



CONNECTING WITH MILLENNIALS

**HOW FINANCIAL SERVICES CAN CREATE MEANINGFUL
CONNECTIONS WITH MILLENNIAL CONSUMERS**

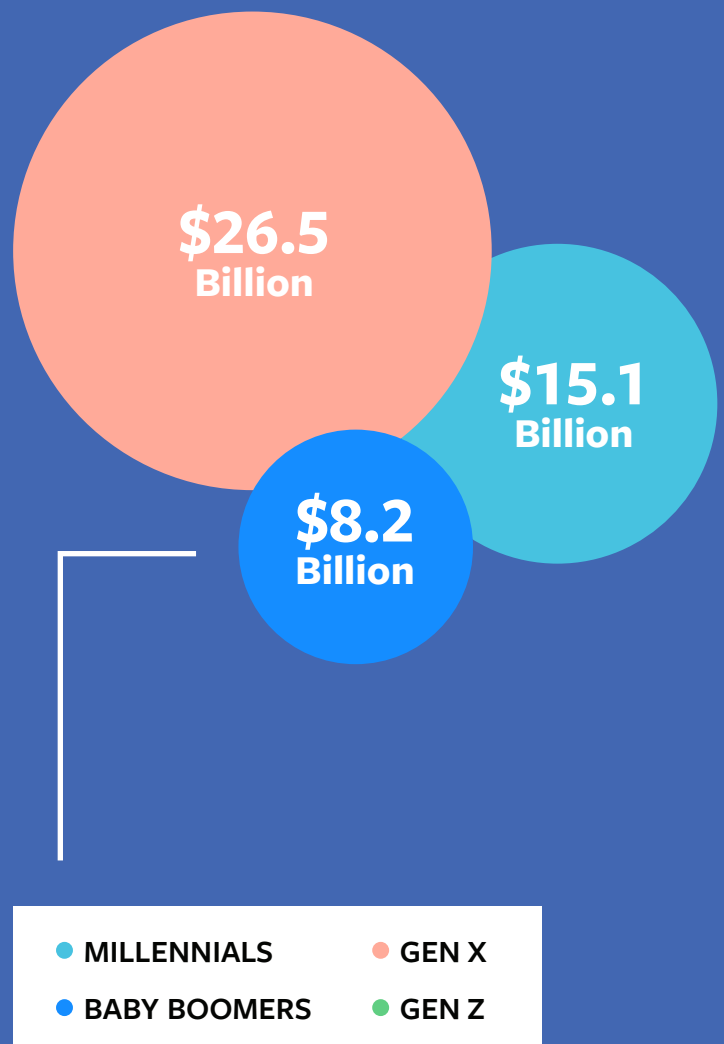
Retail Banking Report May 2019

facebook IQ

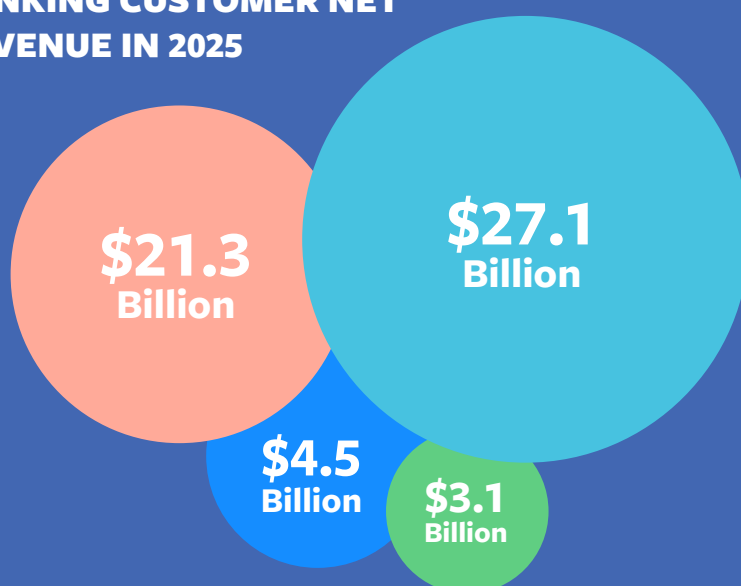
**MORE CONNECTED
AND TECHNOLOGICALLY
EMPOWERED THAN
THEIR PARENTS,
MILLENNIALS ARE SET
TO BECOME THE MOST
POWERFUL CONSUMER
COHORT IN THE
COUNTRY.**

So what should
financial services
consider when looking
to attract and build
engagement with the
millennial customer?

AUSTRALIAN BANKING CUSTOMER NET REVENUE IN 2018



PROJECTED AUSTRALIAN BANKING CUSTOMER NET REVENUE IN 2025



Facebook IQ Source: RFI Group, March 2019.

INTRODUCTION

Welcome to Facebook's Connecting with Millennials report.



In this research we examine the importance of engaging with the next generation of empowered consumers and explore the channels they use to make key financial decisions.

Throughout this report we have defined millennials as those born between 1985 and 2001 (aged 18–34 in 2019), although we acknowledge there are other competing definitions in circulation.

What is not in any doubt, however, is that millennials are poised to become the world's most powerful consumer cohort.

Whilst millennials might currently be worth less than older generations to financial institutions, that balance is shifting rapidly.

According to RFi Group: “The value of Millennials to Australian financial institutions is expected to increase by almost 80% by 2025”.

With this impending rise of millennials as a commercial force, it's more important than ever that financial institutions and their marketers understand them.

Facebook IQ Source: RFi Group, March 2019.

To help you do this, Facebook has commissioned a Retail Banking report in partnership with Accenture, which surveyed 1,001 Australian banking customers.

We also undertook an innovative eye-tracking study in partnership with Eye Square which surveyed 140 TV-viewing participants across 108 Australian households.

The study has been illuminating. It reveals a highly connected group of consumers who enjoy near infinite choice and are at ease doing business digitally.

They also have a mobile-first approach to life and value meaningful connections amongst friends and in business.

For marketers, the research reveals the channels that 18 to 34-year olds use most to discover and discuss new financial products - opening the door to a whole new way of connecting with them.

And that's just the beginning.

I hope you enjoy reading this report and that the insights contained within it aid you in meaningfully reaching this emerging cohort of consumers.



John Arnott,
Head of Financial
Services, Facebook ANZ

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01 | WHY MILLENNIALS?

THE MILLENNIAL COHORT OF TODAY ARE POISED TO BECOME THE WORLD'S MOST IMPORTANT CONSUMER GROUP OVER THE NEXT FEW DECADES.

As older generations move into mid-life and retirement, millennials are replacing them as the most valuable demographic in terms of purchasing power.

According to Alex Boorman, Managing Director of Consulting at RFi Group (who provide business intelligence to the world's leading financial institutions), the research demonstrates this emphatically.

"The value of millennials to Australian financial institutions is expected to increase by almost 80% by 2025, while the value of Gen X and Baby Boomers will decline.

"Similarly, the value generated by an average millennial is expected to increase by more than \$1400 by 2025. By then, an average millennial will be generating more than \$4000 per year for financial institutions," Boorman explains.

Aside from their growing prosperity, there are other factors that make millennials unique among consumer demographics. For example, when compared to their parents' generation, millennials are blessed with an abundance of choice.

This is especially the case with financial services products. The array of options millennials are faced with has conditioned them to be much more discerning. Consequently, they are less forgiving of everything from poor customer service to high fees.

"Millennials are particularly disloyal to financial institutions," Boorman says.

"Their switching propensity is almost twice that of older generations and it is expected to increase as the age profile of millennials matures."

Millennials in
2018



Proportion of total mortgage balances

Millennials in
2025



Proportion of total credit card spend



PROJECTED GROWTH IN NET REVENUE PER AUSTRALIAN MILLENNIAL BANKING CUSTOMER

Total net revenue
of **\$2,628**
per Millennial

Total net revenue
of **\$4,001**
per Millennial

Facebook IQ Source: RFi Group, March 2019.



“As they progress through their late teens and early 20s, young millennials deepen their product holding and become increasingly multi-banked.

“Some 45% of 18-year olds hold products with more than one institution, versus 64% of 25-year olds,” Boorman says.

Millennials—emboldened by choice—are also particularly open to trying new financial products over traditional offerings.

“Millennials are already more readily engaging with FinTechs and neo-banks,” Boorman adds.

“Some 19% are already using a FinTech and 20% are highly interested in using a neo-bank.

These providers are winning by focusing on ease, convenience and financial empowerment,” Boorman adds.

GROWTH IN MILLENNIAL MULTI-BANKING TREND IN AUSTRALIA



In 2018

68%

of Millennials are **multi-banked**

45% of
18 year olds

76% of
34 year olds



In 2025

74%

of these consumers will be **multi-banked**

64% of
25 year olds

76% of
41 year olds

Facebook IQ Source: RFI Group, March 2019.



KEY MARKETING TAKEAWAY

Millennials are fast becoming the most important consumer demographic in terms of purchasing power. In an increasingly competitive landscape, it's important for financial services marketers to understand how best to reach, engage and retain them - or risk missing out on the significant value they offer.

02 | MILLENNIAL VIEWING HABITS

THE ADVENT OF NEW TECHNOLOGY IS RAPIDLY CHANGING THE WAY TRADITIONAL INDUSTRIES OPERATE—AND THE REALM OF FINANCIAL SERVICES IS NO EXCEPTION.

The ongoing evolution of mobile technology has had a seismic impact on society. It has provided vastly improved services and efficiencies, leading consumers to expect greater levels of convenience in all that they do.

Millennials in particular are accessing content on the go, at any time, across multiple devices.

This trend, centred around convenience, has given rise to the mass uptake of subscription video on demand (SVOD). And in just a few short years SVOD has completely reshaped millennial viewing habits.

In fact, since 2014 and the advent of paid-for streaming services, OzTAM data reveals peak free-to-air television viewing has dropped by 42% among millennials in Australia¹, as they embrace the freedom of watching what they want, when they want.

That's a lot of time suddenly being spent consuming content which has no advertising around it.

What is clear, according to RFi Group's Alex Boorman, is that the rise of mobile and streaming channels strongly correlates with millennials' abandonment of traditional mediums as a whole.

“Quite simply, traditional media channels are no longer engaging millennials. While 65% use Facebook or Instagram on a daily basis, only 32% watch free to air TV, 6% read a print newspaper and 4% read a print magazine².

“Millennials cannot be reached in the same way their predecessors were,” Boorman explains.



Facebook IQ Source: 1. eTAM Analyzer, Consolidated Viewing by OzTAM 2018. 2. RFi Group, March 2019.

In short, the days of taking a broad-brush approach to advertising on traditional channels are no longer as effective in reaching all core customer segments.

Eye Square's Facebook-commissioned study looked to provide further guidance on the viewing habits of millennials by monitoring where TV viewers were focusing their attention and when.

According to the study, during TV shows, 67.6% of millennials were engaged with what was shown, while over a quarter (25.2%) were focused on their smartphone. Another 7.2% were focused elsewhere.

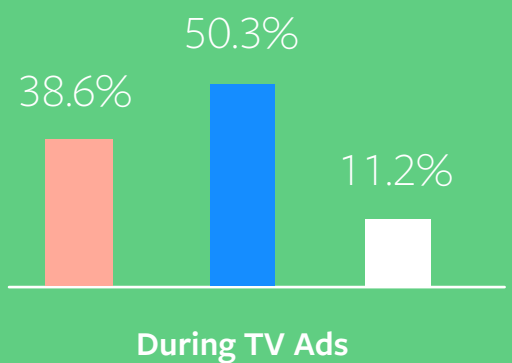
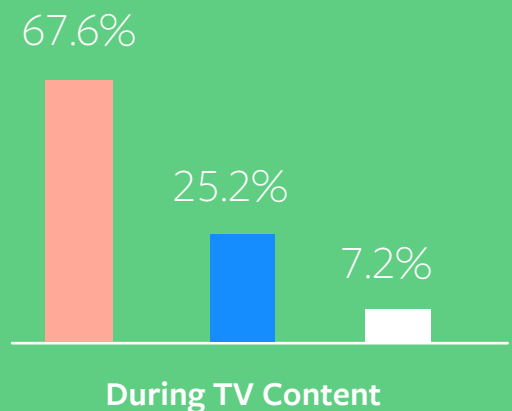
When advertisements were played the figures altered substantially.

In this instance, barely a third of millennials (38.6%) were still engaged with what was on the TV screen, while more than half (50.3%) switched their attention to their smartphone. The other 11.2% was spent looking elsewhere in the room—for example, at another person.

When not looking at the TV, Facebook was the most common application for people of all ages to be consumed with. Millennials in particular spent more time across the full Facebook Family of Apps—which includes Facebook, Instagram, Messenger and WhatsApp.

This growing trend of second-screening is a valuable insight for marketers, who have the ability to target mobile channels at peak times during TV broadcasts. On offer are the eyes that stray from the screens, particularly when traditional advertising is shown.

ATTENTION DISTRIBUTION OF MILLENNIALS DURING TV CONTENT AND ADS



■ TV ■ Smartphones ■ Other

Facebook IQ Source: "Multiscreen Study – Australia" by Eye Square (Facebook-commissioned study of 108 households, 140 respondents in Melbourne, Australia, 2018)



KEY MARKETING TAKEAWAY

Millennials are shifting away from traditional channels, as technology disrupts the way they consume media. Taking a mobile-first approach, and adapting channel mixes to reflect changes in viewer behaviour is increasingly important.



03 | HOW MILLENNIALS CHOOSE THEIR BANKS

THERE ARE SOME PERSISTENT MYTHS AROUND MILLENNIALS AND FINANCIAL SERVICES.

One is that they are financially irresponsible - caring more about smashed avocado on toast than saving for the future. Another is that they are not interested in seeing financial services content on social media.

Both, however, are debunked in the face of emerging evidence to the contrary.

The reality is that millennials are now engaging in financial services content in the same place they share photos and chat with friends.

When millennial everyday banking customers who use each platform weekly were polled, 78% said they use Facebook for retail banking related activities such as “following financial brands” or “sharing recommendations on financial products or services”. A further 75% said they use WhatsApp, while 64% use Facebook Messenger and 59% use Instagram for similar behaviours.

Their use of these social platforms is reinforced by the increased value millennials place in third-party or peer recommendations. Some 91% of millennial retail banking customers surveyed are part of an online group or community, while 80% of the same group would join an online group created by a banking brand.

Perhaps even more noteworthy, is that there is a considerable appetite for more of this content on social media.

>75% of millennial respondents said they would like to see additional financial services content on their Facebook or Instagram feeds.



78%

of millennials surveyed use Facebook for retail-banking activities



75%

of millennials surveyed use WhatsApp for retail-banking related activities



64%

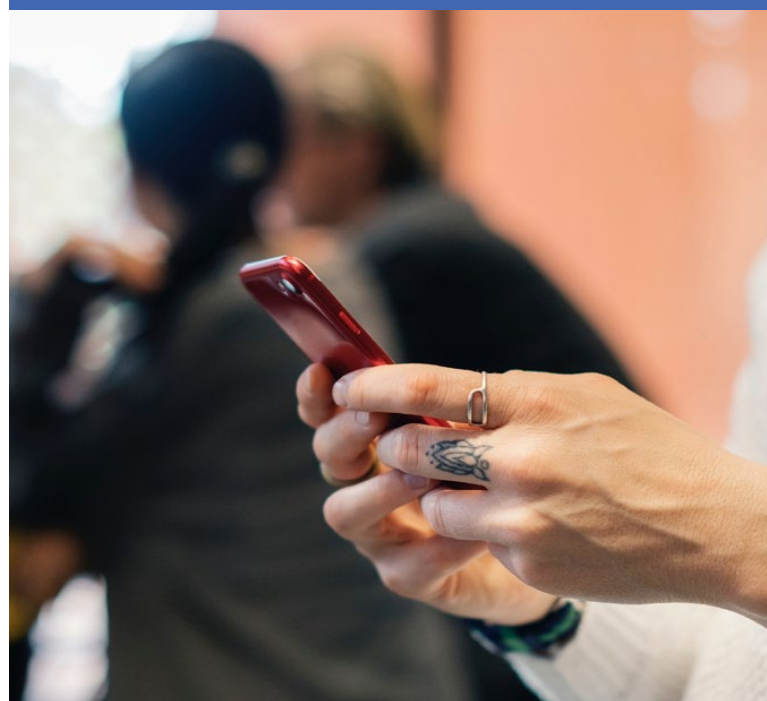
of millennials surveyed use Messenger for retail-banking activities



59%

of millennials surveyed use Instagram for retail-banking related activities

Facebook IQ Source: Retail Banking Consumer Journey Study by Accenture (Facebook commissioned online study of 1,000 respondents, ages 18+ Australia, Nov 2018-Feb 2019)—refers to respondents who use each platform weekly.



The prevalence of digital during discovery and evaluation

When millennials were asked how they discovered new retail banking options, digital channels were far and away the most cited response for over half of respondents, across all three product categories.

58% of millennial credit card customers surveyed said that digital was the most important channel for discovery, compared to 11% for TV, 1% for print and 2% for outdoor advertising.

Similar results applied for millennial home loan customers—with 54% citing digital as most important, against just 3% for TV, 5% for print and 1% for outdoor advertising.

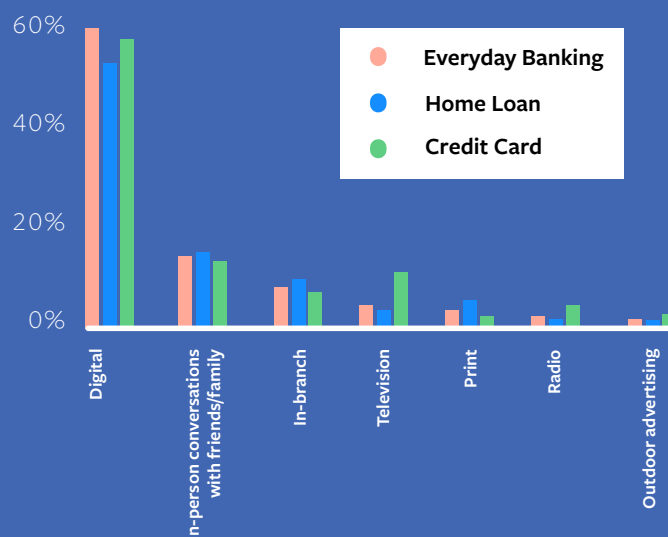
And millennial everyday banking customers proved most reliant on digital channels—with 61% of respondents saying it was the most important channel for discovery, compared to 4% for TV, 3% for print and 1% for outdoor advertising.

The survey revealed the Facebook Family of Apps to be the most common digital channel for discovery among those surveyed (44% for everyday banking customers, 42% for home loan customers and 41% for credit card customers—with banking websites (27%, 27% and 24%) and search engines (20%, 21% and 19%) lagging behind.

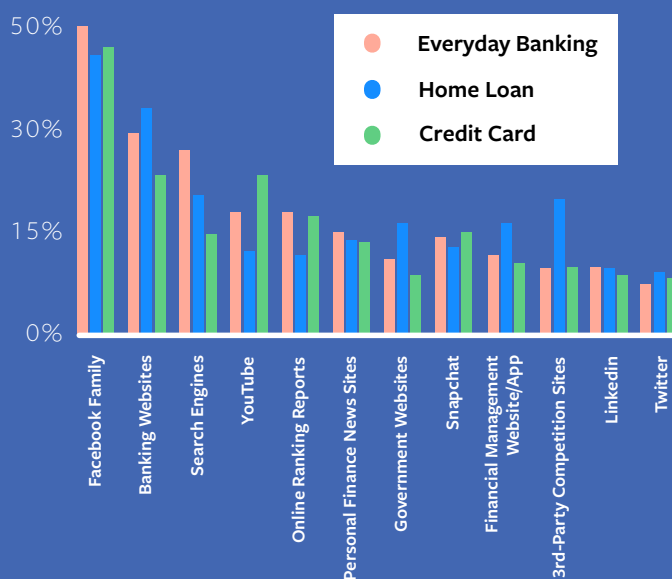
When assessing which digital channel ranked as the most important for the evaluation of financial services products, the Facebook Family of Apps was also the top-rated selection.

In fact, digital channels took on even more influence at this stage of the purchasing path, with 61% of everyday banking respondents, 41% of home loan customers and 69% of credit card customers citing them as most important.

THE MOST IMPORTANT CHANNELS FOR RETAIL BANKING DISCOVERY BY MILLENNIALS



THE MOST IMPORTANT DIGITAL CHANNELS FOR RETAIL BANKING EVALUATION BY MILLENNIALS



Facebook IQ Source: Retail Banking Consumer Journey Study by Accenture (Facebook commissioned online study of 1,000 respondents, ages 18+ Australia, Nov 2018–Feb 2019).



The decision-making timeline

When making decisions of a financial nature, millennials may have a reputation for impatience. But the truth is they often deliberate for some time before making a commitment.

Research reveals that 51% of millennials shopping for a home loan wait for at least three months before taking action. 40% of everyday banking shoppers and 30% of credit card shoppers do the same.

But while they are not flippant decision makers per se, they certainly research quicker when compared to over-35s. The evidence shows that 65% of millennial home loan shoppers spend less than two hours researching, compared to 48% of over-35s. For credit card shoppers, the split is 76% compared to 35%.

This tells us that millennials are, in general, more digitally savvy and able to navigate their research more efficiently, at a time that suits them.

How millennials take action

When executing on their product evaluations, millennials are more likely to do this on the go, with mobile an increasingly preferred channel. Compared to over 35s, millennials are 1.8 times more likely to use a mobile phone as the starting channel for a home loan or credit card application.

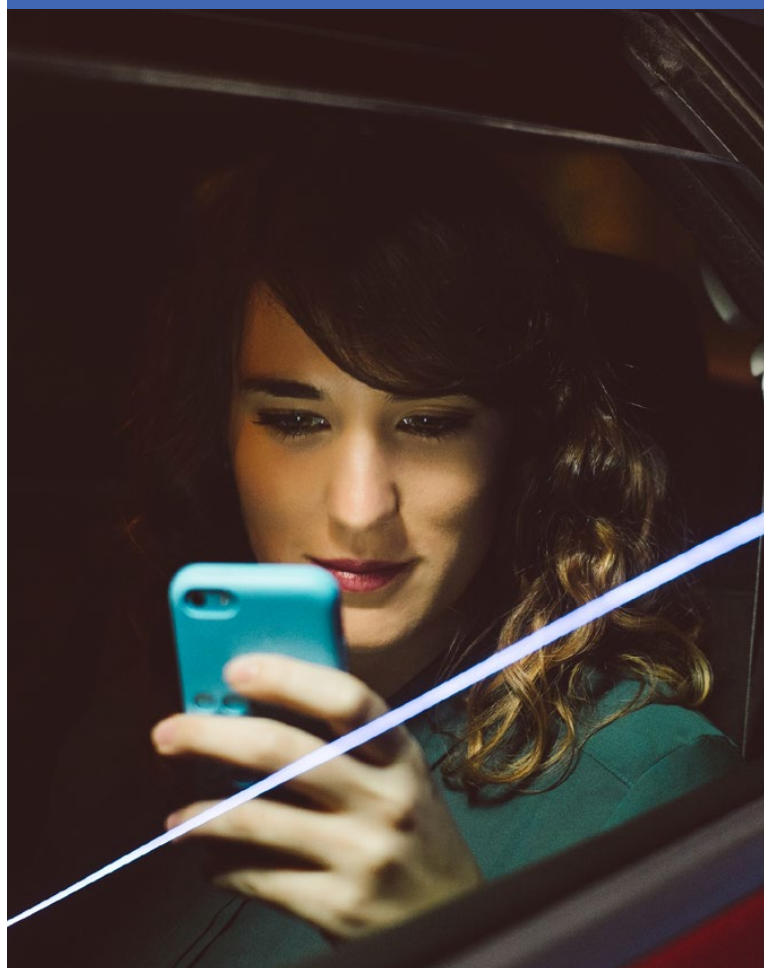


Millennials are

1.8x

more likely to use a mobile phone as the starting channel for a home loan or credit card application.

Facebook IQ Source: Retail Banking Consumer Journey Study by Accenture (Facebook commissioned online study of 1,000 respondents, ages 18+ Australia, Nov 2018–Feb 2019).



KEY MARKETING TAKEAWAY

Millennials actively engage with Financial Services content across the Facebook Family of Apps—and want even more of it. Digital channels are most commonly used for the discovery and evaluation of new products—with the Facebook Family of Apps seen as a critical channel by prospective millennial customers.

Many Millennials make decisions slowly, but research fast—signalling a need for financial institutions to employ always on marketing activities to stay top of mind.

04 | WHAT MILLENNIALS WANT IN FINANCIAL SERVICES CONTENT

We know that millennials value efficiency in every aspect of their daily lives, so it is understandable they look for this in their financial services content.

Of most interest to millennials surveyed is content that “makes my life easier” at 31%, while a further 26% are looking for content that “helps me reach my goals”. The same number of respondents are looking for content “that saves me money”.

It’s also interesting to note what millennials value more in their financial services offerings, compared to consumers of all ages.

The survey revealed that features such as “low or no fees” “convenience” and “special offers” are desirable to all demographics. But in terms of what matters more to millennials, results like “social media buzz”, “brand mission and values” and “product tutorials” came to the fore. This creates a significant opportunity for Financial Services companies to build and promote their brand proof points across social platforms.

THE TYPES OF FINANCIAL SERVICES CONTENT MILLENNIALS WANT TO SEE MORE OF

31%
makes my life easier

26%
helps me reach my goals

26%
saves me money

24%
lets me learn more about new products

22%
tips and tutorials

19%
with reviews

18%
tells an inspiring story

17%
information on offers

Facebook IQ Source: Retail Banking Consumer Journey Study by Accenture (Facebook commissioned online study of 1000 respondents, ages 18+, Australia, Nov 2018–Feb 2019).



KEY MARKETING TAKEAWAY

Focus on creating mobile-first content that adds value to the lives of millennials—and is tailored to help them achieve their goals more easily.



05 | KEY TAKEAWAYS

1 | Millennials are fast becoming the most valuable consumer demographic for financial institutions. **Understand how best to reach and engage this demographic—or risk missing out on significant opportunities.**

2 | Millennials are shifting away from traditional channels, as technology disrupts the way they consume media. **Adapt channel mixes to mirror changing behaviours and embrace the second screen.**

3 | Millennials cite digital as the most important channel for discovering and evaluating new retail banking products. **Recognise Facebook as a critical channel for engaging prospective millennial consumers.**

4 | While Millennials can be discerning decision-makers, many are researching fast. **Employ an “always on” approach to marketing activity to stay top of mind at all times millennials choose to research.**

5 | Millennials actively engage with Financial Services content across the full Facebook Family of Apps—and want even more of it. **Prioritise creating mobile-first content that demonstrates core brand proof points and facilitates engagement and interaction.**



06 | RESEARCH METHODOLOGY

Between November 2018 and February 2019 Facebook commissioned a study in partnership with Accenture, which surveyed 13,897 people over the age of 18 in Australia. It included specific questions about decision-making processes around signing up for a retail banking product, of which a subsample of 1001 retail banking consumers were surveyed.

Qualified respondents were those who signed up for everyday banking account, credit card, or mortgage retail products in the 12 months preceding the survey.

There were 328 surveyed consumers who opened a everyday banking account (an account held at a financial institution that allows withdrawals and deposits) in the past year. The demographic split was: male – 65% and female – 35%. The age split was 18-34 – 68% and 35+ – 32%.

There were 345 surveyed consumers who opened a credit card in the past year. The demographic split was: male – 63% and female – 37%. The age split was 18-34 – 55% and 35+ – 45%.

There were 328 surveyed consumers who took on a mortgage in the past year. The demographic split was: male – 61% and female – 39%. The age split was 18-34 – 53% and 35+ – 47%.

In addition, Facebook commissioned a study in partnership with Eye Square in November 2018. The survey constituted an eye-tracking study of 108 TV-viewing households with 140 respondents.

The report also drew upon RFi Group as a third-party provider of millennial research.

GLOSSARY

Facebook Family of Apps:

Includes Facebook, Instagram, Messenger and WhatsApp.

Financial disruptor: Financial technology that challenges traditional banking structures or services, commonly a digital solution that creates new efficiencies for existing products.

Online (NET): A term denoting both mobile and desktop.

Path to Purchase (P2P):

This includes the steps along the journey to open/sign up for a new retail banking product (i.e. discovery, evaluation, open/sign up for).

SVOD: Subscription video on demand, or streaming video on demand (interchangeable terms).





facebook IQ