



# COVID-19 and the financial vertical



How COVID-19 has changed the online  
landscape and what brands can do to adapt

croud



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SECTION ONE

# Impact to the financial industry.

# As we know, the impact of COVID-19 will be significant.

The first few weeks of the pandemic saw significant market value decreases in the financial industry, with many large macro impacts at play.

## Significant GDP impact globally

A core growth predictor for many financial industries, we've already seen large impacts to GDP in many countries.

## High levels of consumer uncertainty

Particularly with regards to job security, which has been damaging to consumer and business confidence.

## Risks of a second wave and shut down

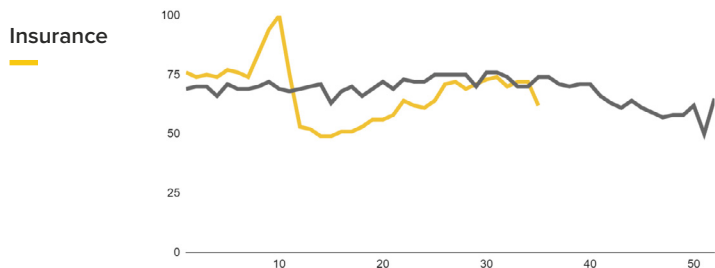
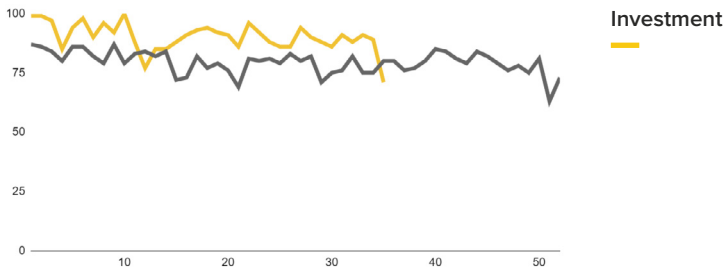
Growth is faltering, with the economy operating at a reduced capacity. The risk of a second wave and lockdown is substantial, which would prompt costly widespread economic lockdown again.



# With changes to consumer demand for services.

Particularly at the beginning of lockdown (see charts below for 2020 vs 2019), many online categories initially took a hit in terms of consumer demand.

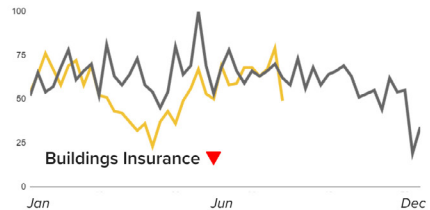
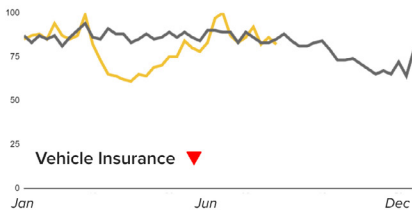
The impact varies by industry - **investment** recovered and has been above 2020 levels for large periods of time, with surges of interest in retail investment. On the other hand, **insurance** saw a large decline and has faltered to roughly equal year-on-year levels. However, this is not a uniform impact across the board.



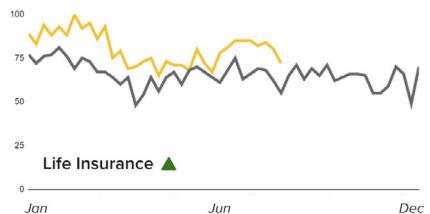
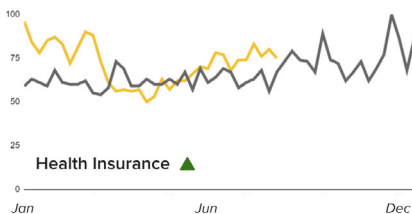
# Within industries, topic demand has shifted.

For the insurance industry, Google Trends data for **2020** vs **2019** shows consumer priorities have switched.

Though recovering, there is a real and extended threat to **car** and **buildings** insurance, with purchases in these categories



**Life** insurance has remained above 2019 levels, with **health** expected to grow in importance.



# And whilst some needs are rising, such as mortgages.

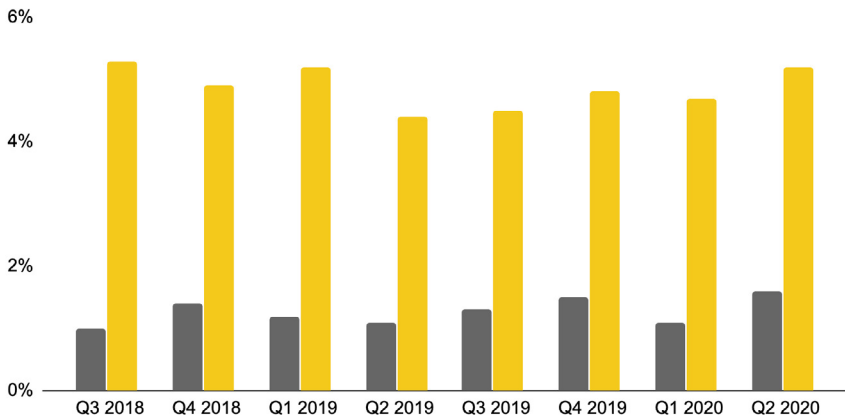
Buoyed by government incentives, both the percentage of those who purchased online and those who planned to purchase a mortgage rose substantially in Q2.

Both mortgage online purchase and plan to purchase rates saw an uplift in Q2, by 0.5 and 0.8 percentage points respectively.

Which of these are you thinking about purchasing in the next 3-6 months?

Which of these did you purchase online?

% Respondents.

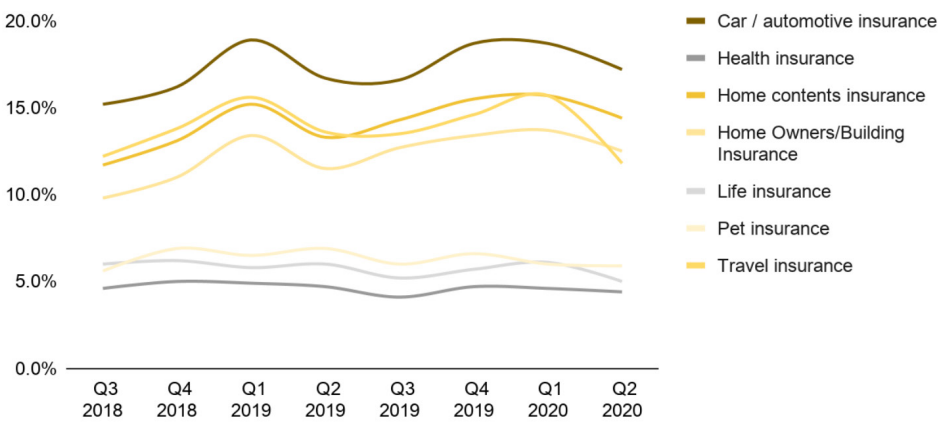


# Others are falling, such as many insurance categories.

Survey data indicates that consumers are less likely to be planning to purchase many types of insurance, with travel heavily impacted as we may expect.

Which of these are you thinking about purchasing in the next 3-6 months?

% Respondents.

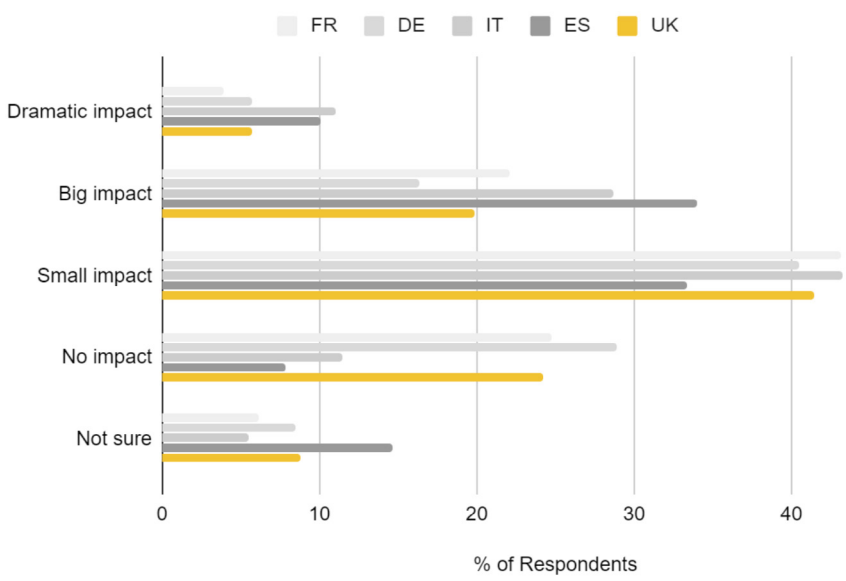


A reduction in intent to purchase within the next 3-6 months will require brands to look at longer term strategies.



# UK confidence is relatively resilient.

Whilst COVID-19 has had a big impact on household finances, UK consumers are among the most confident in Europe.



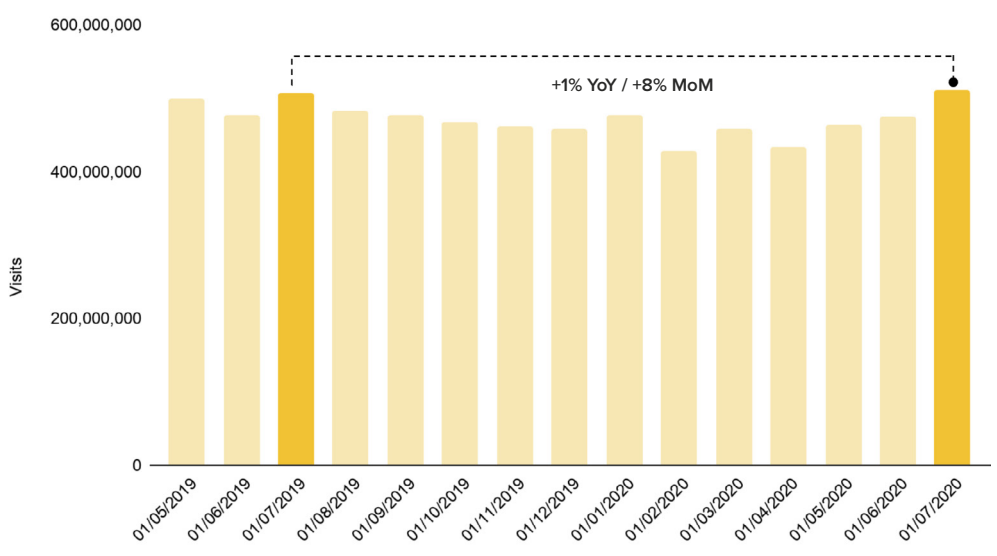
Do you expect the coronavirus outbreak to have a big impact on your personal finances?

|   |     |   |     |
|---|-----|---|-----|
|  | 20% |  | 16% |
|  | 34% |  | 22% |
|  | 29% |   |     |

# Category web traffic is recovering, albeit slowly.

July marked an important turning point, with category visits up year on year. Though the increase was modest, the monthly trajectory provides some optimism.

Web Visits, Finance Category, UK.SimilarWeb



# Building trust continues to be important in gaining customers.

In their special report “Brand Trust in 2020”, Edelman highlighted the importance of trust in both new brand purchase and loyalty.

Percent who say they focus most on each brand attribute when deciding whether to...

|   | Buy a new brand | Become a loyal customer |
|---|-----------------|-------------------------|
| Its price and affordability   | 64%             | 63%                     |
| <b>Whether you trust the company that owns the brand or brand that makes the product.</b> | <b>53%</b>      | <b>49%</b>              |
| The reputation of the brand   | 48%             | 42%                     |

# Untrusted brands may see consumers switch.

Though not specific to financial institutions, the implications of poor virus response can be stark.

## 44%



Said they have recently started using a new brand because of the innovative or compassionate way they have responded to the virus outbreak (9 percentage points higher June vs April).

## 40%



Have convinced other people to stop using a brand that they felt was not acting appropriately in response to the pandemic.

# Accessibility a key battleground in finance.

In gaining consumers' trust, continued and easy access to products/services was rated as highly important.

This "reality gap" of 19 percentage points is the highest amongst any category surveyed.

## Financial Services category

Brands being accessible is important in the financial services category.

**70%**

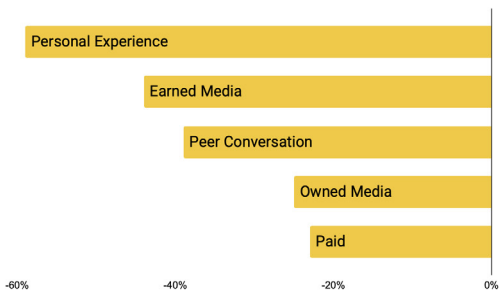
Brands in this category are currently performing well in providing accessibility of products/services.

**51%**

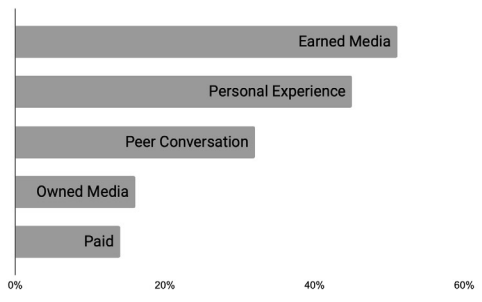
# Trust is won and lost with earned media.

Consumers also state the importance of personal experience in building trust.

What leads to trust gains.



What leads to trust losses.

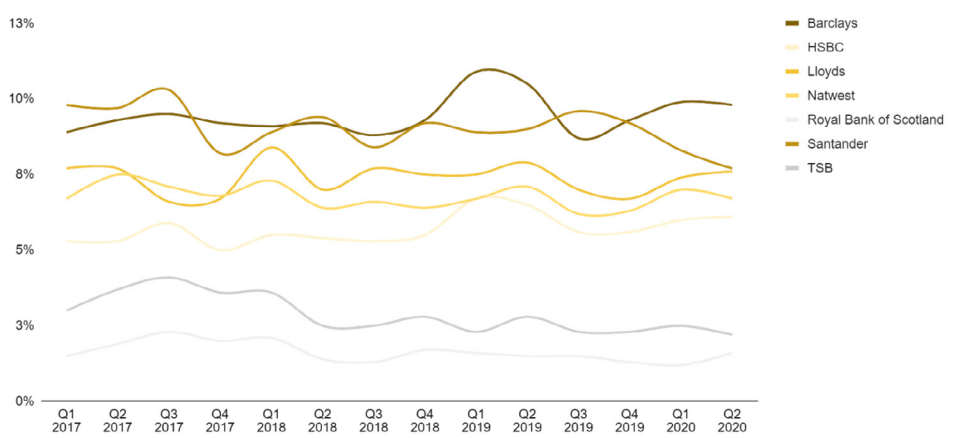


# Under the lens of COVID-19, many bank advocacy rates fell in Q2.

The vast majority of UK high street banks saw a decline in advocacy Q2 YoY, according to GlobalWebIndex.

Which of these brands would you advocate to others?

%Respondents.



## 4 of 7

banks saw a quarter on quarter decline.

## 6 of 7

banks saw a YoY decline.

# Three key takeaways.

## One. **Macro threats to the financial industry are real**

This threat is true across various financial businesses and is likely to continue whilst vast economic sectors remain locked down.

## Two. **Digital leads the recovery**

Traffic has seen a resurgence over the last few months, creeping into an increase for July year on year.

This will be key to driving future growth for brands, as we'll touch on in the next section.

## Three. **Brand trust is front of mind**

More important than ever, brands are being put under a fine lens and consumer trust is a deciding factor in brand selection.

Building trust with our consumers through media will be essential to growth and retention.



# Finance shift #1: Moving to meet demand shifts.

In the insurance industry, the case of EuropAssistance underlines an effective shift of policies to meet changing consumer demands.

An increased use of telemedicine and greater need for psychological welfare are two changes which will shake up health.

## \$29bn

The forecasted value of the telemedicine industry in China this year, off the back of strong growth during the pandemic.



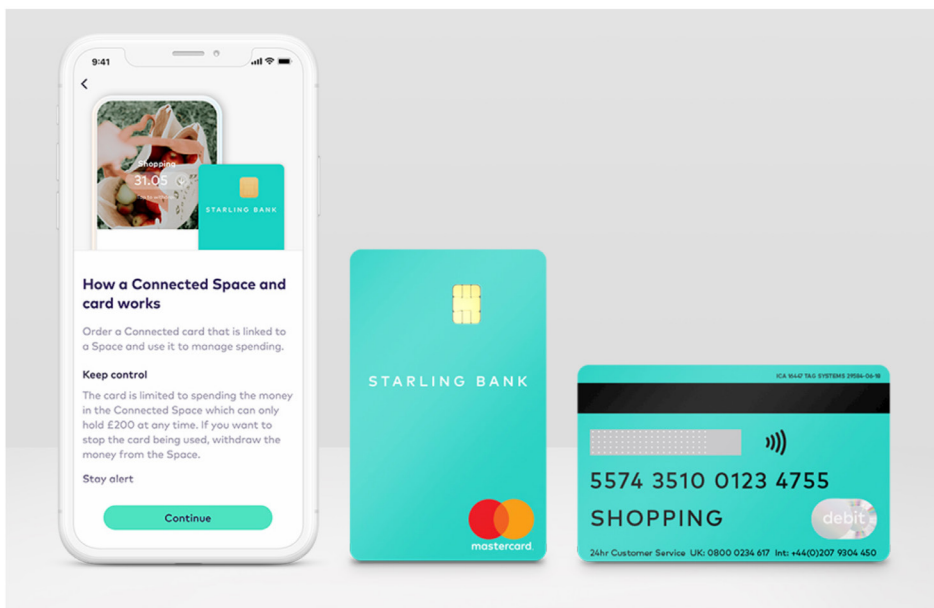
Launched rapidly during the pandemic, EuropAssistance designed a holistic insurance cover policy for employees -

including psychological support, telemedicine consultations and support for family members affected by COVID-19.

# Finance shift #2: Using digital to help customers in need.

Starling Bank introduced the new “Connected Card” - a spare debit card that customers can link to their account.

Customers can give this card to someone they trust and control the amount available through their account, capped at £200. This is both an effective service for current customers in need and also an potential draw for those looking for a solution whilst self-isolating.



SECTION TWO

# How online audiences are shifting.

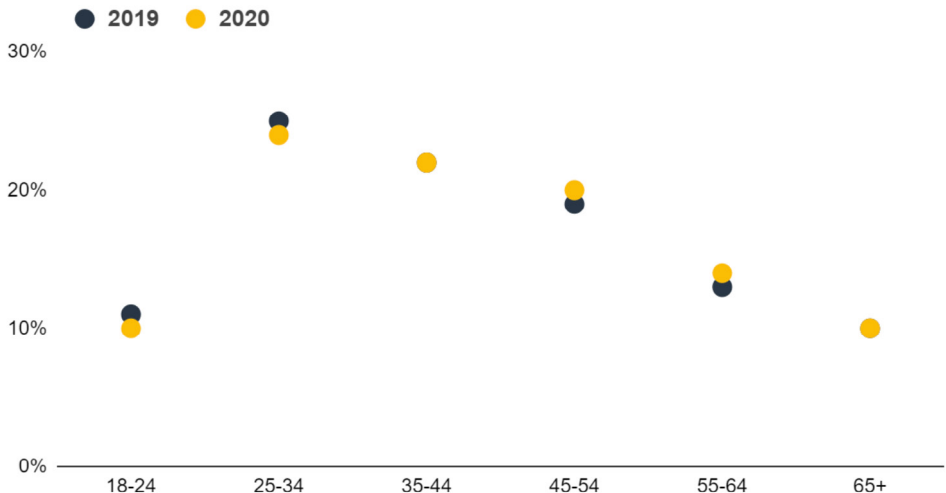
# Online demographics have aged during lockdown.

Age distributions have skewed towards 55+, when comparing June & July year on year.

The impact varies by sub-category, but the overall movement is consistent - a rise in the proportion of older users online. In the insurance industry, for instance...

## 2.1m

...additional users visited sites in this category from the 45-64 age bracket YoY.



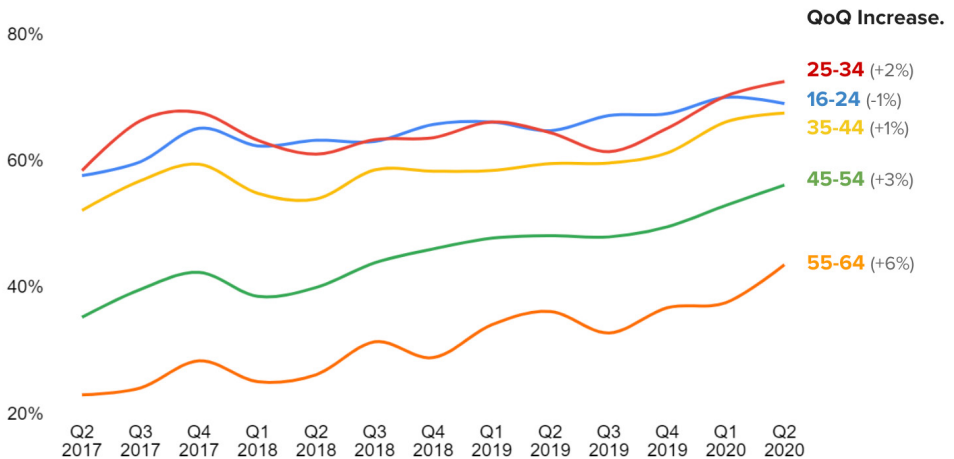
# 45+ have also driven online banking adoption.

In line with this, 45-54 and 55-64 increased internet banking by 3% and 6% respectively.

Meeting these consumers online is a new challenge - which requires an understanding of their media habits.

In the past month, which of the following things have you done on the internet via any device?

"Used an internet banking service". % Demographic.



# How do we interact with an older demographic?

Changing demographics may entail a slight recalibration of media priorities and online presence.

Alongside a greater recent emphasis on trust, it's clear from the below survey that an older demographic will have more of an emphasis on reviews and social proof.

Overindexing compared with the UK population in general, search is the key channel for this demographic. Focusing on building a strong organic presence and investing in PPC as consumer demand rises will be key.

**Which of the following online sources do you use when looking for more information about brands?**

Top Indexed Responses.

|  |     |
|--|-----|
| <b>Specialist / Independent Review Sites</b> | 126 |
| <b>Search Engines</b>                        | 114 |
| <b>Consumer Reviews</b>                      | 111 |

# Translating this to marketing.

**How can we change our approach across paid and organic media to meet a changing consumer?**

## **Don't neglect your search presence**

An influx of older consumers are likely to turn to search, as well as reviews and comparison sites.

Capturing this group will demand a fine-tuned paid and organic search presence.

## **Centre messaging around trust**

Trust is more important than ever. How brands are judged in the future may well be determined by how they communicate today.

Messaging and content centred around trust and empathy will be key to engaging an increasingly conscious consumer.

## **Switch focus based on category shifts**

Though we're seeing an overall increase in online activity, demands for many categories is changing.

Look to increase presence around rising consumer needs - increased digital security and health concerns spring to mind.

SECTION THREE

# Summary.



# To summarise.

Great changes have already occurred and will continue to develop within the financial industry. Online will be key to solving these.

## Digital will lead the recovery

Challenges to consumers' and businesses' financial situations will continue.

Consumers are moving online. Though the uptick has not entirely filled the gap left by offline, it is clear this will be key to growth moving forward.

## Trust is crucial

Always of outsized importance within the financial sector, trust has risen in importance this year.

It needs to become central to brand strategy and a key part of approaching all marketing.

## Online audiences are shifting

Firstly, changing consumer demands means brands need to stay agile and move to meet new online audiences.

Secondly, from a purely demographic point of view, consumers are having to take previously offline actions online.

These present both a challenge and an opportunity to brands.

Croud is a global, full-service, digital marketing partner for some of the world's leading brands. Through the seamless connection of data, technology and creativity, Croud develops strategies for sustainable growth that drive immediate business impact.

Croud builds deep partnerships with clients thanks to its unique model, using its 'Croud Control' platform to harness a global network of 2,400 digital experts, delivering holding company scale with the precision of a specialist.

Founded in 2011, Croud is proud to partner with clients such as Vans, IWG, AXA IM, and The North Face - leading media strategy, performance marketing and digital experiences.

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