

# PRODUCT AND SERVICE INNOVATION

Innovative companies proactively seek to uncover consumer needs, using this knowledge to build and shape new products and services. Innovation may be on the agenda for many financial service organisations, but is good intent being translated into reality?

We asked Forum Members for their insight on two key questions: “How is your organisation introducing innovative products or services that truly uncover consumer needs and drive loyalty and engagement?” and “What role should Marketing play in influencing product or service innovation and design?”

## Q What role should marketing play in influencing product or service innovation and design?



### KERRY CHILVERS

BRANDS DIRECTOR,  
DIRECT LINE GROUP

#### Understand and anticipate the needs of the customer

Marketing has an integral role to play in making sure any new product or service is absolutely focused on meeting customer needs. It's our job to understand and anticipate these needs as they change. We use data and bespoke research, as well as immersive workshops with customers. A lot of the insights we've gained have been borne out of tackling friction, as we constantly seek ways to improve customer experience.

Marketing must also make sure any product or service is true to the brand, so that the business maintains brand distinctiveness in the market. Marketers are also well placed to have a wider perspective outside our category, in terms of tech trends and what's changing for businesses and consumers.



### ALEX HAMMOND

HEAD OF MORTGAGE MARKETING,  
CASTLE TRUST

#### A unique position

A successful marketing function holds a unique position within a company as the one team with strong internal links throughout the business together with a window onto its customers and competitors.

This means that marketing is well placed to identify exactly what its customers want, what its competitors offer and what its business is able to deliver.

By combining these three elements, a marketing team should be able to identify new market opportunities and how to serve them. It's a straightforward concept in principle, but reality is rarely simple and fractured communications within a business can scupper this process.

The trick is to keep those channels of communications open and to stay alert to market developments and customer feed.





**MARY BURNETT**  
HEAD OF CUSTOMER VALUE  
PROPOSITIONS,  
POST OFFICE

### Simple to understand, easily communicated

Communication is key to proposition and marketing plays a crucial role through the process; from customer insights and ideation through to delivery.

Their role is to support the translation of insights to innovations by ensuring that all messaging is clear and transparent but more than that, it is the role of marketers to remove any complexities that may confuse and mislead a customer.

To be successful, they work with the development teams to help shape the new innovations so that they are simple to understand and can be easily communicated.

In this way, innovations that may be brilliant but no one takes advantage of because they are too hard to understand, or worse, customers don't understand the products they have signed up for are avoided.

Again this approach to transparent communication supports the development of trust between customer and provider as there are no hidden catches or leaps of faith required.



**PETER MARKEY**  
BRAND COMMUNICATIONS AND  
MARKETING DIRECTOR,  
AVIVA

### Finger on the pulse

Marketing teams need to keep their finger on the pulse on customer needs as well as relevant market and competitor dynamics to feed into the process. Ultimately marketing help to bring innovations to market so it's vital that the team is involved as early as possible in the process.



**RICHARD SHERWELL**  
ACCOUNT DIRECTOR,  
SAPIENTRAZORFISH

### Create genuine brand differentiation

Today, it's simply not enough to just be faster, simpler, easier – the experience needs to deliver the brand's differentiating value to customers, grow it over time, and evolve with their changing needs.

Marketing's role needs to be focused on creating genuine brand differentiation in the mind of the customer, and acting as a sensor in the test, learn, evolve cycle to inform further innovation. SoFi in the US are a great example of building out ambitiously around a customer (HENRYs – High Earners, Not Rich Yet) and anticipating the potential; there aren't many financial services organisations throwing oversubscribed singles parties.

Here in the UK, the new era of Open Banking will create one of the biggest brand loyalty tests in financial service history – future-proofed organisations will feature marketing integrated in to the service design approach.



**KAREN WHEELER**  
UK COUNTRY MANAGER  
AFFINION

### Collaboration for a holistic view

It's vital that marketers help to inform the innovation of our products and services. There's a clear need for businesses to listen to feedback from customers and prospective customers, as well as taking a steer from how marketing campaigns have resonated.

By analysing marketing data and customer feedback, new and innovative products and services can be shaped and introduced. We've seen this first-hand in our work with RBS, for example, managing their membership services in a multi-channel environment through the website, call centre, email and SMS. Listening to customers, we created a bespoke product that allows them to access their benefits portal, make bookings and use other banking services in the way that suits them best.

Ultimately, it's important that marketing teams work together with the sales and product teams on the ground. This allows a business to gain a holistic view and consequently, ensure they stay relevant.



## Q How is your organisation introducing innovative products or services that truly uncover consumer needs and drive loyalty and engagement?



### VICKY BRADLEY

ASSISTANT PRODUCT MANAGER,  
MORTGAGES,  
SKIPTON BUILDING SOCIETY

#### Product innovation influenced by feedback

At Skipton, product innovation is highly influenced by broker feedback which helps to shape our Real Life Lending proposition.

An example of this is our Bespoke proposition, launched in 2017. This promotes the concept of tailored mortgage products to suit customers who require a loan of £1m or above with the incentive of a broker support line, dedicated underwriting team and direct access to our products team; which is unique in the market.

This proposition was primarily built on broker feedback and through collaboration with brokers who are highly-skilled and knowledgeable in this market segment. Following the distinctive customer requirements for this type of lending, the products team worked together closely with marketing to design a brand, reflecting a premium feel for larger loans whilst still complimenting Skipton Intermediaries.



### JOHN BATTERSBY

HEAD OF COMMUNICATIONS  
AND POLICY,  
RATESETTER

#### Focus on delivering value

We are focused on delivering value to our customers: with interest rates on cash savings languishing at an all-time low and easily outpaced by rising inflation, more and more people are considering putting their money to work by investing in peer-to-peer lending, accepting some risk in exchange for better returns. The number of people lending through RateSetter grew by over 50% in 2016 and our investors have now earned almost £65m in interest since we launched in October 2010.



### BOB STARK

COMMERCIAL DIRECTOR,  
PORTAFINA

#### Treat each customer as an individual

We aren't particularly innovative with the service that the consumer sees. The innovations that we introduce are nearly all behind the scenes to make it possible to provide the level of service that we do to a mass-market audience that is normally ignored by or simply uneconomical for the majority of financial advisers to deal with.

We use technology and processes in an unusual way for the advice sector (even if the norm for many other sectors) to increase efficiency, to aid engagement, to find customers, to plan and so on. For us, the loyalty and engagement still comes from understanding and treating each customer as an individual, and we still use people to do that.



### MARY BURNETT

HEAD OF CUSTOMER VALUE  
PROPOSITIONS,  
POST OFFICE

#### Manage the trade-off between the customer proposition and key considerations

Discussions around innovation tend to focus on identifying authentic customer needs and dreaming up creative solutions to meet them.

This is clearly a fundamental part of the innovation journey, but we believe that genuine innovation is expressed by successfully managing trade-offs between the ideal customer proposition, and all the other very real considerations that threaten to weaken it – technology, regulations, risk and finance to name just a few.

We use a proposition development framework and “customer guardians” to make sure that while all the other considerations are being managed, customers remain at the centre of all activity and the thread of innovation remains intact.





**ALAN WALSH**  
HEAD OF MARKETING,  
BUD

**Provide the best user experience and unlock value**

The explosion of fintechs launching exciting, new and innovative methods to address customer needs is vast.

At Bud we are bringing them all together into one unified platform. We have linked bank accounts, credit cards, pensions, mortgages, investments, credit, insurance, currency exchange and more. Through API integration, data insights and a slick user-experience Bud are able to suggest relevant and timely services to users based on their spend behaviour.

Our belief is that by providing the best user experience and unlocking the most value for customers (and partners), through usable data insights we will drive engagement, loyalty and ultimately advocates.



**JANE DALTON**  
FOUNDING DIRECTOR,  
GROUNDSWELL INNOVATION

**Collaboration will stimulate lasting innovation**

Brand based improvements are often overlooked in favour of feature-heavy advances

Big brands collaborating with start-ups is a great middle way to stimulate exciting, yet lasting innovation. But brand-based improvements are often overlooked in favour of feature-heavy technological advances. Most companies are missing their chance to win back trust and very few brands look outside our industry to understand how people are feeling.

The insurance sector is a prime example – do any brands really express what it feels like to go through the trauma of losing your home to flooding? Headlines move on, interest wanes and the people left behind become disillusioned and uninsured. It would be great to see some established brands really getting to grips with the kinds of ‘outcomes’ people need from this industry.



**PETER BRODNICKI**  
CEO,  
MORTGAGE ADVICE BUREAU

**Keep up or lose out**

Customer behaviour is changing, and technology is driving that change by delivering speed, ease, and convenience for any products and services consumers wish to purchase.

The mortgage sector is in the early stages of embracing technology, but once the momentum builds, intermediaries and lenders will need to keep up or lose out.

At MAB we develop all technology in-house, and digital developments are our priority to deliver customers with the choice they are clearly wanting in terms of how they research, receive advice, and transact.

Digital will not only play a rapidly increasing role in that process, but it will also have an increasing influence on customer acquisition, actively engaging with customers in the very early stages of their research until they are in a position to receive advice.

This is another major focus for us, and we believe brand and marketing will become increasingly more important in communicating those increasing choices we will be delivering.



**LUCIAN CAMP**  
FOUNDER,  
LUCIAN CAMP CONSULTING

**Quickly, simply and painlessly**

When it comes to innovation, the biggest problem with most financial services firms is that they’re full of people - especially more senior ones - who love financial services and can’t wait to get their heads round innovative financial ideas.

To innovate successfully, the single most important thing for marketers to do is to remind these colleagues at every opportunity that most of their customers are the diametrical opposite of this, and just want to deal with their finances as quickly, simply and painlessly as possible.





### SIMON MILLER

HEAD OF MARKETING  
AXA PPP HEALTHCARE

#### Fall in love with insights

For us it is about getting even closer to the customer's emotional needs, attitudes, motivators and what they are thinking on the inside but not necessarily doing on the outside (as far as we can see).

It means we have much more front weight the traditional product and innovation process – literally getting inside people's house and their lives, not just relying on data and focus groups. This enables us to extract all the rich internal insights from our daily customer interactions, well beyond transaction.

It's then about falling in love and being true with the insights and experimenting and testing against those, being prepared to pivot the innovation several times along the way. All textbook and buzzword stuff I hear you say. And it is. But the challenge is not the process but the discipline to it and the underlying culture amidst such a heavily regulated and risk adverse sector.

So for this reason, marketing should definitely influence and often lead innovation in my view (we should after all be as close to the customer as anyone). But it will only be successful if the customer is engrained in the culture across the business and if we innovate collaboratively across departments, with partners and most importantly, with customers.



### LORNA LONEY

DIRECTOR OF PRODUCT SOLUTIONS,  
APRIMO

#### Internal processes are no excuse

Traditional financial services companies are seen as laggards and use the age old excuse that internal processes and regulation are barriers to getting new innovative products, services and content out to market quickly. We know this is rubbish as the new FS disruptors are not being held back. So what's different? Could it be people and their willingness to change the way they work? How do you empower your team to do things quickly without compromising on quality or risking breaches? Who's willing to throw away the quill and parchment in the bin and embrace the technologies that drive agility.



### PETER MARKEY

BRAND COMMUNICATIONS AND  
MARKETING DIRECTOR,  
AVIVA

#### Draw on all the key parts of the organisation

Customer-centric innovation is a vital part of what we are focussed on at Aviva. Its why we have a dedicated proposition development team at the heart of our UK digital business. The innovation process draws on all the key parts of our organisation not just the propositions team so marketing, pricing, customer experience and web development all play vital roles throughout the process from ideation to execution.



### HAMISH LEPUR

HEAD OF PROPOSITION INNOVATION  
STANDARD LIFE

#### Test underlying assumptions 'in the wild'

Companies can challenge the traditional approach of launching new products and services in financial services in three ways. Firstly, look to other industries with similar challenges and opportunities to gather world class insight and break down traditional approaches. Secondly, create short cycles of generating and testing hypotheses directly with customers and clients, to validate concepts. Then prototype promising services, to simulate how it will feel to a customer. This allows testing of the underlying assumptions "in the wild" and quickly determines whether the business case stands up, before committing significant funding. **□**



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##### Innovation in Innovation

What is the future for innovation and product/service design? David Smith, Chief Executive of Global Futures and Foresight, shares his thoughts and some key tool in driving differentiation, aligning technology to business objectives, and in raising customer experience levels.

##### The Disruption Revolution

Disruption in financial services is a topic taking up more column inches and web pixels than ever before. However, we are only just at the beginning of the journey. Many of the ambitious FinTech brands around today will go on to become household names in the next five years. We asked Forum Members for their insight into how disruption will shape the financial services landscape as we move into an exciting new era.