Branding in Financial Services

White paper by Perivan

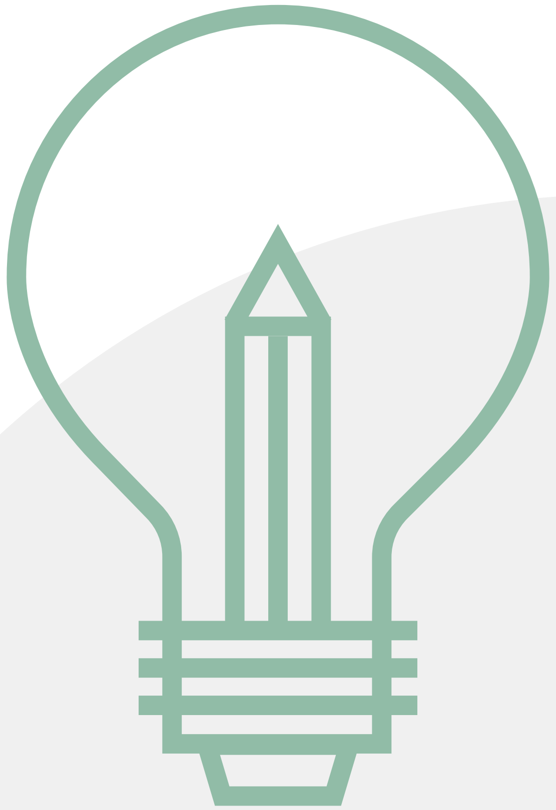
Author: David Daniel

perivan

Introduction

A great deal is written about brands and the importance of branding to a company. This white paper will explore why branding is so important to companies in the financial services industry, and how strong brands can be built and sustained.

All industries share common characteristics with other industries and face unique challenges, and the financial services industry is no different.



Like other industries, Financial Services is highly competitive, with disruptive new market entrants challenging for market share. The development of digital media enables existing and prospective customers, and other stakeholders, to scrutinise information about a company more than ever before. This often raises expectations about what a company does and how it acts, which means that brand and marketing strategies need to be developed with more care.

Unlike other industries, Financial Services still labours under the stigma of the 2008 financial crisis. A consequence of that is the high degree of regulation by the FCA particularly around the way company information is communicated. Added to that, the industry is often seen as a homogeneous whole. This is particularly pertinent for companies not directly responsible for the financial scandals but whose reputations have been tarnished by association. Furthermore, companies operating within the various sub-sectors of the industry are not always as differentiated as well as they might be in the public's mind.

Put all this together and having a clear brand identity is arguably more important for financial services companies than for those operating in other industries. A strong respected brand accurately and clearly reflecting the company's values, purpose, attributes and strengths, will help to differentiate and position the company in relation to competitors. The importance of branding is best summed up by Jeff Bezos: 'Branding is what they say about you when you're not in the room.'

Building and nurturing strong brands is not an easy task; brands are complex and fragile and there is a lot of misunderstanding about what they are and what they do. A clear understanding of what a brand is, and its role in helping financial services companies engage with stakeholders and achieve advantage over competitors, is therefore necessary.

What is a brand?

So much has been written about branding that it is often difficult to have clear understanding of what it is. Brand experts, practitioners and academics don't always agree but there is enough common ground to discern the key characteristics.

Company or product branding

The company brand is the umbrella that gives credibility to the company's products and services. Company brands increase the company's visibility, recognition and reputation in ways that product brands can't. If existing and potential customers view the company brand positively, there is a greater chance that its products and services will be viewed more positively.

The company brand is essential to the company meeting its strategic objectives. These include differentiating the company from competitors to achieve sustainable competitive advantage; engaging with the company's important stakeholders such as existing and prospective customers, regulatory authorities, the media, current and prospective employees; establishing the company's identity, as well as building and strengthening the company's reputation and image. In many important ways the company is the brand.

From the customer viewpoint, the brand encapsulates the values and emotions symbolised by the whole company. Consumers will use this to judge the integrity of the company and the people who work for it. In many respects, a company needs a 'unique company value proposition' in a similar way that products and services are positioned by a 'unique selling proposition.'

B2B or B2C

Some experts suggest that branding is more important in B2C than B2B business. They argue that B2B brands and offerings are more difficult to differentiate than the multiple consumer choices evident in B2C markets and that B2C buying decisions are more personal and emotional, causing customers to react differently with brands. In reality, the way prospective customers react to brands is similar in both markets.

Emotion and personality are key factors in the buying decision in both markets, and possibly greater in B2B buying decisions because the cost of purchase is usually higher with the concomitant risk of making a wrong decision. The company's brand values, culture and promise are as important in B2B buying decisions as in B2C, as are the brand tools of communication, creativity and story-telling in B2B brand building. They provide the lens through which the features and pricing of a product or service are viewed.

Choosing a marketing automation system is not easy. The plethora of systems available and the costs of investment increase the risk of making a wrong choice. The starting point is to identify the marketing processes that need to be improved and the yardsticks to measure improvement. Once a potential solution is sourced, how it will work and hopefully integrate with the existing systems in place needs consideration and whether further investment is required to improve other elements of the marketing process.

Elements of the brand

There are three closely interrelated elements of the brand: Identity, image and reputation. Each affects the strength and potential of the brand and how it is perceived, and need to be carefully managed.

Brand identity is how the company sees itself, and how employees identify with the company's vision, values and objectives. As we will see further on, everyone who works for a company represents the brand, so how employees identify with the company is vital to how the brand would like to be perceived in the outside world. Identity is concerned with questions such as 'who are we' and 'what are we' and therefore provides the concepts, ideas and symbolic material from which brand images are created and communicated outwards.

Brand image is how external stakeholders such as existing and potential customers, regulatory authorities, media outlets and blog readers view the company. Communication is a key instrument in developing the company's image. The challenge is to create a consistent and positive image that appeals to various key stakeholders that might not have much in common. Brand promise and intent needs to be communicated clearly and unambiguously.

Brand reputation is also fundamental to how the company is seen outside the company. The main difference between brand reputation and image is time. The short-term image of a company can be influenced by a current marketing campaign, but reputation is built consistently over a longer period. Brand experts explain the difference in terms of image being how the company wants to be perceived while reputation is how the company is actually perceived, the way existing and potential customers, investors and prospective employees react to the company's activities.

Internal and external

How employees identify with the company's values and vision is crucial to the brand. They will know how it is thought of outside the company and won't want their career prospects blighted by working for a tarnished brand held in low regard. The brand will also affect how talented potential employees are attracted to work for the company.

Employees are a source of information for existing and potential customers. Their behaviour can reinforce or undermine the brand's communicated values. It is therefore important that employees buy-in to what the company is trying to achieve, that the brand values and promise are clearly communicated to employees and through them to the world outside. Internal communications are important for providing the resources and rules for employees to draw on for supporting the brand in everything they do.

Who is responsible for your brand?

In practice, marketing teams are the custodians and champions of the brand. Marketing manages communication, channels, frequency, content, its tone and consistency, the visual material customers, potential customers and employees see, brand images and symbols. Marketing will lead or support the company's internal communication to employees as well as marketing campaigns and public relations to manage the company's image and reputation externally.

But successful companies will recognise that the company brand is the property and responsibility of everyone who works for the company, involving every department and individual, from the boardroom to the front reception desk, sales teams, fund managers, delivery staff, call centre and branch staff. Your brand should be reflected in everything your customer can see, read and hear. As Seth Godin succinctly put it: 'Every interaction, in any form, is branding'.

This approach puts customers' interests at the heart of the company's marketing and operational processes, which will enhance the company's image and reputation and positively position and differentiate the company from competitors.

Failure to recognise this risk causing damage to how the brand is perceived by the stakeholders they depend upon for success. Some reputational damage can't be rectified by a marketing campaign. Often the only remedy for reputational damage is a costly re-brand with the lingering suspicion that a new logo, fonts and colour palette are a superficial attempt to camouflage the company's flawed values.

The role of the marketing department in brand management

Although everyone in the company is responsible for the brand, the marketing team has a pivotal role in safeguarding the brand and guiding its usage. This stewardship role encompasses several facets which include communicating the brand values to everyone inside and outside the company, acting as consultants and points of reference so that colleagues are clear about brand standards and are using correct, up-to-date material and encouraging colleagues to take responsibility for brand compliance and accuracy, especially if they have customer-facing roles.

Marketing teams have a strategic and operational role. They are responsible for developing and implementing a cohesive marketing strategy that is built around brand-oriented objectives. Strategic management of the brand - developing awareness, building, positioning and strengthening - is at the heart of marketing effectiveness. Operationally, marketing will take the lead role in ensuring the brand delivers what it promises in the short- and long-term through carefully planned and managed implementation of the strategy. They will manage creative design, brand assets, content, communication and usage, collaboration with other departments and agencies to produce material, ensuring brand compliance, the extent and type of technology to help them.

This might sound like a tall order, but there are several ways for marketing to achieve this, which we shall explore on the next page:

How to make your brand great

'Living the brand,' building and sustaining a strong brand, being clear about the company culture and brand values will remain well-intentioned objectives unless they are put into practice. As discussed above, Marketing plays a vital role in making these concepts reality.

Communication – content and presentation

Effective communication is vital for sustaining the relevance and distinctiveness of the company brand. As the main way of engaging with everyone inside and outside the company, communications keep the brand visible and relevant, as well as providing the vehicle to share and reinforce the company's vision, values, intentions, aims, ethical credentials, culture and behaviour. It is therefore essential that communications are imbued with a clear brand voice, that everyone is clear about what the brand stands for and does.

Building and maintaining a strong brand presence increasingly means delivering value to existing customers as well as potential customers. This can take the form of financial promotions but increasingly the information the company communicates about itself, its products and services, are seen as a way of building trust with stakeholders. Audiences will reflect on the authority and authenticity of communications to evaluate the intent and promise of the brand.

The communication needs to be presented in a way that drives recognition through design and imagery to develop brand awareness and customer loyalty. In an increasingly data-driven world that enables communications to be personalised and delivered with pin-point accuracy, creativity matters. Delivering a message doesn't mean it will be read. A recognised and trusted brand design will make the communication stand out from the crowd and increase the chance that it will be read.

Consistent Communications

Consistency is the key element in financial services communications. Consistency helps to make the brand recognisable and differentiated from competitors so that existing and potential customers can identify your products and services and actively seek them. Marketing materials and external communications are the public face of the company, the touchstones through which key audiences recognise and find the brand. They need to always be brand-accurate, professional and high quality. If the company can't control the consistency of its marketing material, how can it be trusted to meet its brand promises regarding service levels and product quality?

Considerable time and cost is usually invested in the visual assets of the brand such as the logo, imagery, fonts, colour palette, tone of voice, manner of story-telling and other visual assets. They need to be consistently used to a high quality standard throughout the company. For this to happen, these brand assets need to be easily accessible to everyone with clear guidance on how to correctly use them in producing standard and more creative material. Brand guidelines are not a method of 'policing' or limiting colleagues but a way of enhancing and amplifying brand strengths.

Not all material is created by the marketing team, but they need to ensure that customer-facing material produced by departments such as sales and customer services, or white-labelled material produced by advisers or brokers, are brand compliant and up-to-date. Branded templates with a library of approved images, can achieve this by locking down colours, fonts and formats, thus preventing content from being changed once approved.

Compliant communications

The rigorous oversight of financial promotions by the FCA and the requirement that financial communications abide by TCF and other regulations designed to enforce clarity and prevent misleading information, means that financial services marketing teams need to understand compliance requirements. The compliance team will usually be ultimately responsible for compliance conformity and approval, but increasingly the onus is on marketing teams to implement regulatory requirements when creating communications. Marketing will need to collaborate closely with compliance to keep abreast of regulatory changes and to seek technical advice.

Additionally, the marketing team will take responsibility for brand compliance. They will need to ensure that colleagues throughout the company who create or use material do not dilute or compromise the brand by using it inaccurately.

Engage deeply with your customers

The most successful brands attract new customers, retain existing customers and drive profitability by engaging with customers at a deep level. Brands that authentically engage emotionally with consumers and have a purpose that resonates with them, are likely to be successful over the long term.

Emotion

Brands that evoke strong emotions influence consumer behaviour. Building an emotional bond with customers will make your brand stand out and helps to develop deep, ongoing customer relationships. Customers who connect with a brand emotionally tend to stay loyal to the brand. It becomes more difficult for them to change to another brand for superficial reasons such as a cheaper price. An emotional relationship is very difficult for a competitor to replicate.

For a brand to evoke emotional attachment, it must put the customers' needs first and relate to what customers want, need and aspire to. This requires deep and real insight into customer preoccupations and using these to develop personalised messages that resonate with customers' emotional needs. Relatable messages that the brand is responding to these emotional needs, ought to be communicated consistently, internally and externally and reinforced at every level of contact with customers. This includes customer relations, online and printed content as well as social media.

Purpose

The brand's purpose is a key element in emotionally engaging with customers. It is the reason for the company's activities beyond making money, why it exists, what the company believes in and the difference it is trying to make. Brand purpose is deeper than the brand promise which is focused more on the product and service the customer can expect. Brand purpose seeks to answer fundamental questions such as 'why does the company exist?' 'what purpose does it serve?' 'what values do we stand for? 'what value do we bring our customers?'. Companies with a strong sense of purpose can inspire trust and develop deep emotional connections with customers, employees, investors and other stakeholders.

A purpose that is clearly articulated can help the brand stand out against competitors by clarifying the brands' long-term vision and mission, the company's culture, the value it adds to the life of the customer and why customers should buy the product or service. The mission statement is the codification of the brand purpose. It needs to be clear, concise, inspiring and easy for customers and employees to understand. Some companies achieve this in a single, memorable sentence. For example: 'We aim to be where the growth is, enabling businesses to thrive and economies to prosper, and, ultimately, helping people to fulfil their hopes and realise their ambitions' (HSBC).

Authenticity

The values, company culture and commitments that are encapsulated in the company's purpose and are the basis for building an emotional relationship with customers, need to be perceived as being authentic. Integrity and credibility are elements of authenticity, and how these are perceived in brand behaviour, identity and communication are crucial to brand success. The Journal of Consumer Psychology defines perceived brand authenticity as: 'The extent to which consumers perceive a brand to be faithful toward itself, true to its consumers, motivated by caring and responsibility, and able to support consumers in being true to themselves.'

What you communicate about your brand and the values you represent need to stand up to scrutiny. The internet affords a continuous opportunity to check whether brands are true to their values and purpose. If they are perceived to be false or hypocritical, it may break trust and irreparably damage the brands' credibility and reputation.

How the marketing team can manage the brand in practice

Create clear, easy to use brand guidelines – make sure everyone in the company knows they exist, where to easily find them, and that marketing can explain how brand guidelines translate into practice

Make brand assets easily available – approved and up-to-date images, logos, colours and fonts need to be accessible for colleagues to use them. Branded templates are a good way of ensuring approved brand components and content can't be changed

Lead by example – all material produced by the marketing team should be brand compliant and consistent in terms of presentation, content and tone. Having a brand approval process before material is published is useful in giving confidence that material is branded accurately

Control marketing material produced outside the marketing team – brand compliance and consistency must be applied to customer-facing material produced by other parts of the company and external partners and advisers. Branded templates for internal departments and external advisers with approval workflows will give marketing control over material they don't create themselves

Manage brand and content compliance – branded templates with approval workflows will help to ensure that content and brand cannot be altered after approval. Making templated material accessible ensures version control as only the most up-to-date version is available, thereby reducing the risk that outdated, inaccurate or incorrectly branded material is used.

Focus on the customer experience – Your customers' experience is crucial to your brand's success. At each stage of brand experience, from awareness of your brand in the crowded market, initial engagement, to selection of your service or product and continuing brand loyalty, your brand must deliver on the promise and values that attracted your customer in the first place. Brand positioning and customer experience go together and the challenge is to continually improve the customer experience.

Branding in Financial Services made easy

We hope that this paper has given you useful insight into the importance of branding to Financial Services companies and some practical ideas about how you can make the best of your brand.

To find out more about our marketing automation platform Enable, please get in touch with us via email at engage@perivan.com or call us on +44 (0)20 7562 2218

21 Worship Street
London EC2A 2DW
44 020 7562 2200
perivan.com