Brandworkz research round-up series

5 ways in 1 to create brand value in Financial Services

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Introduction

In an increasingly globalised market – where even how a business defines their competition may change day-to-day thanks to technology disruption and evolving business models – companies are more and more aware of the value of "Brand", and its contribution to enterprise value.

However, it appears there is still significant discrepancy between sectors in their approach to balancing long term "brand-building" support with more short-term sales activation, which may be undermining both the effectiveness and the value of brands. In their recent analysis of findings from the IPA Databank for example, Les Binet and Peter Field discovered that this was especially true within Financial Services, where the impact of this imbalance led the authors to comment that "the sector has embraced value destruction to a degree that no others have". A sobering thought for industry brand managers!

So how can we address this? Well, one of the key factors in building a brand over the long term is brand consistency. Whilst this may be recognised by most marketers, it can sometimes be hard to translate this into tangible results; meaning the requirement can be overlooked in the midst of the more "urgent" marketing activity required to drive sales. There is a great deal of research however which shows that far from just being a "nice to have", brand consistency can significantly contribute to the efficiency and impact of all other marketing spend. What's more, implementing a brand management approach to ensuring consistency can actually help to reduce other marketing costs, thereby doubling the ROI benefit. And who doesn't want that?

For all you Financial Services marketers out there responsible for the management of these crucial business assets, we thought it would be helpful to round-up the highlights of this research – including some of our own thoughts – to explore five key ways that brand consistency can drive brand success, and why. Finally, we'll also consider what to look out for when implementing a brand management process in order to ensure that consistency is delivered effectively.

Why is Brand Building treated so differently between sectors?

Before we dive in to how brand consistency can drive these benefits, it’s worth briefly looking at the reasons why attention to “brand” may not have historically been given the priority it deserves in Financial Services marketing.

In categories such as FMCG for example, it may seem more obvious that having a strong visual brand identity on shelf makes it easier for shoppers to find a product, and to physically navigate within categories and across ranges. Logos, colours and shapes all play key roles here, and the importance of visual consistency and impact is arguably easier to link directly to in-store sales performance. Investment into these unique assets helps to define the brand, and creates an indelible emotional association in consumers minds.

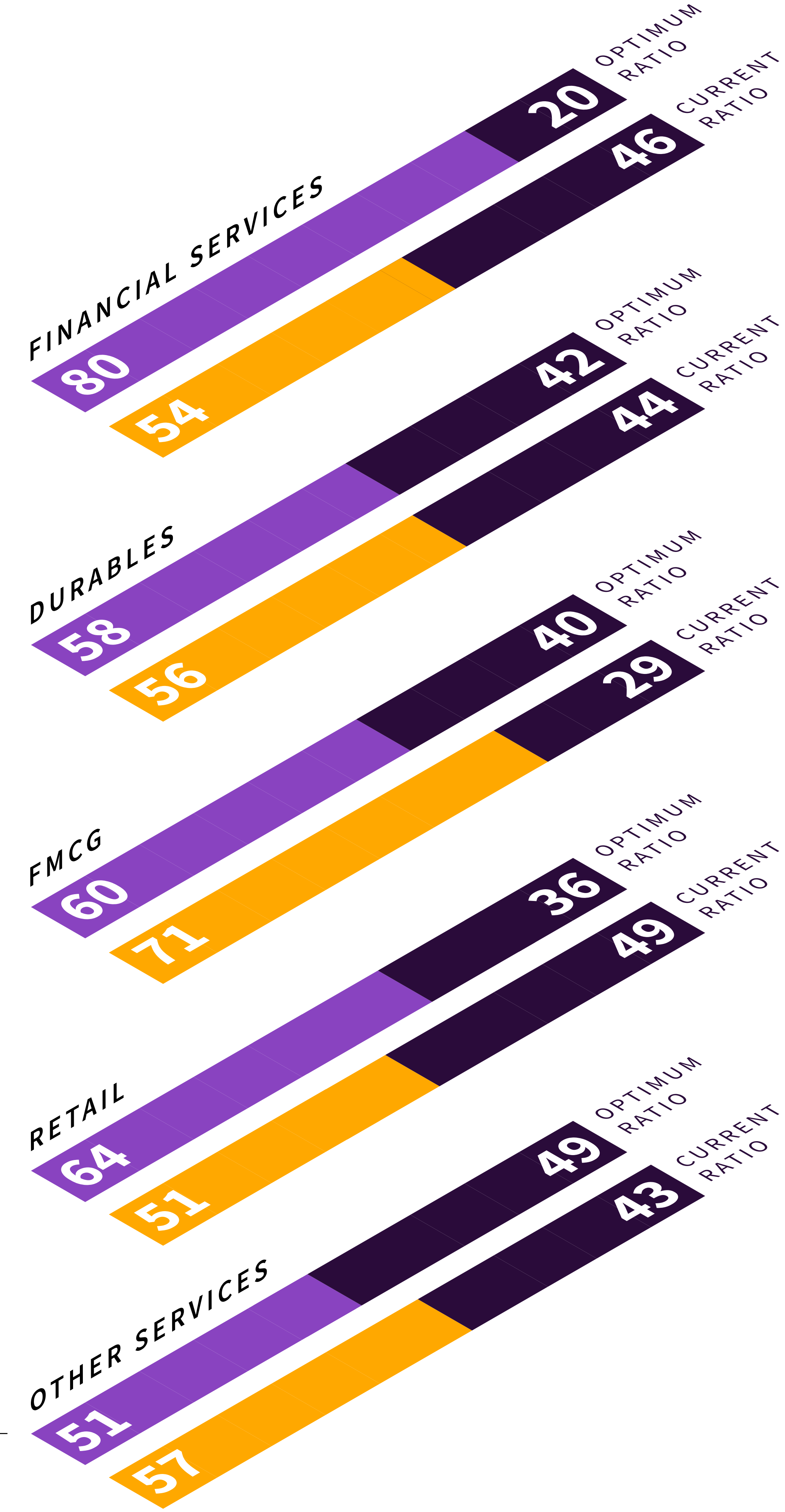
In Financial Services, the connection between visual identity and performance can be more convoluted, in part because many of the products and services offered are by their nature intangible. In their study on the sector, Professors Robson & Farquhar cite the fact that “products are often complex and infrequently purchased (such as investments)”, or they are “commoditized and difficult to differentiate (for example, motor insurance)” as reasons for the “deep-seated issues related to branding in financial services”.

From their analysis of the IPA findings, Binet and Field identified however that where brand building is more difficult, brand spend needs to increase to ensure marketing effectiveness. Whilst the optimum balance of brand building to activation spend in categories such as Durables and FMCG is 60:40, in Financial Services that optimum is in fact 80:20. Yet with so many businesses in the sector failing to address this, current actual split between brand and activation in the sector is a poor 54:46. This is cited as directly contributing to the fact that the Financial Services sector has seen the greatest decrease in levels of marketing effectiveness over the last ten years of all the sectors they reviewed.

But the situation is not irreversible! Binet and Field go on to say that “there is perhaps the first sign of a countertrend as businesses begin to realise the damage being done”, noting that “Financial Services brands that are investing appropriately in powerful brand building activity are likely to see strong growth”. As we can also see from a separate study, academics Chernatony & Cotton found that for “successful financial services brands, consistency between the brand elements was recognised as vital to brand success, a fact reflected in the literature”.

With that in mind, let’s take a look at how the research points to 5 specific ways brand consistency drives brand success (and how you can achieve that), even in relation to complex financial products.

Optimum vs Actual Brand Building to Brand Activation ratios by sector



Key

Optimum Actual

01
Delivering “System 1” recognition

Delivering "System 1" recognition

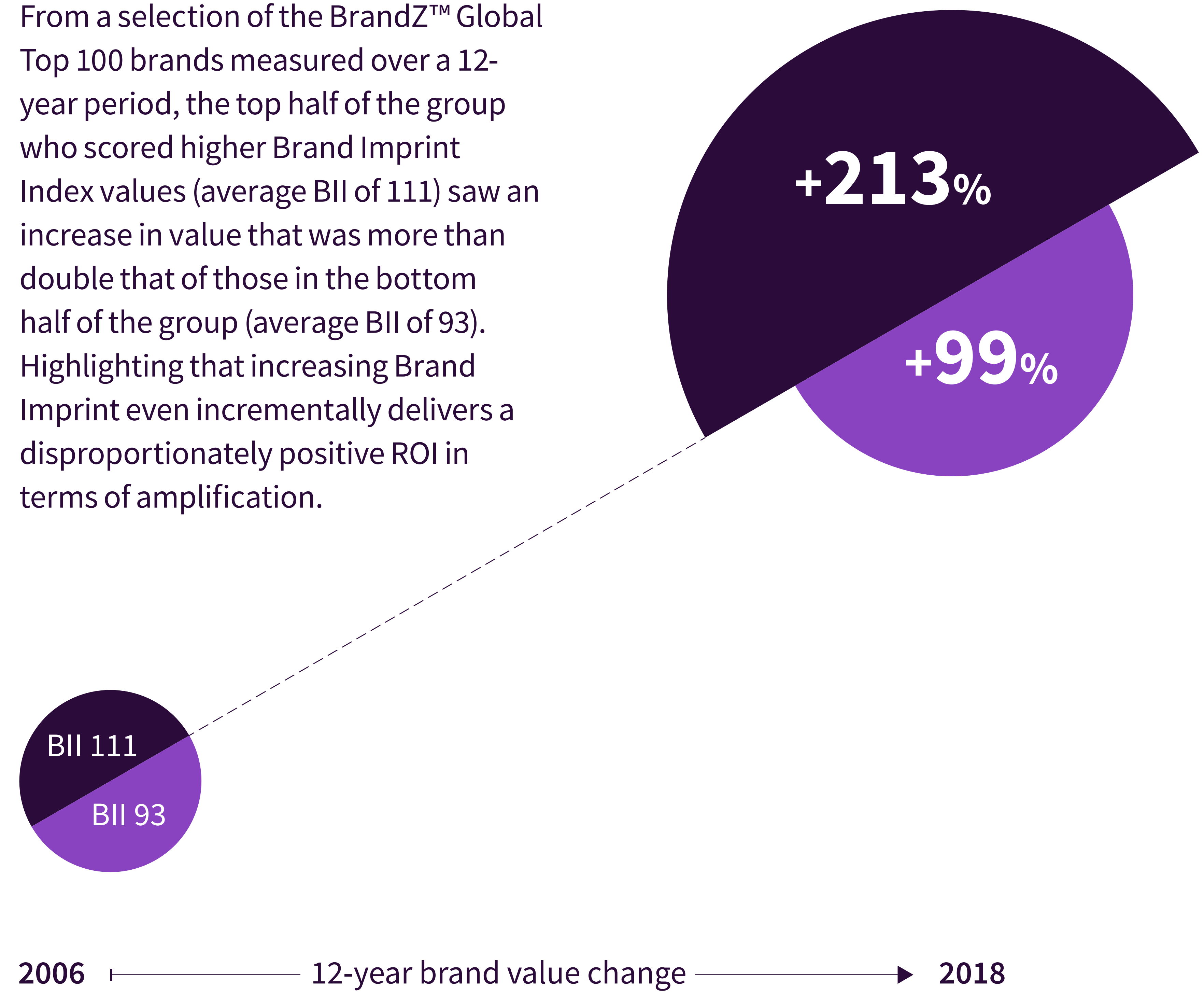
The most successful brands are often those which come to mind first at the point a purchase decision is being made. For this to happen, the image of the brand needs to be intuitively available within what Nobel Prize winner Daniel Kahneman famously refers to as our "System 1" thought process; any inconsistency in the brand treatment which leads consumers to sub-consciously question their intuitive recognition of the brand therefore poses a risk to this process.

Kantar Millward Brown's BrandZ™ have developed a framework with which to measure what they term "Brand Imprint", described as "the collective strength" of a brand's assets, including slogans, colors, logos, fonts, physical cues (packaging, shape of product), characters, celebrity associations, and other imagery". They argue that the best brand imprints act "as a seamless echo chamber of instant branding and message reinforcement, exerting influence at key moments of decision making".

From an extensive study with over 10,000 consumers across 228 brands, the BrandZ™ methodology was used to determine a Brand Imprint Index (BII) score for each of the brands evaluated. Crucially, this study revealed that "The stronger a brand's BII, the stronger its Power score (the strength of a brand's equity in the mind of the consumer) and the more likely it is to grow in value".

Within the research, Consistency was identified as one of three key factors contributing to the development of a strong Brand Imprint. Brands which successfully achieved this would "consistently deploy brand assets over time, across channels and products"; they would also think about "exposure at all touch points" and "opportunities to embed assets and reinforce recognition". They go on to note that "typically, shapes, patterns and logos… were much more evocative of a brand than slogans, celebrity endorsements, or sponsorships".

Brand Imprint vs Value Growth
From a selection of the BrandZ™ Global Top 100 brands measured over a 12-year period, the top half of the group who scored higher Brand Imprint Index values (average BII of 111) saw an increase in value that was more than double that of those in the bottom half of the group (average BII of 93). Highlighting that increasing Brand Imprint even incrementally delivers a disproportionately positive ROI in terms of amplification.



02
Fostering trust

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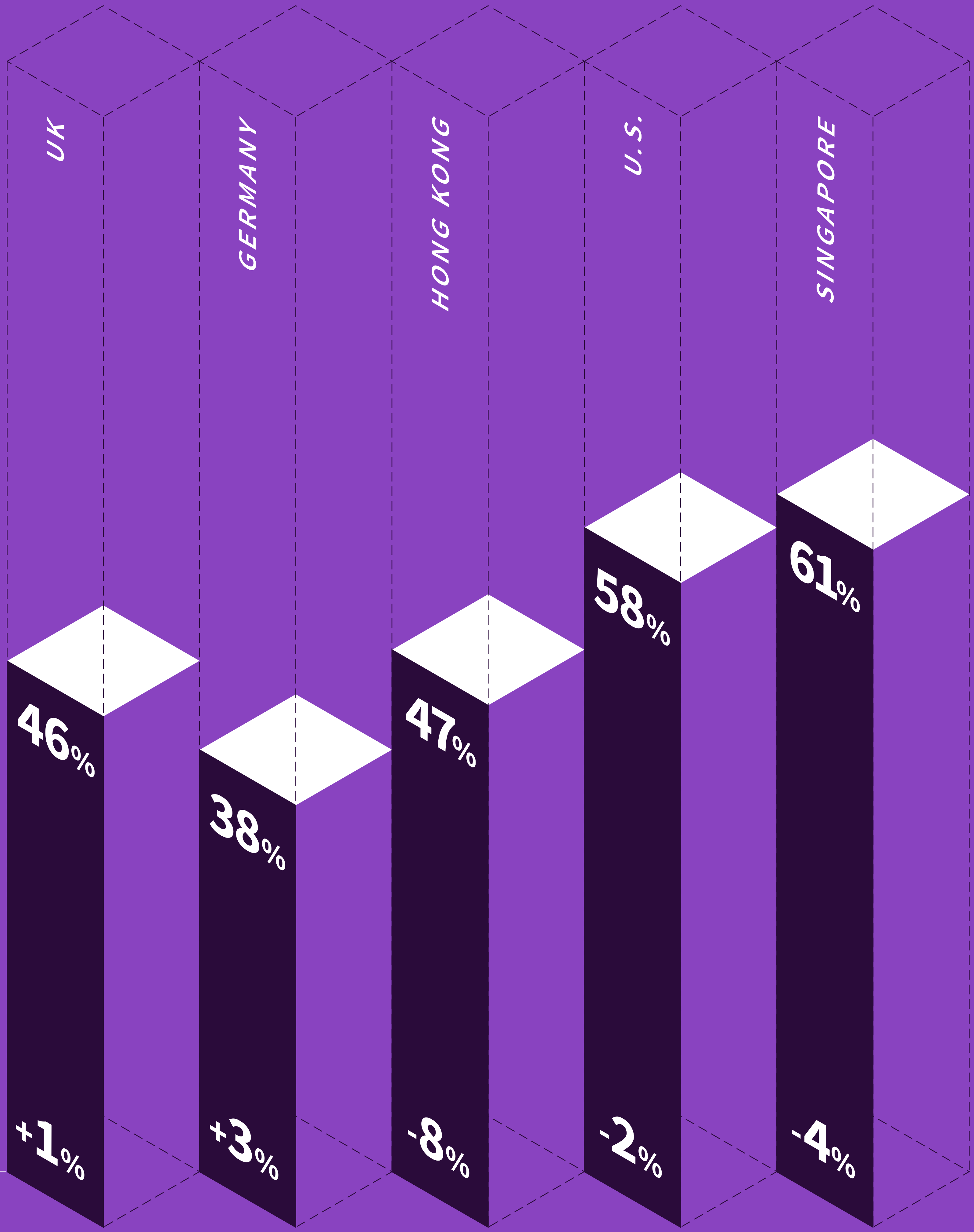
It's fair to say that the Financial Services sector has had a hard time over the last few years, and is arguably only just beginning to regain the consumer trust eroded by the impact of the 2008 crisis. According to the 2018 Edelmann Trust Barometer, average public trust in the sector within the UK is still at just 46% – up from 45% in 2017.



Average pubic trust in the Financial Services sector by key market (and change 2017 to 2018)

For established brands, the process of regaining and maintaining that trust is essential, especially in a market which is seeing a flood of new entrants unencumbered by historic legacies. Indeed, for many of those market entrants their associations with new technologies may automatically serve to boost trust ratings – 79% of respondents in the Edelmann Trust Barometer survey said that "use of the latest technology" was a key factor for them in determining which financial services provider to choose.

Researchers Elliott and Yannopoulo however found that "a strong brand becomes a safe haven for customers, where they can visualize the offer more clearly and understand its value and benefits as well as appreciating any uncertainties and perceived risk associated in the consumption of the offer". Further research from academics Chaudhuri and Holbrook goes on to identify that "feeling that they are in a safe haven encourages customers to be loyal, so that they are more likely to purchase more and engage in positive word of mouth about the brand".

Consistency of brand presentation – across visual assets, imagery and brand messaging – can play a significant role in building trust and brand strength with an audience. A brand is often referred to as a "promise" to its consumers; being consistent with that brand again sub-consciously signals that the company can be depended on to keep its promises, and is unwavering in its commitment.

"Feeling that they are in a safe haven encourages customers to be loyal, so that they are more likely to purchase more and engage in positive word of mouth about the brand."

Chaudhuri and Holbrook (2001)
The Chain of Effects from Brand Trust and Brand Affect to Brand Performance

03 Amplifying advertising ROI

Amplifying advertising ROI

Investing in brand consistency and brand building activity has been shown to make subsequent advertising activation more impactful and more successful. Good brands quite literally get more bang for their buck, which goes on to create a virtuous circle.

Coming back to the BrandZ™ research, they identified that "Brands with a high Brand Impact Index score more than double their advertising strength versus those with a low score.

Kantar Millward Brown data proves that the single best predictor of an ad's in-market sales effect is branding. A highly-engaging creative with poor branding will not boost the ease with which a brand comes to mind and will not improve consumer motivation enough to deliver value growth".

They go on to say that "consumers will often only partially engage with a TV or digital narrative, meaning there is a clear need to brand before disengagement occurs. Easily recognizable brand assets, which require little or no effort to register with consumers, offer an incredibly powerful and effective way to do this."
In their findings on effectiveness, Binet and Field noted that activation effects are boosted when brands are also strengthened: Brand building drives both long and short term effectiveness across all sectors. Academics Kapferer and Keller's research supports this, leading them to comment that "a consistent brand image has several advantages, including high brand awareness, efficiencies of scale in marketing communication, and an overall increased brand equity".

The key according to all of these sources, nicely summed up by Interbrand we think, is to balance the activities that will deliver short-term results with brand-building that "cultivates higher recall and stronger relationships", ultimately "leading to more choice, loyalty, and profitability".

04
Differentiating during research stages

Differentiating during research stages

If we take marketing guru Philip Kotler's seminal definition, "a brand is a name, term, sign, symbol, or design or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of the competitor".

It could be argued that at a time when in-depth online research plays such an important factor in decision making, that differentiation is created on a product basis: consumers are making rational choices in selecting the service or features which will precisely match their needs, and so "brand" in principle becomes less important. It's certainly not disputed that the Financial Services sector typifies a category where online research is high – purchases are important, complex, tend to be infrequent, and consumers have a strong interest in making the right choice.

Returning to Binet and Field's IPA analysis once more however, it seems that even when extensive online research is undertaken, consumers still make their choices guided by System 1 heuristics – not the more "rational" System 2 processes. They go so far as to say that "if we like a brand we tend to believe the positive information we come across when researching it, and unless we are given overwhelming reasons to choose another brand we will tend to go with our feelings".

Further findings from Kantar Millward Brown point to the importance of such intuitive and immediate brand recognition even in the complex world of insurance: "Developing a strong brand identity with consumers who become predisposed to purchase a brand is really important in the insurance market… Even in markets where insurance purchasing is a price-based decision, often made online using an aggregator, brand helps consumers choose from a list of similar offers".

05
Empowering and unifying global teams

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Within Financial Services in particular, high levels of merger and acquisition activity can leave a legacy of different group or network offices around the world having slightly different names and identities, even after they have been joined together for many years.

This fragmented presentation can have a negative commercial impact in terms of customer perception, especially when firms are trying to compete against established multi-national brands. It can also mean that employees do not feel as though they are part of the same company, and are therefore not acting effectively as a true team. Compounding this, even slight differences in brand identities makes it much harder to share assets and collateral, so there is considerable duplication of effort, and little collaboration on creating materials (not to mention cost inefficiencies).

Investing in brand consistency and engaging employees with that process can have a huge impact on their perceptions of the business they work within, and how connected they feel towards colleagues in the rest of the organization. This is once again backed up by the research, with academics Hatch, Schultz and Ind all commenting on this key factor.

As a real life example, when leading accountancy and advisory network Baker Tilly recently undertook a global rebrand, they recognized how important it would be to engage their 30,000 employees worldwide in adopting and using the brand consistently.

In order to realise their strategic vision (and maximise their return on investment), Baker Tilly needed to find a way to ensure consistent usage and application of the new brand identity, and to provide the necessary tools to create touchpoints. As outlined by Ben Lloyd, Baker Tilly International's Chief Operating Officer, "a consistent brand position makes it easier for people to appreciate who we are, what we do, and how we operate across markets".

By establishing a brand management platform to facilitate that, the team are reporting not just excellence in brand presentation and consistency, but are seeing a whole raft of benefits from actively bringing the team together to use one interactive portal. According to Jo Luck, Brand Manager at Baker Tilly, "the global teams have been empowered… they can now achieve even more, and we are seeing greater marketing activity and greater collaboration".*

*Full disclosure: Baker Tilly and Brandworkz recently won a B2B Marketing award for best use of martech in engaging employees…. Just saying!

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Jo Luck
Brand Manager,
Baker Tilly International

How can Brand Management Software help?

It's clear from the wealth of research out there that if we want to drive Brand Value, achieving true brand consistency across all marketing channels and touchpoints (internally and externally, online and off-line) will be crucial to that success.

Some of you may be reading this and thinking "but our business already has a digital asset management solution in place, surely that should be enough?", to which the short answer is, well…. No, it may not be! The longer answer (not too long, we promise) is that whilst having a digital asset management function in place is important, a genuine brand management platform can, and should, go beyond that.

An effective brand management solution allows you not only to centralise assets, but to provide interactive guidance on usage and best practice, foster collaboration between teams across regions and languages, dynamically create on-brand content and collateral for multi-channel use, ensure all your content creation remains compliant from a regulatory perspective (with a full audit trail), keep track of where your assets are being used and how, and much, much more.

By implementing a software platform which allows your teams to easily and quickly do all of these things in one place – and with all of the assets they need at their fingertips – brand consistency is not just "baked in" to your processes, but helps to drive multiple efficiencies in your marketing efforts, generating considerable savings in both time and cost.

We've seen from our own work just how significantly effective brand management can help improve marketing performance, and ultimately to drive brand value. For more information on how it could help your business, please get in touch with Steve McGowan on 0207 288 9700 or drop a note to steve.mcgowan@brandworkz.com.

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