Get Rid of a "Marketing Mindset" That Ruins Digital Transformation in Banking

Whitepaper

To get the maximum value out of this whitepaper, fill it while reading the article.

Our previous post about transitioning from a "marketing mindset" to an "experience mindset" raised controversial discussions. Some even call it "digital business manifesto." UXDA is not pretending to teach the only right business approach for the digital age. Our aim is to highlight the differences between delivering service to customers and thinking in a "new way" versus "the old one." And these differences can explain why some products are successful in the modern digital environment while others are not, even after expensive digital banking transformation.

How "Marketing Mindset" Ruins Digital Transformation in Banking

As I pointed out above, in a quite practical way, this post illustrates the mindset differences that impact the financial business culture. In this article, you will find answers to some of the questions that arise after publishing "Financial UX Methodology: Does Your Mindset Fit the Digital Age." You will find exactly what we mean by "Marketing mindset" and why we believe it ruins digital transformation in banking.

If you have not read the previous article, you can get the basic idea from the UXDA webinar record below:
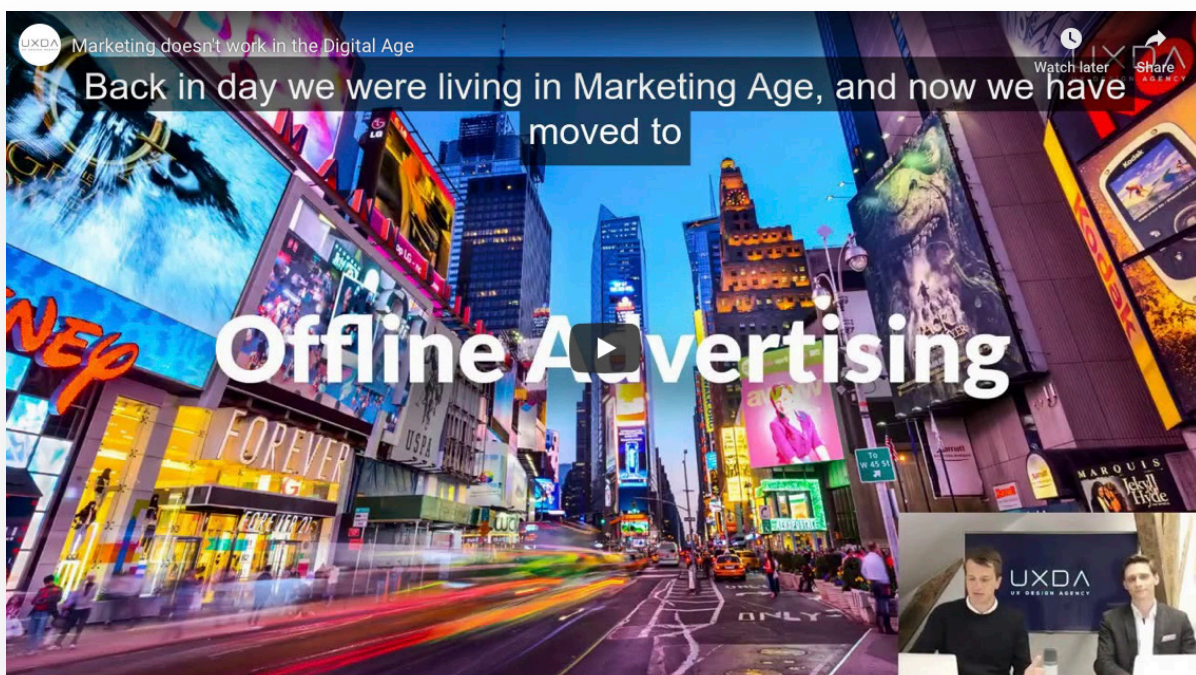
Opposite cultures

Let's start from considering two opposite types of companies:

Company A

The first is aimed at increasing profits in any way possible. To do this, the company evaluates every action in order to maximize profitability and reduce costs. From one side, it knocks out discounts from vendors and reduces staff costs. From the other side, the company does everything to increase sales by imposing products on every living soul the sales agents can reach. Salespeople have targets set so high that they're ready to use any kind of argument just to secure a sale.
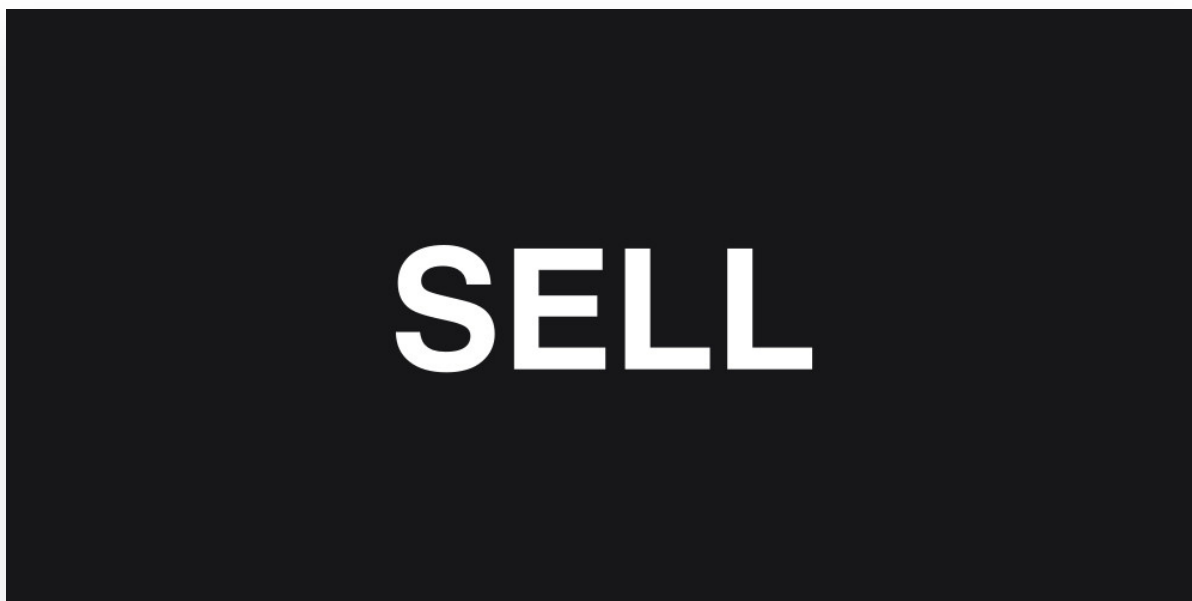
The whole strategy of this company is strictly scheduled, their main goal being a maximum income for shareholders. Therefore, any actions are evaluated in terms of potential returns and risks. And, in the case of losses, the guilty are severely punished. That's why employees are afraid to take responsibility and prefer to dump it on expensive consultants. At the end of the day, people fear for their positions, and departments fear for their budget limits.

Such a company views the world as something dangerous… competitive. Executives perceive business like a war. Cunning and strength are qualities needed to win a piece of cake from the world. But, after they do, they need more effort to protect it. Every man for himself, and all actions are classified. As a result, communication and decision-making is slowed down so the development is stretched out for years. And, unfortunately, often customers become a bargaining chip in this war.

Company B

However, there is also an opposite type of company - the kind that views the world as a space of opportunities filled with potential friends, those to whom this company wants to provide help and some benefit.

Instead of focusing on themselves, they desire to deliver value to the world, thus improving it for the better. It does not mean such a company does not care about profit. Profit, to them, is an important resource that allows an increase in the amount of value created. But, profit is not the meaning of existence; it is merely a consequence directly proportional to the level of benefit created.

Such a company is very selective in its activities; it does not clutch for the sake of money in any of its work. Instead, it is focused on a long-term strategy and often refuses unethical offers despite their profitability.

This company does not perceive employees as costs but rather as providers of exceptional customer service. The management not only welcomes and encourages their employees' initiative but also considers this the only path to development. That's why no one is afraid to take responsibility and show initiative. Mistakes sometimes occur but are carefully studied to increase the adaptability of the company. Everything is done to raise and manifest the potential of its employees.

There is no multi-level hierarchy or internal power struggle, as employees are united around the company's mission, in which they strongly believe. And, instead of a direct sales department, there is a quality department to improve the customer experience.

Actions are discussed openly, and decisions are made quickly. Here, everything is questioned in search of more effective solutions. Instead of protection, what is fostered is openness, flexibility and the search for growth points aimed at increasing value for the customer.

Which company would you choose?

What do you think? Which of these companies is more likely to succeed in the modern world? Which is more adaptive and effective from a digital age perspective? Which is able to win the hearts of consumers and gain the most powerful support on social networks? Which will survive the dramatic changes caused by the rapid development of technology? Whose employees will walk through fire for the sake of their company?

These companies are diametrically opposed in their strategy, in their modus operandi, in their priorities. The massive emergence of companies of the first type was caused by the market conditions of the industrial age. It was an authentic form of business that met the requirements of that time, and we believe such an approach was caused by a "marketing mindset."

> The tectonic switch to digital technology has fundamentally disrupted the market, user behavior and, accordingly, business requirements. In successful companies of the digital age, we see radically opposed values and culture based on an "experience mindset."

But, is it possible for companies of the first type to move to the next level simply by copying the modus operandi of new-century companies by implementing Agile, CX, UX, Design Thinking, etc.? Meeting the products of such companies, we often see cosmetic improvements that do not create a qualitative improvement in customer service. They are still hunting for profit more than customer satisfaction. Successful digital transformation requires a cultural shift in the organization's mindset and user-centered design approach.

> We see that the only way to transform such a company and move it into the digital age is through a change in mindset and values. This requires the entire company to implement a new way of perceiving the world and the company's place in it.

How does one do this? We will discuss further.

What's wrong in marketing?

It is really important to clearly understand what we mean by "marketing" as a mindset. Because here we are talking about differences in two mindsets that are not directly associated with the terms "marketing" or "customer experience." We do not want to confuse people by using the word "marketing" in this case. Actually, you can label this previous century mindset as "profit," "advertising," "package", "industrial" mindset or something else because it is not about naming, it's about the meaning behind the idea of differences.

The thing is that we believe the modern century is no longer about selling. The term "marketing" evolved from its original meaning, which literally referred to going to market with goods for sale. This meant a direct way of thinking and perceiving things that was established in the previous age as a

result of the industrial revolution. In general, it helped to stimulate the consumption of a billion similar FMCGs (fast moving consumer goods).

At the beginning, when the competition was not strong, it was enough to simply inform consumers about new products through media. Rising competition resulted in such techniques as positioning, brand essence and unique selling proposals needed to explore the differences and benefits of a particular offer. But, in real life, there is not that much difference between two washing powders, right? Some people say: "they simply colored some granules in blue and claimed it works better".

The majority of marketing research didn't try to find a need for the new product, but, instead, searched for the trigger to raise sales of the existing one. Why? Because it is straightforward business thinking oriented toward profit, which worked really well during the previous age.

> The problem is that it no longer works in the digital age. There are tectonic shifts in the business paradigm because of changes in consumption values. Consumers change their behaviors and decision-making processes due to the digital environment, and business should adapt to it by changing its values as well. We already see a big difference in the capitalization of traditional and digital companies.

In a nutshell

The priority of the "old" generation companies is to sell and make a profit.

The priority of the "new" age companies? is to deliver **VALUE** for customers.

UXDA experience mindset by Alex Kreger

This doesn't mean that profit is non-essential for the "new age" companies. They differ from the "old" with making profit out of satisfied customers that are recommending the product to their friends.

> This kind of strategy builds trust and long-term success instead of fast money made from aggressive marketing of low-quality useless products.

We believe that in order for the product to be successful in the long term, it has to be:

      1. exceptionally useful;

      2. valuable for the customer;

      3. pleasant to use and attractive.

It is a question of priorities affected by the executive mindset. For traditional companies, experience tools are just a part of their marketing. For them, it is important to push sales, explore triggers and design an attractive package to make a profit. For new age companies, marketing becomes just a tool in their experience strategy - a way to ensure maximal value to the customer and get profit as a reward.я

What is your priority?

Learn more about the mindset for success in financial industry:
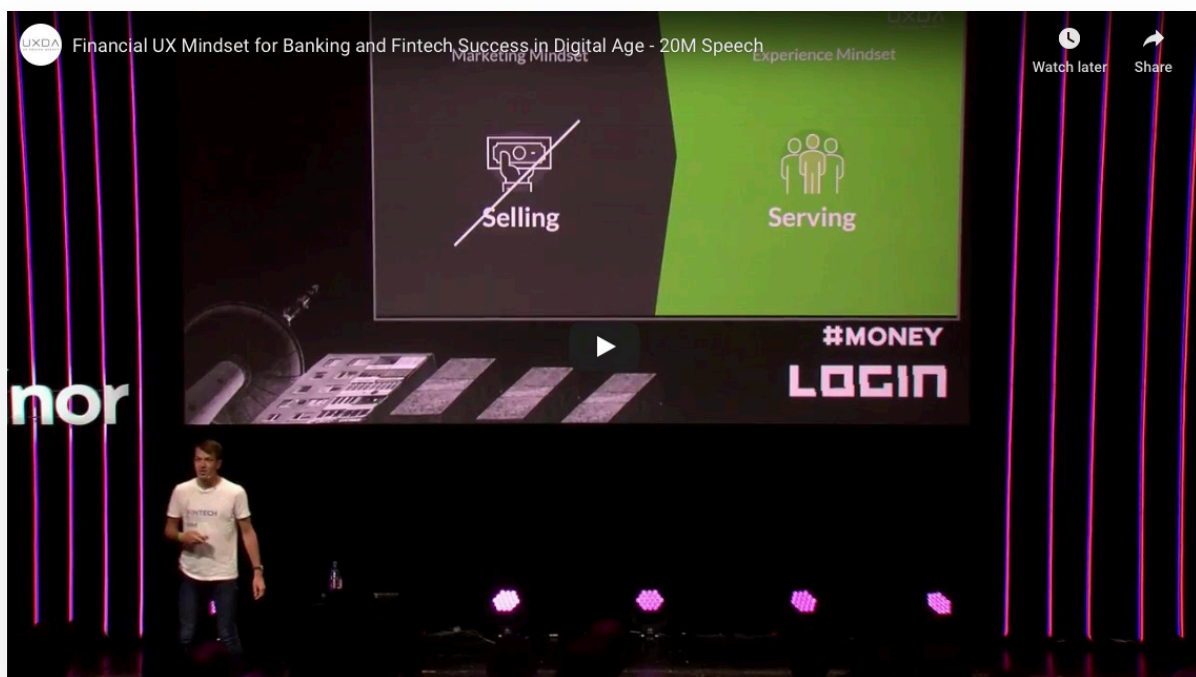
If you are willing to take the user experience of your financial business to the next level, contact UXDA - we will help you:

E-mail: info@uxdesignagency.com

WhatsApp or call: +371 200 200 23

Skype: uxdesignagency

Linkedin: https://www.linkedin.com/in/alexkreger

Book a meeting: Calendly