

JUNE 2020

Unlocking digital banking audience opportunities

Reframing digital usage segmentation in light of COVID-19



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Reframing digital usage segmentation in light of COVID-19

In a general sense, 'digital transformation' could be described as transitioning customers who do not use digital technologies into those who do. When it comes to banking, certain technologies, like mobile banking and contactless payment, have been on the cusp of breaking through for some time. Now, after months of stay-at-home orders, new digital habits are starting to solidify in customers and these behavior shifts are uncovering more nuances into audiences.

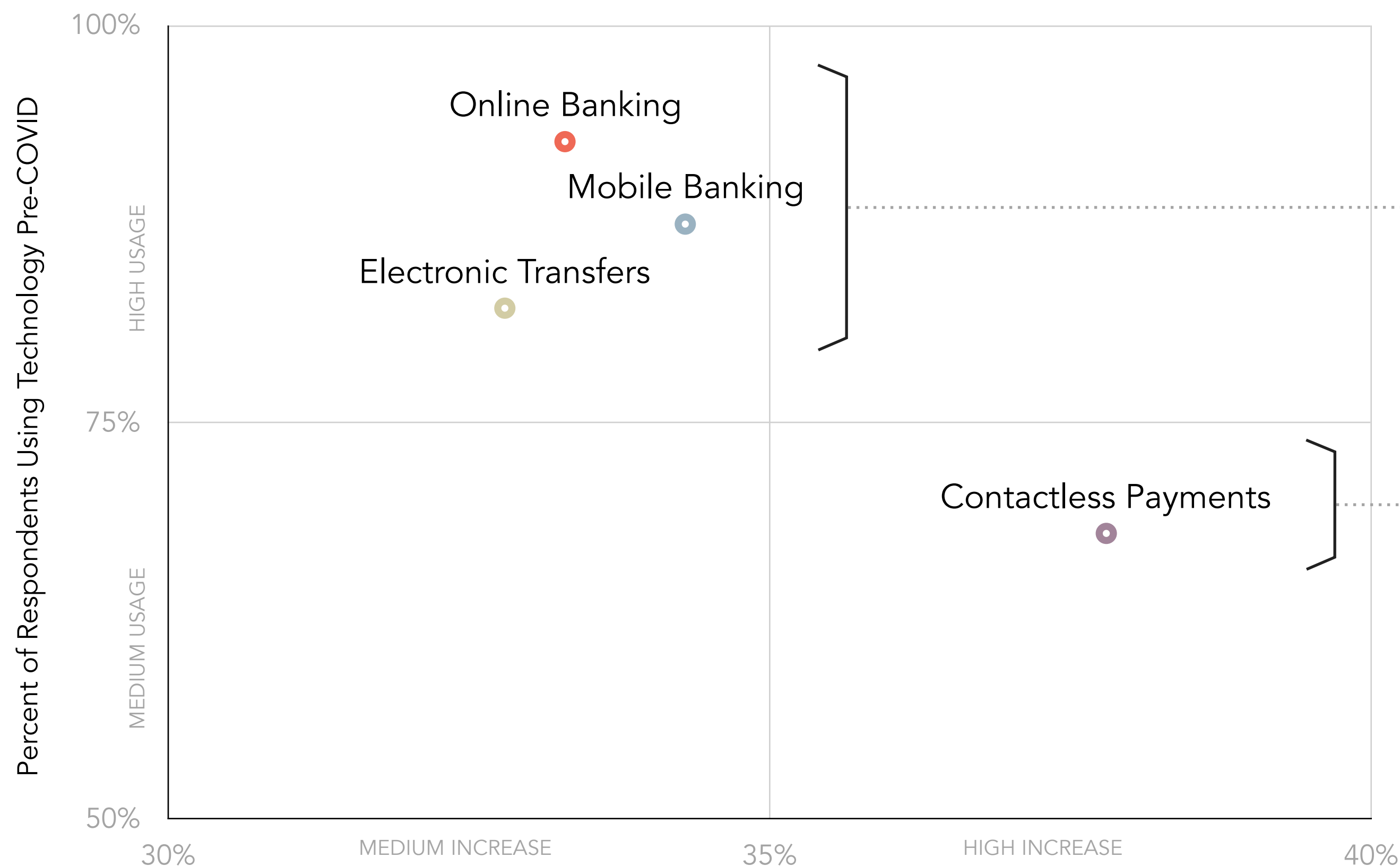
COVID-19 has created an opportunity to accelerate digital transformation, but before we start proclaiming "the death of the branch" or "the end of cash" we need to remember that the strategy to get to digital transformation is still not a one-size-fits-all solution. Both comfort of your customer base and your company's capabilities need to be considered.

This new digital audience segmentation is intended to define audiences as well as provide a benchmark to begin thinking about how to best map out the path to digital transformation in this uniquely amplified time.

Study overview

In May 2020, Hero Digital surveyed 1,600 people about their preferences for interacting with their financial institutions, their digital behaviors, and spending habits — and how these all may have changed as a result of COVID-19.

Engagement with digital platforms



Comfortably digital

Digital banking and electronic transfers were already highly used by customers, but still benefited from an increase in usage during this time.

Emerging digital

Contactless payments had the **biggest increase in usage** due to the pandemic, both among new and existing users.

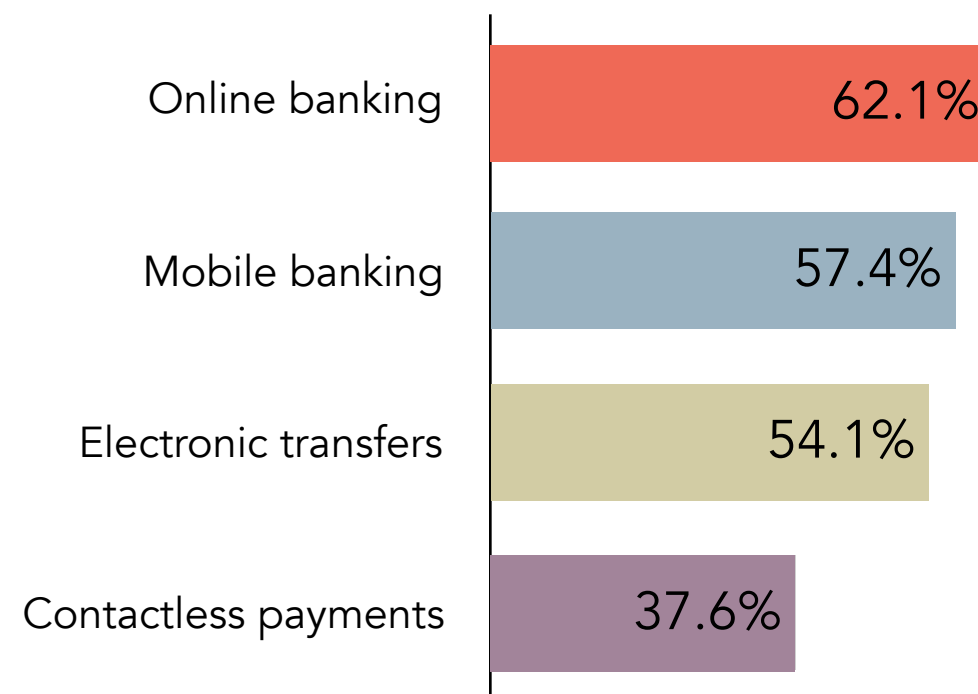
Percent of Respondents **Increased** Technology Usage During COVID

Digital platform usage

By segmenting audiences by not only their use of digital technologies prior to COVID-19, but also by their changes in behaviors during the pandemic, unique digital audience profiles begin to emerge.

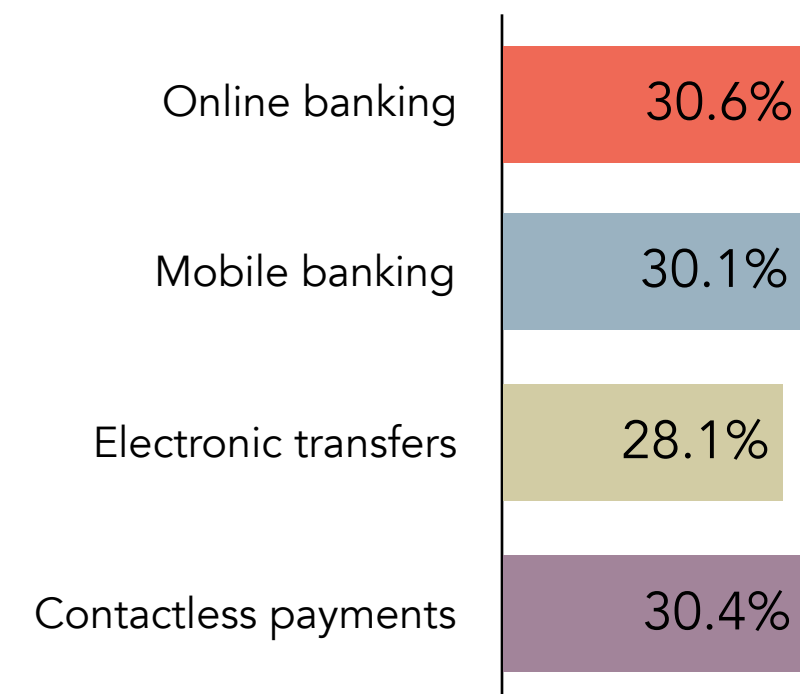
Active Digital Users

Percent of respondents using digital platform prior to COVID-19; no change to behavior



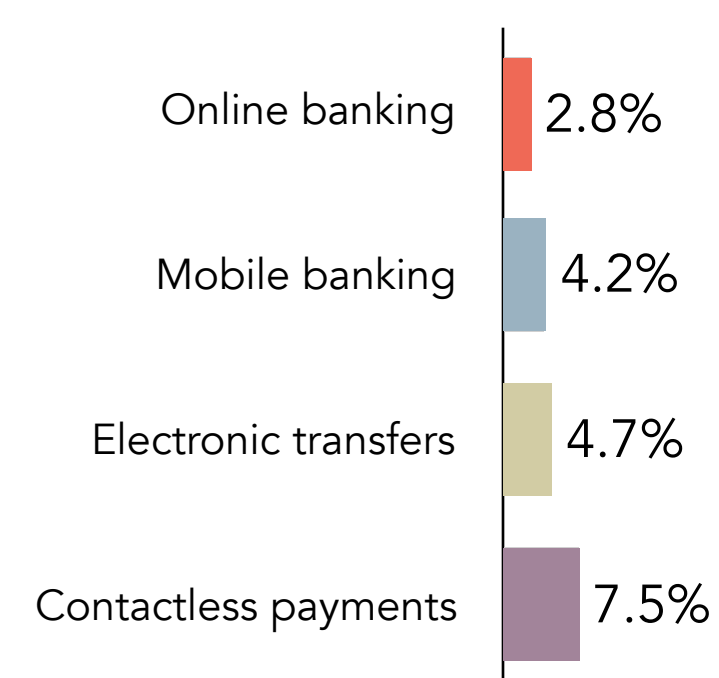
Accelerated Digital Adopters

Percent of respondents using digital platform prior to COVID-19; recent increase in usage



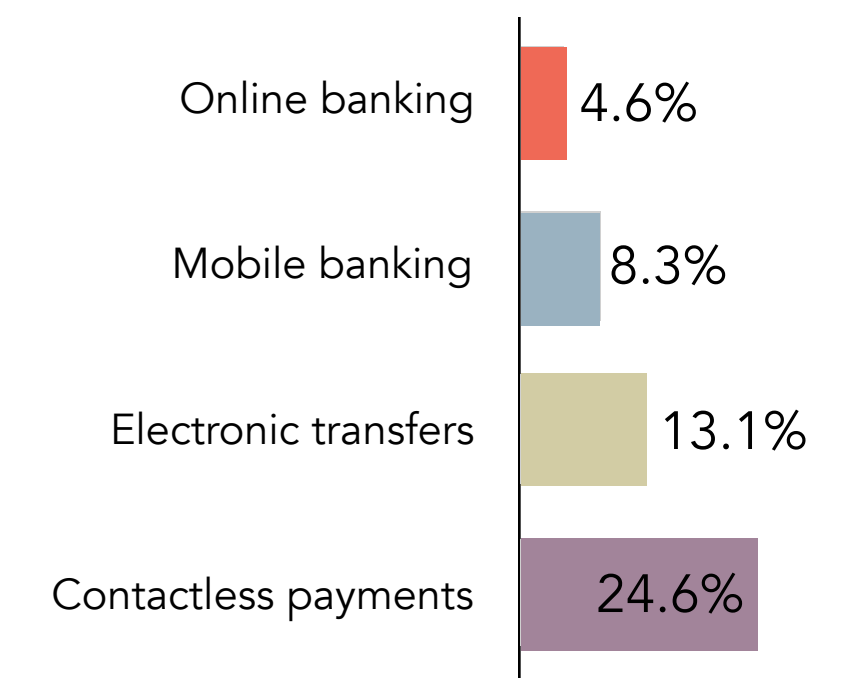
Reluctant Digital Adopters

Percent of respondents not using digital platform prior to COVID-19; recent increase in usage



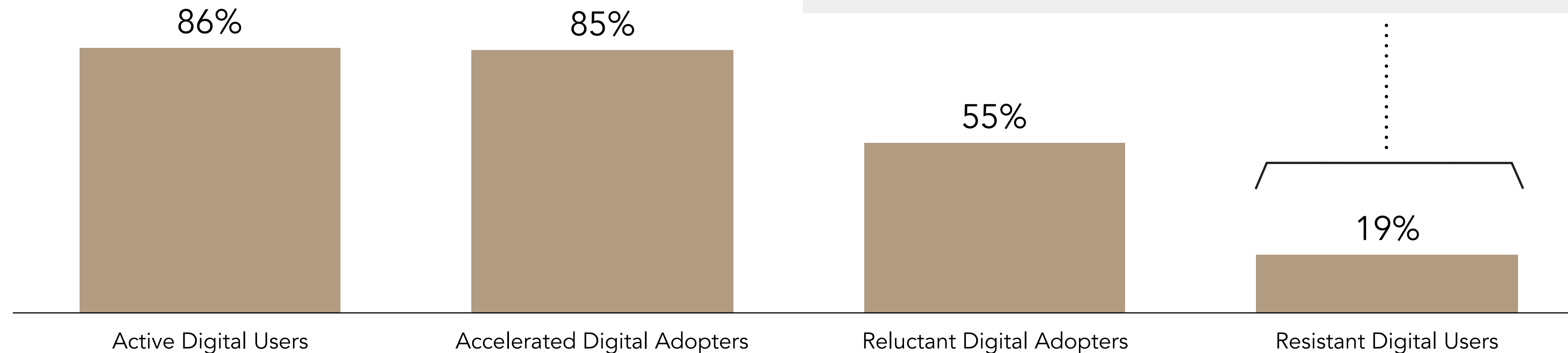
Resistant Digital Users

Percent of respondents not using digital platform prior to COVID-19; no change in behavior



Likelihood to use digital next 6-12 months

Percent of respondents likely or very likely to use digital platform
(average of all platforms)



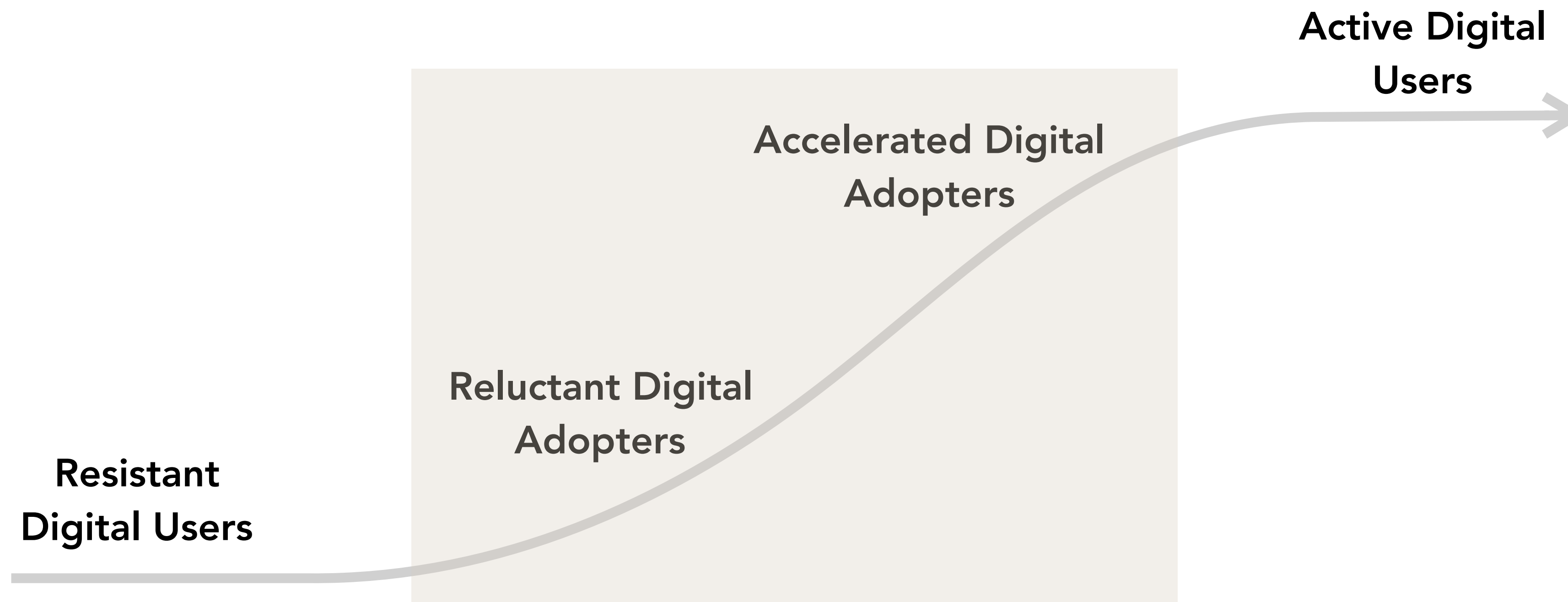
Digital transformation is not a fleeting moment

While COVID-19 may have accelerated the customer shift to digital, it's really just getting started. Many people who reported that they had not previously engaged with digital platforms are planning to do so in the next year. Even one in five 'Resistant Digital Users' said they are likely to try digital.

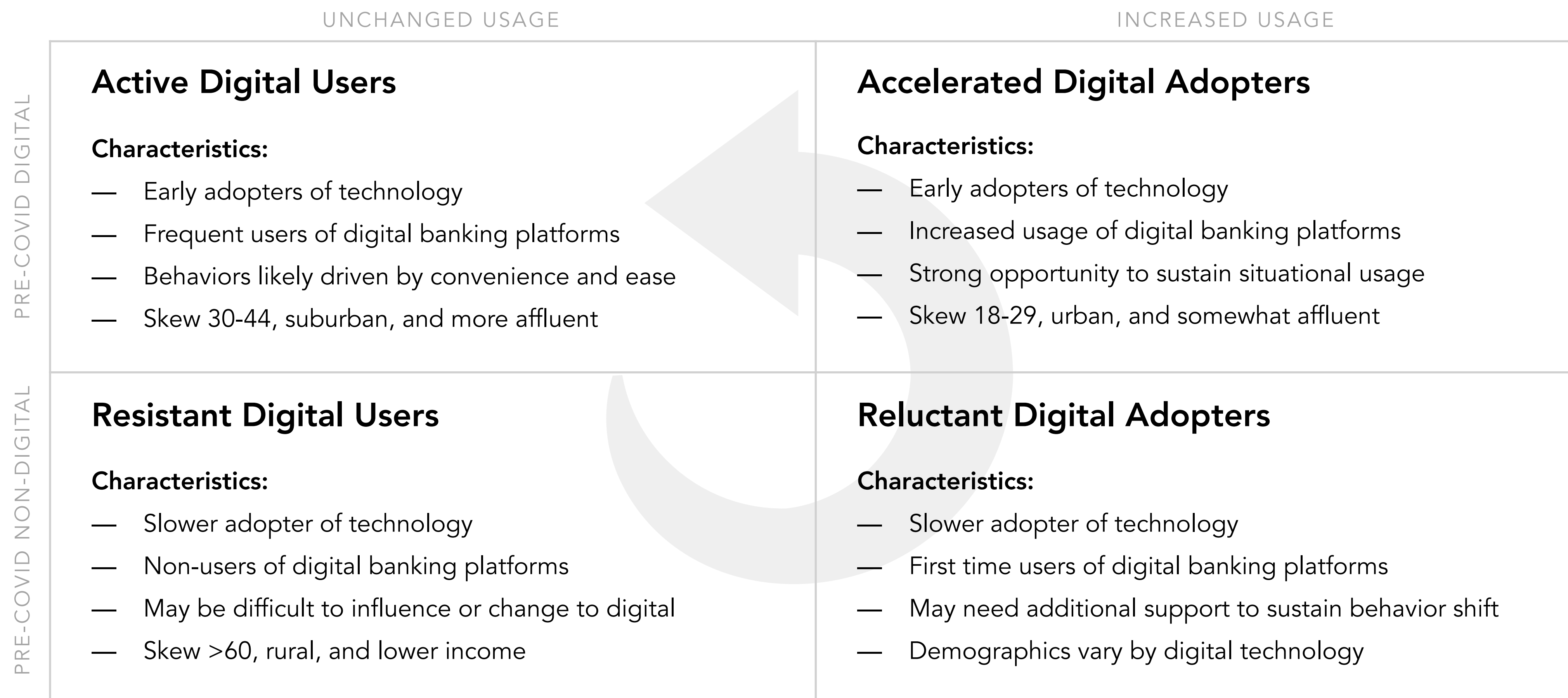
Activating digital banking audiences

Emerging audiences and digital adoption

The path to digital adoption is not as simple as turning 'resistant digital users' into 'active digital users'. Changes in behavior that emerged in response to COVID-19 highlight additional and immediate opportunity to increase share of digital users. Reframing your audiences with this additional nuance can help with everything from digital roadmap planning to marketing messaging.



Digital audience framework overview



Active Digital Users

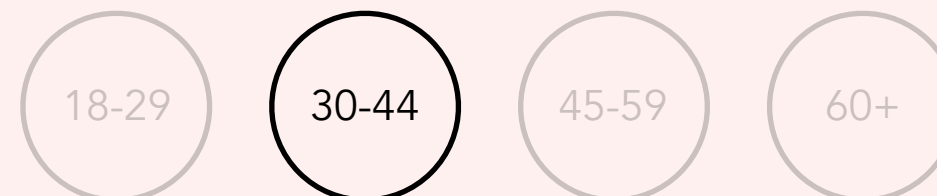
Online banking

Audience share

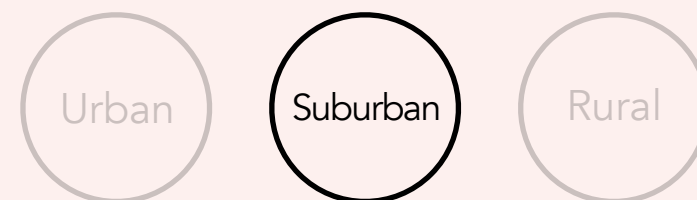


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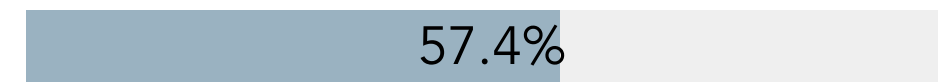


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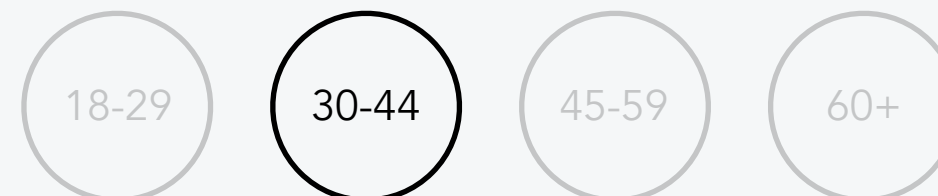
Mobile banking

Audience share

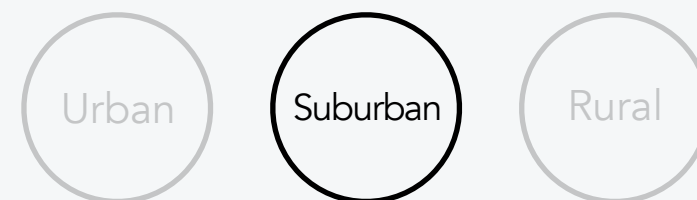


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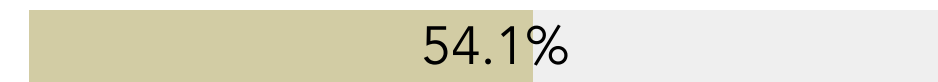


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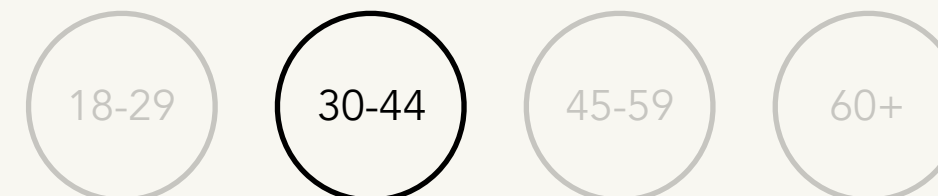
Electronic transfers

Audience share

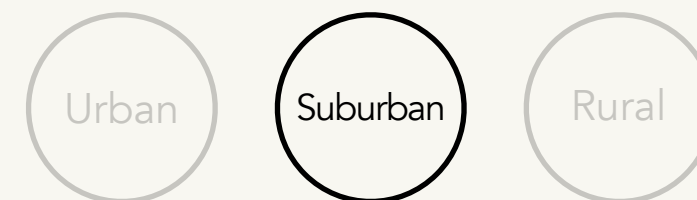


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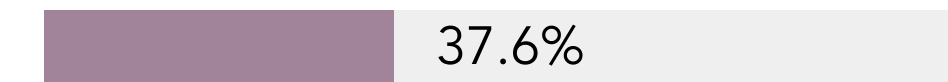


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Contactless payments

Audience share

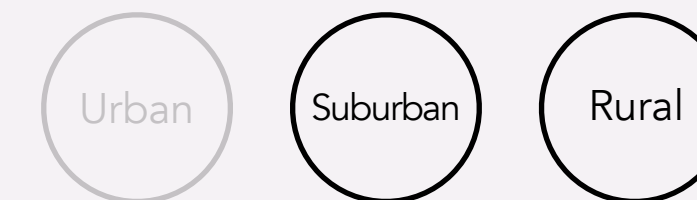


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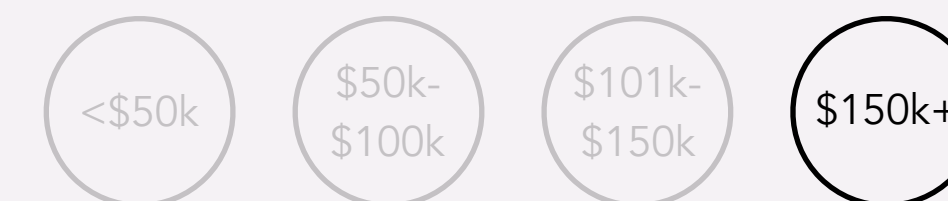
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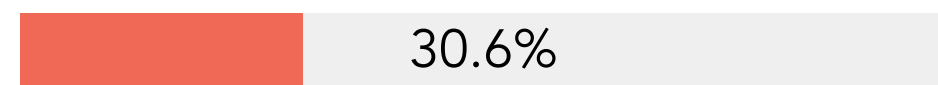
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Accelerated Digital Adopters

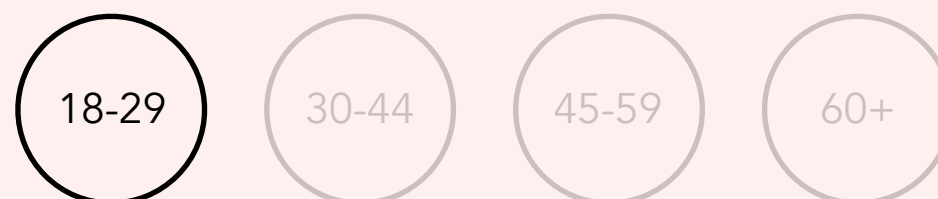
Online banking

Audience share

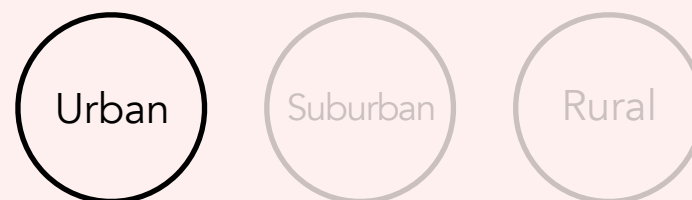


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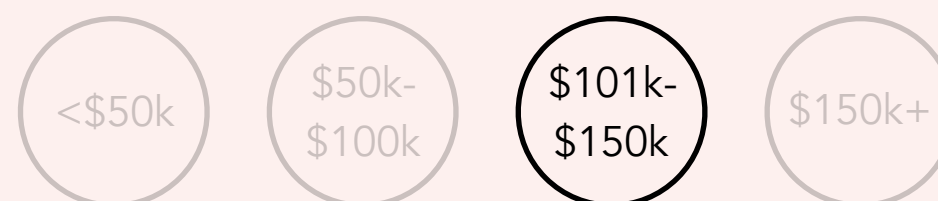
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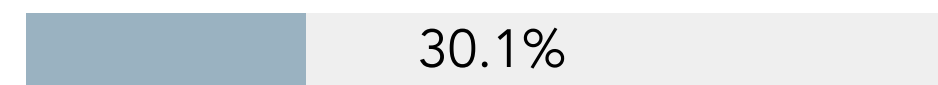


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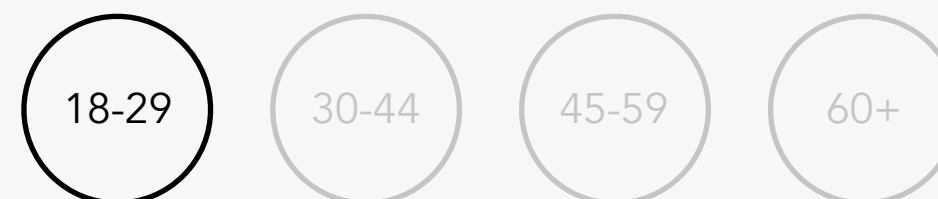
Mobile banking

Audience share



More likely to be...

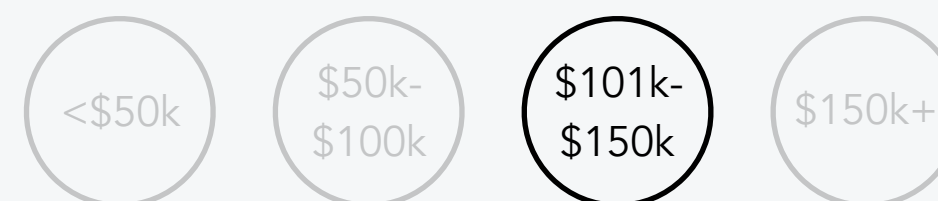
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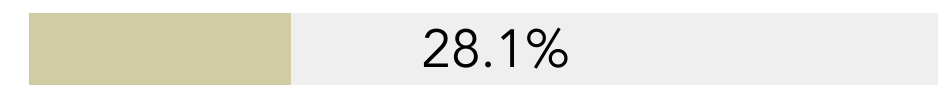


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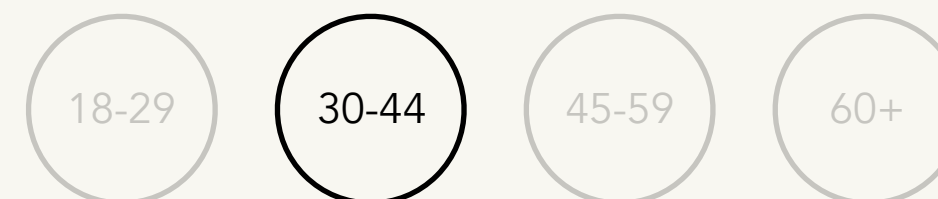
Electronic transfers

Audience share



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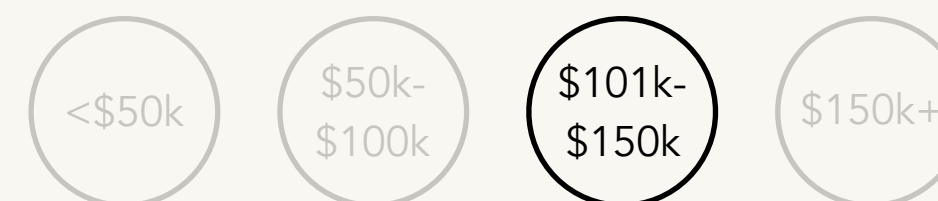
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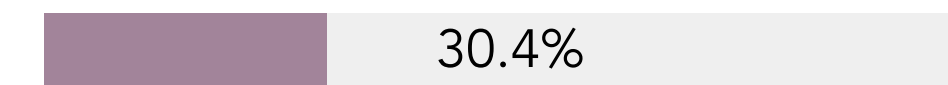


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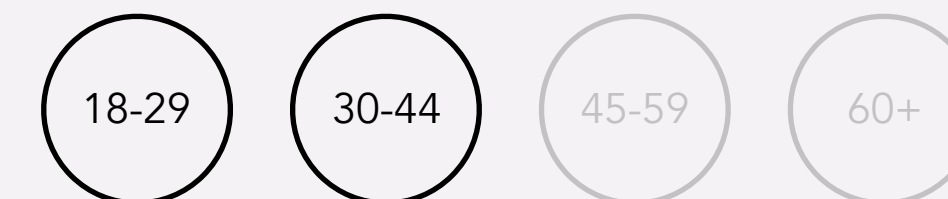
Contactless payments

Audience share

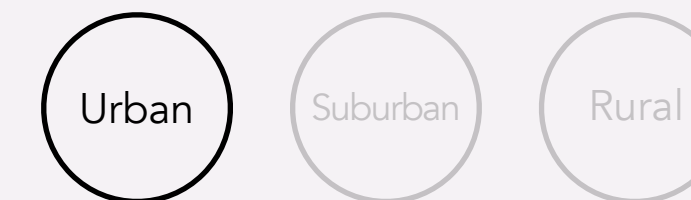


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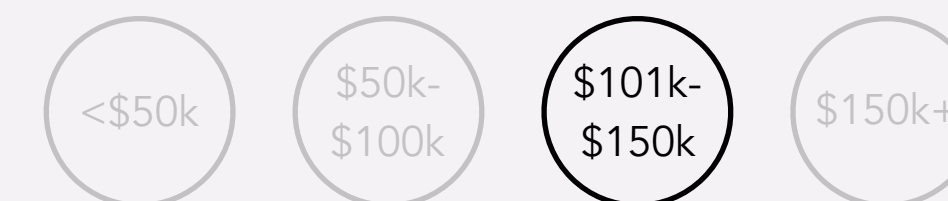
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Reluctant Digital Adopters

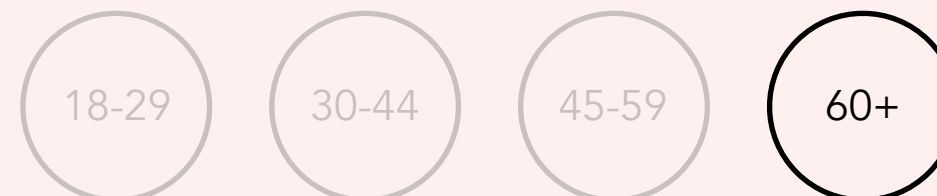
Online banking

Audience share

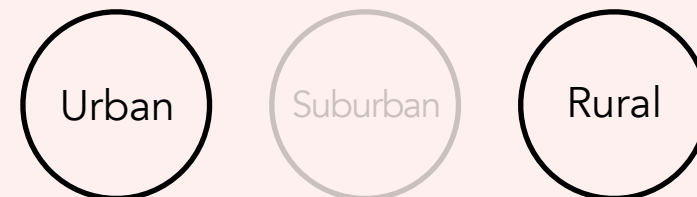


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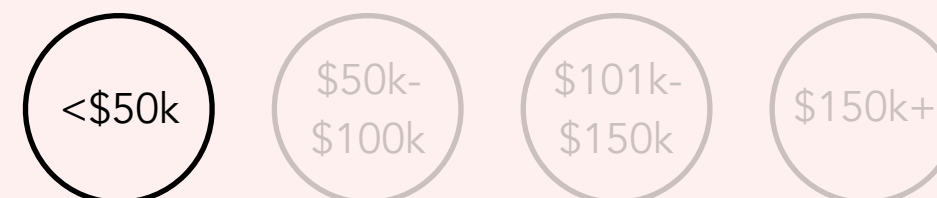
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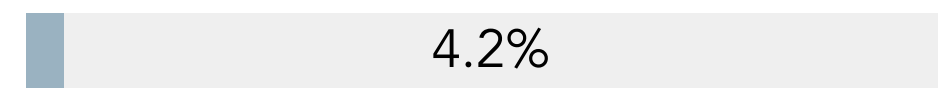


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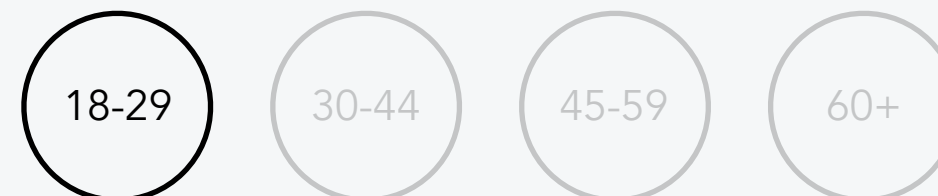
Mobile banking

Audience share



More likely to be...

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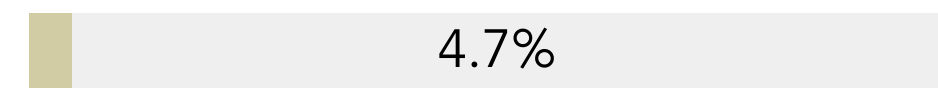


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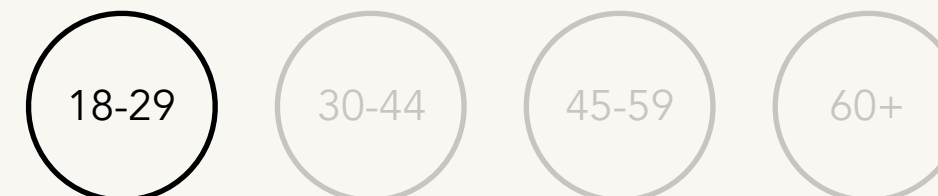
Electronic transfers

Audience share



More likely to be...

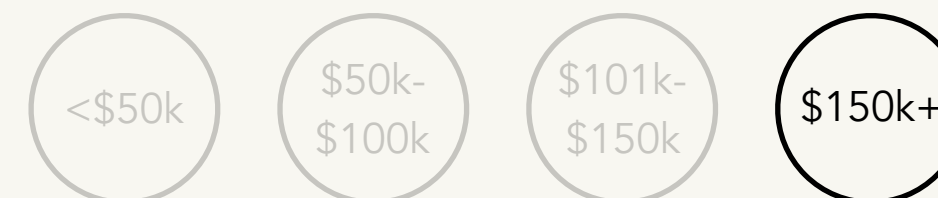
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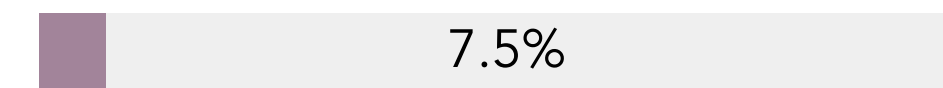


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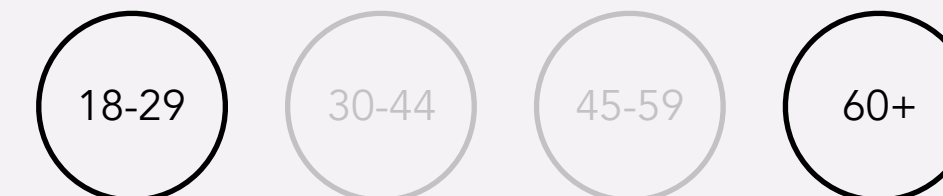
Contactless payments

Audience share



More likely to be...

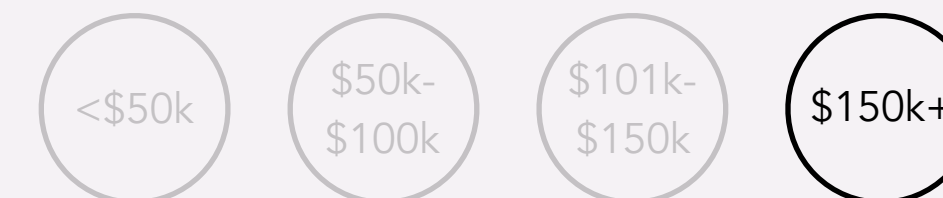
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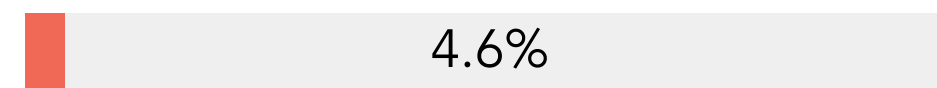
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Resistant Digital Users

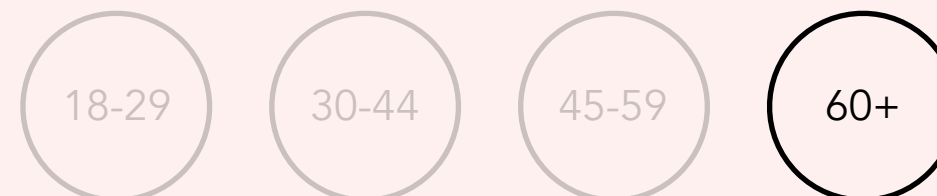
Online banking

Audience share

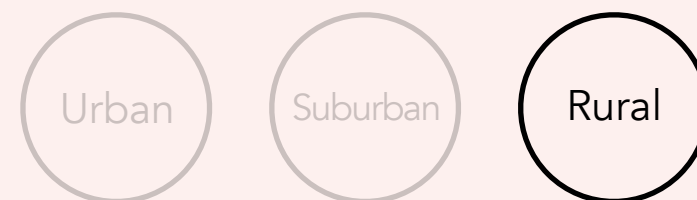


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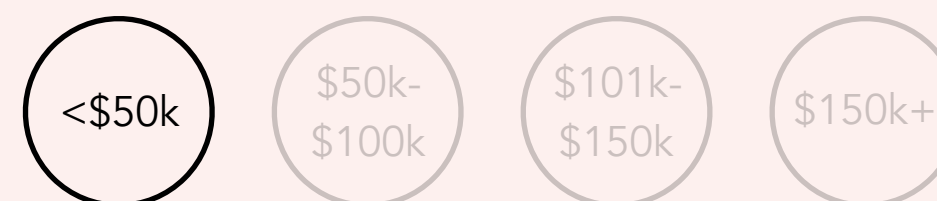
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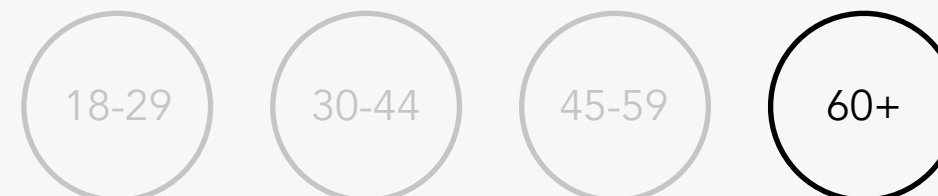
Mobile banking

Audience share

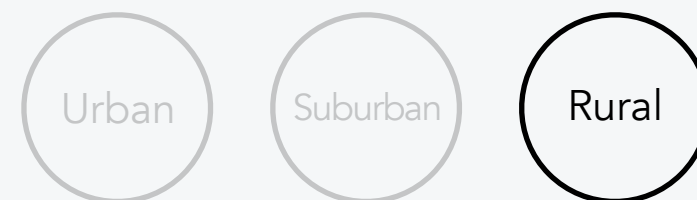


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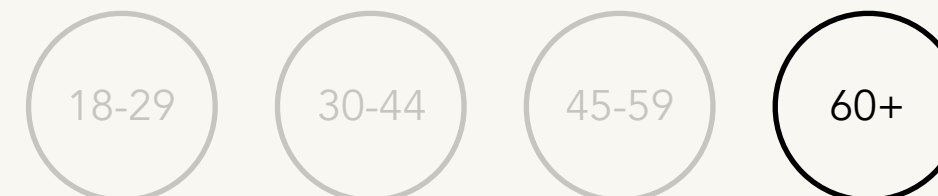
Electronic transfers

Audience share



More likely to be...

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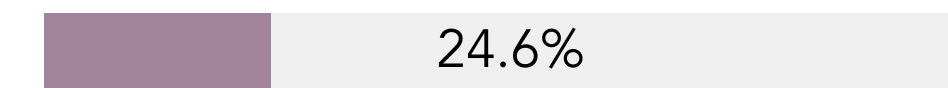


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Contactless payments

Audience share

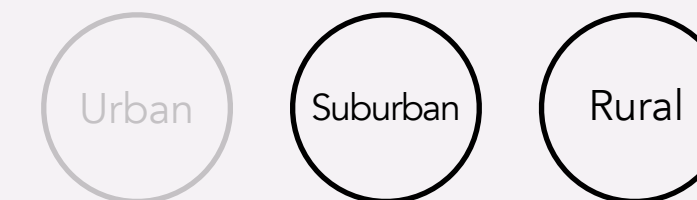


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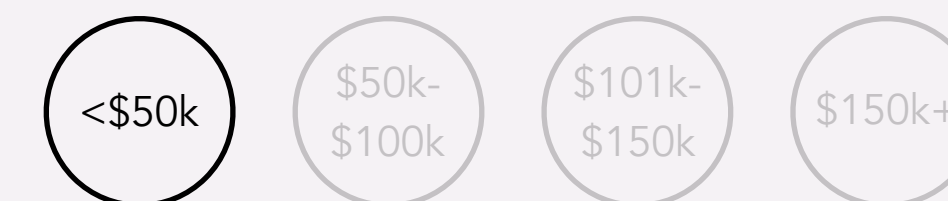
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How to activate digital audiences

- 1. Map existing customer base across the digital audience framework**

Analyze demographics as well as usage patterns to identify what percentage of your customers fall into each of the digital audiences identified: Active, Accelerated, Reluctant, Resistant.
- 2. Align needs of existing audience against digital transformation progress to date**

Examine your existing digital products, capabilities, and offerings in light of audience needs to highlight gaps and opportunities specific to your customer base.
- 3. Prioritize and roadmap specific to your digital audience**

Plan and rank features and messaging based on your customers' needs as well as your current ability to meet them, and adjust your roadmap accordingly.

Hero

DIGITAL

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