The ABM Agency

The ABM Agency White Paper

How FinTech Companies Can Use Demand Generation to Emerge Victorious From the Pandemic

OVERVIEW

The popular take on the COVID-19 story in the financial technology (FinTech) industry is that businesses will fall into two separate categories, with customer behavior serving as the deciding factor.

In category one, there are the winners—those companies that specialize in services such as digital P2P payments, deposit and savings, fraud detection, and mobile banking. These types of organizations saw the pandemic as a "growth rocket," a term used by Victoria Treyger, a leader of FinTech investing at Felicis Ventures. Category two holds the losers—companies that offer services (including retail POS systems, challenger banks, and lending) that didn't align with the landscape carved out by the coronavirus. If these companies were able to survive the initial shockwave, they did so by rethinking their strategies and subsequently pivoted in some way.

That said, the whistle has yet to be blown on the FinTech game. There's still time on the clock, and those FinTech companies looking to come out on top have to remain nimble, tread carefully, and keep an eye on the post-COVID world. To do all three successfully, FinTechs can utilize Demand Generation strategies to survive and grow during (and well after) the COVID-19 pandemic. Here's how.

> "...almost overnight, the entire financial ecosystem has been permanently changed due to COVID-19, leaving FinTechs hanging in a delicate balance as uncertainty looms. MX.com

HOW FINTECH RESPONDED TO COVID-19

Starting in late February—right before the disease became a full-fledged pandemic—and through the month of April, FinTech companies saw immediate negative effects of COVID-19 on their business models. Mainly, funding was down across the board. All FinTech verticals, from payments and insurance to banking, lending, and real estate, took hits in varying severity. According to CBInsight's The State Of FinTech Q1'20 Report, it was the "worst Q1 since 2016 for FinTech deals" and the "worst Q1 for funding since 2017."

In the short-term, this meant FinTech companies had to face these monetary challenges head-on; consolidating resources, laying off employees, and finding ways to work in other areas not-so heavily impacted by the virus were all options.

Longer-term effects, however, remain to be seen, but it appears promising for many categories within the FinTech sector. In fact, a report by FleishmanHillard predicts FinTechs will be instrumental in driving economic recovery, in the same vein of the 2008 financial crisis. Companies just have to set themselves up in a way that FinTech Magazine calls "conducive to the post-pandemic business environment." But what does that entail? For starters, FinTechs must be flexible. Secondly, they must be in sync with the customer's wants and needs, and finally, they have to prepare to compete for investor dollars—all of which can be made easier with an account-focused marketing approach.

MOVING FORWARD WITH DEMAND GENERATION

BE FLEXIBLE; PIVOT IF YOU MUST

Demand Generation Strategy: *Diversify your marketing tactics, and follow the data.*

Moving forward starts with many FinTechs pivoting in either small, actionable ways or larger, entire business model changes. "The ability to adapt is crucial for FinTech companies to survive the crisis and thrive afterward," says Daumantas Barauskas, the chief operating officer of Genome, a payments platform engineered for online businesses. Barauskas is far from the only one advocating for pivoting and adaptation—it's necessary for all areas within FinTech, even those struggling with greater demand, and it's the reason the industry has a huge opportunity to benefit from account-based marketing.

Using demand generation approach to FinTech marketing doesn't mean throwing old strategies out the window; it's simply a low-stakes way for your marketing and sales team to branch out. It can be scaled for any size company, thanks to recent advances in technology, and can be executed in tandem with other marketing tactics. If a FinTech company has relied on demand generation in the past, and it's still somewhat working in this economy, albeit not at a pre-pandemic standard, demand generation can serve as a complementary piece of the puzzle.

Although demand generation is extremely effective for B2B companies with longer sales cycles, performance can be measured in real-time, which further encourages flexibility. Analytics are gathered, interpreted, and leveraged daily. Is the content marketing strategy not engaging the targeted accounts? Is an account over-indexing in one area? Is one digital marketing channel working more efficiently than another? This information can then be fed to the sales and marketing teams, informing what they need to do, or change, to meet their KPIs.

Dynamic Customer Habits

Demand Generation: *Know who your customer or buyer is, but don't set it in stone.*

Customer habits in 2020 are dramatically different from 2019, and they'll continue to change as we enter into 2021. Since the pandemic hit, digital processes and e-commerce have boomed; both individual consumers and businesses are focused on cashless payments and digital identification in order to maintain social distancing efforts and minimize in-person interactions. Additionally, customers are spending less, checking in with finances more often, and looking for new ways to do both. While this reality has benefitted many FinTech companies in the payment arena (the founders of Afterpay have become billionaires in 2020), nothing is certain. Will the customer remain this hesitant and vigilant regarding these financial decisions in the new year?

Maybe, maybe not—but FinTechs can combat their customers' fluctuating wants and needs by staying diligent and knowing whom exactly they need to sell to. This is the key to pandemic and post-pandemic survival; and in ABM, this process begins with defining the "buyer persona." Before the execution of an ABM campaign, sales and marketing must know what type of account they're targeting. What size company will be interested in the product? Who are the probable decision-makers and what aspect of the business affects them most directly? What are their largest concerns? Are they even aware of their need for the product or service? Painting the buyer persona picture—and continuing to update it on a regular basis—results in a more efficient marketing spend and an overall healthier business.

> **With increased scarcity in venture capital owing to COVID-19, early-stage startups are likely to be affected. B2B companies will likely to get more funding than B2C because of the impact of COVID-19 on consumer confidence/spending.**
>
> Jason Alderman, CCO at Fast

Cash Conservation While Competing for Investors

Demand Generation Strategy: *Focus on fewer high-quality accounts to ensure a high ROI*

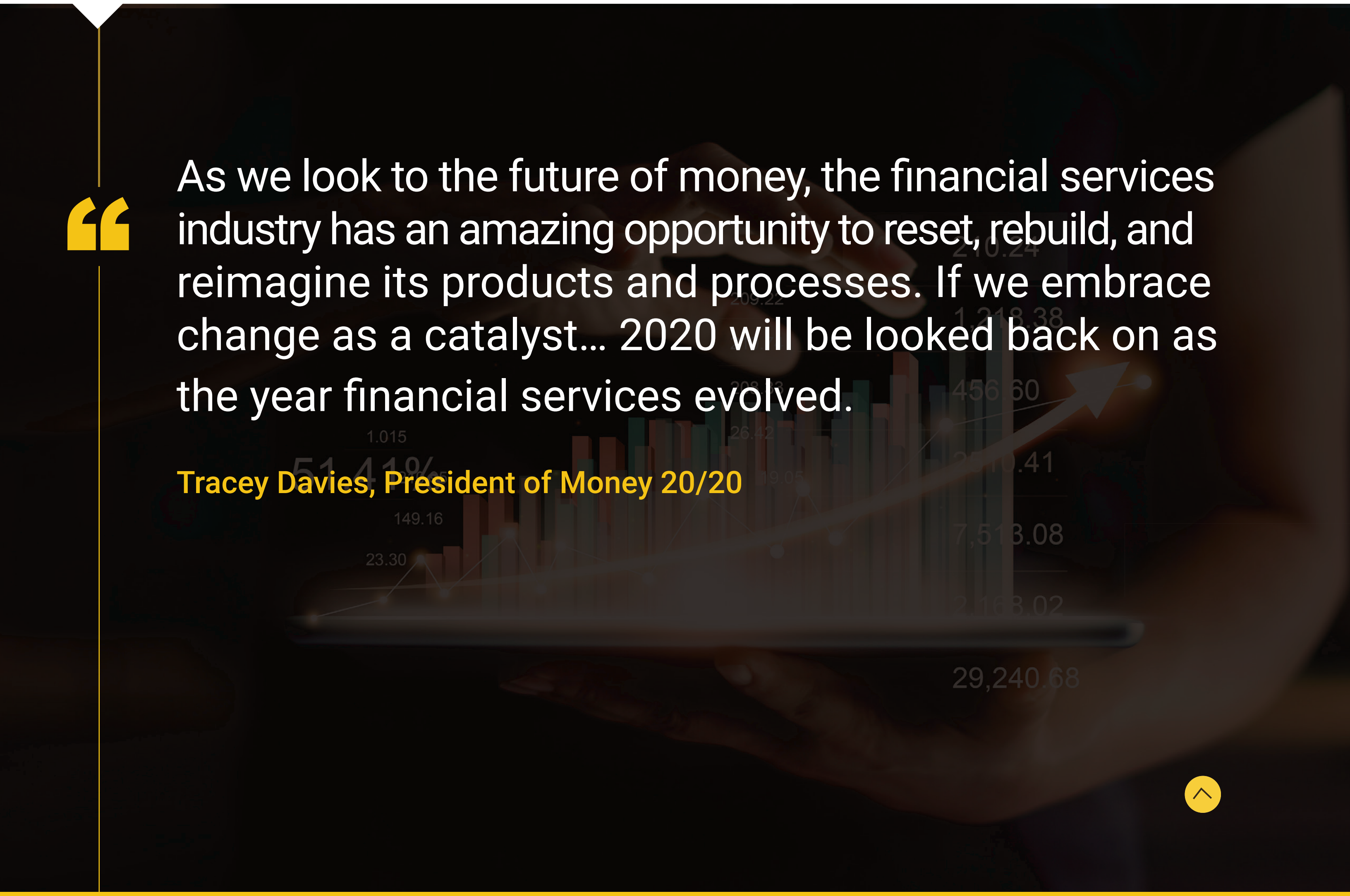
Many FinTechs are cash strapped, but there's a bright spot at the end of the tunnel for B2B companies: 44% of FinTech experts believe B2B companies will continue to attract investors, more so than B2C companies.

A large majority also believe late-stage FinTechs will find it a lot easier to secure funds than those in the early stages—but that doesn't mean the path to full funding will be simple. Investors, both returning and first-timers, will remain cautious as the economy claws its way out of the trenches, and competition among FinTechs vying for cash flow will increases.

Once again, demand generation is the answer to both a tighter marketing budget and a wary investor. Demand Generation is very much a one-to-few approach to B2B marketing, which means it only targets accounts who have the potential to bring in significant value down the line. Every ad, every click, and every engagement works to nurture these high-value leads toward the decision stage of the sales funnel. Wasted ad spend will be minimal if strategies are executed correctly; thus, the result is a higher ROI in terms of conversion lift and pipeline influence. If a FinTech company is struggling to find funding, a successful demand generation program can be a highly effective method of keeping the business afloat and attracting those precious investor dollars.

CONCLUSION

Many companies in the FinTech industry have come out on top of the coronavirus pandemic, remaining "solvent and profitable." Others, unable to pivot fast enough, serve as models of unfortunate timing coupled with a product or service that doesn't resonate during a global health crisis. FinTechs who fall between the two categories, however, still have the chance to reach greater profits—as long as they utilize strong, nimble marketing strategies, like demand generation.



> As we look to the future of money, the financial services industry has an amazing opportunity to reset, rebuild, and reimagine its products and processes. If we embrace change as a catalyst… 2020 will be looked back on as the year financial services evolved.
>
> **Tracey Davies, President of Money 20/20**

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