TOUCH-POINT MANAGEMENT IN BANKING – A LEVER TO ENHANCE CUSTOMER LOYALTY

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ABSTRACT

The current economic scenario gives banks an opportunity to identify channels that are most important to their customers, and provide a positive experience across them. Banks are shifting their customers from high-cost to lower-cost channels, by reducing their total cost-to-serve. There is a growing trend to achieve a seamless multi-channel integration by banks who want to make their customer interactions channel-agnostic. This will help banks leverage their distribution networks by offering the right products to the right customer segment through a desired channel, resulting in overall cost savings and an enhanced customer experience. Banks are also facing highly saturated markets where product and price no longer remain the key differentiators, thus pushing up retention costs. Innovations around better and faster delivery of the right products to a customer will help banks provide a differentiated customer experience, thus supporting better customer retention. Banks are also increasingly spending on customer-centric analytical tools to better understand client buying and channel usage patterns, which can help build and improve customer relationships.

KEYWORDS – Customer data, digital, communication

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INTRODUCTION

Touch-point analysis helps to uncover powerful customer insights as well as opportunities to improve customer-segment needs and wants. Systematically evaluating performance across all customer touch points can lead to better organizational alignment; increased brand perception; and concrete improvements in acquisition, retention, and up-sell and cross-sell efforts.

Traditionally, it was believed that customer experience is the summation of all the customer's interactions with a bank at various touch points, over time. But, actually customer experience is the extraction of value from what the touch points mean to the customer i.e., some touch points weigh heavier in the experience than others. It is important to take the time to look at the bank's own business practices comprehensively through the lens of their customers to understand how they measure up to their customers' needs and expectations.

Digital modernization gives traditional banks a second chance. A smart, enterprise-wide approach positions them to deepen customer satisfaction and loyalty, driving long-term relationships and profitability. Such an approach also has the potential to meet consumers' expectations and bring banking back to the bank.

The following elements form a clear model of success for banks:

• ***Smart management of information is vital to digital banking***: Banks need to marshal online data — the unique virtual identity for each individual that we call a Code Halo — to offer their customers personalized attention.

• ***Banks need to act, but more important, they need to act strategically:*** Providing the cohesive, cross-channel experience that customers expect requires an enterprise-wide approach that can be implemented in localized ways, such as for specific lines of business and functional areas.

• Although the ROI of digital banking is substantial, the costs are steep for not adopting digital banking. Costs include lost opportunity, customer attrition and stagnation in new-customer growth and product sales.

• Embracing the holistic shift to digital and its streamlined, cross-channel approach requires banks to evaluate their options carefully and select the ones that best fit their strategy.

• ***An enterprise roadmap is a key prerequisite for implementing a digital banking program:*** The roadmap balances key customer values (loyalty, convenience, relevance, interaction and mobility) against the bank's values (profitability, loyalty, operating efficiency, market expansion and risk mitigation).

New Bank Customer Access & Communication Channels

Facebook will soon have more than one billion active users worldwide. 50 percent of them log in daily. An average user is connected to 80 pages, groups or events, and publishes about 90 contents per month. Worldwide, every month more than 30 billion contents are shared. More than 250 million users access Facebook with their mobile devices (smartphones, tablets, etc.). The mobile users are twice as active as others. Twitter has now reached a similarly high level of awareness such as Facebook.

Communication and Access Channels in Banks

In addition to branch, call center, self-service devices, Internet, newspaper, TV and radio there are now Facebook, Twitter and new mobile devices. In the future the new communication and access channels will gain great importance in the banking industry. So far, the communication and access channels are organizationally and technically widely viewed and treated as silos by banks.

The marketing department is responsible for the Internet, newspaper, TV and radio, the product management department for branch, call center and self-service and finally the business development department for the new mobile devices. The modern IT departments are directed accordingly to organizational and technical structures of the business departments. To date, collaboration between communication and access channels can hardly be recognized from a customer perspective. The largely poor communication and cooperation between the business departments and the IT departments increase the problem.

Lack of Understanding of Customer Behaviour

It applies for most banks that an interaction that starts in one channel, such as a mortgage advice at the branch, cannot be continued in another channel, e.g. Call Center. If a customer still has a question after the mortgage advice at the branch and reaches out to the call center often the call center agent has no information about the meeting and discussion at the branch. In most cases, the conversation will end by pointing out that the bank calls the customer back. Or, the consultation will take place again - with even more data collection and sometimes with a different recommendation. The same applies for an investment simulation a customer starts on the Internet and wants to continue at the branch. Or an account opening request, started in the call center, continued at the branch and completed on the Internet.

How to Identify Your Customer Touchpoints?

Every business wants to improve customer satisfaction, but unless we have our customer in mind at every touchpoint, there's a chance we're dropping the ball. We might always deliver a great product, on time, with a smile, but a wayward touch-point like off-target advertising, billing mistakes, or an unwieldy website can scare customers off. Fortunately, most of these touch-points are within our control. Identifying your touchpoints is the first step toward creating a customer journey map, and making sure your customers are satisfied every step of the way.

Customer Touchpoints

Customer touchpoints are our brand's points of customer contact, from start to finish. For example, customers may find our business online or in an ad, see ratings and reviews, visit our website, shop at our retail store, or contact our customer service.

Finding our customer touchpoints

Customers expect their banks to know them. They also expect their banks will engage with them through their preferred channels with easy to understand and relevant communications. To effectively address these expectations, banks must leverage tools such as integrated databases, variable data, cross-channel messaging, and preference management. Using these tools in concert enables banks to create truly valuable, cost-efficient customer experiences that optimize the effectiveness of every communication.

Creating a Single View of Each Customer

A single, comprehensive view of all customer accounts, interaction and transaction preferences, and how they respond to offers can help optimize all customer communications. This single view can enable banks to consolidate and personalize statements. It can also help ensure that all communications consistently address customer preferences and needs. By building a global customer management repository, banks can now gain and maintain this single customer view and easily apply it to create highly relevant, personalized documents. They can also consolidate all account information to help ensure that customer service representatives can have dialogues reflecting customers' preferences and needs. This introduces operational efficiencies even as it improves the customer experience.

Better Data; Better Results

No matter how banks choose to interact with their customers—and customers choose to interact with their banks—the quality of customer data is integral to the quality of the interaction. To develop and refine their understanding of their customers, and help ensure the quality of their communications, banks should integrate ongoing data quality and analytics measures. With improved data quality and analytics, their single customer view can more accurately reflect ongoing customer inputs, actions and transactions, address changes and life-event triggers. It can also help reflect changes in transaction patterns that can indicate potential identity theft or fraud.

Coordinating Data, Digital and Print

Banks today must also ask themselves how to get more out of both their digital and print communications. In building for the future, banks must establish a multi-channel customer communication strategy that reflects individual customer channel preferences and optimizes communication format and content for each delivery channel–whether printed and mailed, online/web or mobile. This requires a variable-data approach.

Today, both digital and print channels can be 100-percent personalized using variable data. With this flexibility, banks can apply a comprehensive, single customer view to craft highly relevant communications. These communications can blend customer insights with messaging that fits each customer's needs—and optimize those communications for right-channel delivery.

Using variable data to drive communications can also improve customer service. Banks can gather useful input during a customer call, tailor a communication in real-time that reflects the dialogue with that customer, and immediately push that communication out to the customer through his or her preferred channel. The result demonstrates real responsiveness to customer needs while it reduces the number of steps—and the costs to the bank—of responding.

Delivering Brand Consistency and Effective Messaging

The combination of a single customer view and variable data communications can help banks reduce the number of communications sent and reduce their costs. Most importantly, it will also drive a better customer experience through:

Consolidation: While customers often hold more than one type of account, they prefer the simplicity of a single statement. Smartly designed consolidated statements add customer convenience, while reducing statement production and mailing costs. They can also reduce call center volume and enable customer service representatives to respond more quickly to the inquiries they do receive.

Targeting:

Today's consumers are deluged with communications through every channel. By targeting only those customers for whom a message is relevant and important, banks can communicate more effectively and enjoy higher returns on their communications efforts—while their customers gain a stronger sense that their bank really knows them.

Marketing purview

Digital marketers must create a unified digital marketing experience across multiple devices, with content relevant to behaviors associated to them and uniquely relevant to the individual customer. Customers are expecting more and more from their online banking experiences. Financial marketers will have to find new and innovative ways to meet customer expectations at every point of contact, especially when it comes to digital marketing. With mobile digital devices only becoming more popular with younger generations (future banking customers), one challenge lies creating a seamless experience across multiple devices.

Banks must realize that the adoption of a new digital channel doesn't mean a reduced demand for existing channels. Rather, the channels must be integrated to create a unified, but not uniform, brand experience while providing services relevant to the channel and the customer's behavior.

More touchpoints

More devices mean there are more touchpoints that enable consumers to interact with banks, and they expect these interactions to be cohesive but not identical. The fact that many banks still haven't created optimal online experiences for their traditional websites means that they're worryingly behind when it comes to answering the customer's desire for interactions tailored to m Banks must start looking at how customers are using their devices socially, situationally and behaviorally. For digital marketers, this means finding a way to create a unified experience across all the channels and exploring how consumers use them to interact with the bank. One option is to think about how different devices are actually suited to different attitudes: the quick, the casual, the focused and the physical. It may also be advisable to stop thinking of all of these devices as being one channel, but instead as individual digital channels.

Once banks have got to grips with making content relevant to each digital channel/device, digital marketers will have their work cut out for them. They must begin creating relevant experiences with content that's responsive to the device they're using. The very first step in making an experience consumer-relevant is to make it feel personal. Use the customer's name in emails, include a personalized welcome or login message on website, use past behaviors to anticipate future behavior and try to answer questions before they're asked. Customer should feel as though you know who they are and care about their needs and wants. Relationships are by nature reciprocal; when a customer feels cared for, they will endeavor to maintain the relationship and perhaps even become a rarest of creatures, a brand advocate.

New opportunities

The most important thing to realize about all of these changes is that they bring with them a multitude of new opportunities to engage with existing customers and to win new ones. Banks and marketers that embrace them quickly and effectively have the potential to make huge gains against those who don’t. The only way to really capitalize on the opportunities brought about by adding new digital channels is to make sure everyone is onboard, otherwise any cross-channel marketing campaigns will fail.

The customer’s journey, from the time they check our bank’s rates with their phone, take a closer look using their tablet, decide to apply for a loan on their desktop, realize they need more information from the helpline and show up at the branch to sign the contract, must be seamless. If information at any point along this journey is contradictory, or the customer feels there’s a lack of transparency, one can consider them lost.

Note that we also mention traditional banking touchpoints, like the call center and branch. These two channels remain relevant to the customer, so they must be kept in the loop about everything that happens on the digital channels. Imagine a customer learns about a new product online and goes to a branch for more information, only to discover the teller knows nothing about the new product. Multiple channels demand cohesive cross- channel marketing, which in turn relies on a centralized communication structure.

Ensuring banks use data to understand customers across all touchpoints

Integrating data insight from all channels to develop a 360-degree perspective of customers’ preferences is vital to personalizing service. Multichannel marketing knows this well, and as the digital age evolves, consumers expect continual cross-touch point recognition from organizations- banking is no exception.

Historically, physical bank branches were the main touch points for customer understanding; important flagship hubs for contact, cross-selling, and retention. As a result, until recently, people were used to solely offline banking. The reassuring presence of a local branch still fosters trust in uncertain financial times, and should not be ignored, even if digital and other channels offer efficient alternatives

Is the branch still important?

Channel preference is related to numerous factors, from age, to digital competence, to affluence, geographic location, and even occupation – different demographics prefer to bank in different ways: Examining age, four in ten under 30's think local branches are of little or no importance but only one in ten over 65's agree. This may not be surprising as younger generations are more likely to be technologically savvy and use online banking.

Understanding to future advantage

As time progresses and channels such as mobile become more common, branch value may diminish. But branches are unlikely to die a death. Face-to-face interaction will always be relevant, and should form a considered, integrated part of the marketing mix. After all, a physical conversation about your personal finances with a local bank manager can be perceived as more positive than interactions with computers, mobiles, or disembodied switchboards. It is perhaps for this reason that so 77% still say they valued access to a branch; it is not too much of an assumption to make, to suppose that the branch comes into its own, for the most important banking interactions, such as a new mortgage, loan or financial planning.

CONCLUSION

Digital marketers must not only create a unified but not uniform digital experience across multiple devices with content relevant to behaviors associated to them, they must also ensure that content is uniquely relevant to the individual customer. The only truly workable, responsive and agile solution is to build a single platform that manages all digital channels and creates a centralized point of communication for all channels. In today's climate of over-communication, having a focused, relevant and timely customer communication strategy is critical to success. By bringing together a single customer view, 100 percent variable data communications capabilities, analytics and data quality, banks have the opportunity to improve their customer experience while increasing efficiencies and reducing costs.

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