BRINGING THE CUSTOMER INTO FOCUS

How new technology is enabling banks to create a customer-centric experience that transforms customers into advocates for life

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Each year **12 million** **bank customers** consider **switching banks**

RETAIL BANKING: THE NEED TO EMBRACE DISRUPTION

The video store, the music store, the big-box bookstore, and more recently, taxis. The business landscape is filled with remnants of once strong companies upended by a competitor with a disruptive technology that delivered a delightfully convenient customer-centric experience.

In a world where physical and virtual retail settings are rapidly converging, banks are finding that they need to engage with their customer in the right way at the right moment in time. But many struggle to segment and understand critical attributes about the customer they are interacting with. They also struggle to implement a cross-channel experience that delivers targeted, just-in-time offerings in a consistent way.

For banks to thrive in this environment, and drive disruption instead of experiencing it, they need to bring the customer into focus.

It means a shift away from emphasizing products or lines of business approach, to an approach oriented around customers and that of the bank employees who serve them to make their experience, faster, easier, and more efficient.

Does this situation sound familiar?

- Your customers and prospects are having numerous conversations with your bank by phone, social, mobile and at your branches.
- You're capturing a lot of data, but in separate silos. Instead of generating a sharply defined master profile of the customer and what the next best action to take is, the picture remains blurry.
- Each line of business is managing its own leads and referrals but remains blind to what the others are doing.
- The result is an inconsistent and often counterproductive response to the customer or prospect. Sometimes a potential customer is deluged with contradictory follow-ups from different associates, and sometimes the prospect is ignored.

A **5% increase** in customer retention can **increase a bank's profit margin** by 25%-100%

If this sounds familiar, then this industry statistic won't come as any surprise: *Each year 12 million bank customers consider switching banks*[1]. And here's a related data point—96 percent of unhappy customers never complain, but 91 percent of them leave and never come back. That's a dismal thought when you consider that on average a bank spends more than $400 to acquire each new customer[2], and *a mere 5 percent increase in customer retention can increase a bank's profit margin by 25-100 percent!*[3]

Instead of generating new business, frequent customer touches across silos generate confused and poorly coordinated responses that are actually moving banks in the opposite direction—they either leave money on the table, or worse, increase the risk of losing their best customers.

A bank can **triple its share of wallet** with each new product it gets a customer to buy

THE CHALLENGES AND OPPORTUNITIES FACING BANKS

The sad fact is that 63 percent of all leads fall through the cracks and are never followed up. On average, it takes 46 hours and 53 minutes to pick up the phone and respond to a lead[4], even though the odds of qualifying a lead are 21 times greater if the prospect is contacted within 5 minutes (compared with a 30 minute response time)[5]. Confronted with the above, one regional bank recently concluded that it was losing out on as much as $500 million a year in incremental revenue.[6]

On the other hand, banks that place a greater emphasis on improving their customers' experience are 60 percent more profitable than their competitors.[7] A bank can triple its share of wallet with each new product its customers buy, and *moving a customer from one to four products increases the revenue that customer generates by 730 percent*. Even better—for each new product sold the customer lifetime increases by between 12 to 30 months.[8]

[1] Ernst &Young 2012 Global Consumer Banking Survey
[2] SFO Consultants 2011 Bank Customer Acquisition Study
[3] Bain & Company - The Loyalty Effect
[4] Forbes 2012 Secret Shopper Study of 10,000 companies
[5] The Lead Response Management Study
[6] Huntington Bank
[7] BCG Perspectives, Operational Excellence in Retail Banking, 2014
[8] Bancography Study

All told, increasing the products per customer (or cross-sell ratio) equates to a net new revenue growth opportunity of 300 to 800 percent for the bank. For a large bank, this can amount to as much as $1.5 billion in additional revenue per year.

NEEDED: A COMPREHENSIVE MARKETING, SALES, AND SERVICE SOLUTION

These are realistic goals, but to achieve them banks must offer a more sophisticated level of marketing, sales, and service that integrates all of their customer touch points into a single customer journey. And operationally, they must do a much better job of managing their leads and referrals across their various lines of business.

Moving a customer from one product to four **increases revenue by 730%**

This more unified and comprehensive approach can be framed as three over-arching business objectives for any bank seeking to create a more compelling customer experience and consistently engage with customers in exactly the right way at the right moment in time:

1) *Data from every customer interaction should be visible and sharable across the bank*: Many regional and tier-one banks are amalgamations of different lines of business. Many of them have grown through acquisition, resulting in a hodge-podge of different systems and—even more importantly--different mindsets. As a result, a referral captured by one line of business is often not visible to the other lines of business, leaving money on the table. As one bank executive described it, [manual lead and referral management] is like "picking up sand with a tennis racket."

2) *Barriers that prevent selling across different lines of business should be torn down*: Today collaboration across lines of business is very limited. Bank associates are incented to generate leads and referrals, but they aren't responsible for ensuring that a lead is pursued, business is closed and the customer is satisfied. Often this is left to the professionalism of the banks' employees.

Centralized lead and referral management promotes **team selling and collaboration**

Eliminating political, organizational and technology silos is critical to making leads visible bank wide. As a practical matter, a lead or referral originating from one line of business should be easily transferable to the appropriate line of business. People are busy and time is limited, so it is also critical that an attribution model credits the originating line of business to ensure there is the proper incentive to take the time to make a "hot hand-off".

Centralizing the tracking, follow-up and ultimate disposition of all leads and referrals promotes accountability and team selling, and maximizing sales productivity.

3) *Customers should perceive the bank's service as fast and personal*: Most banks today offer a highly fragmented customer experience. Information provided to one sales associate isn't provided to another; requests made through a website or a call center don't reach the local branch office. The customer feels undervalued and ignored, diminishing their loyalty.

Building a comprehensive customer profile that draws on data from every touch point allows bank employees to 'connect the dots' and respond to inquiries in a timely and appropriate manner.

Industry surveys reveal that 70 percent of buying decisions are based on how customers feel they are being treated, and that 94 percent of customers say they are far more likely to buy a product that takes little or no effort to purchase.[9]

70% of **buying decisions** are based on **how customers feel** they are being treated

A NEW APPROACH

To effectively capture, track and respond to leads from multiple distribution channels, banks must centralize and automate the process.

A key component of creating a single 360-degree view of the customer is capturing and managing leads and referrals. What's needed is a centrally managed system that captures, consolidates and prioritizes sales leads from every customer contact point—including smartphones and social media sites—and then routes them to the appropriate product specialist or bank associate. Once assigned by the system, a lead would be tracked; outcomes recorded and then included in status reports. As the lead is nurtured, the customer profile would be enriched with data gleaned from each new interaction with the bank. Reporting dashboards should allow employees to view their assignments, make referrals and share notes with other colleagues. Managers would be able to generate reports and view statuses and outcomes by customer, associate, branch, line of business or individual lead.

For mid-sized and large banks, the benefits of such a system would be considerable, enabling them to:

- **Capture more sales leads and improve conversion rates**

  At many banks, too many leads fall into a black hole never to be seen again. As leads are passed from one line of business to another, there's no single point of accountability to ensure that the lead is followed up.

  This system would work like a lead vacuum cleaner, capturing, tagging and following every lead generated by the bank. More leads would be generated, since they can be captured from any customer contact point, including the bank's call center, website and branches, customer mobile devices and social media sites.

  If a lead is neglected, the system should automatically trigger alerts. Since the disposition of each lead is tracked, no lead escapes notice And since leads and referrals would be captured, scored and routed in real time, response times by sales associates would be sharply reduced, yielding much higher conversion rates.

[9] McKinsey Quarterly, the Moment of Truth in Customer Service

- **Create a single, 360-degree view of their customers**
  Traditionally, bank leads and referrals have been generated by each line of business independently. A solution that integrates the process would provide an comprehensive view that incorporates all contacts with the customer.

  Duplicate leads would be identified and eliminated, such as one captured from a branch conversation and another from the same prospect on a website the day before. Details would then be added by matching the lead against a variety of internal and external data sources, including bank and motor vehicle records and credit agency reports.

  In this way a lead record that initially may only have contact information is expanded into a more comprehensive view of the prospective customer. This enhanced profile can be shared by all bank employees, regardless of their function, and across all of the bank's lines of business. The bank's sales agents can enrich details about the customer after each touch point.

- **Improve lead quality as well as quantity**
  Once a lead is captured, it would be scored using an algorithm developed in consultation with the bank's management. The lead would be qualified and ranked based on salient characteristics, such as the prospect's prior history with the bank, the size of the transactions and his or her propensity to buy.

  Sales associates would be fed prioritized leads, allowing them to quickly respond to those leads with the greatest revenue potential and likelihood of closing.

  Collaboration features would enable employee notes and communications to be shared, so all relevant information—along with a record of who touched the lead and when—is captured along with the lead. This would ensure that as the lead is passed from one bank specialist to the next, nothing is lost.

HUNTINGTON BANK: A CASE IN POINT

Huntington Bancshares is a $60 billion regional bank holding company headquartered in Columbus, Ohio. With diverse retail lines of business that include commercial and consumer lending, residential mortgages, insurance brokerage and wealth management services, the bank recognized that a more comprehensive approach to cross-selling could result in substantial new revenue.

Huntington now closes **50% of new leads** within **48 hours**

At the same time, Huntington saw the importance of improving customer service levels and response times by integrating its network of more than 700 traditional bank branches with its array of telephone, internet and mobile banking services. A unified approach to lead and referral management, the bank reasoned, would result in greater customer satisfaction, higher conversion rates and more referrals.

At Huntington, **76%** of household customers have purchased **4 or more products**

So in 2013, Huntington asked Salesforce to deploy a centralized Lead and Referral Engine across the bank's retail businesses and far-flung distribution channels. The project, according to one Huntington executive, was an undertaking "in the art of the realistic," leading to substantial revenue gains. Using the Salesforce Marketing, Sales and Service cloud services, over the past nine months the bank has:

- Received 329,000 new referrals
- Converted 160,000 of those referrals into new business
- Raised its overall lead conversion rate to 40 percent

Huntington now closes *50 percent of new leads within 48 hours*, and 76 percent of its household customers have purchased four or more products. Meanwhile, 60 percent of the sales agents, bank associates and product specialists who make use of the new system are generating an average of more than 8 referrals a week.

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- **Personalize the customer experience**
  A bank should also be able to personalize the way it responds to the customer. For instance, if a prospect indicates that he only speaks Mandarin, the lead is flagged for follow up and then routed to a loan officer who also speaks Mandarin.

  Likewise, the bank should be able to capture and react to customer comments made on Twitter and other social media channels. These "social listening" capabilities allow for additional lead capture. If a prospect were to tweet that she's unhappy with how another bank dealt with her loan application, for example, a bank associate will be alerted to the tweet and can reach out to her with a more competitive offer. Geolocation capabilities could also assign the lead to a nearby associate based on the prospect's physical location.

- **Stop leaving money on the table**
  Dropped leads, a partial view of their customers and an inability to share leads across business lines and sales channels mean most banks fail to maximize their cross-selling opportunities. But correcting this isn't always a massive undertaking. Ironically, many banks are well positioned to integrate their customer outreach and sales efforts and could quickly increase their product to customer ratios with relatively little effort.

  By breaking down silos and personalizing the customer experience, banks can bridge the gap and substantially increase their share of wallet. This not only increases the profitability of the customer relationship, it makes it much more likely that the customer will remain with the bank.

  Notes Patrick Fischer, principal sales engineer at Salesforce, "The more you up-sell the customer, the stickier your products become."

- **Turn customers into advocates**
  By increasing the number of customer touch points that a bank has at its disposal and injecting intelligence into its customer engagements, banks become better equipped to nurture their clients.

  Timely offerings and coordinated outreach turns prospects into customers and secondary accounts into primary accounts. As the number of products purchased by the customer increases, so does the customer's level of satisfaction. Clients become advocates for the bank, providing it with positive word of mouth and referrals.

"If we can bring back some of that intimacy, then we've brought back the very essence of trust and transparency"

- Michael Harte, CIO Commonwealth Bank

- **Increase sales agent productivity**
  Every employee that touches the customer, from tellers and call center agents to bank associates and product specialists, needs tools to be able to easily share the same 360-degree view of the customer. This allows them to present appropriate products that are in synch with the client's needs and expectations.

  And since some specialists work at several branches, rich mobile platform features are necessary to allow them to capture and respond to leads and referrals while in transit.

Since each lead would be scored and prioritized, agents could pursue prospects with the greatest revenue potential. Best practices should be collaborative and sharable. Managers should have the ability to create collaboration groups to address teams of associates, allowing members of the group to engage in dialogs to close business.

Most importantly, when a customer conversation takes place, the bank rep is in a much better position to consult and present a product that the client actually needs, as opposed to simply throwing something out there and seeing if it sticks.

- **Improve forecasts and gain greater visibility**
  Real-time reporting and dashboard functionality should allow managers to view how the engine is operating in real time. Lead reports can be generated for different groups at regular intervals (for example every 24 hours), which allow managers to drill down to determine the status of any particular lead at that moment in time. Performance can be analyzed by branch, rep or product, and results can be shared selectively with different groups.

  Using the results, managers can identify which products are the most profitable and should be promoted, as well as the type of incentive likely to have the greatest appeal. They can also use the results to coach associates, create sales awards, reward collaboration and promote inter-departmental recognition.

Banking and the Customer Experience
Digitization has given consumers more choices and higher expectations than ever before, raising the bar for retail banks. Digital touch points and omni-channel marketing can translate into enormous new revenue opportunities, but they also demand that banks rethink their customers' journey.

Those that succeed will look to model themselves after the top customer-centric companies in the world rather than modeling themselves after other banks.

The Salesforce Lead and Referral Engine offers a rich set of these capabilities, providing banks with a powerful platform for greater collaboration, multi-touch marketing and a dramatically improved customer experience.
Click here to learn more.