drive consumers to act**
40% of checking account switchers attribute motivation to switch to an ad or sales promotion

Source: https://advertising.aol.com/sites/advertising.aol.com/files/insights/research-reports/downloads/AOL_MakingtheSwitch_TradeSite.pdf

Source: "What's Driving Satisfaction for Today's Retail Banking Customers," September 2017

AD INFLUENCE ON SWITCHERS



32%

Direct mail



31%

Digital



16%

Email



80%

Of consumers influenced to switch by direct mail, digital, and email

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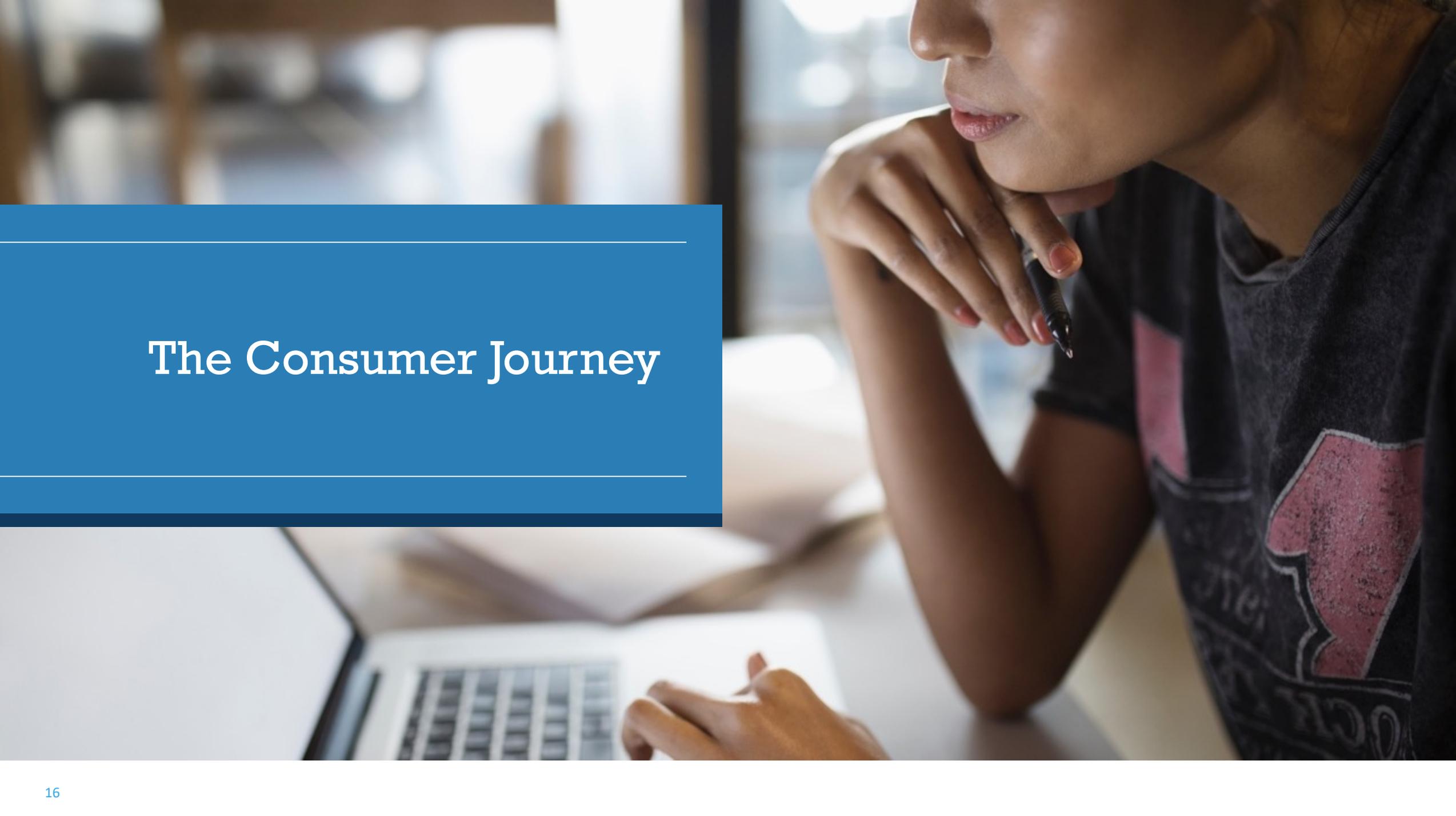
Know Digital Content Consumption Trends

- Gen Z spends **11.4** hours per day consuming digital content
- Millennials spend **10.9** hours per day consuming digital content
- **25%** of Millennials use three or more devices at once to engage with digital content

Source: CMO, ["Consumer Trends That Are Shaping Digital Content Consumption,"](#) February 13, 2019

Source: eMarketer, ["Time Spent With Media 2019,"](#) May 2019



A close-up photograph of a woman sitting at a desk with a laptop. She is resting her chin on her hand, holding a pen, and looking thoughtfully at the screen. The background is blurred, showing an office or home workspace. A blue rectangular box with white text is overlaid on the left side of the image.

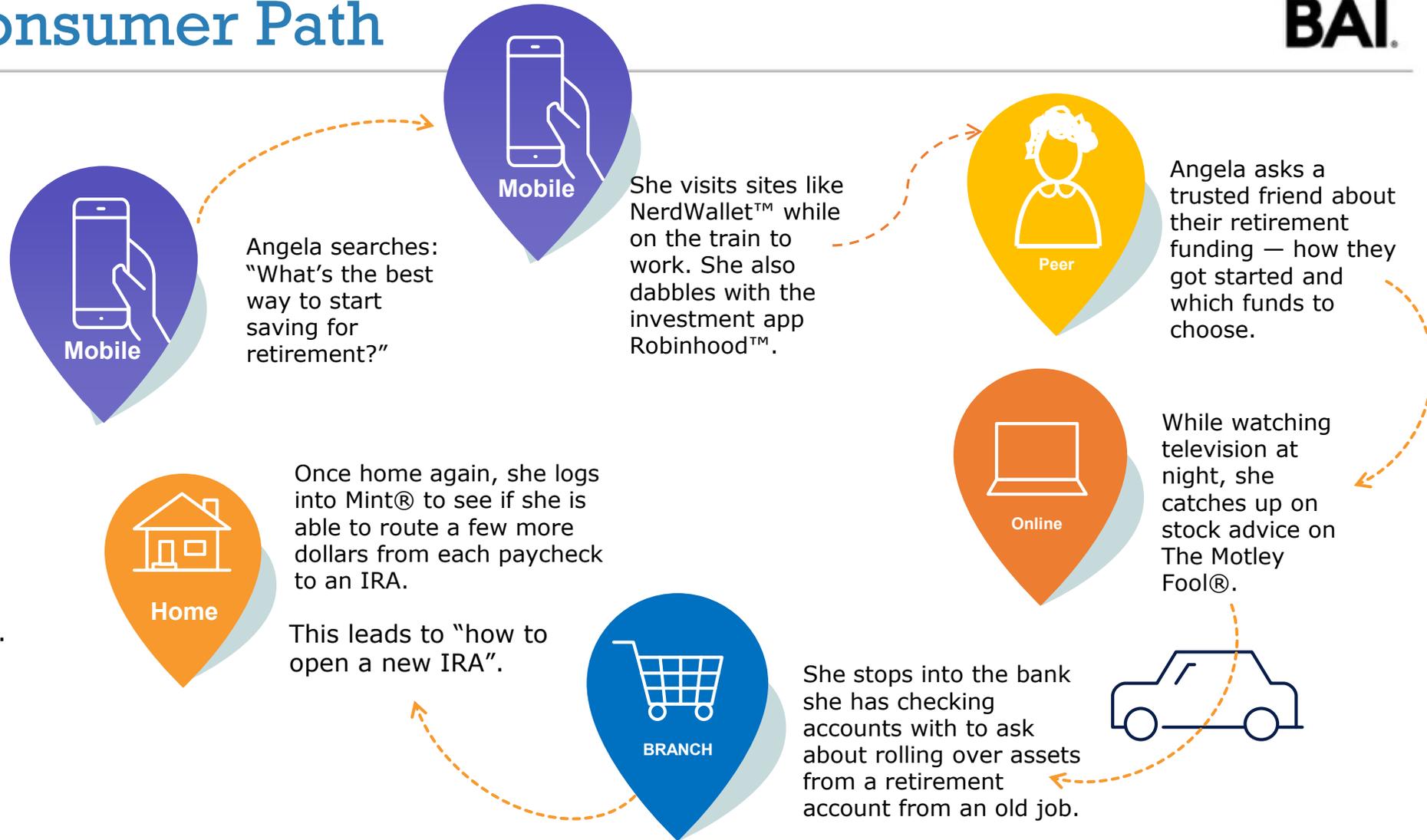
The Consumer Journey

Tracing the Consumer Path

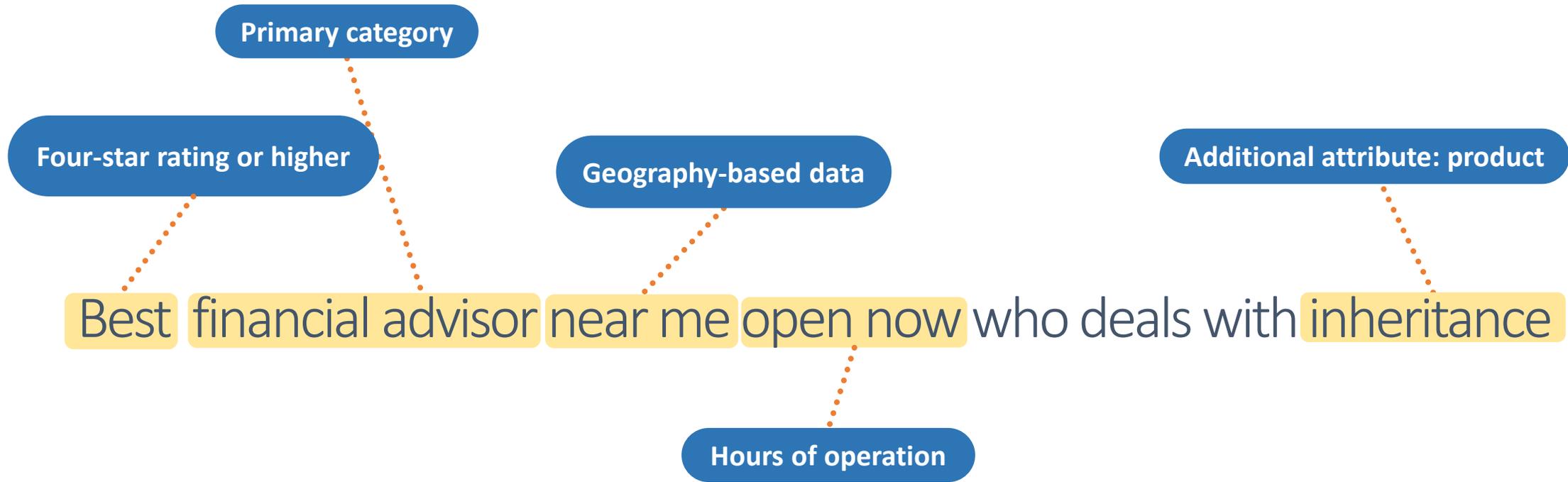


Meet Angela ...

She knows she should be thinking about retirement, but doesn't know where to start. Let's see what we can learn about Angela by exploring a day in her life ...



Consumers and Search Behavior Are Changing



Evolution of Targeting



Blanket



Lookalike
Groups



Audience of One



T I M E

Identify Consumers at Any Point in the Journey



Learning Phase
Long-term interests,
individual behaviors



Research Phase
In-Market

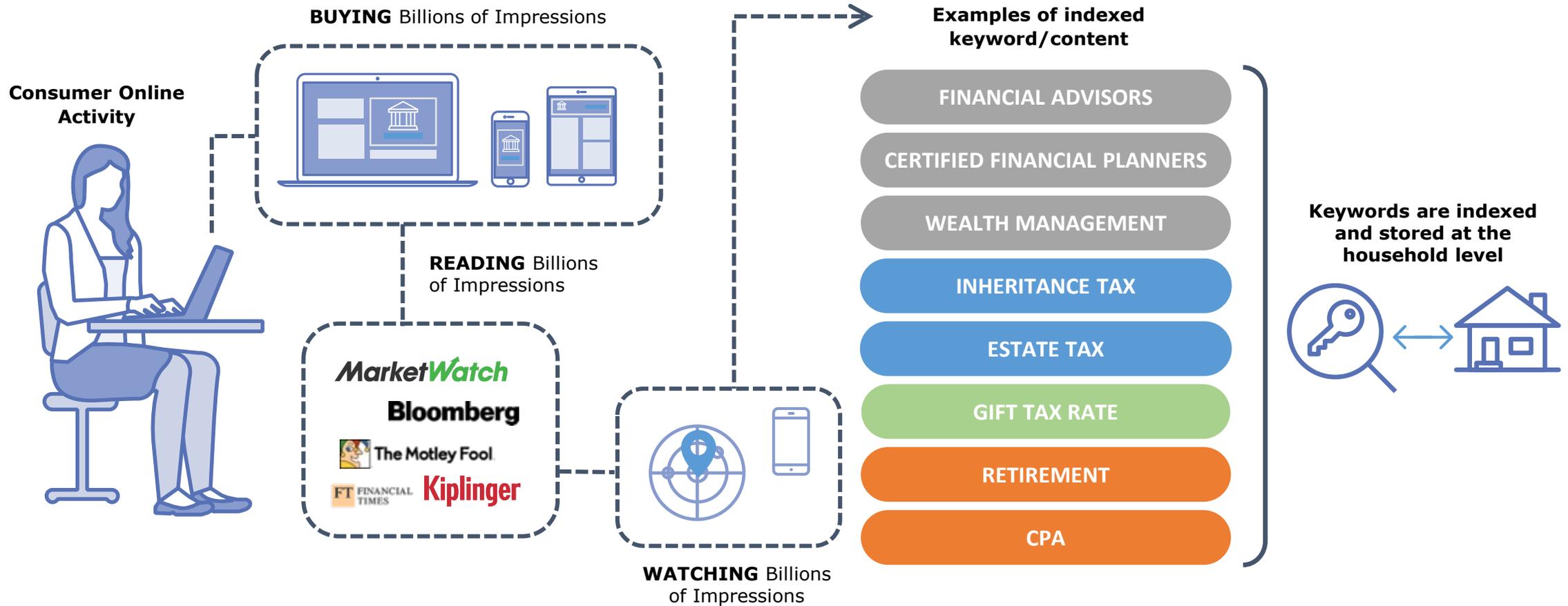


**Ready-to-Buy
Phase**
Visit Likelihood

Source: JD Power, 2017 New Financeshopper Study™

Leverage Online In-Market Consumer Data

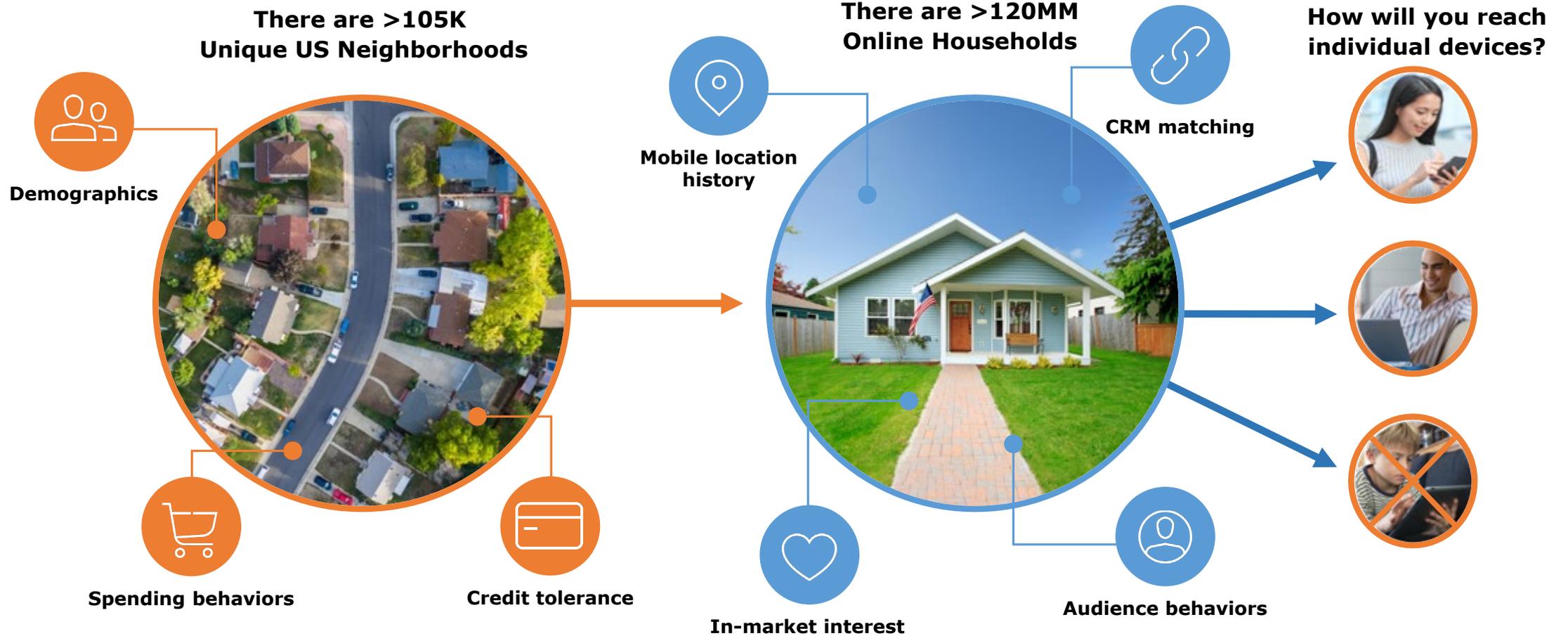
Interests and purchase intent related to investment products, wealth transfer





The Value of Data Analytics

Target Consumers at the Device Level



You Need a Complete View of Consumers' Offline/Online Interests and Behavior



Demographics

Age, income, ethnicity, sex, family make-up, etc.



Customer Data Analysis

Lookalike modeling and suppression solutions



Financial

Spending habits, credit risk



Interest Over Time

Online activity, i.e., asset and portfolio management, tax preparation and planning



In-Market Finance Signals

Wealth management, retirement planning, financial planning



Location

Banks, credit unions, financial services, competitive locations

A close-up photograph of a person wearing a white lab coat, focused on writing on a clipboard. The person's hands are the central focus, with the right hand holding a silver pen and writing on a white sheet of paper. The left hand rests on the clipboard. The background is softly blurred, showing a clinical or office environment with warm lighting. A dark blue rectangular box is overlaid on the left side of the image, containing the text 'Case Study' in white.

Case Study

New Account Acquisition Case Study



CHALLENGE

Regional financial institution wanted to gain new accounts and increase deposit growth

SOLUTION

Highly targeted, personalized marketing to prospects without an existing relationship



RESULTS

3,000

direct and indirect accounts

\$54.6M

in new balance dollars across deposit and other products

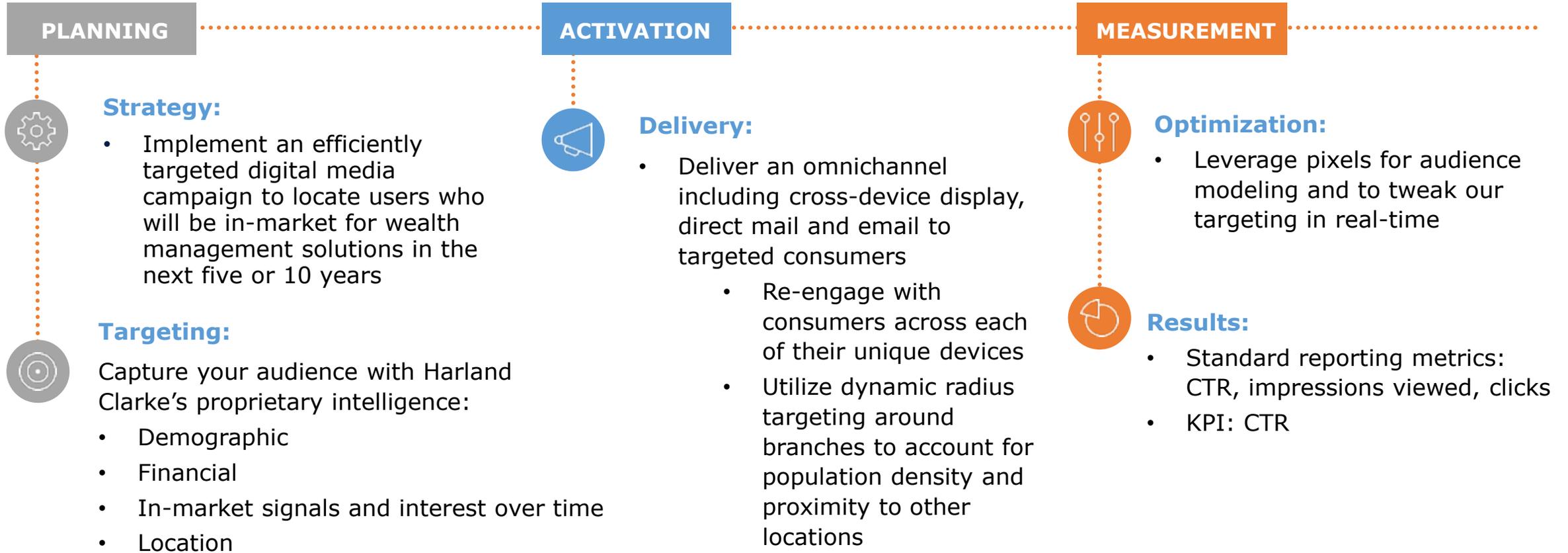
1,785%

total ROMI*

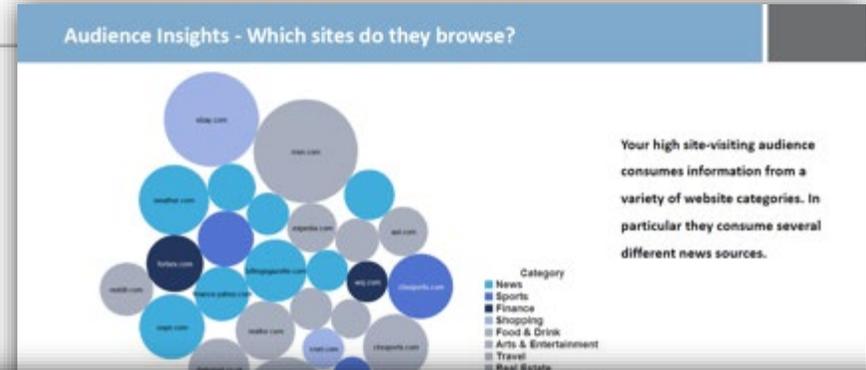
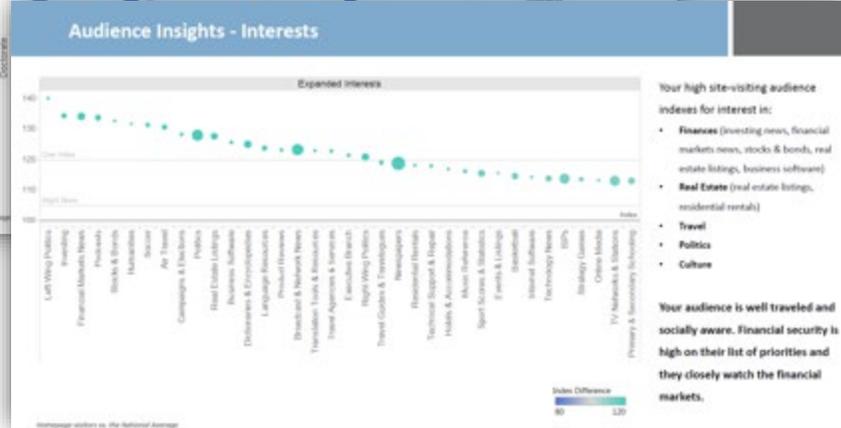
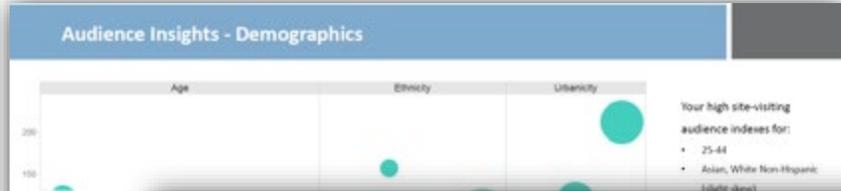
*One year ROMI. Many variables affect campaign success. The information on earnings or percentage increases shown are provided for demonstrative purposes only. Harland Clarke does not guarantee or warrant earnings or a particular level of success with a campaign.

Campaign Strategy

Goal: Generate awareness and consideration among target demographic in 2019



Audience Learnings Delivered



Audience Insights - Building a Holistic Profile

Category	Attribute
Age	25-44
Ethnicity	Asian, White Non-Hispanic (slight skew)
Urbanicity	Urban, Suburban Residences
Education	College Educated
Credit	Good to Excellent Credit
Income	HHI \$60k+ (\$100k+ highly indexes)
Net Worth	Net Worth of \$100k+
Interests	Finances, Real Estate, Travel, Politics, Culture
Domains Co-visited	MSN, eBay, AllRecipes, CBS Sports, Billings Gazette, Forbes
Bank Spend	8 transactions per month at FIB
Geography	Portland, Billings, Seattle

Key Takeaways

- Millennials and Gen Z are consuming media through digital channels most hours of the day. Taking a multi-channel marketing approach that include digital is the best way to get in front of younger consumers.
- As generational behaviors and preferences of younger generations continue to shift, it's important to not only understand the financial needs of these consumers, but also be able to connect at a one-to-one basis.



Questions ?

For a copy of today's presentation, please contact contactHC@harlandclarke.com

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