NBCUniversal

Finance Category Insights

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Finance in Times of Crisis

A Look Back at Relevant Times

2008 Recession

Past Consumer Behavior

The financial crisis of 2008 had a significant impact on the banking sector. When the U.S. housing market collapsed, many consumers defaulted on their mortgages, causing banks across the world to suffer severe financial losses. This ultimately sent large institutions, small business and many consumers into a financial tailspin. Home prices dropped, and millions lost their homes to foreclosure. It was the worst U.S. economic disaster since the Great Depression, with nearly $8 trillion in stock market value lost between late 2007 and early 2009, along with an unemployment rate which rose to 10% in October 2009. The Dodd-Frank Act, passed in 2010, was a regulatory measure put in place to protect consumers and prevent this from happening again.

Successful Category Response

The 2008 recession marked a turning point in advertising for the category, as it became more important than ever for financial institutions to rebuild trust which had been decimated on the heels of a recession induced by the financial system itself. We saw greater emphasis on messaging underpinned by trust and value, as well as a heavier lean in to digital advertising, especially programmatic, which was still in its infancy. Financial brands needed to leverage data to more efficiently and effectively target key audiences given the tremendous short-term pressure they were under to maintain customers and start rebuilding trust.

Learnings

Between 2010 and 2019, the U.S. economy largely recovered, with unemployment rates down and housing prices on the rebound. Brands begin to leverage data to target against specific audience segments to build trust with existing consumers and to incentivize product bundling to stay competitive. Over the last decade, we also saw an emergence of new Fintech companies and platforms created to cater to the needs of distinctly different audiences, including those focused on prioritizing digital banking and financial product usage, especially among younger consumers.

Finance in Times of Crisis

What We are Seeing Now

1. **Banks are in significantly better financial position**
   - Per Wells Fargo analyst, Mike Mayo, compared to 2008, banks have $1 trillion more in capital, $2 trillion more in cash and $3 trillion more in deposits
   - Given today's downturn is caused by a health impact, banks and institutions are not seeing the same level of pressure to rebuild trust, but they are receiving stimulus money so it will still be important to focus messaging around trust, reliability and purpose
2. **Lending needs of consumers and businesses will heighten as hard times hit**
   - Many banks are temporarily suspending loan repayment requirements and fees for struggling consumers and small businesses
     - Part of the new federal stimulus requires banks to help small business with $350 billion in loans, but banks are still learning how to navigate and how to handle the high volume of anticipated requests for loans
3. **Bank branch traffic will go down, but digital engagement will continue to increase**
   - We see banks across the U.S. closing physical branches and focusing on online banking tools. This creates an opportunity for established banks to migrate audiences to their digital platforms, and creates opportunities for digital only banks to steal share
4. **Low interest rates could impact banks' bottom lines**
   - Lower rates could impact interest income, but on a more positive note, there will be increased consumer demand in areas like mortgage and auto refinancing, which gives banks an opportunity to promote these products
     - It will be important to see if banks and mortgage brokers can keep up with the increased consumer demand; and it will also be important to monitor any consumer impacts like increased rate of loan defaults
   - Falling rates could also drag down consumers savings rates, since banks will pay less interest on high-yield savings accounts
5. **Credit card issuers are making cuts to revenue outlooks**
   - Visa and Mastercard have already cut revenue outlooks amid concerns around a downtick in consumer spending
     - Many credit card issuers also rely on partnerships with affected industries (airlines, hotels, entertainment)

Frequently Asked Questions

1. What are the best ways to authentically engage a broad audience to maintain / build brand equity during turbulent times?

We're seeing an increased emphasis on financial brands communicating core values and purpose, and demonstrating how their products and services can help consumers, communities and businesses weather the storm. National brands should leverage mass reach platforms (tentpoles, sponsorships, etc.) to communicate their underlying purpose and their dedication to supporting society during these trying times.

2. What are best practices for driving loyalty and retention in the long term?

Financial services brands should engage current customers with messages of support and flexibility during these stressful times. Through offering seamless digital service opportunities, financial advice, and incentivizing supportive product bundling (i.e. debit, credit, loans, investments) when applicable, brands can help ensure short and long-term loyalty.

3. How is NBCU partnering with clients in my category to manage through this time?

Creating strategies focused on ways to **maintain**, **secure**, and **thrive** on an ongoing basis.

Navigating the COVID-19 Crisis

A Leader Shows Support During a Time of Need

1. Demonstrating Stability & the Power of Purpose

- Adjust tone of future creative to align more with the current environment to present a message of stability and normalcy.
  - H&R Block's new video spot is a good example
- Focus on broad reach to increase awareness of purpose-driven initiatives which offer consumers flexibility and support through difficult financial times.
- The current crisis also allows brands to focus on building trust and reliability.

2. Targeted reach against key audience segments

- Different types of banking/financial products held/used by consumers is expected to be top of mind for many during times of financial difficulty.
- It becomes critical to implement targeted reach tactics to complement broad awareness driven reach with hyper-targeting product/solution focused messaging to prospects and existing customers, including small business owners.
- Pursue key audiences for acquisition, retention + cross-sell through targeted reach/frequency approaches.

3. Enhanced Video Reach Across Platforms

- Media consumption has increased across all video platforms.
  - In order to maximize targeted reach against key audience segments, implementing a strategy that drives audience reach across multiple platforms is critical.
- Reach consumers at home with commercial innovation (i.e. app download) opportunities to help drive digital engagement.

We’re Here to Help

In these challenging times

Beyond your Sales contacts, we have people in Insights & Measurement, Strategy and Marketing to help you with solutions and data.

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