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HOW TO USE IDENTITY, DATA AND AI TO ACHIEVE A LIFETIME OF FINANCIAL LOYALTY

Anticipate customers' needs across all five stages of the financial lifecycle

A revolution is happening in financial services.

Non-bank fintech such as ApplePay and Venmo are fueling customers' demand for real-time, personalized online experiences, and COVID-19 is accelerating digital adoption of these new technologies. Financial brands need to consider building relationships with a similarly digital-first mindset.

Online and mobile-first players showed financial brands and customers a new, more nuanced digital-first and personalized approach—and it's working:

- **Marcus**, Goldman Sachs' online consumer bank, attracted $45 billion in deposits and $5 billion in loans in fewer than three years.
- Online insurance provider **Lemonade** has more than 250,000 customers and $180 million in funding as of late 2018.
- **Apple** provides the technology infrastructure for easy and convenient mobile payments, cash-back rewards and financial management tools to its 1.4 billion device users.

So why are they so successful? Because they're starting from a customer-centric view in a digital environment instead of the traditional product-centric view. In retail marketing terms, these emerging financial brands are moving from a point-of-sale strategy to a point-of-experience ecosystem, leaning on customer activity and behavior to guide the next, most valuable brand interaction.

If financial brands want to succeed in a customer-first world, they must move away from channel- and product-first interactions and start addressing customers' current and future financial needs. This requires building an ecosystem that can identify customers and their associated behaviors across channels, generate insights from these activities, and then connect with them in a personalized and timely way. Unfortunately, Forrester research shows that 68% of financial brands say they struggle to message the correct person across devices, browsers and touchpoints.

How can financial brands keep up? By using data and AI to change their current strategy. Engaging the customer in a meaningful way goes far beyond sending a personalized email or message. Instead, it's about using technology to read the digital signals customers send every day beyond interactions with brands and offer them a message that points to their next best action in their financial journey.

If financial brands activate data and AI to get omnichannel marketing truly right, they'll be able to anticipate and address customer needs throughout their financial lifecycle—leading to a frictionless brand experience focused on what the customer cares about in each moment.

This guide shows financial brands how to engage with current and new customers at each stage of the lifecycle with a single, integrated approach that anticipates each person's unique next action. Marketers will see that focusing on the customer—not the brand—builds a lasting, trusting relationship with each person.

The five stages of the financial customer lifecycle

Acquire
Bring net-new customers to your financial institution.

Onboard
Make sure they start using the service—whether that means setting up direct deposit for their account or making their first purchase on a new credit card.

Grow
Increase stickiness over time through value-added services and upgrades.

Cross-sell
Encourage adding relevant product categories to deepen relationships.

Retain
Optimize your portfolio to stop customer leakage.

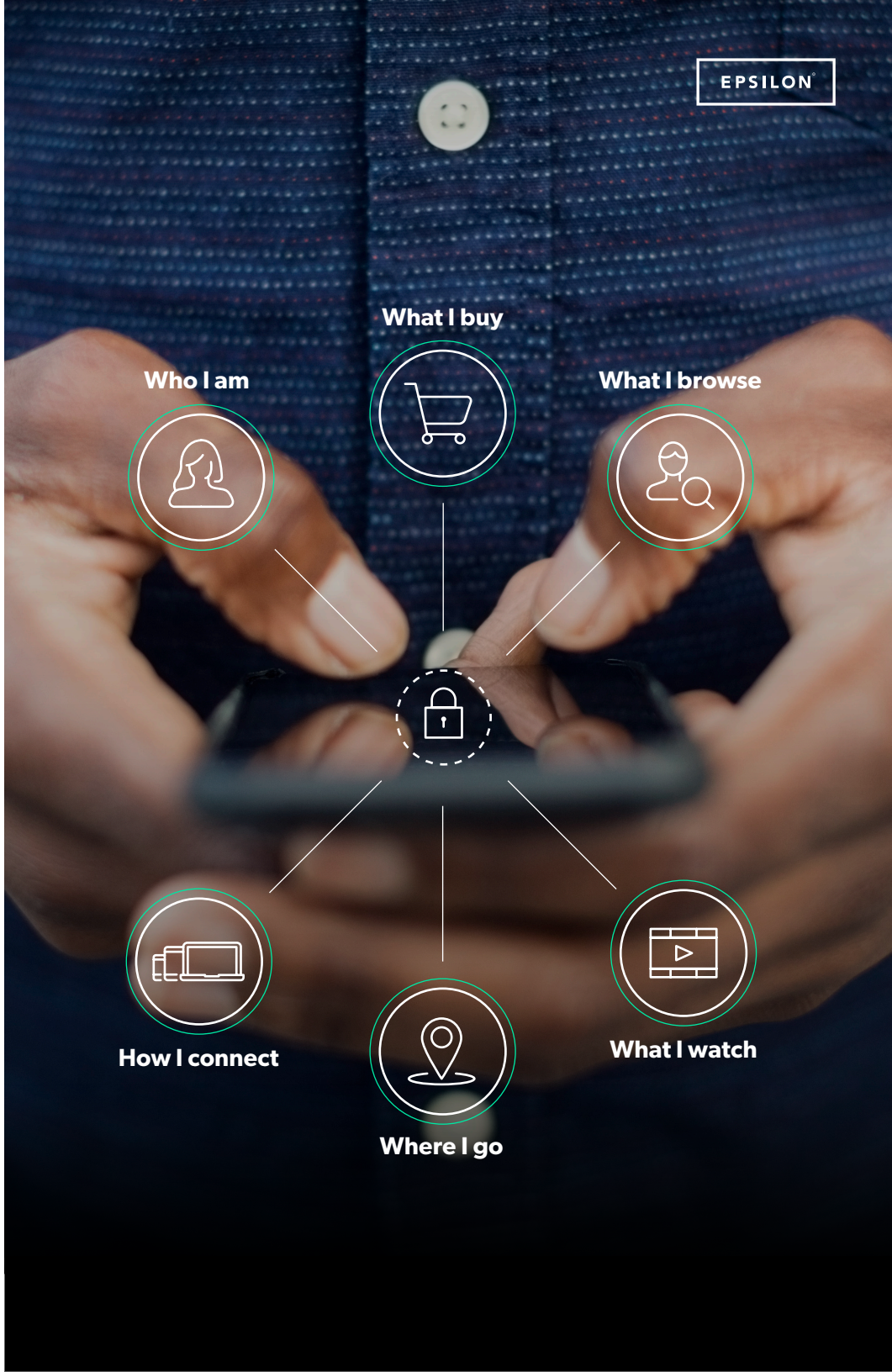
It all starts with knowing the customer

Consider how customers view the financial brands in their lives:

- According to Temkin's 2017 Loyalty Index, insurance carriers, banks and credit card issuers rank 15th, 16th and 17th on a list of 20 industries ranked by their customer loyalty. Supermarkets, auto dealers and hotels are the top three.

- In 2019, a Bain & Company global survey found that 54% of respondents trust at least one big tech company more than they trust banks, and 29% trust at least one tech company more than their own primary bank.

- The 2018 Retail Banking Advice Study from J.D. Power showed that 78% of respondents are interested in receiving financial advice from their bank, but only 28% answered that they get it.



How can financial brands create a more integrated customer experience that lasts for a lifetime? Through connecting every interaction back to that person with consistent, ongoing identity resolution. **Each message should build on the one before it—creating a conversation that adds value** to each person's life based on what they care about and what they need next.

There are many opportunities to build that digital journey inside and outside your brand's owned properties, such as mobile apps, text messaging, email, web browsing and digital media. All these online interactions (channel preference, purchase activity, browsing history, email interactions, app activity and more) leave digital signals that marketers can use to inform how they talk to that individual.

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1:1 vs 1:You Marketing

1:1 is a messaging strategy that's generically personalized with promotional offers, while 1:You is a holistic customer experience strategy that's personalized with the best choice for each person across all interaction points.

The evolution of 1:1 to 1:You is possible thanks to advancements in marketing strategy and the ability to bring together data from vastly different inputs, technology and outcomes to a single profile.

Without consistent identity resolution, many brands end up with missed opportunities, leading to wasted marketing by:

- X Promoting a financial product when the customer isn't ready for it (e.g. offering a mortgage when the customer isn't looking to buy or refinance)
- X Featuring a financial promotion that the customer already took advantage of
- X Repeatedly sending a customer the same notification or offer
- X Communicating outside of the customer's preferred channels

At the core, today's technology and AI create new insights for financial brands that they can use to power future conversations with each customer. Instead of these broad, segmentation-level communications, identity management allows financial brands to build personalized communications.

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Maintaining privacy and staying relevant

To let customers and regulators know that they take privacy very seriously, it's crucial that financial brands work with partners that keep privacy at the forefront of every solution they build:

- **Data minimization:** You or your partners only collect the data you need and retain that data only as long as you need it. In many cases, collecting and retaining data that directly identifies an individual isn't necessary.

- **Regulatory compliance:** Recent privacy laws such as the European General Data Protection Regulation (GDPR) and California Consumer Privacy Act (CCPA) are quickly becoming the standard for privacy and data protection. Other states may enact their own privacy laws, and there's serious discussion of a federal privacy law. The challenge for any brand will be to maintain a privacy-protected environment without risking the quality of their identity management.

- **Maintaining persistent opt-out:** High-quality identity management is critical for maintaining opt-out status, which is crucial for maintaining a quality privacy program.

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Meet your customers

Shannon, Mason and Rich are all at very different life stages and have different financial needs. But they all expect highly personalized marketing that speaks to each of them in the right moments.

Throughout this guide, we'll share examples of how to reach each of them through identity-based marketing that uses real intent data and executes through industry-leading technology.

Shannon

Shannon wants to upgrade from a condo to a house after securing a higher-paying job.

Mason

Mason is a recent college grad who just landed his first job.

Rich

Rich is looking forward to retirement and wants to leave a sizeable inheritance for his children.

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Shannon

Female, 34 | Single
Income: $140K | Chicago, IL

Card history

- Basic debit card

Recent browsing

- Finance Co. > Account options

Historical browsing

- Credit cards > Explore your options
- Earn bonus points

Dominant categories

- Credit cards
- Business

Devices

- iPhone
- Apple iPad
- IE, Chrome

Individual attributes

- City style
- Full-price shopper
- Works in marketing

Mason

Male, 22 | Single
Income: $50K | Seattle, WA

Card history

- None

Recent browsing

- Finance Co. > Credit cards

Historical browsing

- Finance Co. > Savings & checking
- Homepage > Savings
- App > Mobile check deposit

Dominant categories

- Savings & checking

Devices

- Android phone
- Chrome desktop and Android app

Individual attributes

- Works in finance
- Frequent traveler
- Outdoor enthusiast
- Discount shopper

Rich

Male, 59 | Married, grown kids
Income: $220K | Atlanta, GA

Financial products with bank

- Debit card
- Platinum credit card
- Mortgage

Recent browsing

- Finance Co. > Insights > Wealth management

Historical browsing

- Homepage > Savings & checking
- Borrowing > Mortgage refinancing

Dominant categories

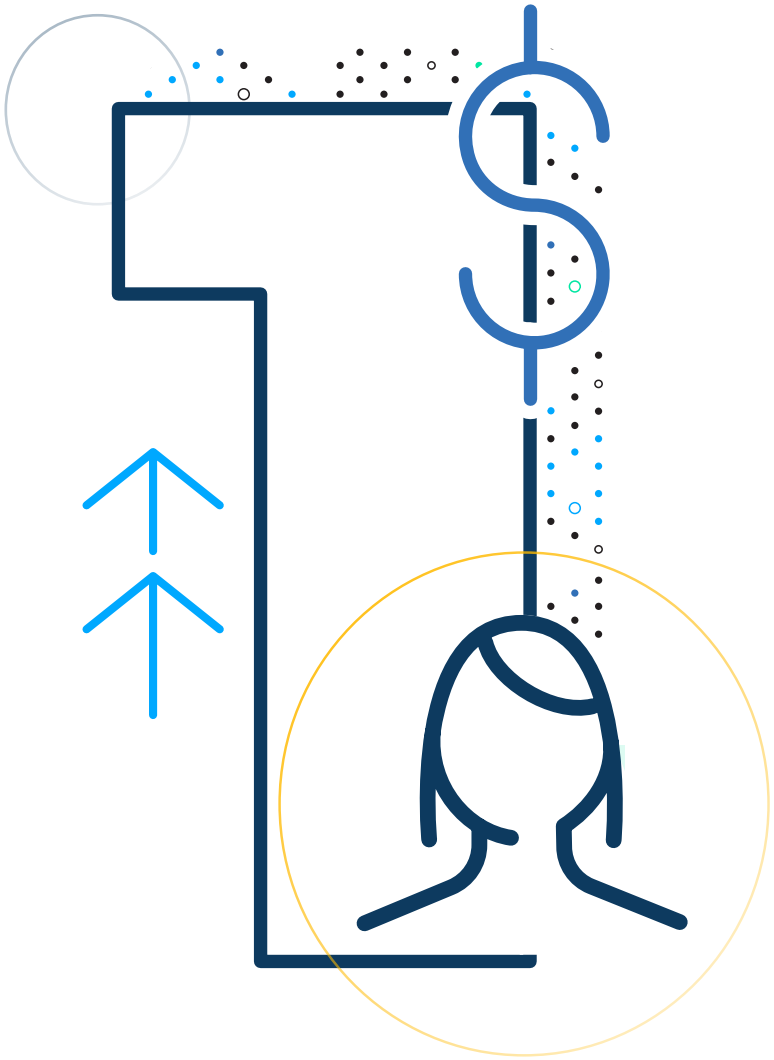
- Savings & checking
- Mortgages

Devices

- iPhone
- Android tablet
- IE (desktop)

Individual attributes

- Car enthusiast
- Family vacationer
- Business traveler



ACQUIRE

Engage with the right people

Acquisition is all about getting high-value, in-market people in the door. As the number of providers and financial services continues to grow, financial brands have to know when people are hitting their next financial milestone, from opening their first account to saving for retirement.

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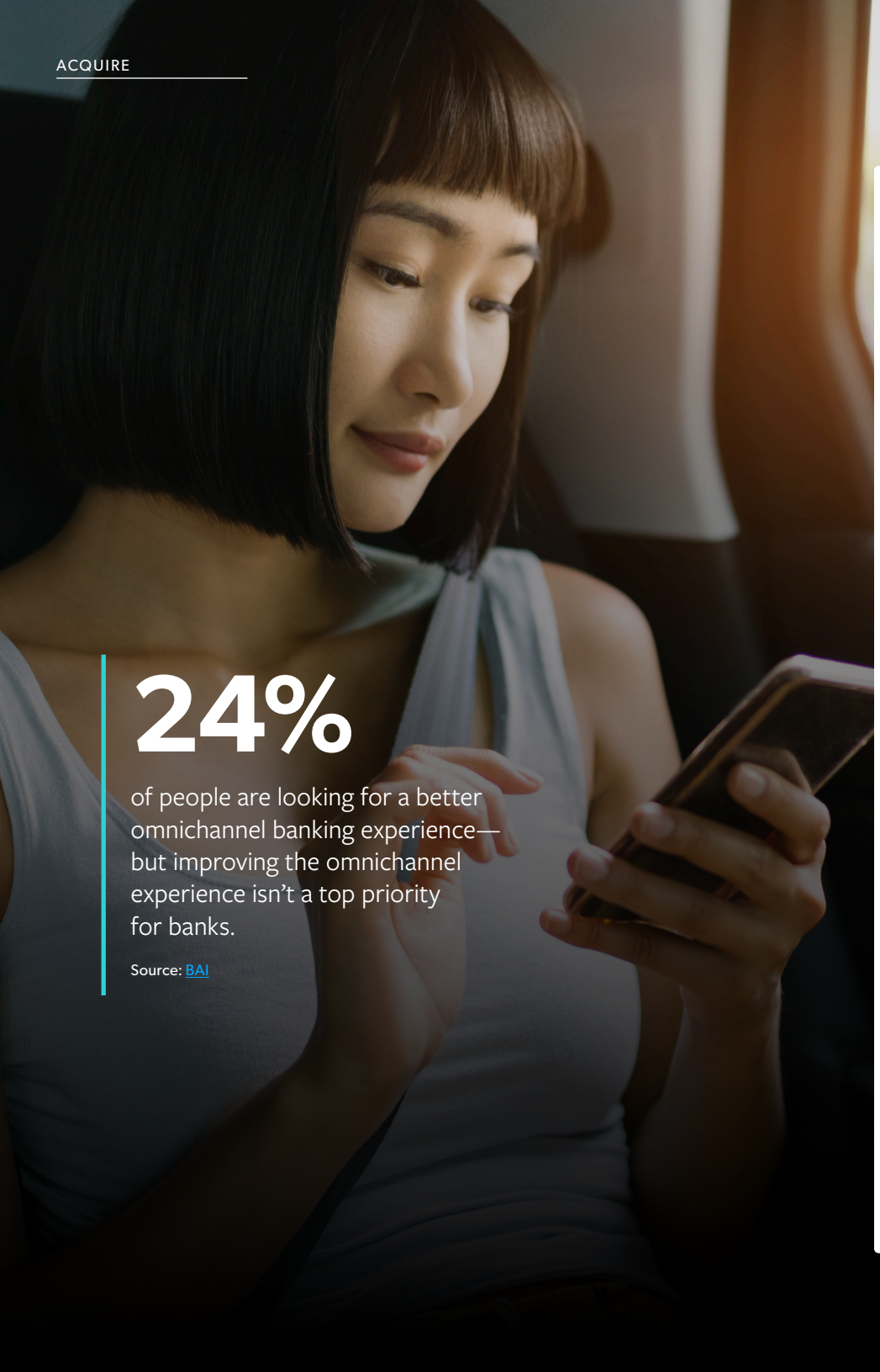

24%

of people are looking for a better omnichannel banking experience—but improving the omnichannel experience isn't a top priority for banks.

Source: BAI

Three keys for acquisition success

1. **Anticipating a person's need.**
Instead of focusing on a certain segment or demographic for a product-based offer, a holistic view of potential customers allows financial brands to really know who is a qualified prospect and actually in need of a financial product in that moment. Using this approach generates high-quality leads and accounts by identifying high-value, net-new customers who are ready to start a lifetime relationship with a financial partner.

2. **Matching to the right product.**
The other side of identifying the person is identifying the product they need. There is no point in promoting a travel rewards credit card to someone who never travels, or sending a student an offer for a checking account that earns a high interest rate. Understanding who your customers are enables you to best meet their needs.

3. **Serving a message in the best moment.**
The final part of this trifecta is how and when that message gets served. According to Epsilon research, 77% of customers say they're more likely to do business with a financial institution that offers personalized experiences in their brick-and-mortar locations. That number jumps to 89% for brands that offer personalization in their digital experiences (e.g. email, website, mobile app). You need to truly know each individual to reach them at their own best moment: whether that's in the morning as they check email or in the afternoon when they research a financial product in-app. The journey is different for everyone, and your marketing approach should reflect that.

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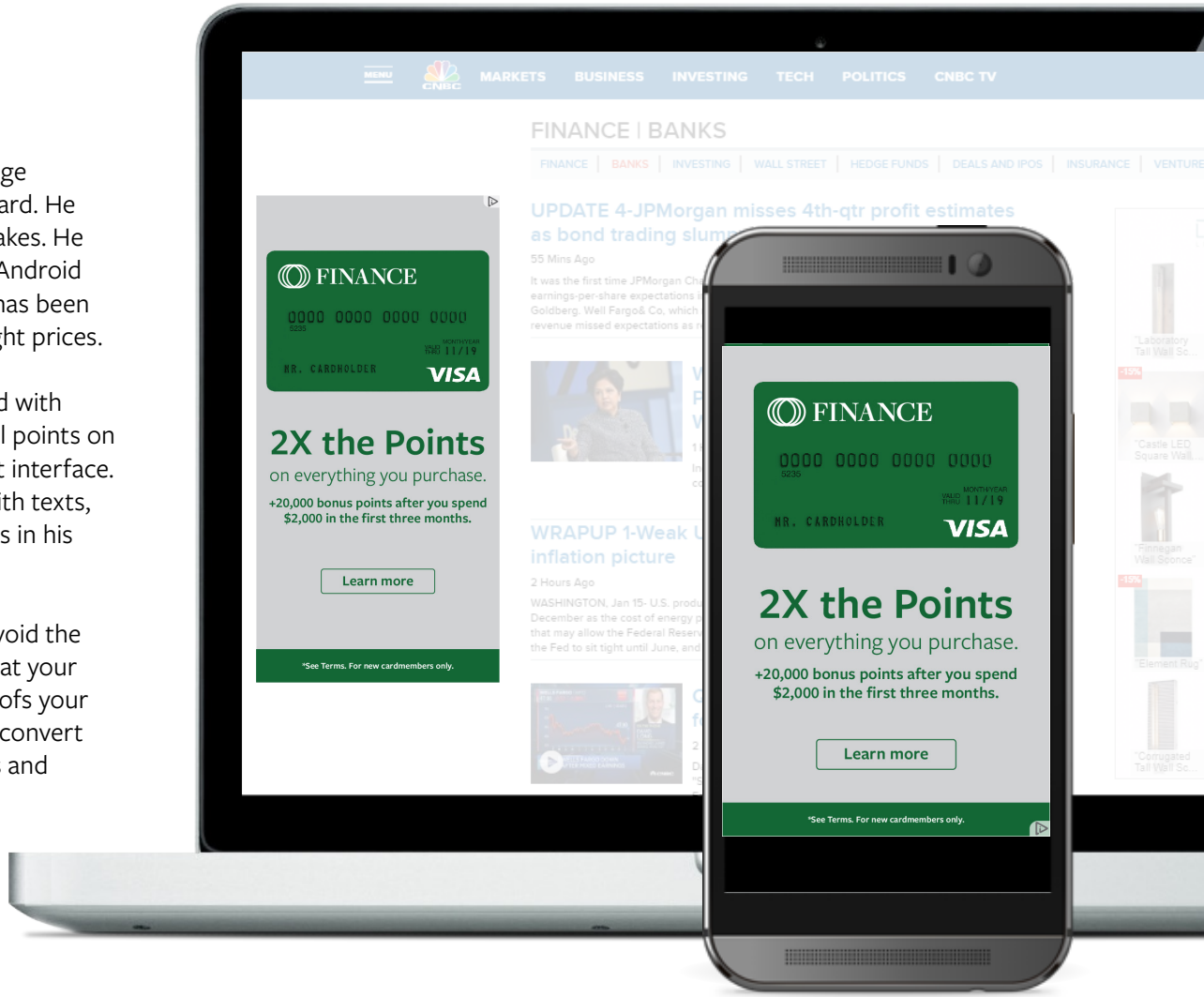
Identity management in action

Mason

Mason is looking forward to traveling after his recent college graduation. He has a basic savings account but no credit card. He checks his text messages and emails first thing when he wakes. He also reads the news online and checks the weather on his Android phone every morning. For the past several weeks, Mason has been researching online different locations to visit, as well as flight prices.

His bank identifies him as a great prospect for a credit card with travel rewards. They deliver messaging that offers 2x travel points on purchases and an easy online application and management interface. The bank consistently reinforces these communications with texts, emails, digital ads on his favorite news sites and pop-up ads in his weather app.

NOTE: It's a best practice to use digital prescreening to avoid the biggest challenge in loan acquisitions: offering products that your prospects will qualify for. Identity management future-proofs your new customers by identifying the people who are likely to convert and adopt other products, resulting in increased stickiness and customer loyalty.



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Real results

A Fortune 100 financial services organization wanted to find a more affluent market with expendable income to invest.

With Epsilon's industry-leading identity management, the financial services company selected a focused audience that fit their criteria: affluent customers who were in-market and matched their specific product offering.

Then Epsilon enabled them to find and reach this audience online with messages they cared about.

With transparent, closed-loop reporting, the client had full visibility into conversions and compared the total contributions from new accounts driven by Epsilon vs. new account opens that didn't receive the message at 90 and 180 days after the account was opened.

New account owners who received messages significantly outperformed the others—in some cases by 37%. Not only was Epsilon able to find more profitable prospects driving higher contributions, they executed the program more effectively than the client on their own.

14%

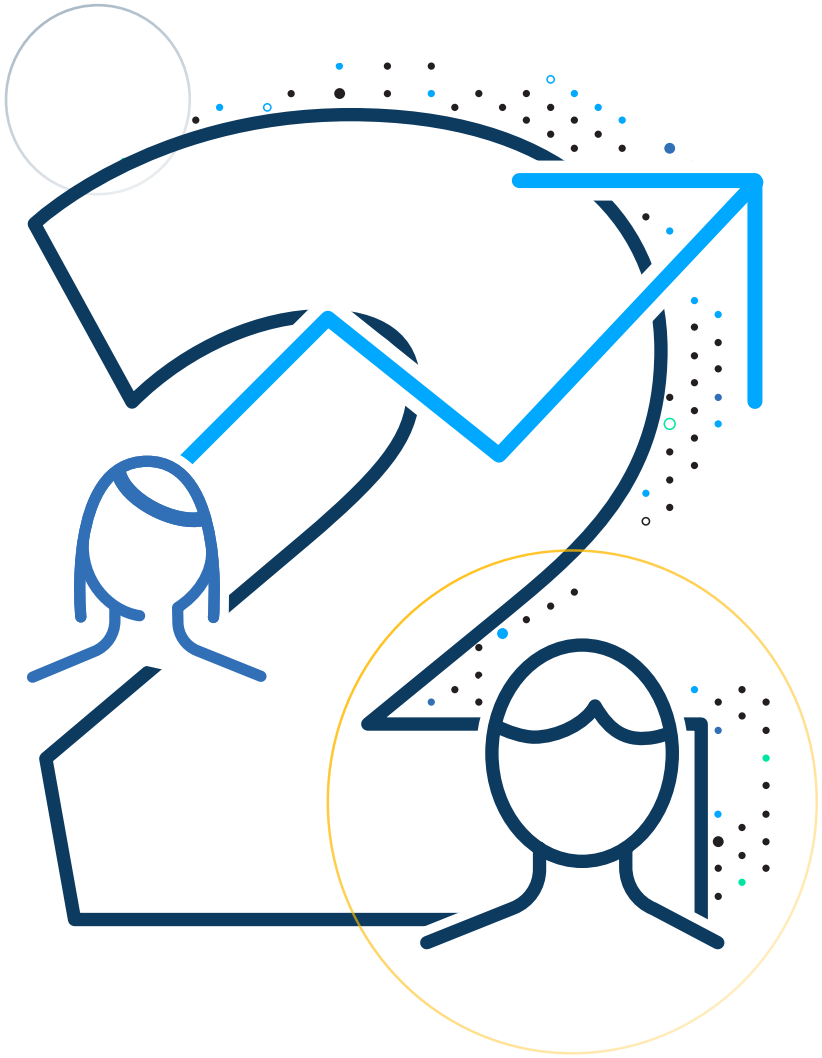
higher account contribution than average

23%

contribution increase for high-value accounts

37%

contribution increase for messaged account opens



ONBOARD

Stop attrition

According to JD Power and Associates, new customers are nearly three times more likely to show attrition during the first 90 days of opening an account.

But the Financial Brand says that customer satisfaction and cross-sell successes improve when customers are contacted 4–7 times in their first 90 days. But many financial institutions deliver the same onboarding communication stream to each person.

Financial brands should apply the same digital signals for acquisition as they do for onboarding.

This goes back to the idea of picking up every conversation where it was last left. By first connecting each interaction to the individual, brands can then use data and AI to inform the next message that person receives in the onboarding process across channels such as email, text and mobile. Then, each recently acquired customer gets a message unique to them that inspires usage, activation or adoption based on what is known to motivate them.

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Identity management in action

Mason

The bank's efforts to connect with Mason worked. He applied for the cobranded travel card and was approved. But that was weeks ago, and he hasn't activated the new card yet. The bank sends him emails and texts with messaging to activate his new card and start earning points today. They also encourage him to download the mobile app so he can manage his new credit card easier.

Consistently reaching him with relevant messaging across channels increases Mason's likelihood of activation and creates stickiness over time.

A recent survey says:

80% of people are more likely to do business with a company that offers personalized experiences.

89% are more likely to do business with a *financial institution* that offers personalized experiences.

64% say personalization means customization and service for them.

Source: Epsilon-Conversant, Power of me: More than a [firstname], 2018

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Real results

A national retailer's private label credit card (PLCC) program was shrinking, losing 1.5 cardholders for every new acquisition, and 30% of cardholders' purchases were paid for with a tender other than the PLCC. They wanted to inspire more in-store card use.

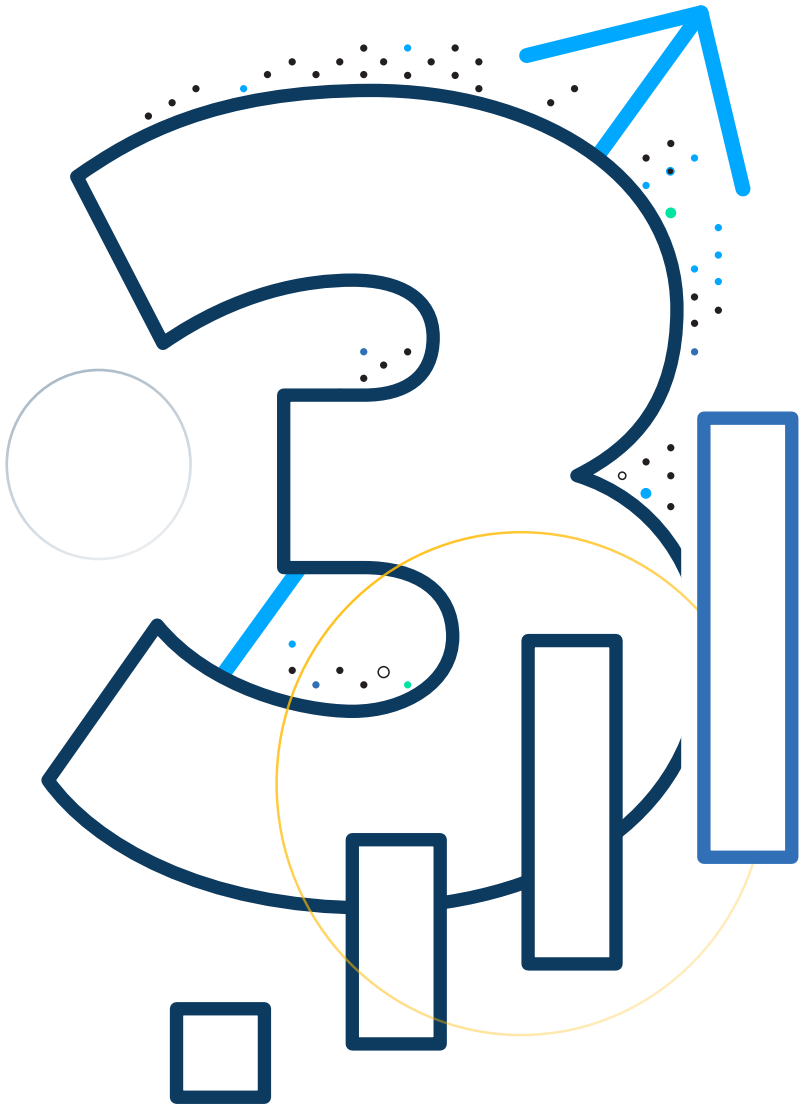
First, Epsilon matched 77% of the retailer's buyer file to their millions of privacy-protected profiles with 96% accuracy.

Then Epsilon served exclusive offers to these valuable cardholders, using always-on messaging to stay top-of-mind and compete with other payment options. Ultimately, this method helped to boost card usage and drive incremental spend.

$29:1
incremental return on ad spend

$6.5M
PLCC sales

46K
PLCC purchases



GROW

Mature with each customer

Now it's time to grow each customer's relationship—and their business—with the brand. This means going beyond brand-motivated product pushes and offer valued-added services and upgrades that match what the customer cares about. Seamlessly evolving with shifting customer needs based on the intentions their data implies will continue to build your relationships and improve stickiness:

- For recently married customers, share content on how to easily combine bank accounts, add a person to a credit card or save for a house.
- For customers that aren't signed up for online bill pay, send them an email with a simple how-to for setting it up and follow up with a text message.
- For customers who haven't downloaded your mobile app, share customer reviews on what others like most about the app with a link to download in their app store.

These insights help brands support their own growth objectives. Then, whether the goal is to increase customers' credit card purchases, increase deposits, consolidate their other accounts, or something entirely different, the brand can use owned channels to communicate this personalized message consistently.

Using machine learning models, every interaction a person has with the brand is categorized to then optimize all future interactions. Today's technology can build and learn more over time, so every message a person receives from a financial brand builds on the last one, effectively creating a loyalty loop for each customer.

Don't forget: It's just as important to deliver messages at the right time as it is to personalize the content. Using data and machine learning, brands can understand when each individual is likely to check their emails and respond to their text messages, so they can send communications accordingly.

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Identity management in action

Shannon

Shannon checks her text messages right after she wakes every day, but she's more likely to check her email in the afternoon on the weekend. She uses the bank's app occasionally. Her recent data behavior implies she appreciates convenience and recently started a higher-paying job.

Over the weekend, her bank emails her an offer to upgrade to a premier account. She doesn't convert right away, so the next week the bank follows up with a few early text messages and push notifications that highlight unique convivences of direct deposit and mobile access. Shannon returns to the email and takes action to upgrade her account.

The beauty of this approach is that it's personalized to her individual triggers, preferences and behaviors. This cadence of communications would be different for Mason and Rich, adapting to each of their needs and behaviors.

Driving growth with relevance

What will move the needle for customers?

From the financial institution's website or mobile app:

29% opens to each person's preferred page

29% stores financial activity history to reference later

23% stores billing information and preferences

From the financial institution's physical location:

43% reminds customer of outstanding financial transactions that need to be completed

43% allows customer to set up recurring financial transaction

32% recommends financial products appropriate for customer's financial situation

Source: Epsilon-Conversant, Power of me: More than a [firstname], 2018

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Real results

One of the world's largest banks had multiple email templates for its loyalty program that were inefficient to maintain and costly to modify.

Epsilon proposed a redesign of the bank's loyalty rewards marketing emails within Epsilon PeopleCloud Messaging, their email personalization platform, to create a responsive, modular and expandable wireframe for all future emails.

First, Epsilon audited the bank's existing email communications to understand their program and identify commonly used elements. Then, their creative team built a responsive wireframe and email architecture. Once approved, the creative team built the PSD files and a style guide, and the coding team built the HTML files into Epsilon PeopleCloud Messaging. They also implemented UTM tagging, which tracks where website traffic comes from, to help the bank understand their customers' experience.

12x

increase in speed to market

2–5x

higher click-through rate

CROSS-SELL

Develop deeper, longer-lasting connections

According to PwC, customers who use just one product at a financial institution are less profitable than those who use multiple products, and they also tend to be less sticky. After acquiring, onboarding and growing each customer, banks need to know what other solutions they may need, depending on their life stage.

With the approach we've established, it should be easy for financial brands to serve relevant cross-selling products to each customer. But there's one big problem: most customers use different financial providers for different products. In fact, on average, customers own 5.3 accounts across all types of financial institutions.

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Financial marketers need to move their cross-sell strategy from a product-centric view to a customer-centric one. If banks pair a customer's brand interactions with deep insights, they can anticipate what each person will need next. It only works by appending data to a customer's file, and then letting machine learning signal when that person is in-market for a new financial product.

And it works. Data-driven relationships are the most efficient path to cross-sell success. Traditional marketing doesn't increase engagement across entrenched product silos.

> **PwC found that traditional product-based acquisition strategies often lead to only a single-product relationship.**

PwC also found that digitally engaged customers are twice as likely to be multi-line customers than those primarily using offline service channels. In credit cards alone, they spend twice as much.

Nurture multi-line, digitally engaged customers

2.5x Multiple-line-of-business customers generate 2.5x the amount of pretax income than their single-line counterparts.

2x Digitally engaged customers are 2x more likely to be multi-line customers than offline ones.

2x Multi-line customers spend 2x more on credit cards than single-line.

Source: PwC

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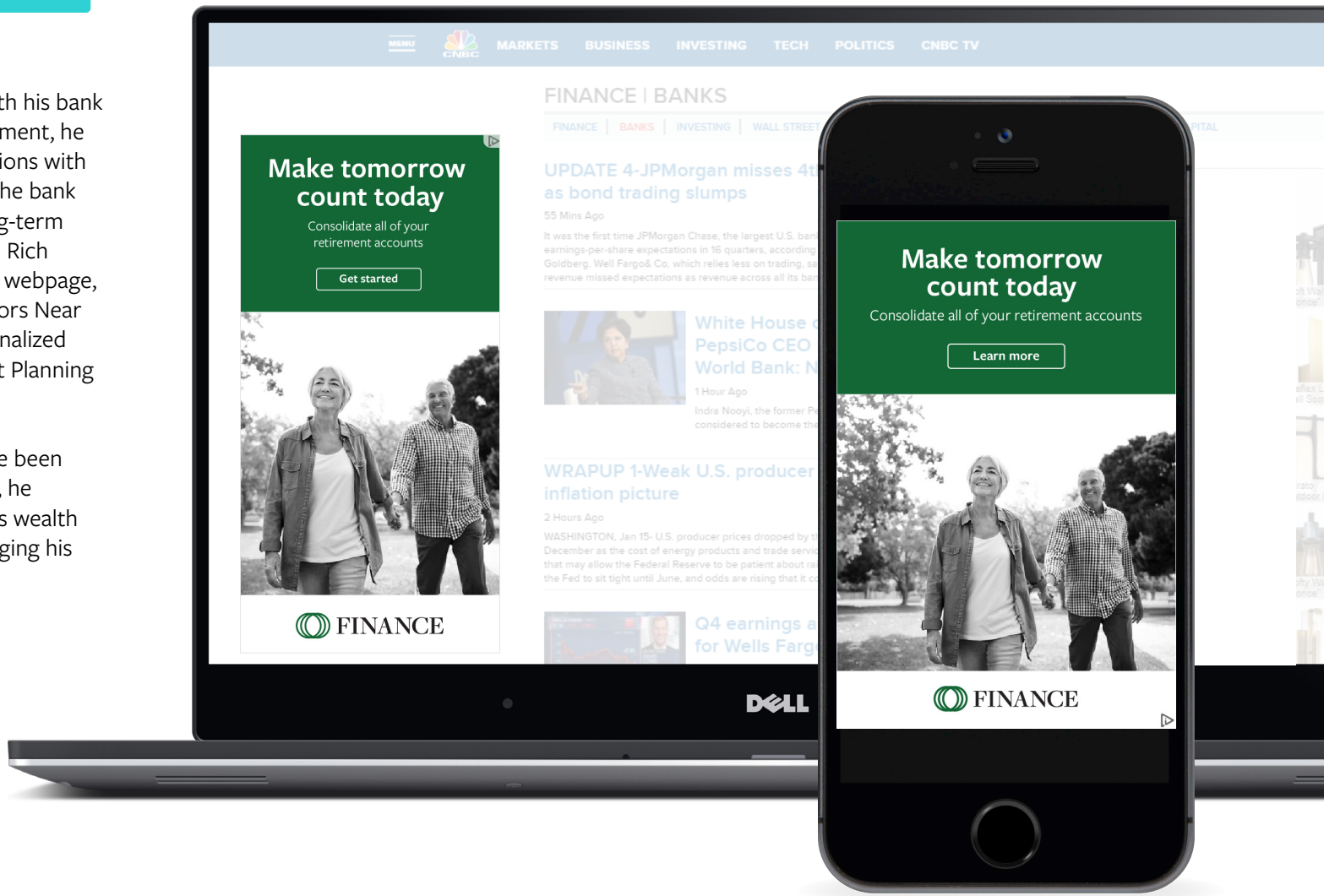
Identity management in action

Rich

Rich has been a loyal customer with his bank for years. As he approaches retirement, he starts researching investment options with different providers. This triggers the bank to deliver a few emails around long-term financial planning with Rich. When Rich visits the bank's "Find an Advisor" webpage, the message is modified to "Advisors Near You." And, his home page is personalized with a link to a "Top 10 Retirement Planning Considerations" blog post.

Soon after these adjustments have been made to better connect with Rich, he requests a meeting with the bank's wealth management team to discuss bringing his retirement savings to the bank.



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Real results

One of the country's largest banks wanted to cross-sell credit cards to its account holders, but their typical methods for digital marketing fell short, because they were unable to identify a significant percentage of their audience online.

Epsilon took the bank's customer database and matched it with their 200+ million privacy-protected customer profiles. They found customers eligible for cross-sell who were most likely to be approved for credit cards and messaged them across channels and devices with industry-leading 96% accuracy.

By precisely reaching this valuable clientele across channels and suppressing existing cardholders, Epsilon converted them at a high approval rate and exceeded the bank's CPA goal—proving out our solution's benefit to optimize overall ad spend and campaign efficiency. These results were so successful that the bank turned this into an always on initiative.

75%

match rate for current deposit holders

$125

under original CPA goal

2,200

new credit card accounts monthly (6x over monthly goal)

RETAIN

Be a partner for life

As we start to talk about retention, it's important to remember the #1 rule of marketing: it's less expensive to retain a customer than it is to acquire one.

If brands acquire customers who are only looking for short-term incentives, or if they have a list full of sleepy customers that haven't fully activated or no longer engage with the brand's communications, they're probably still seeing a lot of attrition and wasting a lot of resources.

Financial brands spend money, time and effort communicating with customers through their owned outbound channels. If only a fraction of the brand's list is actually engaging with those communications, the return will be much lower than it should be.

It's important to make sure your full customer base continues to engage with the brand over time by providing personalized value to each customer as their needs evolve. For those that disengage, focus specifically on value that would encourage reactivation. It requires building trust and transforming their customer experience to be tailored to each individual by using the right technology, real-time data and industry-leading identity management.

According to the Digital Banking Report, effective personalization throughout the customer's lifecycle can:

Reduce customer churn rates by

10–30%

Lift customer engagement scores by

2–3x

Lead to annual revenue uplifts of

10%

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Identity management in action

Mason

Mason continues to need financial services throughout his life, such as financing for a car and condo, and saving for college and retirement. There are so many opportunities for the bank to be there for Mason during these life changes—anticipating and offering the solutions that make the most sense for him at each step. But, if they don't do this well, it's very likely that Mason will switch over to a new FinTech brand that has been marketing to him for months and clearly shows they understand how he wants to engage with his bank.

All of this increases brand engagement and prevents attrition. But it's only possible with a deep, holistic view of each customer and initiating unique, personalized brand experiences.

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Real results

A large national mortgage servicer was losing its customer base to competitors. But, the traditional ways of targeting likely defectors weren't stopping the loss.

Using the mortgage servicers existing defectors, Epsilon matched 18 months of prior browsing and purchase behavior data to the defector population. Epsilon identified digital signals of re-finance or home purchase intent. And, using online browsing and purchase behaviors, Epsilon built predictive models to identify refinance and home purchase defectors prior to attrition.

The mortgage servicer is in the process of activating the predictive models to find likely defectors with personalized communications in paid, owned and offline channels.

Using predictive models to find the right audience enabled the brand to:

Decrease Attrition

Improve Reach

Enhance Personalization

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Recommendations

The path forward: Managing across customers' financial lifecycles

If financial brands want to deliver more relevant marketing, they need to use identity resolution, data and ongoing AI optimization to get a deep understanding of each customer.

1. **Ensure privacy and compliance.** Ensure all partners—internally and externally—focus on data minimization, regulation compliance and persistent opt-outs.

2. **Understand customers as a segment of one.** Even a small segment of 50 is still 50 different people in one messaging group. Knowing and understanding each customer as an individual allows financial brands to deliver relevant messages during key decision-making moments.

3. **Use customer data to strengthen connections and establish new ones.** You can reach new and existing customers, but what else do you know about them? Complement customer data with known online activity and devices for a more complete picture.

4. **Personalize the customer lifecycle.** With the right data, you'll notice triggers and signals in the moment your customers' needs are changing, so you can deliver relevant messages about the next financial product they're ready for. Then be able to deliver that message seamlessly across channels, both online or in your branch.

5. **Use resources efficiently.** Allocate resources to the programs that will get you the best return. Delivering the right messages requires an always-on approach that can only be achieved with machine learning that optimizes every interaction in real time.

6. **Measure, optimize and measure again.** Predetermined seasonality and product pushes don't take the individual into account. Financial marketers need to adopt a plan that is fluid and flexible, adjusting messaging to each customer's wants and needs.

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Real results

KeyBank has a unique footprint, and their audience is highly fragmented across locations. This made it difficult to create brand awareness and move customers through the funnel with very different customers and competitive sets throughout their regions.

Partnering with Epsilon, KeyBank took their database marketing from footprint-wide down to the market level — allowing them to be selective in their audiences. They also further personalized their addressable media, reaching the right audience at the best time.

"We've seen about a 25% improvement in our efficiency of delivering media, simply by putting some frequency caps into place, which is allowing us to expand even further into bigger and broader audiences. We're seeing more conversions for less cost."

—Justin Morcelle, Chief Marketing Officer, KeyBank

Conclusion

Meeting customer expectations set by industry disruptors and platform providers such as Amazon, Facebook and Google is made even more difficult by increasing regulations and privacy concerns.

To grow profits, brands need to think differently and evolve with customer demands.

How to compete in a changing market:

1. Focus on each customer as an individual.
2. Strive for an omnipresent marketing strategy across channels and devices.
3. Personalize every interaction to deepen and extend relationships over time.
4. Expand digital marketing beyond the typical spray-and-pray approach to have direct, one-to-one conversations with people, everywhere.

This approach is an evolution of traditional customer relationship management, pulling together CRM data (email, app, direct mail), online behavioral data (cookies, device IDs) and transactions (online and offline, inside and outside the brand) to build a complete, holistic view of each customer.

This integration of data insights provides a full view of each customer and helps to better serve them throughout their lifecycle: acquire, onboard, grow, cross-sell and retain.

It's time to get started. Shannon, Mason and Rich will thank you for it—with their lifelong business and loyalty.

> **"CMOs want a deeper understanding of their customers and the ability to reach them at moments of interest, across channels and devices, with personalized communications. Delivering real-time personalized communications requires powerful solutions that activate insights by fusing data, technology and creative."**
>
> — Wayne Townsend, President, Epsilon, from MarTech Series

How Epsilon can help

Epsilon is the leader in outcome-based marketing. We enable marketing that's built on proof, not promises. Through Epsilon PeopleCloud, the marketing platform for personalizing customer journeys with performance transparency, Epsilon helps marketers anticipate, activate and prove measurable business outcomes. Powered by CORE ID®, the most accurate and stable identity management platform representing 200+ million people, Epsilon's award-winning data and technology is rooted in privacy by design and underpinned by powerful AI. With more than 50 years of experience in personalization and performance working with the world's top brands, agencies and publishers, Epsilon is a trusted partner leading CRM, digital media, loyalty and email programs. Positioned at the core of Publicis Groupe, Epsilon is a global company with over 8,000 employees in over 40 offices around the world. For more information, visit epsilon.com. Follow us on Twitter at @EpsilonMktg.

Visit our financial services page to learn more about our financial-specific solutions.

Ready to create real connections with your customers? Contact us today.