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# **Rethinking Multichannel Strategy**

*Improve the Customer Experience Through  
Channel Differentiation and Proactive  
Guidance*

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# EXECUTIVE SUMMARY

## Rethinking Multichannel Strategy

In an increasingly complex multichannel environment, retail banks have been seeking to stem attrition and maintain customer satisfaction by providing consistent, integrated services across all channels and encouraging customers to self-select channels according to personal preference. Nearly two-thirds of executives agreed that delivering a functionally consistent customer experience across all channels was a priority in 2012.

Early efforts are paying off. Over 60% of customers with multichannel experience report that service offerings are consistent both on the web and through the branch. This accomplishment, however, is not having the intended effect. Cross-channel consistency is causing customer preferences to converge, distributing user preference more equally across all channels. This thin cross-channel distribution is further increasing the complexity of channel maintenance, resulting in higher costs and amplified risks.

Greater pressure to grow revenue, reduce costs, and improve customer loyalty demands that retail bank executives consider a more strategic and nuanced approach to multichannel development.

### **There are three steps executives need to take to improve multichannel strategy:**

1. Differentiate channel functionality
2. Proactively guide channel selection
3. Evaluate channel performance

## 1. Differentiate Channel Functionality

Retail banks should simplify their service offerings by tailoring each channel to serve specific customer needs, thus limiting and specializing channel functionality.

### **Reassess Customer Expectations**

- Contrary to the accepted wisdom, most customers do not demand choice of channel. Instead, customers prefer to perform most tasks in whichever channel requires the least effort.

### **Reclaim the Right to Choose**

- Different channels are defined by distinct capabilities and divergent development costs, which are invisible to the customer. As a result, banks, not customers, should determine best-fit channel functionality for each customer need.
- But customer preference should not be disregarded. Customer channel selection already varies by banking function, and customer usage patterns tend to reflect intrinsic channel strengths.

## EXECUTIVE SUMMARY

### 2. Proactively Guide Channel Selection

Rather than encouraging customers to select the channel of their choice, retail banks should proactively guide customers to the channel that will enable them to accomplish each task with minimum effort. Banks must take two important steps to overcome the existing obstacles to effective guidance:

**Preempt customer channel selection at strategic moments to overcome the experience gap and avoid costly redirection.**

- Lack of experience with non-branch channels prevents many customers from choosing the best-fit channel for their needs.
- Once customers have chosen a channel, they are reluctant to switch even if another channel promises easier resolution.
- In order to overcome these obstacles, banks should identify common service triggers and step in at these points to preemptively guide customers to the best-fit channel.

**Acquaint customers with unfamiliar channels by replicating familiar service situations.**

- Prevent customers from dropping out of the online self-service channel by mimicking a live service interaction.
- Filter and simplify self-service pathways by tracking common customer issues.

### 3. Evaluate Channel Performance

Retail banks should create a formalized process to evaluate the results of channel differentiation and customer guidance.

**Employ multiple tactics to motivate channel migration.**

- Adjust the relative availability of channels slowly in order to gently stimulate migration.
- Use branch interactions to drive selection of online channels.

**Evaluate channel migration tactics and modify approach if necessary.**

- Use an exit survey to assess customer satisfaction with new channel experiences.
- Create a standardized performance tracker across all channels to confirm consistent business performance.

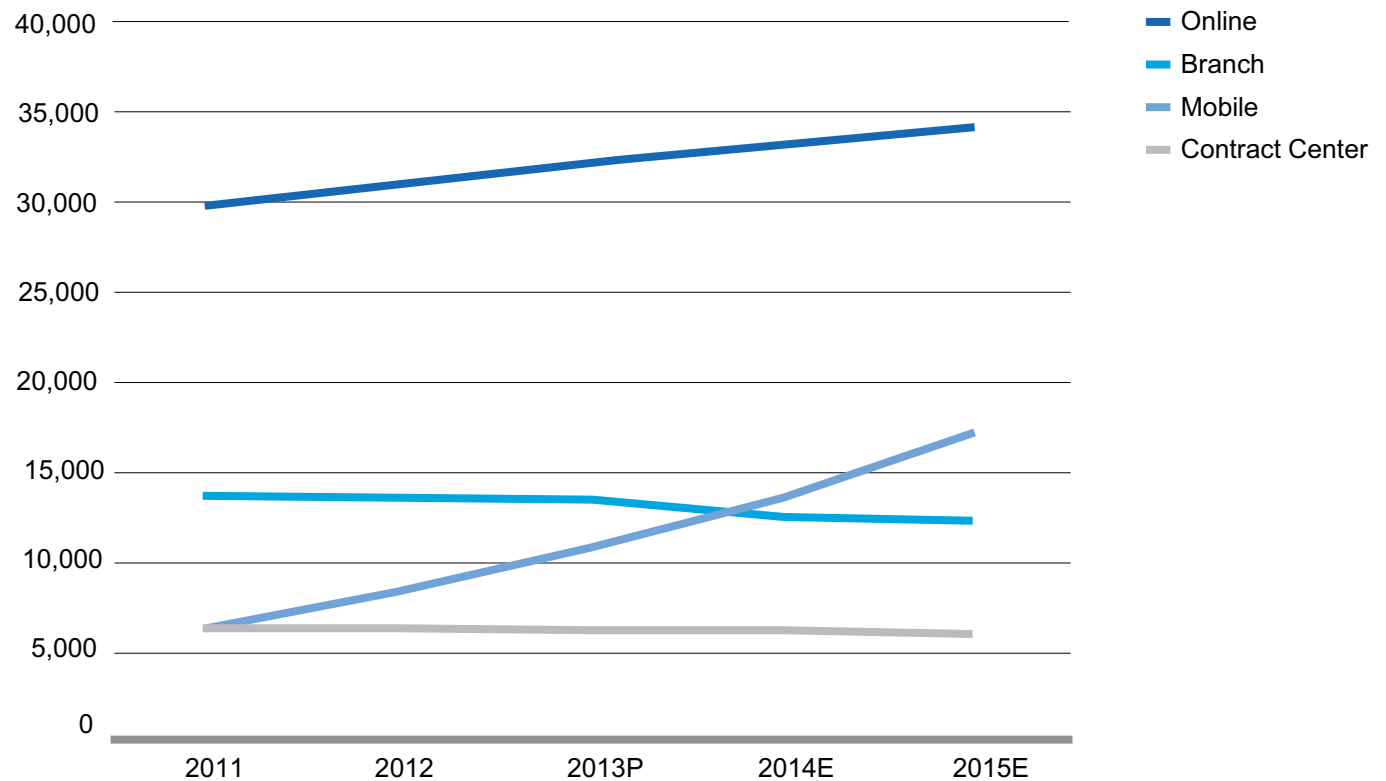
# OCCASION FOR THE RESEARCH

› **Consumers are actively shifting to digital channels, pressuring banks to continually improve their technological offerings.**

- Rising volumes in online and mobile channels demonstrate strong customer interest in high-tech consumer banking.
- Banks that fail to offer high quality customer service in technological channels risk losing business to competitors.

## CUSTOMERS DEMAND DIGITAL ACCESS

**Digital Rises While the Personal Falls**  
*Delivery Channel Transaction Volumes, 2011–2015, in Millions*



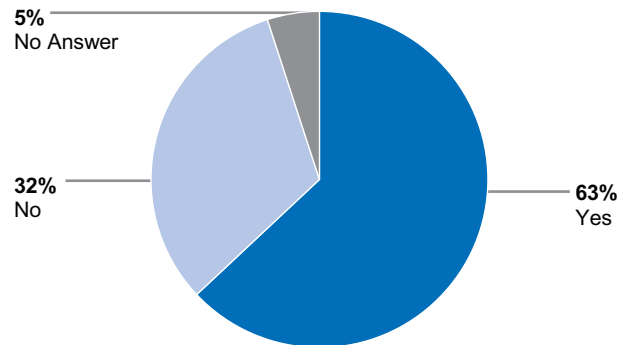
Source: CEB TowerGroup research

› Banks have been adding new access channels without retiring the old for most of the industry's history.

- Each channel is also becoming much deeper as new layers of functionality are added within a single channel (e.g., smart phone has SMS technology, mobile browser, and custom applications).
- The development of new channels requires banks to continually test, implement, and deploy all changes across all products within each channel.

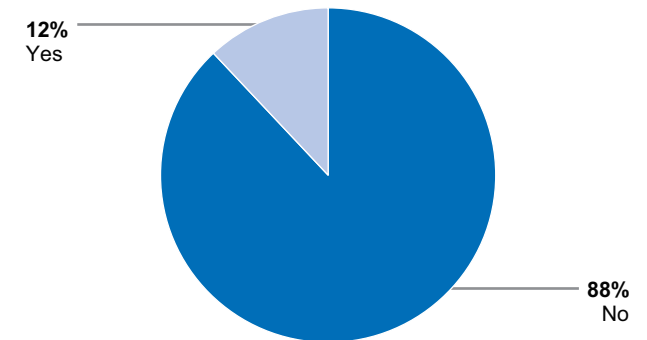
## RESPONSE 1: ADD MORE CHANNELS

Q: Have You Added Service Channels in the Past Three Years?  
2011



n = 180.

Q: Have You Ever Eliminated a Service Channel?  
Percentage of Respondents, 2012



n = 157.

### Three Reasons Retail Banks Add New Service Offerings

**1 Peer Pressure**  
Banks believe they have to keep up with what competitors offer.

**2 Solutions Focus**  
Banks immediately jump to implementation questions—thus closing themselves off from potential alternates.

**3 Promise of Benefits**  
Total costs of new service offerings are hidden so they seem profitable at first glance.



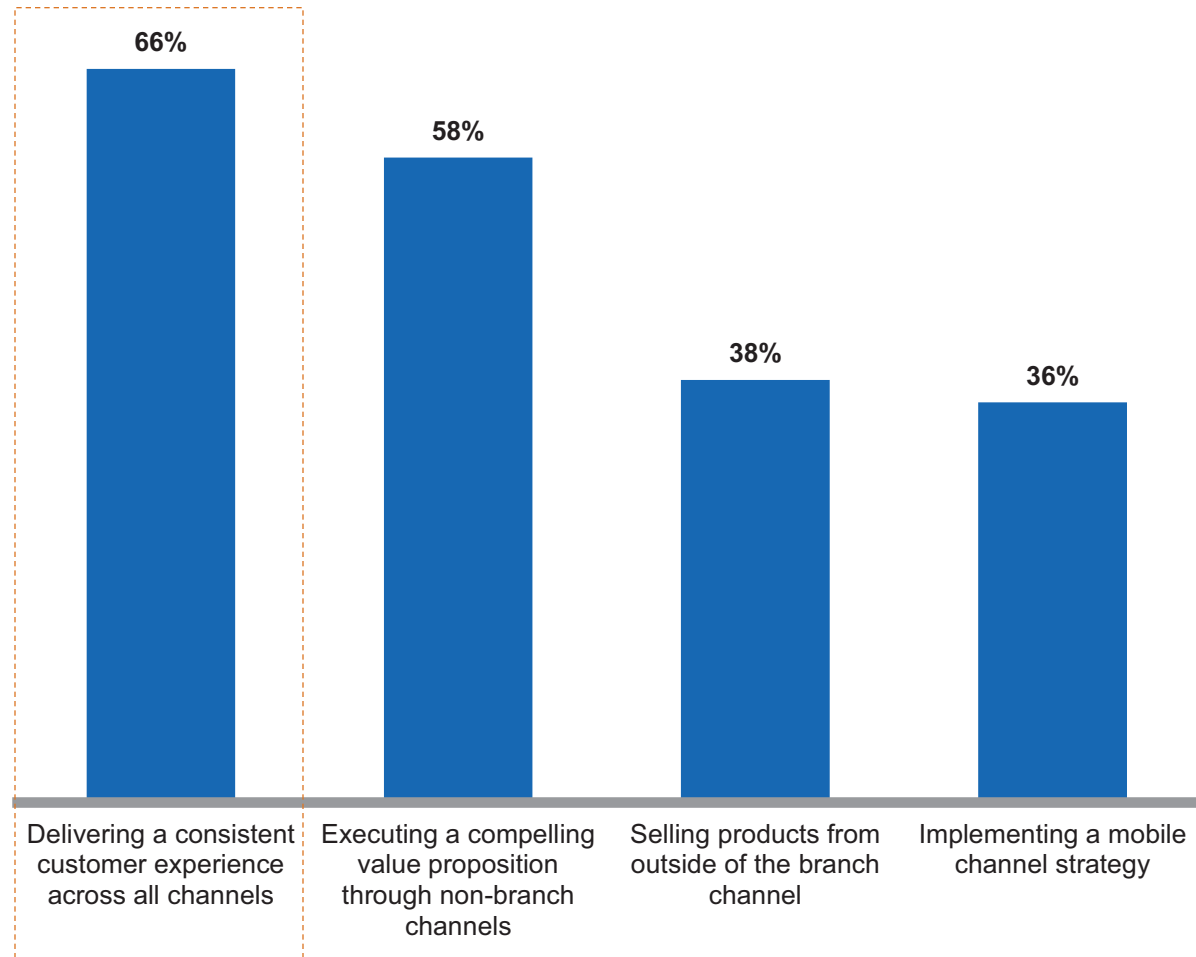
› Retail banks are trying to deliver functionally consistent experiences across channels to keep up with customer expectations.

- The majority of respondents reported that cross-channel consistency was their primary channel-related priority for 2012.

## RESPONSE 2: PURSUE CROSS-CHANNEL CONSISTENCY

Q: Which of the following business objectives will be a major focus for you and your team during the next 6-12 months?

*Percentage of Respondents, 2012*

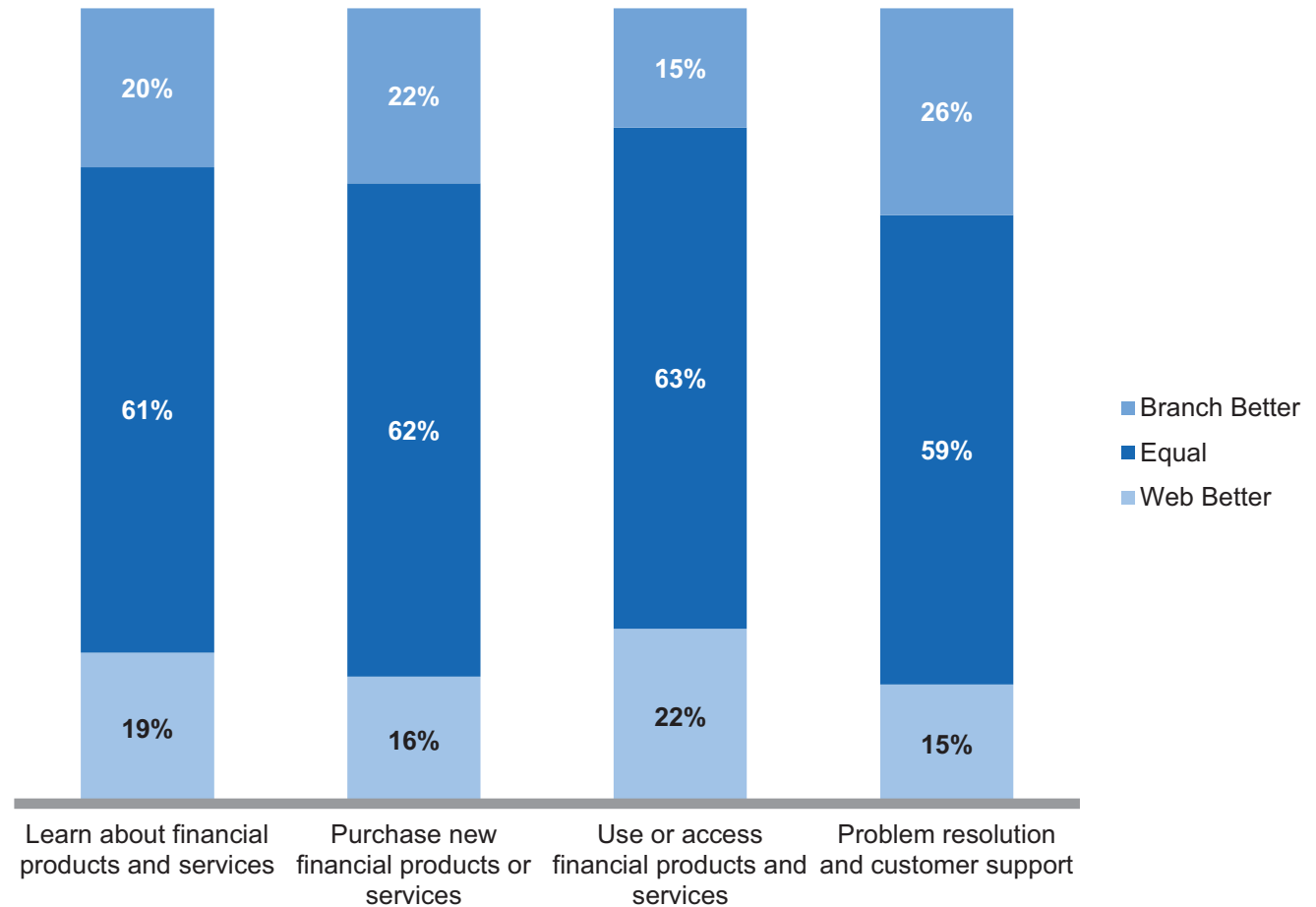


**Retail banks are on track to achieve their channel goals.**

- On average, 60% of customers with multichannel experience report that service offerings are consistent both on the web and through the branch.
- The result is an environment in which most customers have little incentive for choosing one channel over another, other than personal preference.

## QUALITY IS INCREASINGLY CONSISTENT ACROSS CHANNELS

**Relative Channel Quality Rating by Activity**  
*Percentage of Consumers with Web and Branch Experience, 2011*



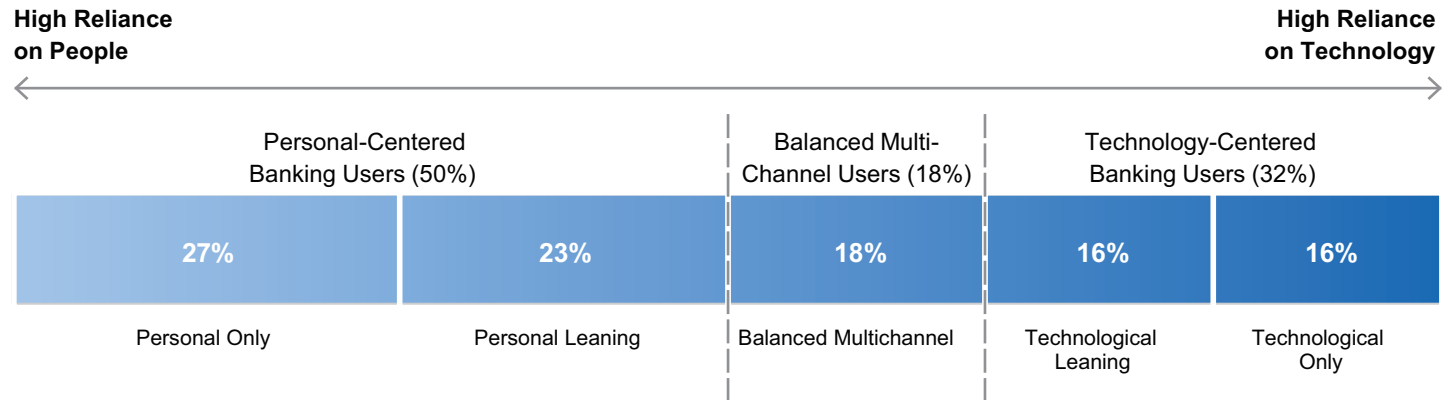
» When channels are perceived as truly equal in quality, overall channel preference typology will be evenly distributed.

- Although volumes are greatest (and still rising) in digital channels, stated channel preference currently leans towards the personal.
- If channel preference trends continue on their current track, banking customers will distribute themselves evenly across all preference segments.
- Evenly distributed channel preferences will make it increasingly difficult to please a majority of customers.

## CONSISTENT QUALITY RESULTS IN BALANCED SELECTION

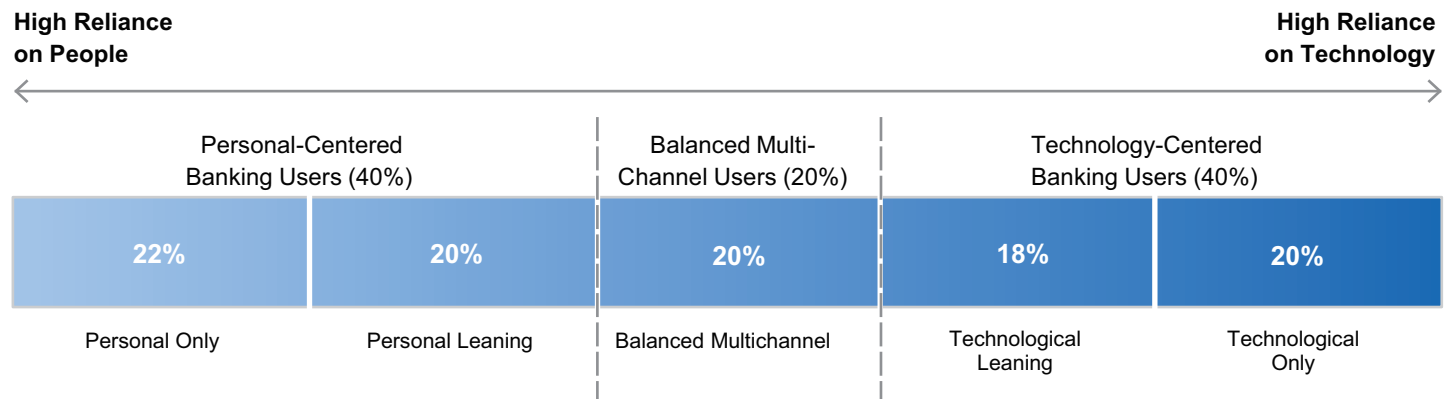
### Original Channel Preference Typology

Percentage of Banking Customers in Each Category, 2011



### Channel Typology in a “Consistent” World

Average Channel Preference Typology When Online and Branch Are Perceived as Equal in Quality



n = 3,788.

Source: CEB TowerGroup research, CEB Financial Services Multinational Customer Experience Survey, 2011.

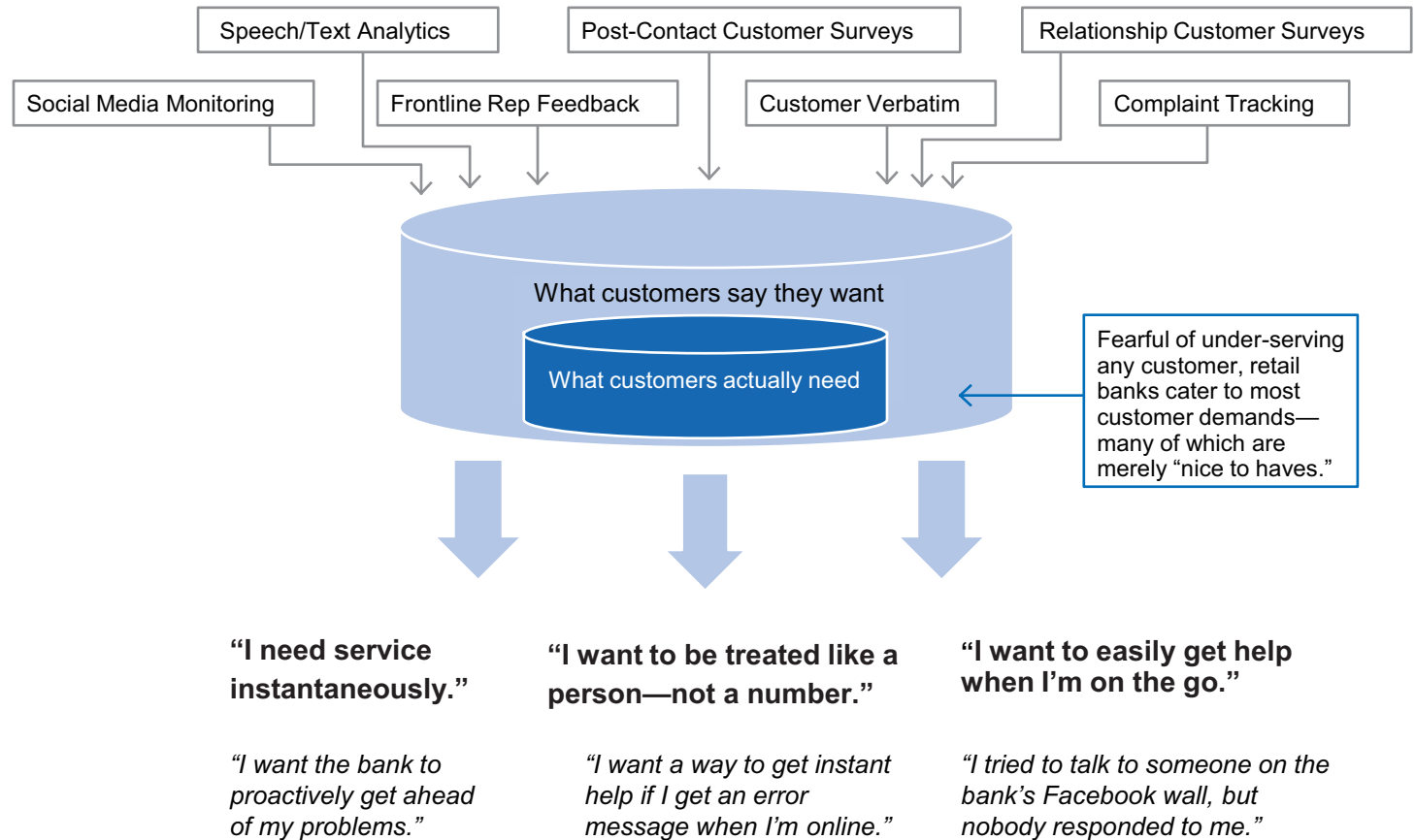
› Retail banks are reacting to high customer expectations by trying to provide everything to all customers.

▪ But banks struggle to separate out customer “need to haves” from “nice to haves” for four reasons:

1. Multiple customer data sources yield few clear trends and a lot of “noise.”
2. Banks have grown hypersensitive to customer complaints due to their increased reach.
3. When asked if they want another option, customers say “yes” because there is no additional cost to them.
4. Customers themselves can’t articulate what they actually need.

## RESPONSES ARE MISSING THE MARK

Current Approach to Satisfying Customer Demands  
*Illustrative*

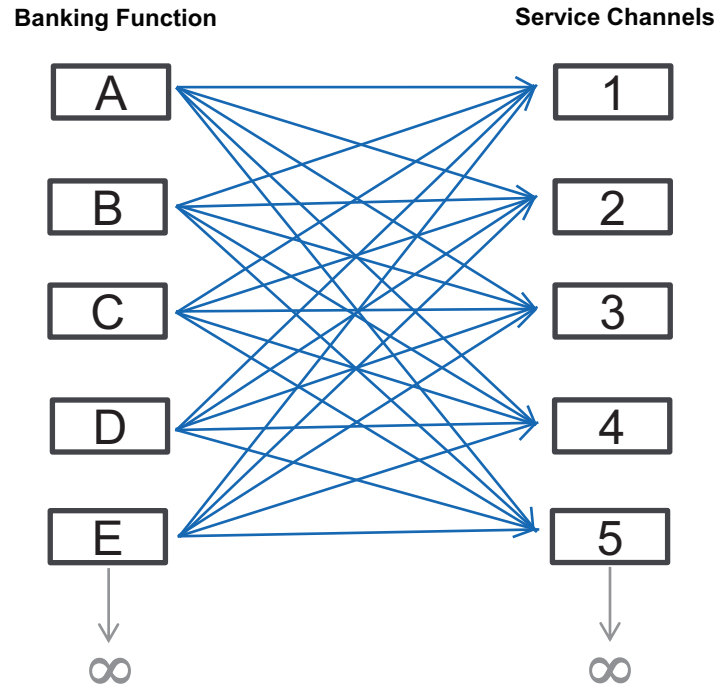


› Providing more customer choice ultimately results in a complex system that is increasingly difficult and costly to manage.

- To provide more choice to customers, banks must invest in new service channels and build out the functionalities in each of those channels.
- That way, customers can resolve any issue in any service channel.
- Operationally, this requires a lot of cross-channel coordination and expense.

## RESULT 1: COMPLEX AND COSTLY MANAGEMENT

**Current Channel Access Goal**  
*Illustrative*



**Retail Bank Goal:**  
Enable customers to resolve any service request in any channel at any time.

**Main Challenges in Providing More Customer Choice**  
*Verbatims*

**Complexity:**

“It wasn’t too long ago that you had to pick up the phone or a pen to contact us. Today there are so many customer service touch points— I can’t keep track.”

**Cost:**

“Investing in new channels or building out a new functionality isn’t cheap, and it’s not like I have budget to spare.”

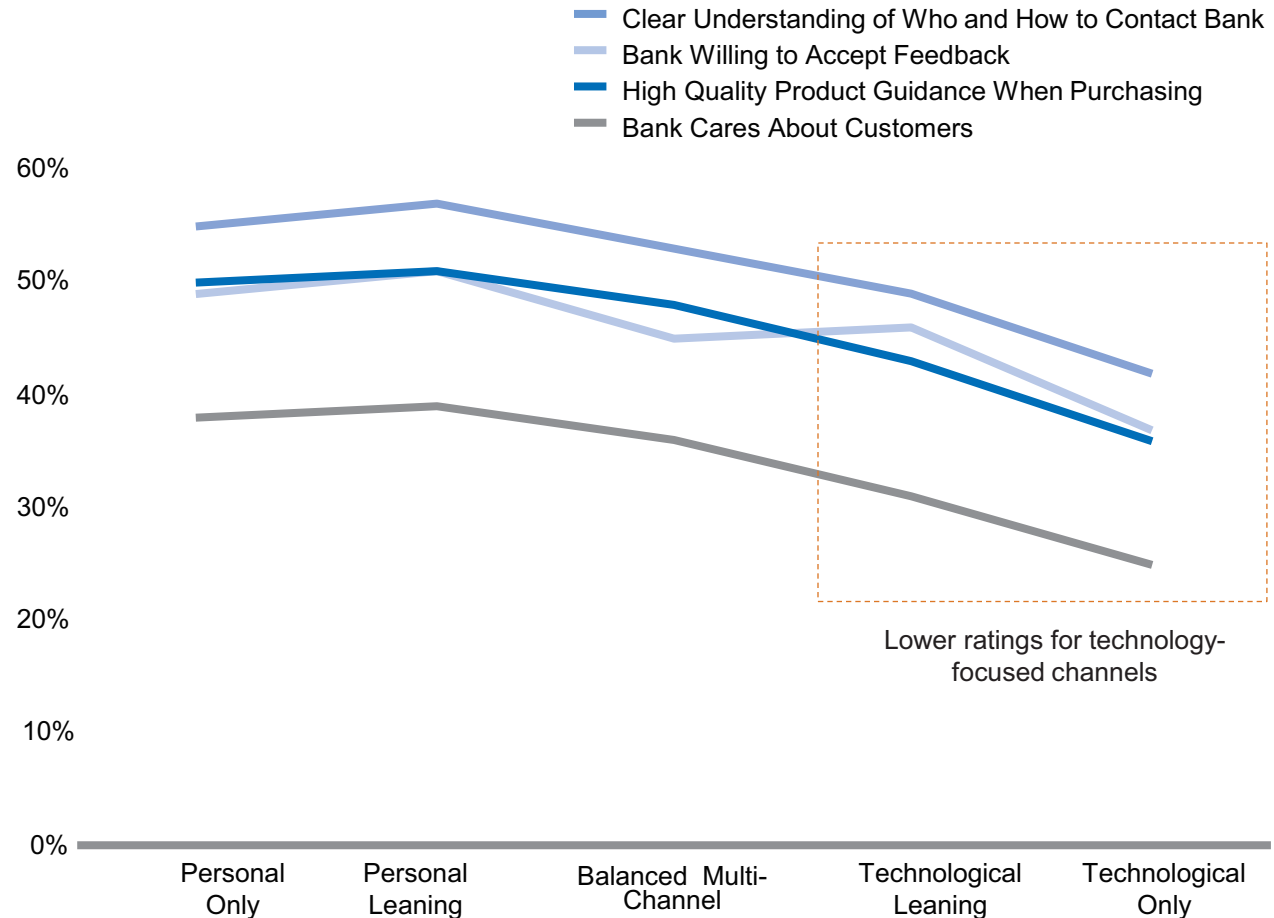
» **Despite functionally consistent service offerings, technology-focused channels are failing to engage their customers.**

- Technology-oriented customers give significantly lower marks, especially with regard to the communication and service provided by their banks.
- These customers find it hard to know how to deliver feedback and contact the bank, and feel that they receive poor guidance during the purchase process.
- Overall, they are less likely than branch-focused customers to believe that the bank cares about its customers.

## RESULT 2: COMPROMISED ENGAGEMENT

### Engagement Indicators by Channel Preference

Percentage of Customers in Top Two Categories on Five-Point Scale for Each Indicator by Channel Preference, 2010

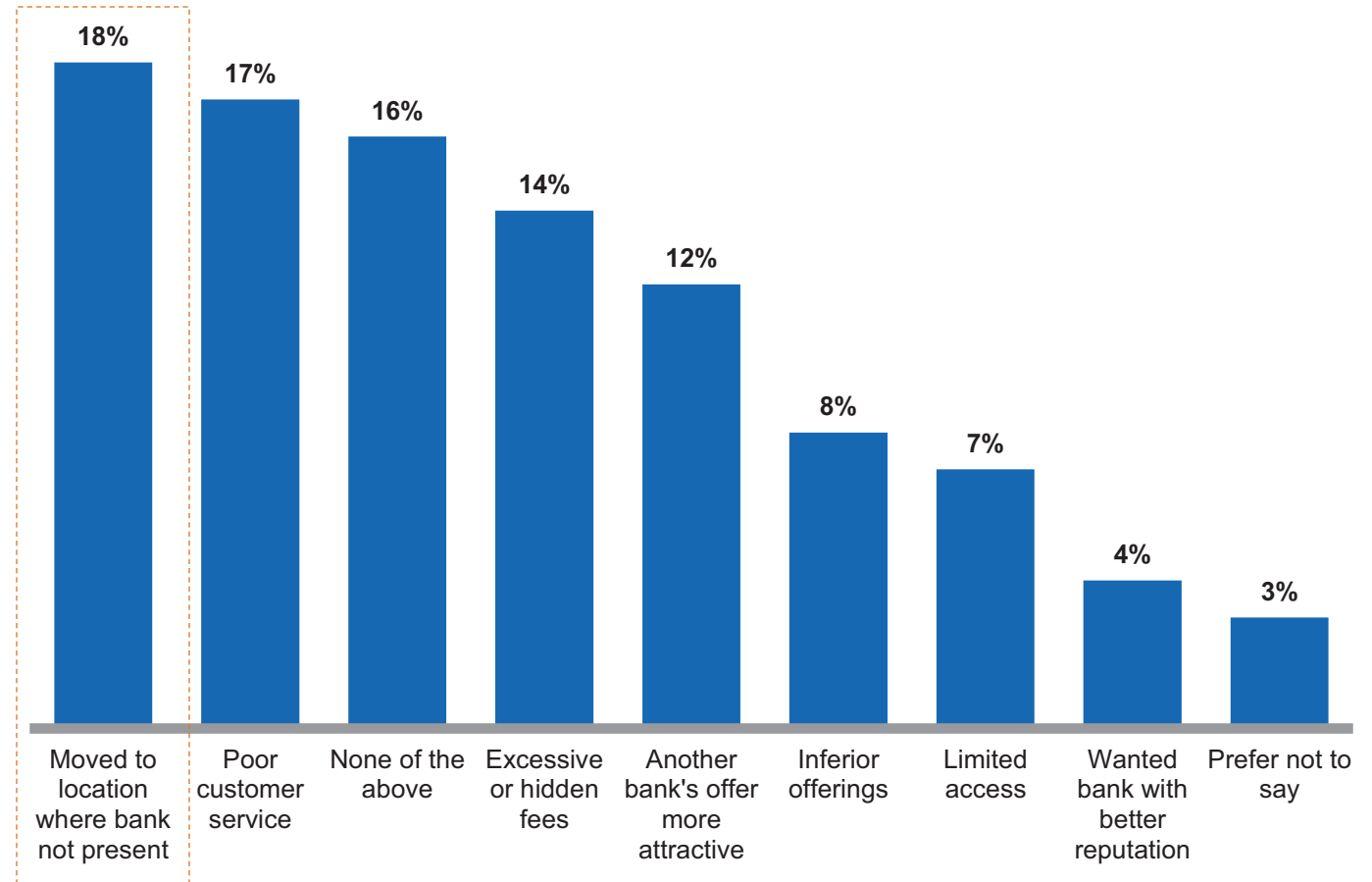


Despite the consistency of multi-channel service offerings, customers are still likely to leave a bank if they lack access to a certain channel.

- Nearly one-fifth of customers who left a bank did so because they moved away from their local branch: online and mobile channel offerings failed to retain their loyalty.
- Almost as many customers left due to poor customer service, demonstrating that “consistent” cross-channel quality does not necessarily equate to “satisfactory” cross-channel quality.

## CONSISTENCY FAILS TO DRIVE LOYALTY

Reasons Given for Attrition at North American Financial Services Institutions

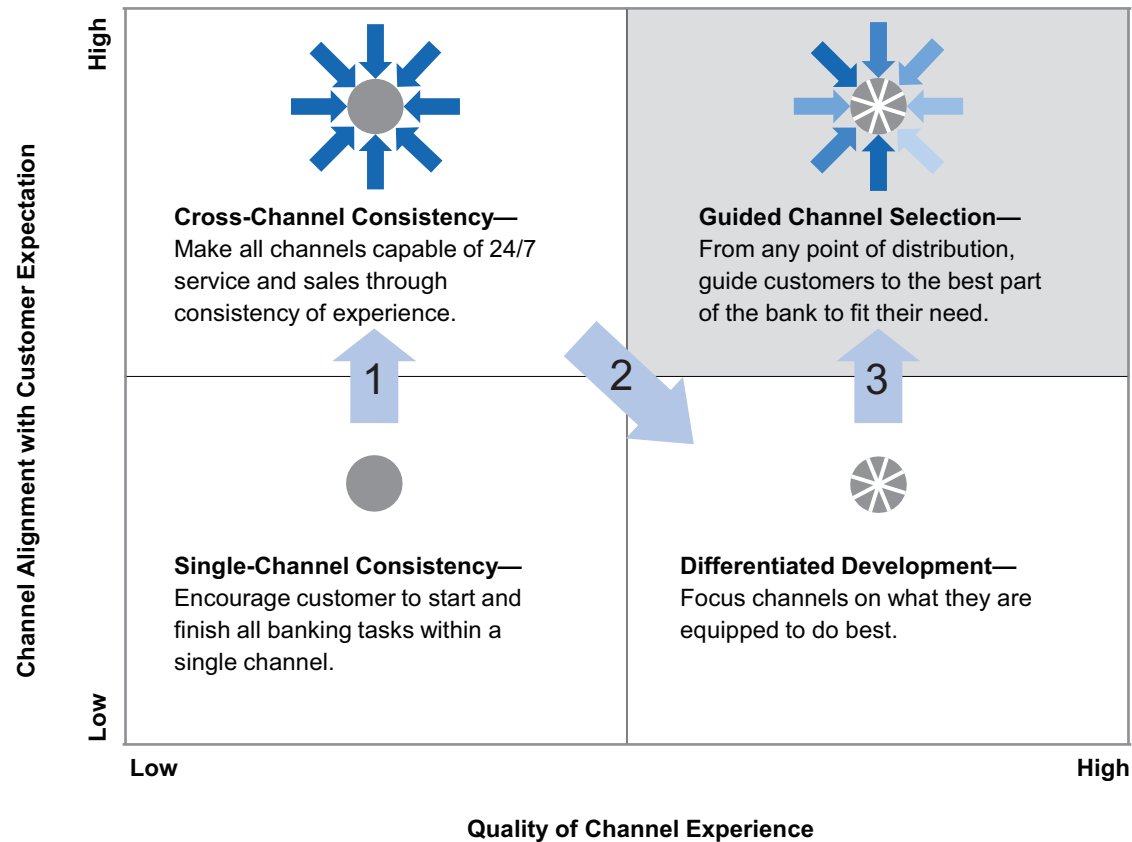


› Instead of aiming to provide every service in every channel, banks need to focus on the ease of moving from a customer's starting point to the channel or person that can serve them best.

- The industry's focus on cross-channel consistency is slowly giving way to differentiated development of channel capabilities.
- Success, however, demands being able to responsively guide customers from any point of access to the entire bank.







## REFINE THE VISION OF MULTICHANNEL EXPERIENCE

Channel Strategy by Experience and Expectations





# RETHINKING MULTICHANNEL STRATEGY

Differentiate Channel Functionality	Proactively Guide Channel Selection	Evaluate Channel Performance
<p><b>Tailor (and limit) channel functionality to serve <i>different</i> customer needs in each channel.</b></p> <ul style="list-style-type: none"> <li>▪ Assess customers' true priorities before making channel investments.</li> </ul>  <ul style="list-style-type: none"> <li>▪ Differentiate channel development according to:               <ol style="list-style-type: none"> <li>a. Channel capabilities</li> <li>b. Channel costs</li> <li>c. Demonstrated customer usage patterns</li> </ol> </li> </ul>	<p><b>Guide customers to the best-fit channel for each customer need.</b></p> <ul style="list-style-type: none"> <li>▪ Replace self-selection with intuitive guidance.</li> </ul>  <ul style="list-style-type: none"> <li>▪ To ensure successful guidance:               <ol style="list-style-type: none"> <li>a. Preempt channel selection                   <div style="display: flex; align-items: center; margin-top: 10px;">  <div style="margin-left: 10px;"> <p><i>Swift Bank</i></p> <hr style="width: 50px; margin-left: 5px;"/> </div> </div> </li> <li>b. Familiarize unfamiliar channels                   <div style="display: flex; align-items: center; margin-top: 10px;">  </div> </li> </ol> </li> </ul>	<p><b>Evaluate results to ensure that channel differentiation and guidance achieve customer experience goals.</b></p> <ul style="list-style-type: none"> <li>▪ Employ multiple tactics to stimulate migration to online self-service.</li> </ul>  <ul style="list-style-type: none"> <li>▪ Continuously reassess and improve channel functionality.</li> </ul> 

CEB presented a focus group with a composite website that was optimized to customer choice.

- CEB reviewed customer service “Contact Us” and “Support” pages across industries and companies and generalized the trends in this composite website.
- This composite website includes a healthy range of choices that many retail banks offer, including phone, online tools, FAQs, web chat, e-mail, and social media.

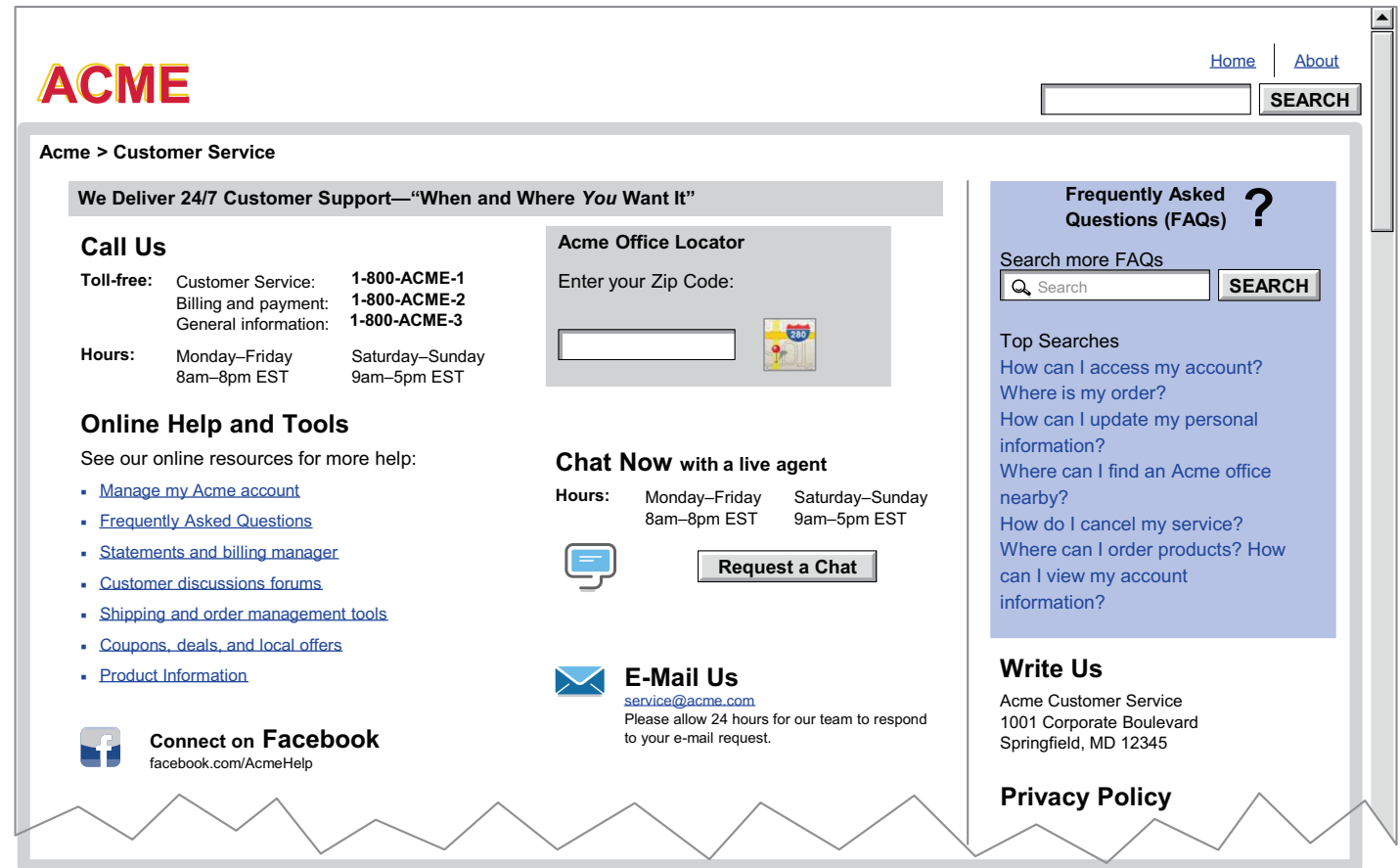
**Customer Channel Preferences**

CEB’s research found customers value the web just as much as the phone channel.

**Seventy-seven percent** of customers go to the bank’s website first when they have a service request.

# TAKE YOUR PICK

## Customer Service Web Page Designed For Choice



**ACME** Home About

SEARCH

Acme > Customer Service

**We Deliver 24/7 Customer Support—“When and Where You Want It”**

**Call Us**

Toll-free: Customer Service: **1-800-ACME-1**  
Billing and payment: **1-800-ACME-2**  
General information: **1-800-ACME-3**

Hours: Monday–Friday 8am–8pm EST Saturday–Sunday 9am–5pm EST

**Acme Office Locator**

Enter your Zip Code:

SEARCH

**Online Help and Tools**

See our online resources for more help:

- [Manage my Acme account](#)
- [Frequently Asked Questions](#)
- [Statements and billing manager](#)
- [Customer discussions forums](#)
- [Shipping and order management tools](#)
- [Coupons, deals, and local offers](#)
- [Product Information](#)

**Chat Now with a live agent**

Hours: Monday–Friday 8am–8pm EST Saturday–Sunday 9am–5pm EST

Request a Chat

**E-Mail Us**

[service@acme.com](mailto:service@acme.com)  
Please allow 24 hours for our team to respond to your e-mail request.

**Frequently Asked Questions (FAQs) ?**

Search more FAQs

SEARCH

**Top Searches**

- How can I access my account?
- Where is my order?
- How can I update my personal information?
- Where can I find an Acme office nearby?
- How do I cancel my service?
- Where can I order products? How can I view my account information?

**Write Us**

Acme Customer Service  
1001 Corporate Boulevard  
Springfield, MD 12345

**Privacy Policy**

When presented with a range of choices, customers become overwhelmed and frustrated.

- CEB anticipated that the focus group conversation would center on why different customers prefer different service choices for different functions, leading to a customer channel preferences approach segmented by customer demographic or need.
- But when confronted with a range of choices, the focus group actually rejected the concept of more choice.

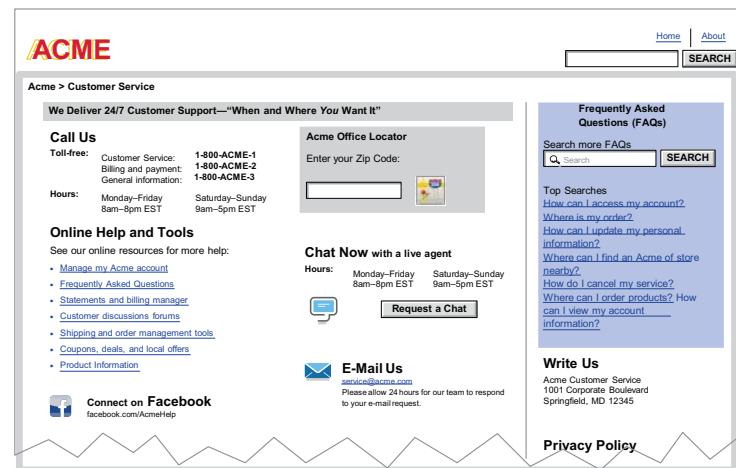
## FINDING 1: CHOICE OVERWHELMS

Customer Focus Group Reactions to Web Page Designed for Choice

*“I feel like I could go multiple places to get my answer...and I’m not sure where to go first.”*

**“Complex and overwhelming.”**

**“All the options are clearly laid out, but there are a lot of them.”**



**“Too much information.”**

*“It took me two minutes to read through it—it was confusing.”*

**“Many options of equal weight. Not sure where to begin.”**

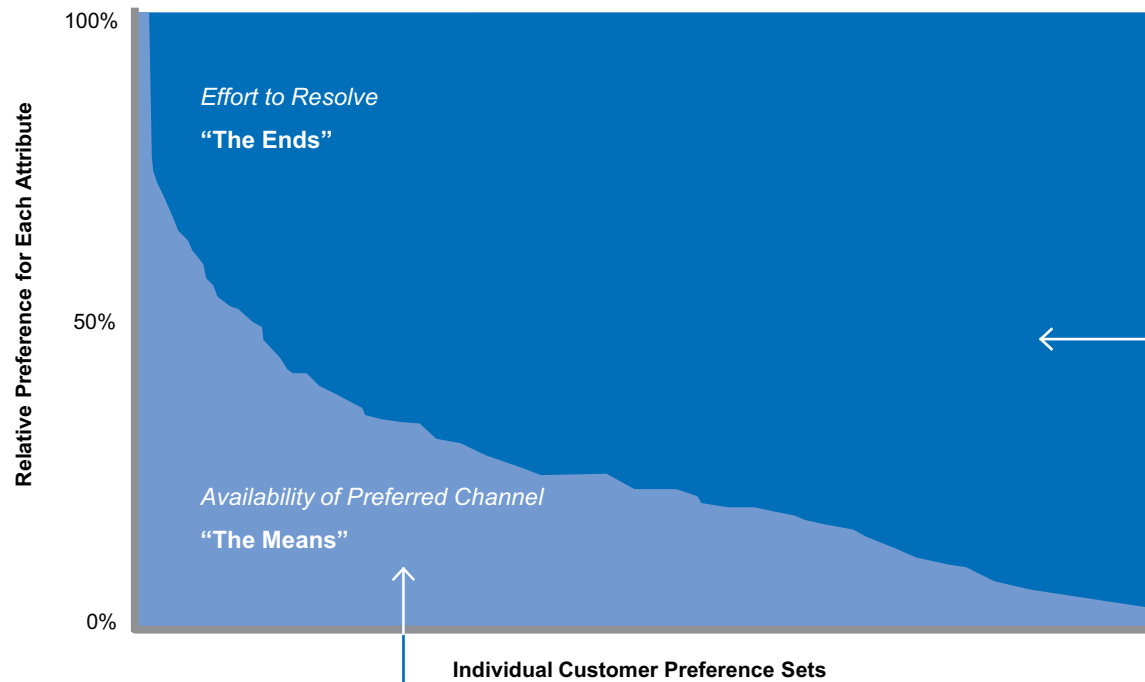
› **The vast majority of customers value quick and easy resolution over channel choice.**

- Means-focused customers, who demand the option to perform any banking function in the channel of their choice, are in the minority.
- Ends-focused customers, who do not require full consistency of offerings across all channels, represent the majority of consumers.

## FINDING 2: LOW EFFORT TRUMPS CHOICE

### Customer Service Preferences

Customer-Reported Data, Relative Importance Percentages



**1** Means-oriented customers demand the option to perform each and any banking function in the channel of their choice.

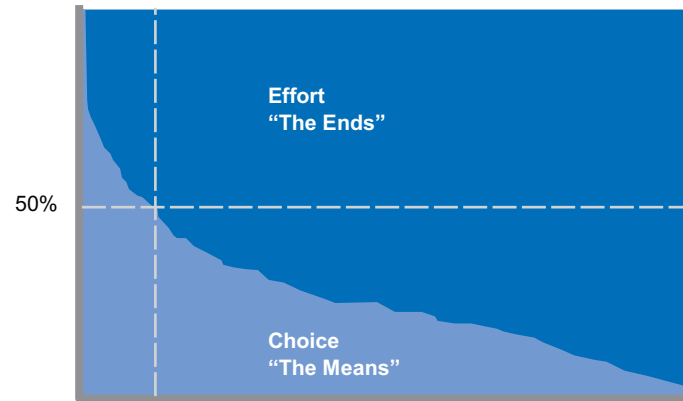
**2** Ends-oriented customers don't prioritize choice, and therefore do not demand full consistency of offerings across all channels.

› Retail banks should cater to the majority—customers who value efficiency over cross-channel consistency.

- Ends-focused customers represent 84% of all customers, yet banks optimize for the 16% who prefer choice.

## CROSS-CHANNEL CONSISTENCY IS UNNECESSARY

Breakdown Between Two Customer Types



**Means-Focused**  
*“My Way or the Highway”*

 **16%**

“I want to resolve this issue in the channel of my choice—no matter what.”

- Want issue resolved in their preferred channel
- Willing to trade off ease and time to be able to choose their preferred channel

**Ends-Focused**  
*“Just Get It Done”*

 **84%**

“I want this issue resolved as quickly and easily as possible.”

- Want fast issue resolution, typically on first contact
- Don’t want to have to switch service channels
- Want the experience to feel like it was low effort
- Don’t necessarily care where issues are resolved

### What about the 16%?

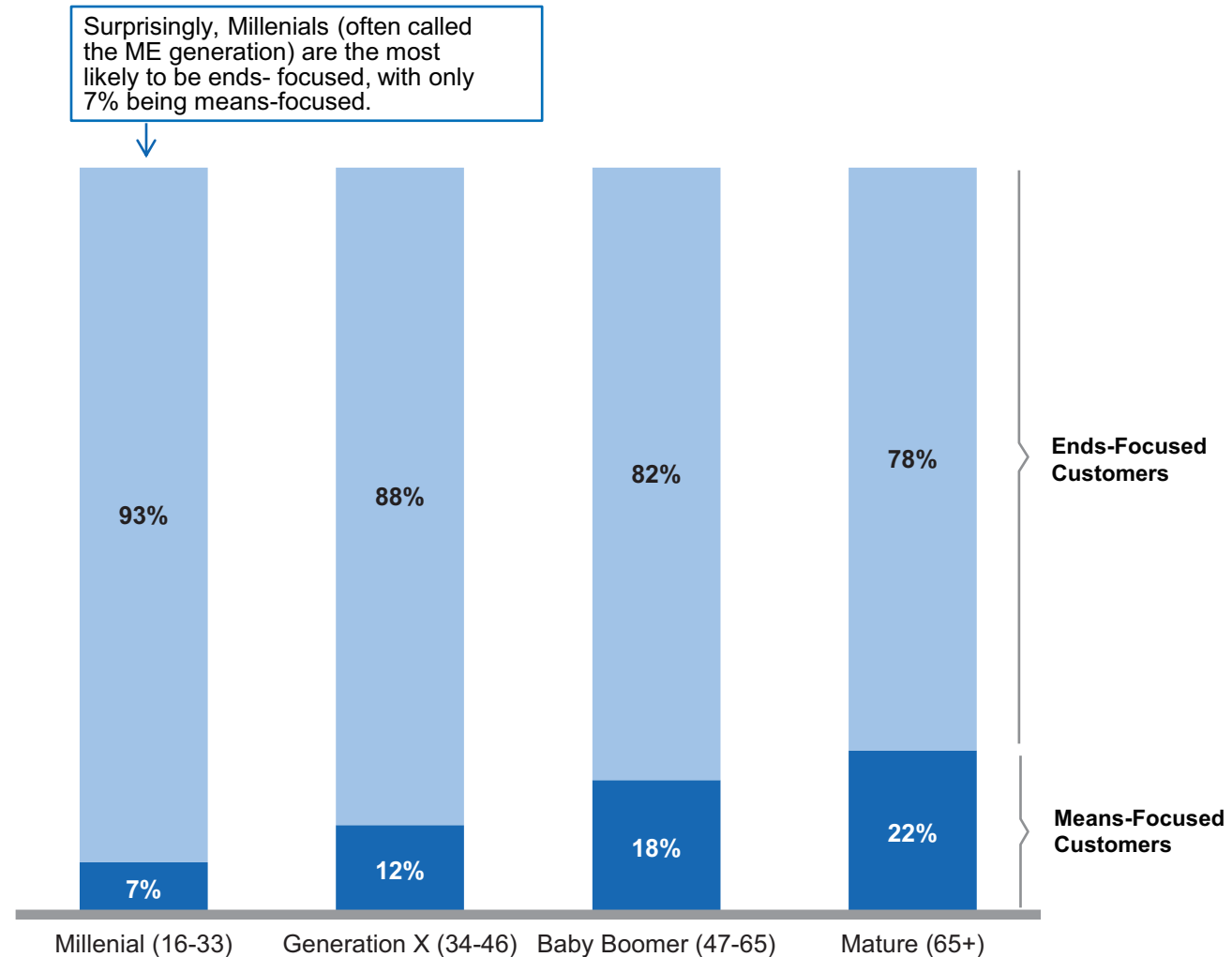
- The vast majority of means-focused customers prefer the phone channel and have higher effort experiences if phone is not offered.
- Fortunately, nearly all retail banks have a phone channel.
- There are many tactics to ensure these customers can get to the channel of their choice.

Regardless of age, customers prefer a low-effort service experience over using the channel of their choice.

- With each younger age bracket (from Mature to Baby Boomer to Gen X to Millennials) there is drop-off in means-focused customers.
- Millenials likely are on the go and multitasking, so they want their issues resolved quickly and easily so they can get back to other pursuits.
- Even those who are 66 and older show a significant preference for the ends over the means.

## LITTLE DIFFERENCE BY AGE

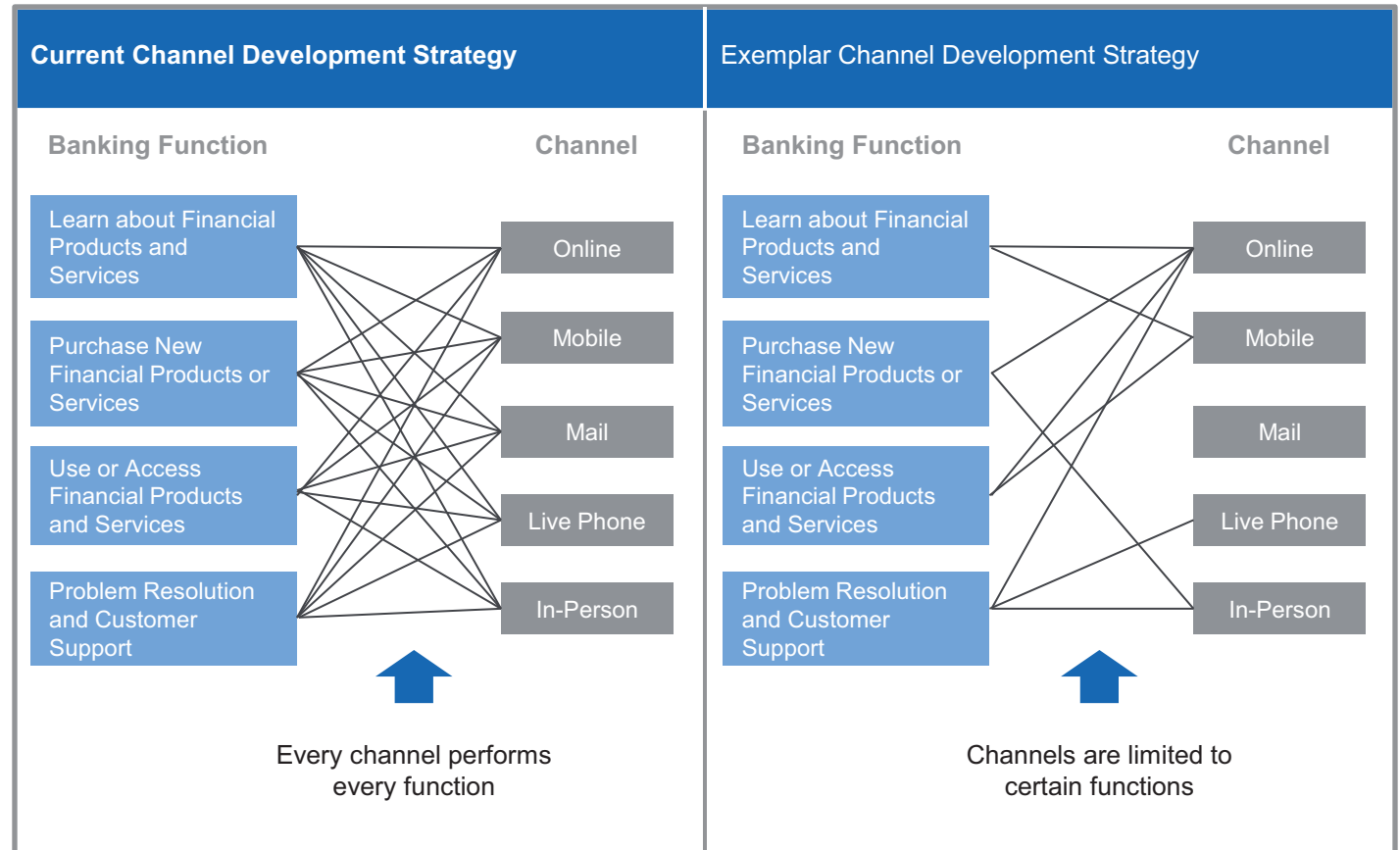
Customer Types by Age Group  
Percent of Customers in Age Group



› Retail banks should consider each channel’s intrinsic capabilities, development and maintenance costs, and preexisting customer usage patterns when determining channel investment.

- Enabling customers to perform every banking task via every channel results in significant redundancy, complexity, and expense.
- Limiting the functionality available within each channel will simplify service, reduce costs, and better suit customer usage patterns.

## LET CAPABILITY, COST, AND USAGE DRIVE CHANNEL DEVELOPMENT

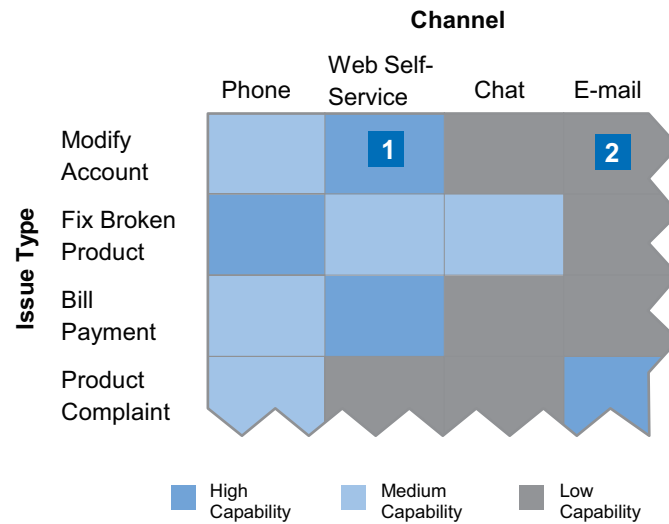


› **Retail banks, not customers, know the best-fit, lowest customer effort channel for each function.**

- While retail banks tend to prefer if all available channels and tools could effectively perform most functions, that isn't the reality of individual channel and tool capabilities.
- Instead, banks should determine the best-fit channel for any given customer need based on internal capabilities.

# MAP CHANNEL CAPABILITIES

Acme Company's Function-to-Channel Map  
*Illustrative*



**1 High Capability Match = Low Customer Effort Issue:**  
 Modify Account  
**Channel:** Web Self-Service  
**Customer Experience:** After log-in, Acme's account management tool enables customers to quickly change and confirm their account information.

**2 Low Capability Match = High Customer Effort Issue:**  
 Modify Account  
**Channel:** E-Mail  
**Customer Experience:** Due to the sensitive nature of the customer request, after several e-mail exchanges the customer is told they will have to call the company to resolve their issue.

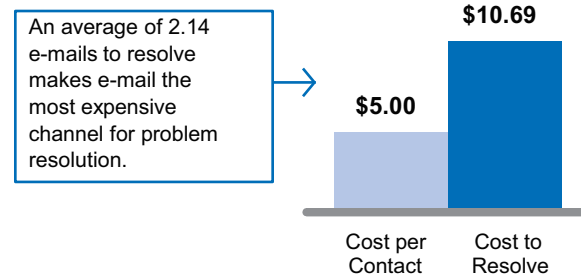


› To truly understand total costs of new service offering investments, consider both the cost to resolution and hidden costs.

# CONSIDER CHANNEL COSTS

## 1. Consider total cost to resolution, not just cost per contact

E-Mail Cost per Contact Versus Cost to Resolve  
CCC Estimated

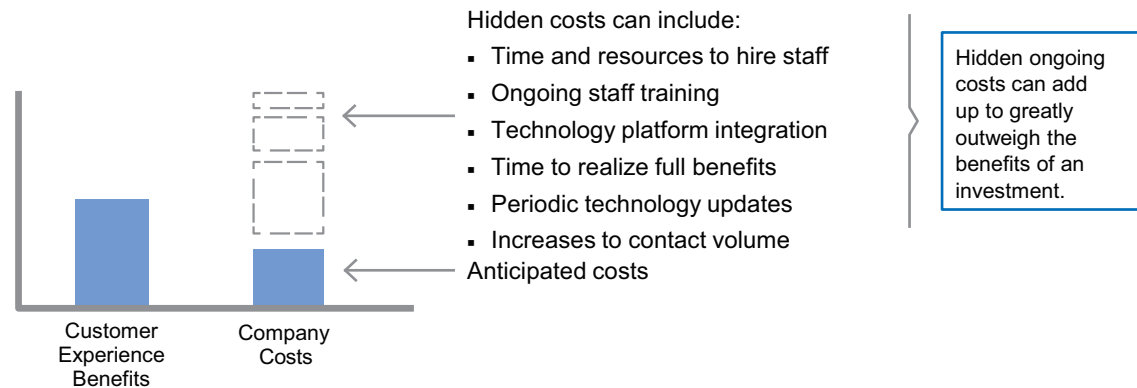


Cost to Resolve Primer

Channel	Cost to Resolve = Cost per Contact x ...
Phone	...number of calls to resolve
E-mail	...number of e-mails to resolve
Web Chat	...length of chat session divided by number of concurrent chats per rep
Social Media	...number of exchanges to resolve
Branch	...total time to resolve

## 2. Consider the hidden costs, not just anticipated costs

Company Costs and Benefits of Service Channel  
Illustrative



**EarthLink**  
After realizing the costs greatly outweigh the benefits of e-mail, EarthLink decided to remove the channel and provide customers with a suitable replacement.

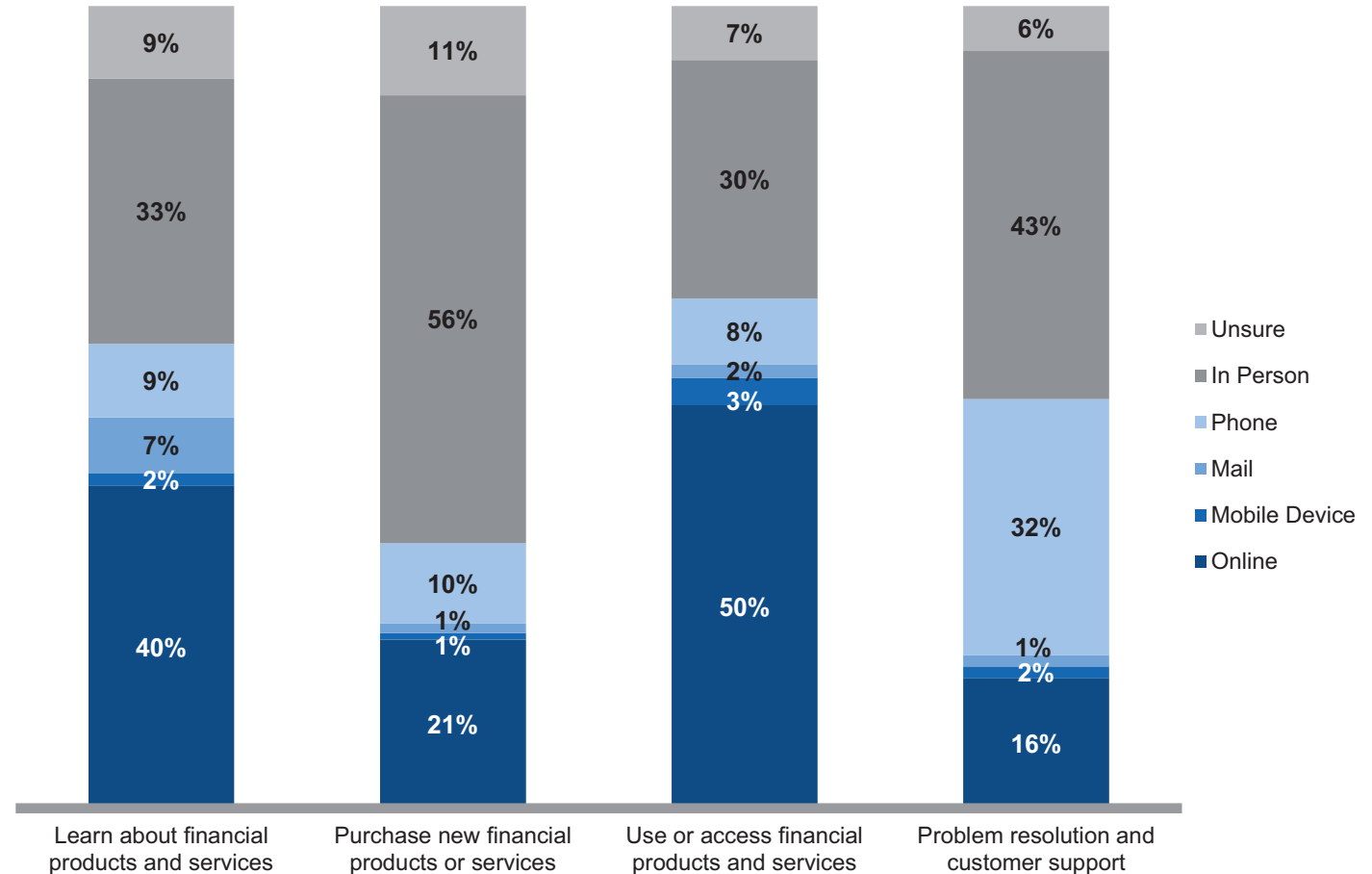
**CISCO**  
Cisco discovered the high costs and low satisfaction of e-mail, and uncovered customers' preferences to guide them to the next best channel to resolve their issues.

Customers do not self-select into a single channel for all functions; instead, individual customers prefer different channels for different purposes.







- Consumers prefer to use online channels for both researching and accessing financial products and services.
- To complete a purchase of a financial product or to resolve a problem, customers prefer in-person contact.
- Live phone contact is primarily relevant for problem resolution and customer support functions.

## TRACK CUSTOMER USAGE PATTERNS

Channel Preference for Product Life Cycle Activities  
Percentage of Banking Customers



# RETHINKING MULTICHANNEL STRATEGY

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› **Most customers want to be guided through their service experiences to quickly achieve their aims.**

## CUSTOMERS WANT GUIDANCE

### Customer Comments on Their Ideal Service Experiences

#### Verbatims

*“I want it to be easy to navigate...I want to find things without being turned around in circles.”*

**“When a company calls out certain offerings, it makes me think they spent time and resources developing them, so I’ll try them out.”**

*“A company that takes time to show me something new...I appreciate that.”*

*“I want to know that where I’m going [in service interactions] will work out well for me.”*

“It’s simple for me—it’s your [the company’s] job to tell me what to do. I don’t want to waste my time.”

“If a company guides me somewhere that may not be my first choice, and it works out well, that’s fine with me.”

› A website optimized to guidance—not customer choice—clearly pulls a customer to the best-fit channel for their service needs.

- A well-constructed website can quickly and easily guide customers to the lowest-effort channel for their needs while still satisfying the secondary desire for choice.

## GUIDANCE AT A GLANCE

Website Designed for Customer Task-Based Guidance

The screenshot shows the ACME Customer Service page. At the top left is the ACME logo. Below it is the breadcrumb 'Acme > Customer Service'. A search bar is in the top right. The main content area is divided into two primary columns. The left column is titled 'Instant Answers to Common Questions' and contains a list of 'Top Questions' with links like 'How can I access my Acme account?'. The right column is titled 'Get Step-by-Step Guidance' and lists 'Most Popular Topics' such as 'Accounts and Personal Information'. Below these are sections for 'ACME Office Locator' (with a zip code input) and 'ACME Announcements'. On the right side, there are three vertical panels: 'Not in a hurry?' with an 'E-Mail Acme' button, 'What are others saying?' with an 'Acme Facebook' button, and 'Can't find your answer?' with a 'Chat Acme' button. Numbered callouts are placed as follows: 1 points to the two main content columns; 2 points to the 'Get Step-by-Step Guidance' column; 3 points to the right-hand side panels; and 4 points to the footer navigation links.

**1** By clearly highlighting the two recommended options, customers quickly narrow down their decision to two options—feeling guided without losing a sense of control over the interaction.

**2** The customer makes their decision between the two choices based on the language—do they need to learn something/information (“instant answers”) or do they need the company to take action (“step-by-step guidance”).

**3** Other options are de-prioritized in areas that most customers do not read, but are clearly present for those who have a strong channel preference.

**4** The phone number is not on this page, but “Contact Us” is a clear indication to customers that the phone number is just one click away if they need it.

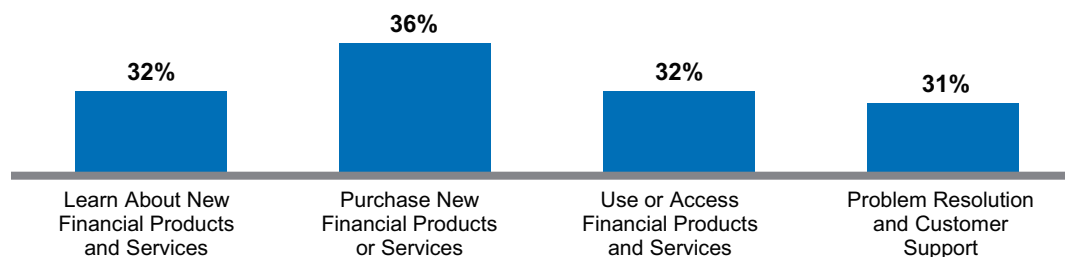
Not all customers are easily guided; limited channel experience can be a significant challenge to company-guided channel selection.

- About one-third of customers across all banking activities lack experience with the online channel.
- Customers with no experience using the online channel are, not surprisingly, far more likely to prefer the branch for all activities.
- Some technological-only users may be unaware of the advantages the branch offers for specific tasks, such as certain purchases or advisory needs.

## CHALLENGE 1: LIMITED BY EXPERIENCE

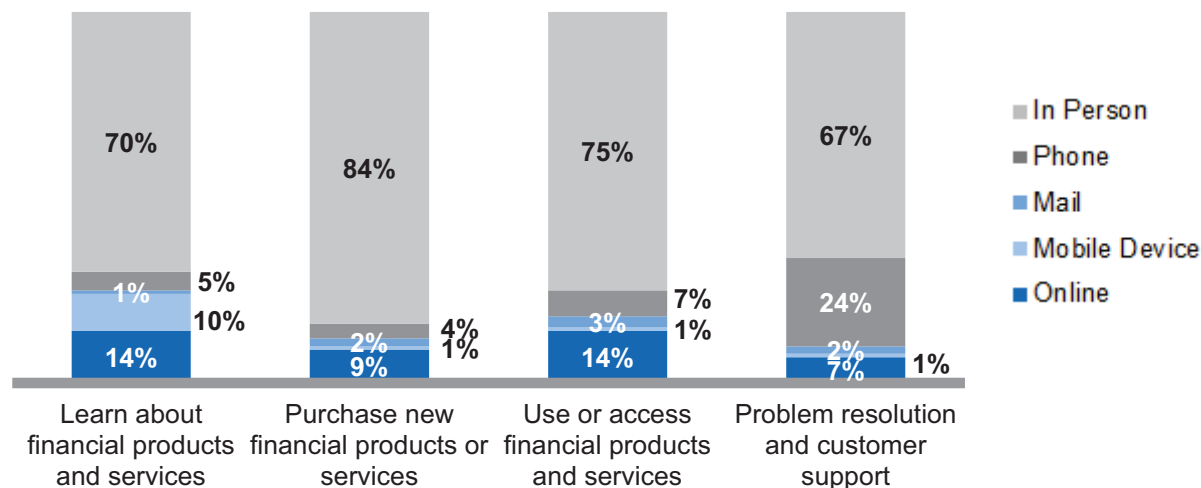
### Online Inexperience by Activity

Percentage of Customers That Have No Experience Using the Online Channel



### Channel Preference for Product Life Cycle Activities

Percentage of Customers That Have No Experience Using the Online Channel



n = 3,788.

Note: Typology is built on stated preference; customers could declare a preference for online even if they had no experience; bars may not equal 100% due to rounding.

Source: CEB TowerGroup research, CEB Retail Banking Leadership Council Customer Channel Preference Survey, 2011

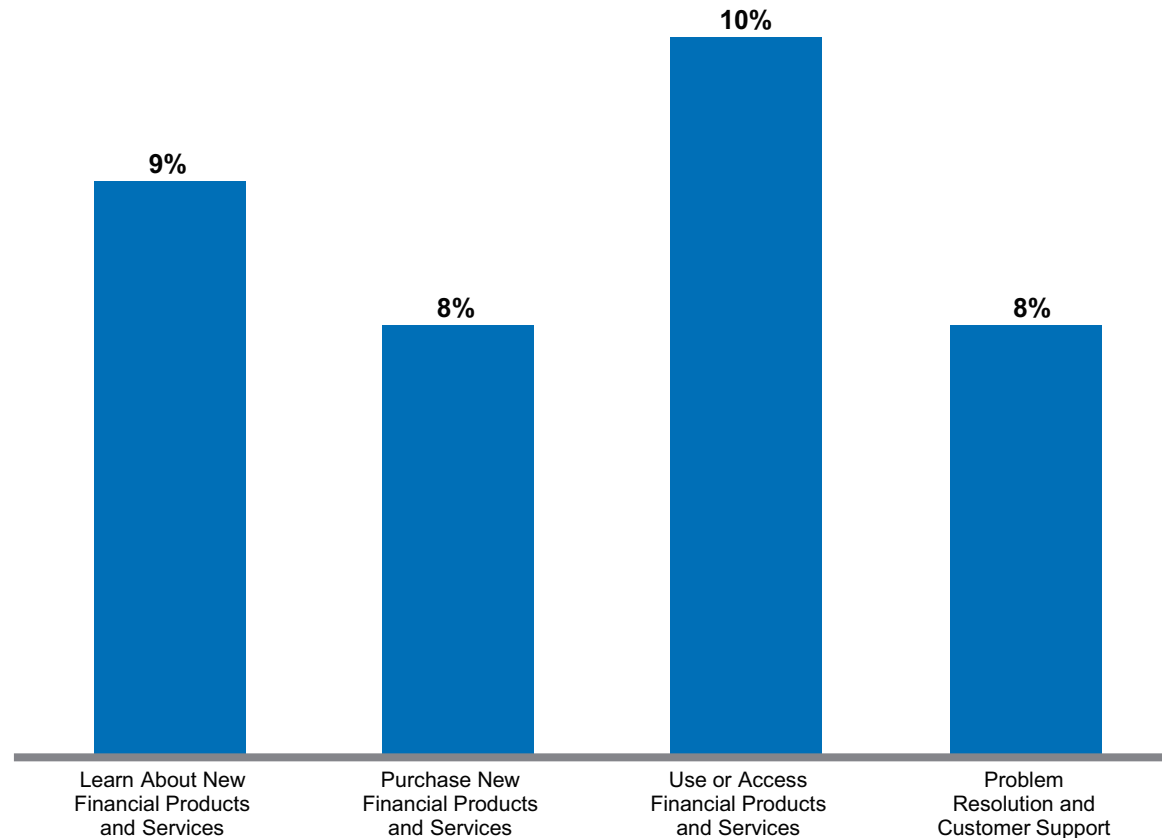
› **Even among experienced customers, entrenched habits can inhibit best-fit channel selection.**

- On average, 9% of personal-channel-centered banking users think the web experience is better, yet still prefer to use in-person channels.
- Factors other than experience and quality come into play for these customers—they are making a personal choice to use in-person channels over technological channels.
- Similarly, some technological-only users may decide not to avail themselves of personal channels even when the latter might be superior for accomplishing a given task.

## CHALLENGE 2: LIMITED BY HABIT

### Relative Online Quality by Activity

*Percentage of Personal Channel Users Indicating the Web Experience is Better*



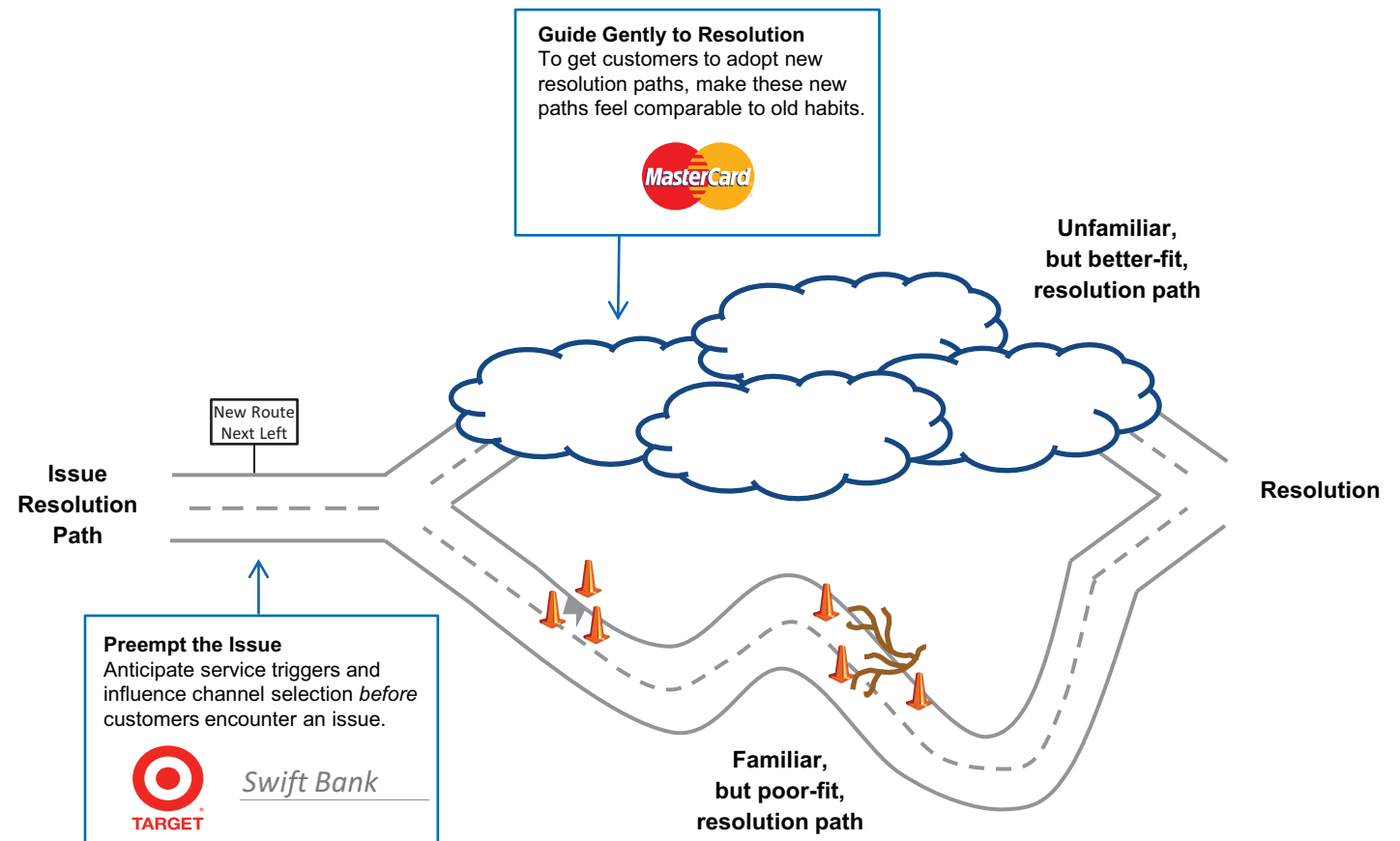
› To change customer behavior, retail banks must make new issue resolution paths feel as easy as customers' familiar paths.

- Customers use certain resolution paths, even if they are not well-suited for their needs, because they are familiar.
- Over time, these familiar paths become customer habits that are difficult to break. Customers often automatically default to these paths because they are not aware of alternatives.
- To get customers to adopt new behaviors, retail banks need to compete with customers' habitual paths by making new pathways feel easy.

## OVERCOMING THE LIMITATIONS

### Potential Customer Issue Resolution Paths

*Illustrative*



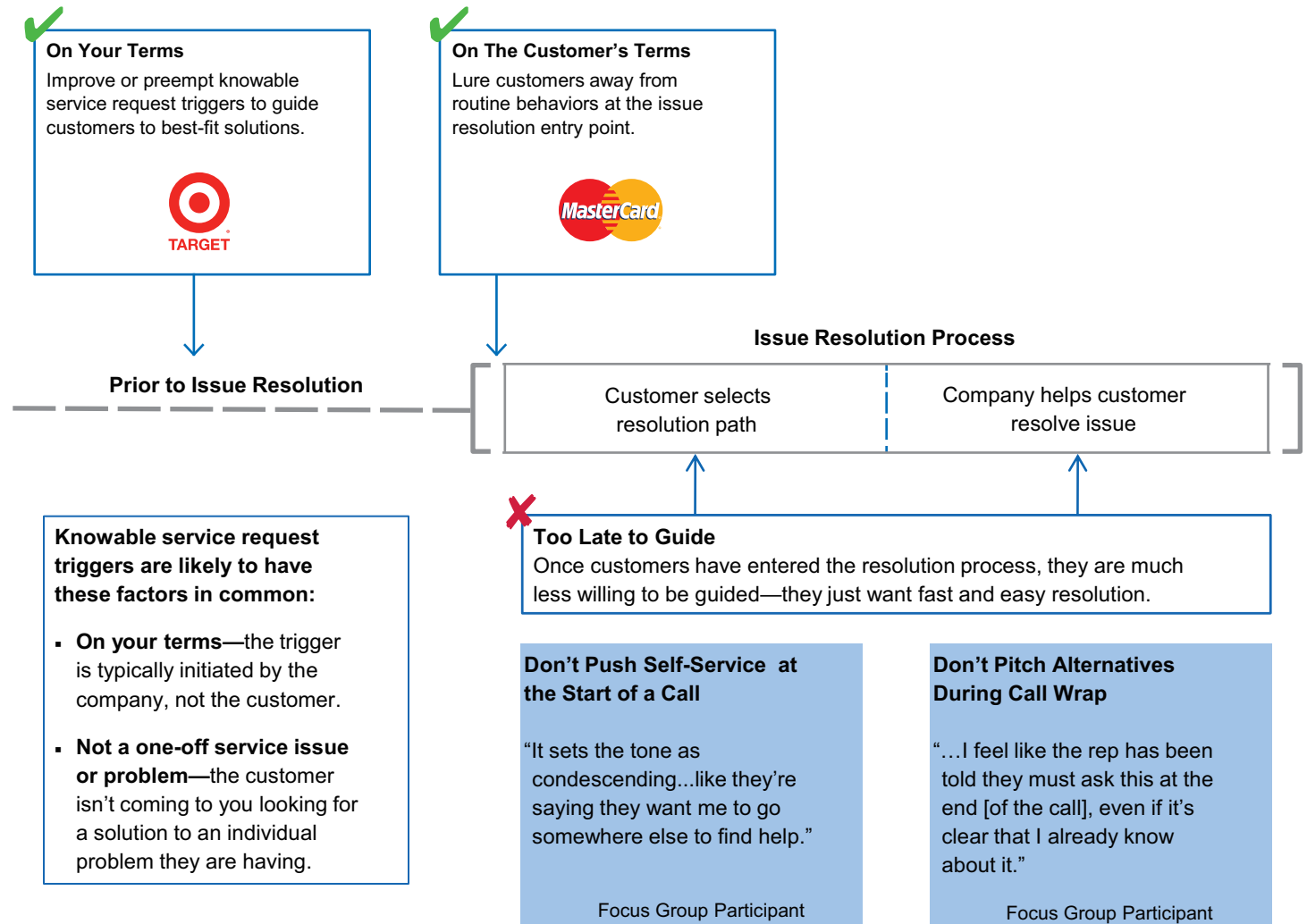


› The best opportunities to guide customers occur prior to the resolution process.

- Companies can guide customers using knowable service request triggers or, when triggers cannot be known in advance, by luring customers at the issue resolution entry point.
- Once the customer has chosen a means of resolving his or her issue, your window for guiding has closed.

# PREEMPT CHANNEL SELECTION

## Potential Opportunities to Guide Customers *Illustrative*



Existing but underutilized service triggers are prime opportunities to drive new customer behaviors.

- Analysis reveals that customers using self-service to activate their cards frequently do so on-the-go, causing them to enter errors and end up in the live phone channel.
- Not only is this process costly for Target, but it increases customer effort.
- Therefore, Target looks into ways to guide customers in the card activation process.

Results

- 27.4% increase in online card activations in the first month after debit card redesign.
- 39.1% increase YOY in online card activations.

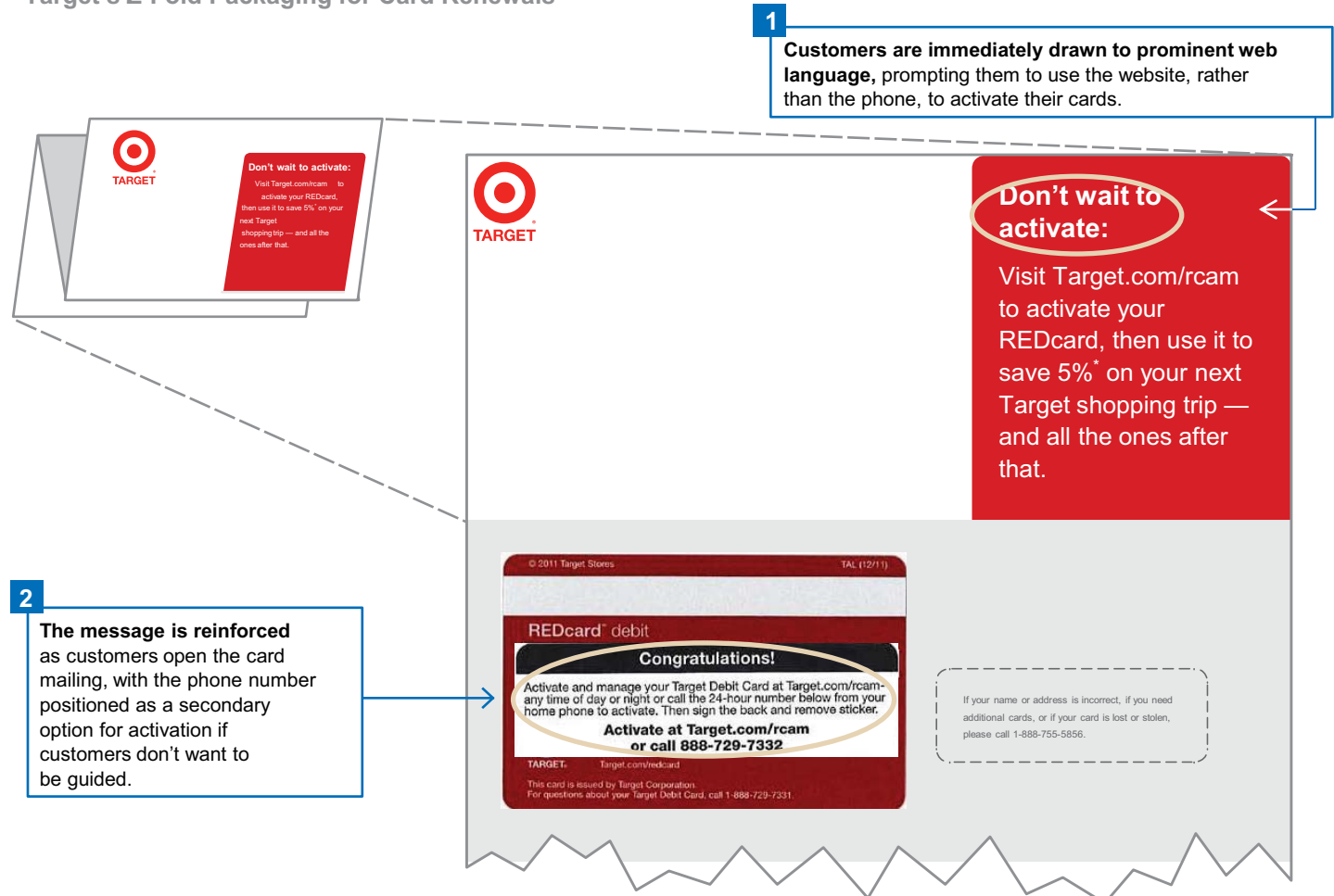
# CASE STUDY: IF YOU TELL THEM, THEY WILL GO



## Identifying the Opportunity

- Web analysis reveals that while two-thirds of all customer contacts originate on the Target website, only a small number of card activations are processed online.
- Target identifies card renewals as an underutilized opportunity to guide customers to better-fit service pathways.

## Target's Z-Fold Packaging for Card Renewals



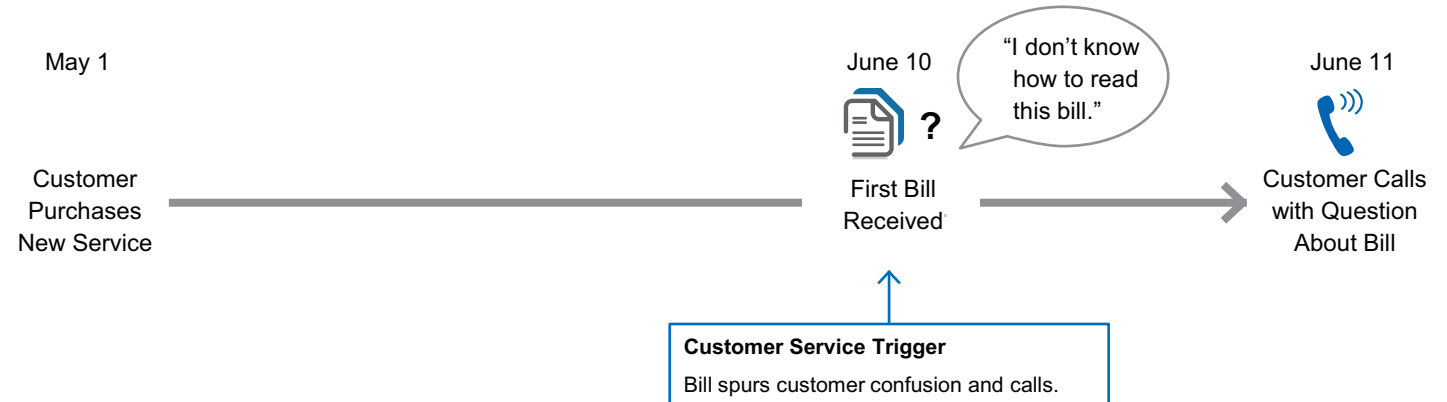
Source: CEB TowerGroup research, Target Corporation

When modifying an existing service trigger is not possible, companies can act proactively to drive new customer behaviors.

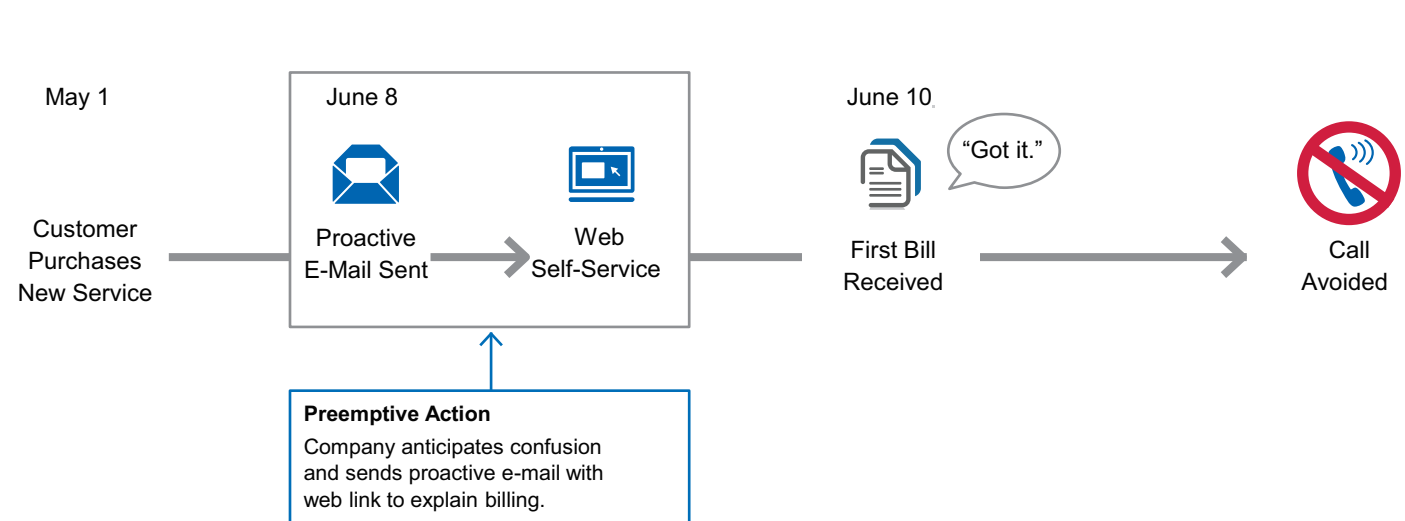
- At times the service trigger may be difficult to change because:
  1. It is extremely costly to do so;
  2. It is owned by an internal partner who does not want to change it; and/or
  3. It doesn't impact all customers equally.

## TAKE PREEMPTIVE ACTION

### Typical Customer Behavior *Illustrative*



### Preemptive Action to Change Customer Behavior *Illustrative*



› **A well-timed e-mail preempts the existing service trigger and guides customers to better-fit channels.**

- A carefully designed e-mail is used to explain hard- to-grasp information and guide customers to best-fit resources.
- The e-mail also presents an opportunity to upsell relevant services.

**Results**

- **Forty-five percent of customers** report they save these e-mails for future reference.
- E-mails generate an **overall click-through rate of 42%**.

## CASE STUDY: PROACTIVE GUIDANCE

*Swift Bank*

### Identifying the Opportunity

- Swift Bank<sup>1</sup> finds that a large percentage of customers call with questions after receiving their first bill in the mail.
- Since a bill redesign would be a costly process not fully owned by service, the bank decides to preempt the paper bill with a strategically-timed proactive e-mail.

### Sample Money Transfer Service Order Follow-Up E-Mail

**1**

**Critical Information Only**

E-mails provide only critical information to avoid overwhelming the customer.

*Swift Bank*

[Field: Date]

Dear [Field: First Name] [Field: Last Name],

We hope you're enjoying your *QuickTransfer* service. [Find out more](#) about using all the features this service has to offer.

As with your other Swift Bank services, *QuickTransfer* is billed one month in advance. On your next bill, you'll see a charge for the time between when your service was activated and your bill date, plus a charge for the full month ahead. [Learn more.](#)

If you're not happy with your purchase, [visit our website](#) anytime within the next 30 days to cancel the service hassle-free.

**Thank you for choosing Swift Bank!**

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Simplify your relationship with Swift Bank. [Find out more](#)

**2**

**Timed for Impact**

An e-mail explaining billing will be sent two days before the first bill is mailed.

**3**

**Links to Self-Service**

Self-service links push customers online for additional information, which limits callbacks.

<sup>1</sup>Pseudonym

Source: CEB TowerGroup research, CEB Customer Contact Leadership Council research

› **Capture the consumer’s attention by replicating a familiar service situation.**

- “Ask MasterCard” is an interactive online FAQ pathing tool that guides consumers through a defined and solvable solution set.
- All questions and answers are pre-programmed by MasterCard using simple HTML.

# CASE STUDY: FAMILIARIZE THE UNFAMILIAR



## “Ask MasterCard” Interactive FAQ Pathing Tool

ASK MASTERCARD

I'm a:

Cardholder

Issuer

Merchant

See all support

MasterCard

What can I help you with?

Me

My question is...

My question is...

I Need to Dispute a Transaction

I Need to Report a Telephone or E-Mail Scam I Had Problems Using my MasterCard card at a Store

I Need to Learn About my Card Benefits and Insurance

I Need to Report a Lost or Stolen Card

I Need a Replacement Card

I Need to Learn about Currency Conversion

I Need to Learn about a Card Breach

I Want to Apply for a MasterCard

I Need Assistance with MasterCard SecureCode

Questions not answered here

### LOST OR STOLEN CARD?

In the US, call 1.800.MasterCard (1-800-627-8372)

See Non-US Emergency Contacts

### ACCESS YOUR ACCOUNT

To get assistance with your account, check the back of your card for your issuer's Website or phone number.

Select Your Issuing Bank

▼

Go

**1. Instantly Recognizable Activity**

Landing page presents a familiar construct for consumers—a live service interaction between two people—so they immediately understand how to use the tool.

**2. Engaging Consumer Language**

Language written from the consumer’s point of view signals that they need to interact with the tool to take the next step.

**3. Low Bar for Consumer Participation**

One-click dropdown menu of programmed questions makes it easy for consumers to participate and reveals a set of highly-relevant issues.

## Use filters considering both consumer needs and company capabilities to create a small but impactful issue set.

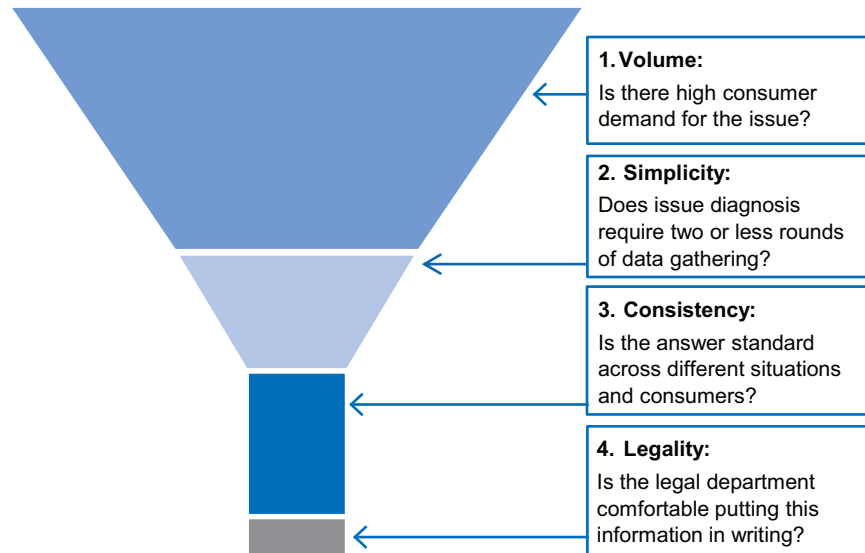
- Monitor the popularity of each issue type with page tags and analytics.
- A cross-functional team meets annually to review consumer demand for each issue.
- The team adds or removes items based on popularity of issues and new consumer demands.

# NARROWING DOWN THE ISSUE SET



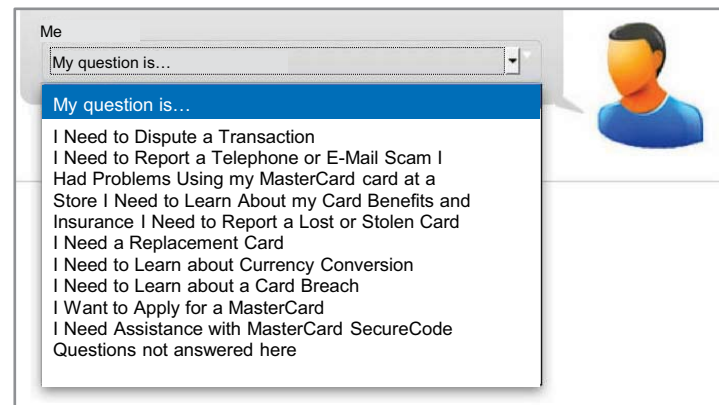
## Filters to Prioritize Issue Types for Guidance

I Want to Redeem My Points    I Want to Learn about My Credit History  
 I Want to Update My Personal Information    I Want to Dispute a Transaction    I Need to Report a Lost or Stolen Card  
 I Had Problems Using My MasterCard Card at a Store    I Need a Replacement Card  
 I Need to Change My Billing Address



## CEB Tips for Issue Filtering

- Use call volume data to identify popular issues.
- Meet with cross-functional team annually or biannually depending on how fast consumer issues change.
- Schedule special meetings to respond to large changes to issue set (e.g., new legislation, large product launch).
- Ask frontline staff for additional feedback on changing consumer needs.
- Keep issue set manageable, though the total number can fluctuate slightly based on demand.



Intelligent filtering leads to a small, but highly relevant, set of issues for consumers to choose from.

Present consumers with alternatives to the online tool by considering their issue type and individual preferences.

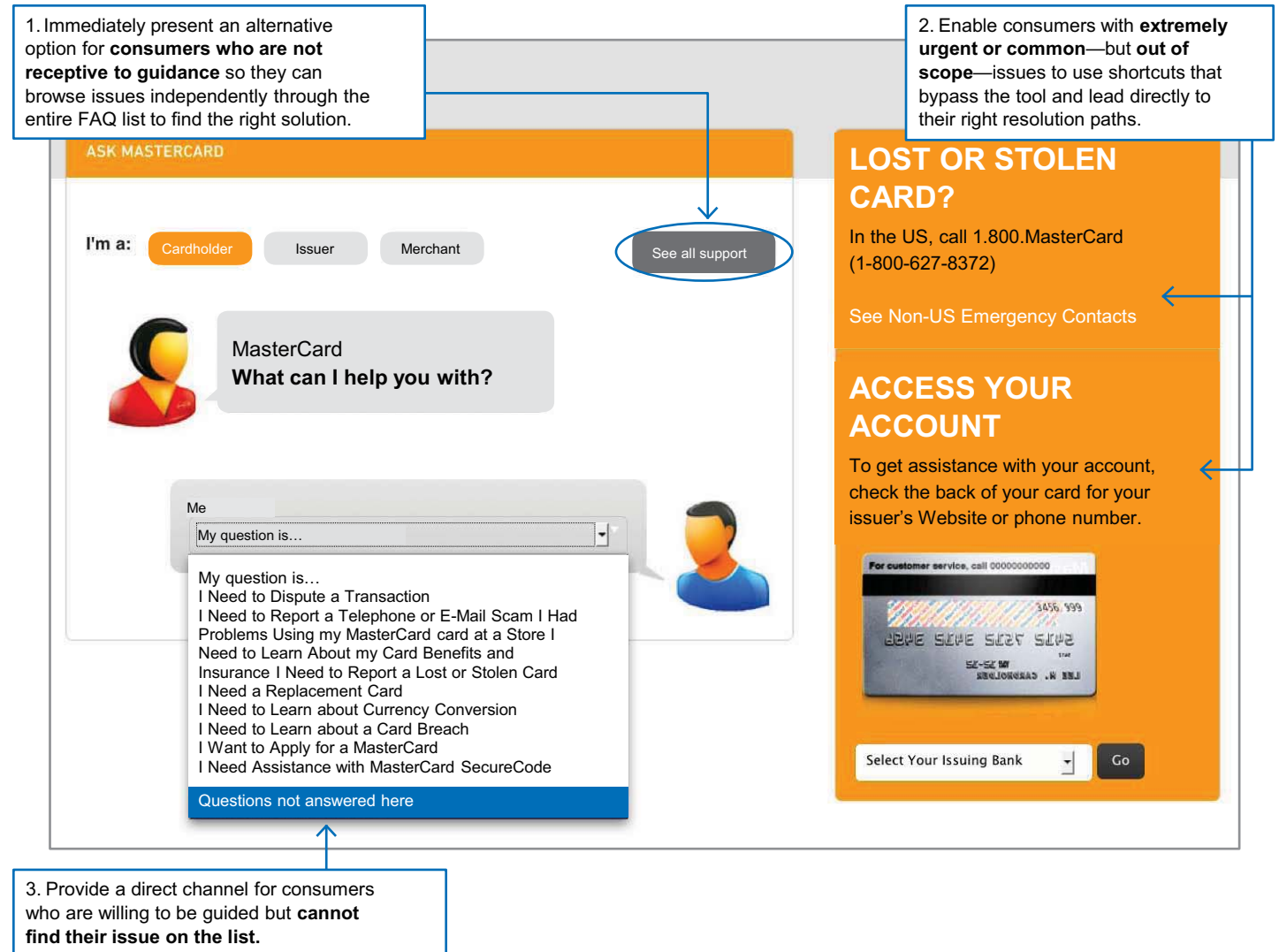
**CEB Tips for Providing Pathways Out**

Rather than giving channel-based alternatives to all consumers, create tailored alternatives for consumers who have:

- A high need for control and are not receptive to guidance.
- An urgent issue that requires immediate attention
- An issue that needs to be solved using another channel or third-party entity
- An issue that is not listed in the tool because it did not meet the filtering test.

# GIVE THEM A WAY OUT

## Principled Pathways Out of “Ask MasterCard” Tool

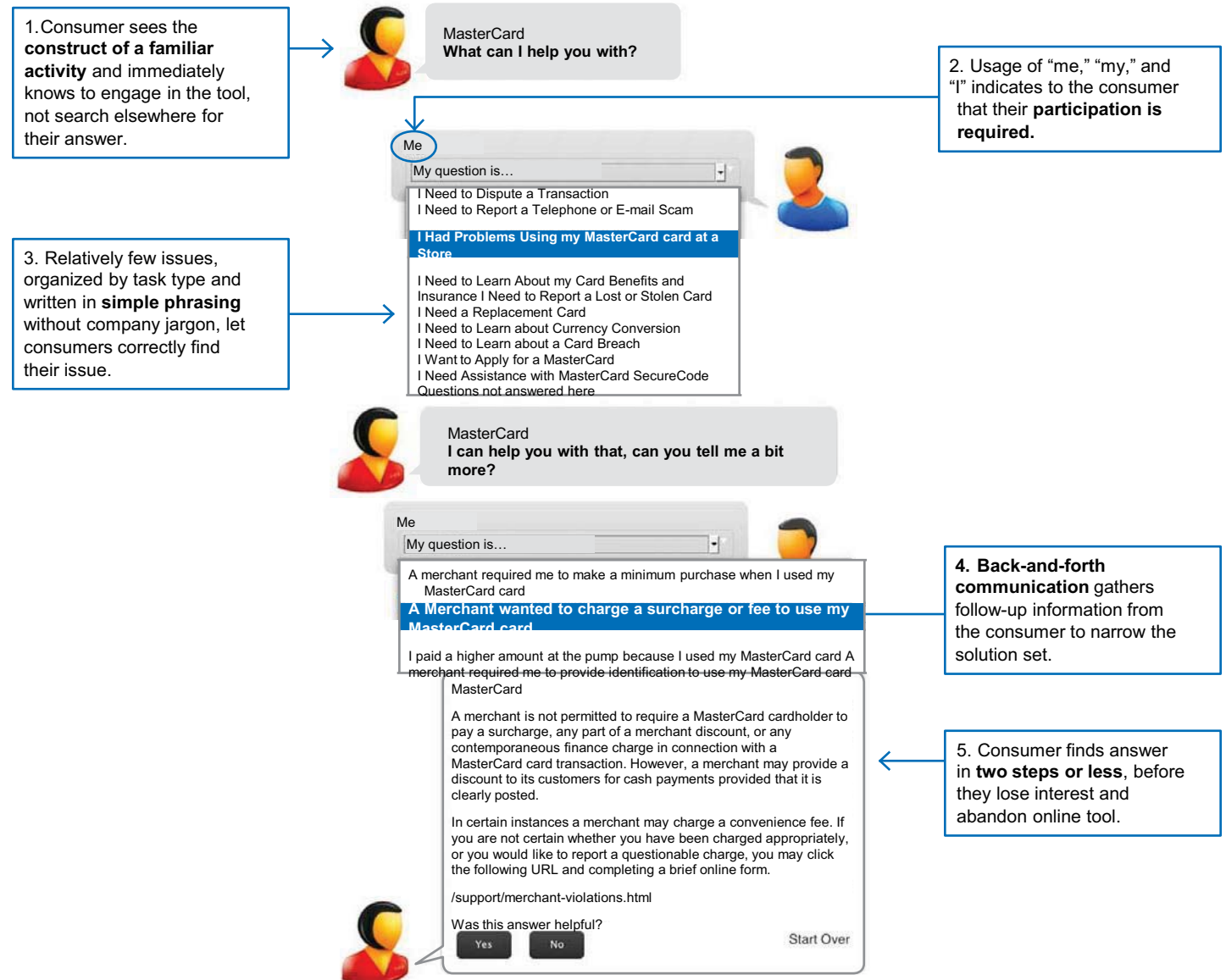


Entire interaction features elements of a live conversation, making the online tool an acceptable substitute to prior habits.

## ONLINE GUIDANCE IN ACTION



An Example of the “Ask MasterCard” Tool



### Tips for Writing in Consumer Voice

- Listen to calls and review e-mails to identify phrases commonly used by consumers.
- Because reps are most familiar with consumer voice, test wording with frontline reps and incorporate their edits.
- Test prototypes of tool on consumers in small, focus group settings.



Introduction of the online tool leads to a decrease in e-mail volume and better filtering of issues to the best-fit channel.

- Issues currently handled in e-mail and phone are more complex and severe—including card and privacy security, card account-specific, and fraud.



“Before we introduced ‘Ask MasterCard,’ we received e-mails mostly about the simple, rote issues. The shift we have seen to a mix of more complex issues means **the tool is doing its job.**”

Dan Balistierra  
Vice President, Global Service

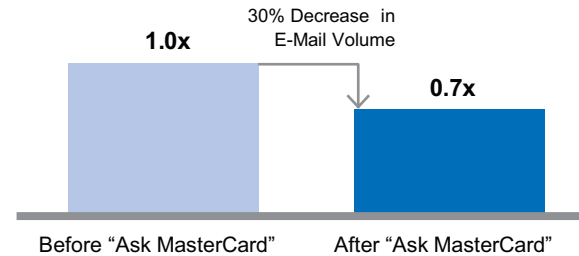
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## GETTING TO THE RIGHT PLACE

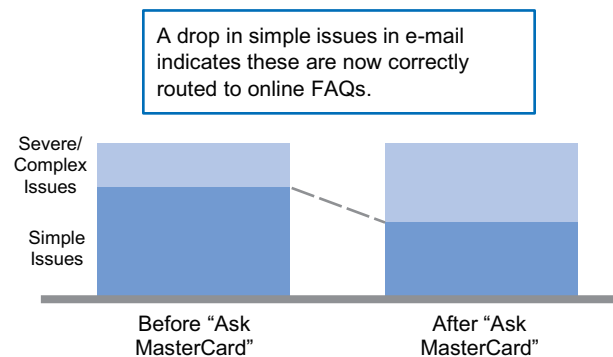


Contact Volume in E-Mail  
*Indexed*









CEB Estimated Potential Annual Cost Savings from E-Mail Reduction	
<i>Assumptions</i>	
Annual Pre- "Ask MasterCard" E-Mail Volume:	100,000
Cost per E-Mail:	\$5.00
<b>Total Cost Savings:</b>	<b>\$150,000</b>

Issue Mix in E-Mail Channel  
*Illustrative*



Note: Average cost per e-mail from CCC's 2011 Cost, Quality, and Productivity Benchmarking Survey.

# RETHINKING MULTICHANNEL STRATEGY

Differentiate Channel Functionality	Proactively Guide Channel Selection	Evaluate Channel Performance
<p><b>Tailor (and limit) channel functionality to serve <i>different</i> customer needs in each channel.</b></p> <ul style="list-style-type: none"> <li>▪ Assess customers' true priorities before making channel investments.</li> </ul>  <ul style="list-style-type: none"> <li>▪ Differentiate channel development according to:               <ol style="list-style-type: none"> <li>a. Channel capabilities</li> <li>b. Channel costs</li> <li>c. Demonstrated customer usage patterns</li> </ol> </li> </ul>	<p><b>Guide customers to the best-fit channel for each customer need.</b></p> <ul style="list-style-type: none"> <li>▪ Replace self-selection with intuitive guidance.</li> </ul>  <ul style="list-style-type: none"> <li>▪ To ensure successful guidance:               <ol style="list-style-type: none"> <li>a. Preempt channel selection                   <div style="display: flex; align-items: center; margin-top: 10px;">  <div style="margin-left: 10px;"> <p><i>Swift Bank</i></p> <hr style="width: 80px; margin-left: 5px;"/> </div> </div> </li> <li>b. Familiarize unfamiliar channels                   <div style="display: flex; align-items: center; margin-top: 10px;">  </div> </li> </ol> </li> </ul>	<p><b>Evaluate results to ensure that channel differentiation and guidance achieve customer experience goals.</b></p> <ul style="list-style-type: none"> <li>▪ Employ multiple tactics to stimulate migration to online self-service.</li> </ul>  <ul style="list-style-type: none"> <li>▪ Continuously reassess and improve channel functionality.</li> </ul> 

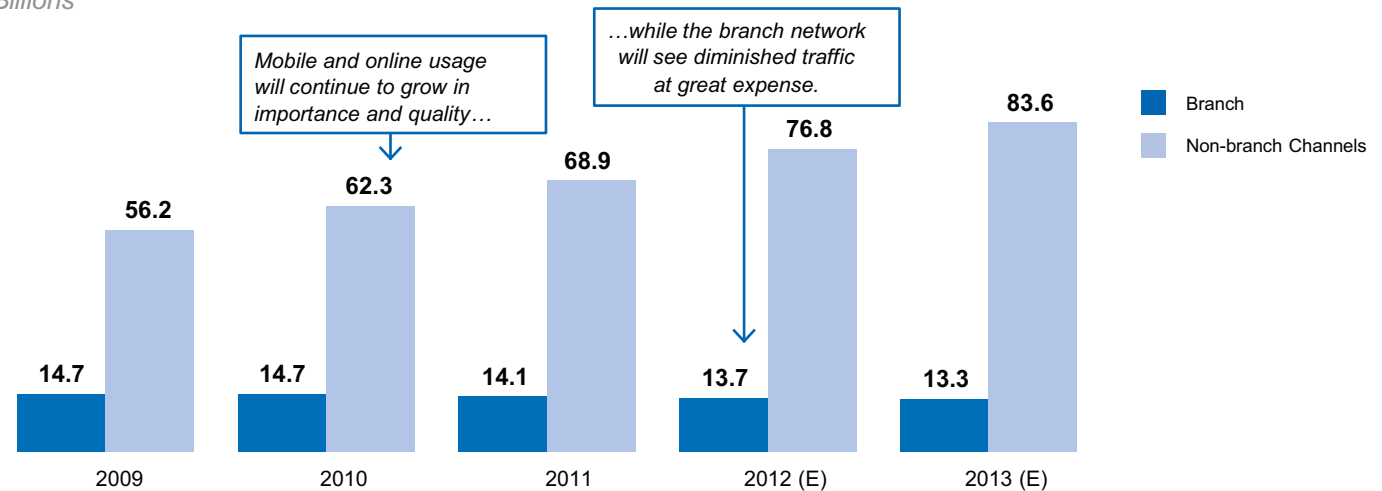
Because of changing customer behavior and economics, Alpha Bank<sup>1</sup> wanted to reduce its dependence on its branch network.

- Industry-wide trends suggested not only that most activity could happen outside the branch, but that customers would actually prefer this model.
- The bank's transition strategy required increasing the role of the bank's online platform while changing demands on the branch.
- This case study looks at how Alpha Bank created accountability for customer experience and sales around the online channel.

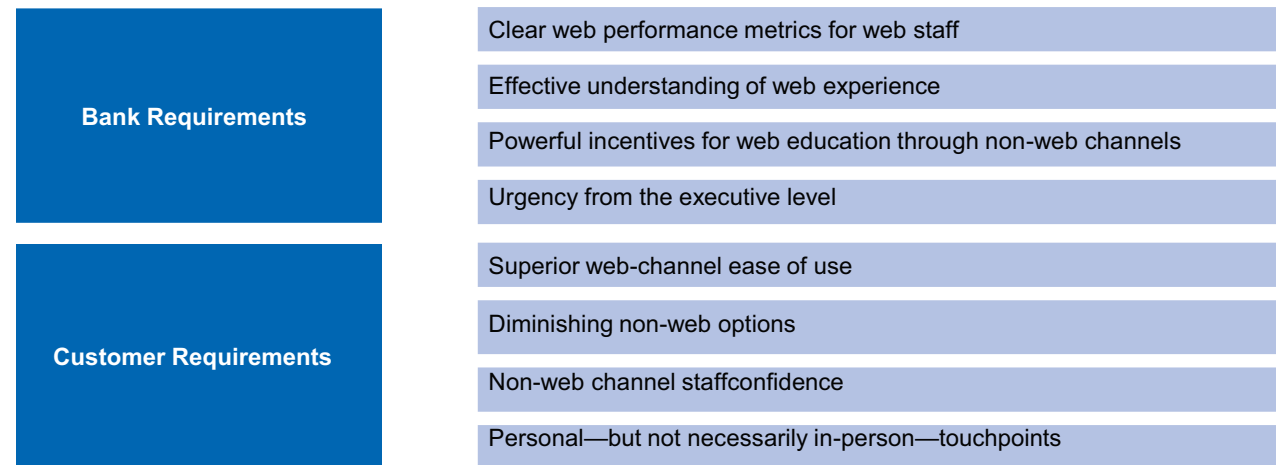
## CASE STUDY: CREATING AN ACCOUNTABLE ONLINE GROWTH STRATEGY



Transactions by Channel  
Billions



### Bank and Customer Requirements for Accountable Online Growth, Alpha Bank



<sup>1</sup> Pseudonym.

Source: CEB TowerGroup research, CEB Retail Banking Leadership Council research

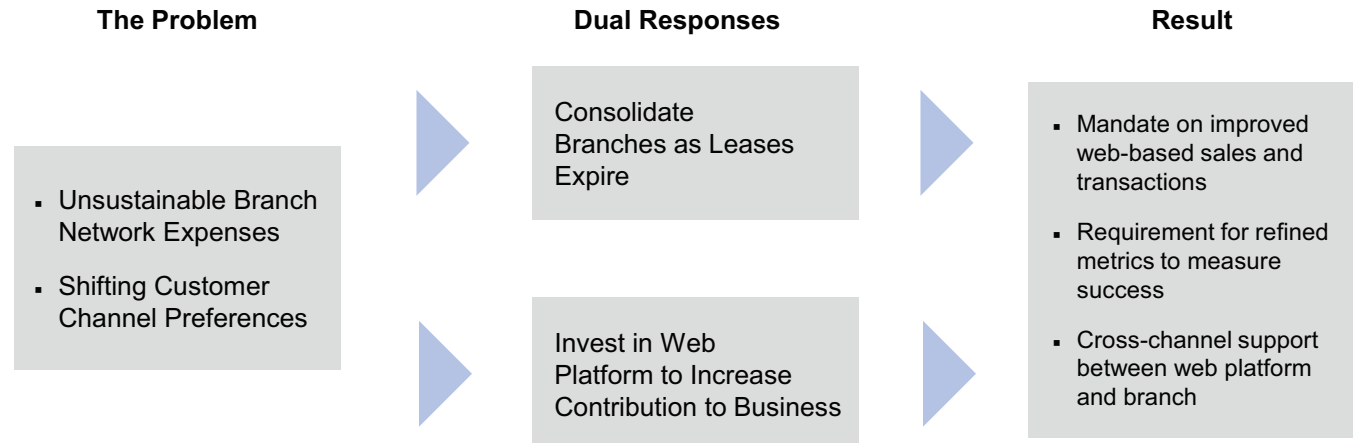
Put pressure on the web platform by putting pressure on the branch network.

- Alpha Bank's<sup>1</sup> web strategy emerged from realizing that branch network expenses were unsustainable.
- First, the bank invested in the web platform's functionality and worked to understand the ideal online customer experience.
- Second, as branch leases began to expire, it consolidated and relocated branches to smaller storefronts.
- As Alpha Bank consolidated branches to limit expense, the web necessarily gained increased importance.

# SHIFTING SALES PRESSURE TO THE WEB PLATFORM



## Alpha Bank's Channel Strategy Shift



<sup>1</sup> Pseudonym.

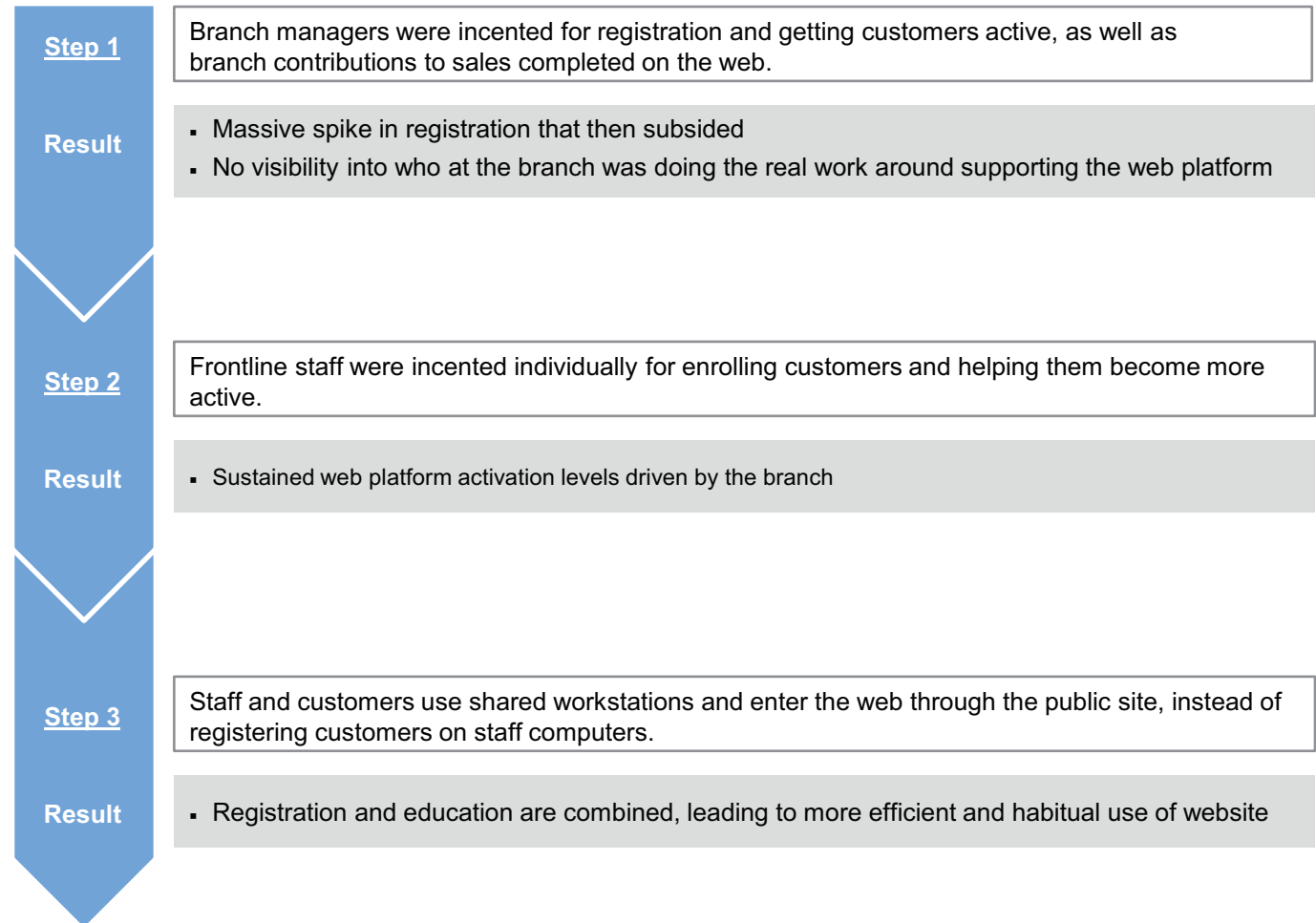
## › Increase web activity through the branch.

- Alpha Bank<sup>1</sup> experimented with a number of branch-level incentives for online activity before finding the best way to leverage the branch.
- Most new accounts are still opened in the branch, which means branch staff play a crucial role in driving online usage.

# BRANCH-SUPPORTED WEB PLATFORM GROWTH



## Driving Web Activity Through the Branch



<sup>1</sup> Pseudonym.

Move beyond replicating and accelerating branch activity to a focus on ease of online customer experience.

- Alpha Bank<sup>1</sup> created a website that mirrored the functionality of a branch, but was still losing opportunities to customers dropping out of the online purchase process.
- By studying causes of “abandoned shopping carts,” Alpha Bank is now able to quantify customer effort in terms of revenue opportunities.



“We learned that very simple questions—like ‘what is your occupation?’—can create problems online that do not exist in the branch.”

Alpha Bank’s Head of Online Experience

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# CUSTOMER EXPERIENCE-DRIVEN ONLINE SALES



## Alpha Bank’s Online Exit Survey

1. Thinking about your online experience today, on a scale of one to 10, how satisfied were you with Alpha Bank today?

2. What are your reasons for giving a score of X in relation to your satisfaction today? Please provide your answer in the box below.

3. Which of the following activities did you do when you logged in today?

- Checked my balance
- Checked my transactions
- Transferred money between accounts
- Transferred money to someone else's account
- Paid a bill
- Read my bank messages
- Applied for products/services
- Managed accounts, e.g., card activation, loan details, term deposit, etc.
- Other (please specify) \_\_\_\_\_

4. On a scale of one to 10, with 1 being very difficult and 10 being very easy, how easy was it for you to complete your tasks with Alpha Bank online today?

5. What favorite feature from another website would you love to see on Alpha Bank's site?

6. For the following statements, please indicate on a scale of one to 10, where one is "Strongly Disagree" and 10 is "Strongly Agree," whether you agree with each statement in relation to your experience on Alpha Bank's website today?

- It is easy to find what I need on the website.
- It is easy to manage my finances through the website.
- I like the look and feel of the website.
- The website is reliable.
- I am confident about the website's security when I log in.

7. What are your reasons for giving a score of X to "I like the look and feel of the website?"

8. Did you use the website for personal banking, business banking or both personal and business banking?

9. Thinking about your experience with Alpha Bank overall, on a scale of one to 10, please indicate your level of agreement with the statement “Alpha Bank is easy to deal with.”

10. To help us understand your score for “Alpha Bank is easy to deal with,” please provide reasons for your response.

<sup>1</sup> Pseudonym.

## Make the online channel accountable.

- To drive sales and activity, Alpha Bank<sup>1</sup> measures its website's performance across four categories:
  - Contribution to revenue
  - Customer activity
  - Support from other channels
  - Customer satisfaction
- By looking across sales and usage data, Alpha Bank monitors the role of the website as an integral part of the customer experience.

# CROSS-CHANNEL METRICS OF ONLINE SUCCESS



## Identifying Leading Business Indicators

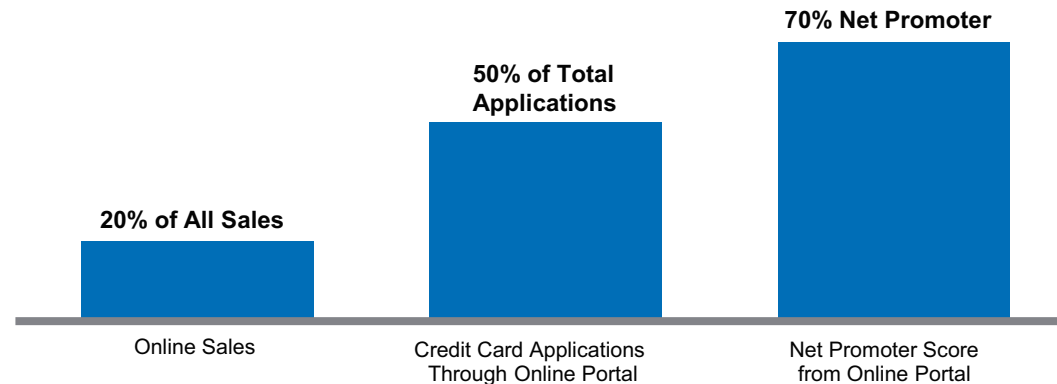
Alpha Bank's Web Platform KPIs	Goal/Incentive
<b>Profit Contribution to Bank</b>	<b>Twenty-Two Percent of Total Bank Sales Through Web</b>
Total Number of Accounts Domiciled Online	
Web-Based Personal Loans/Total Personal Loans (%)	
Web-Based Product Sales/Total Product Sales (%)	
Total Revenue from Web-based Sales	
<b>Customer Activity</b>	<b>Fifty Percent of Customers Active Online</b>
Number of Unique Visitors to Site	
Active Web Users/Total Active Customers (%)	
Rate of PIN Activation Online	
Web Payments/Total Payments (%)	
Customers Receiving Online Statements (%)	
<b>Support from Other Channels</b>	<b>Frontline Incentives for Increased Web Activity</b>
Branch-Based Web Account Registration	
Contact Center Web Account Registration	
<b>Customer Satisfaction</b>	
Net Promoter Score on Exit Survey	Seventy-Four Percent NPS
Peer Benchmarking for Satisfaction	Top Ranking Regionally
<b>Web-Platform Staff KPIs</b>	
Customer Service	Forty Percent Weighting Toward Customer Satisfaction
Customer Outcome	Sixty Percent Weighting Toward Activity Outcomes

<sup>1</sup> Pseudonym.

› The online platform has delivered results, but only through constant re-evaluation of the experience and purchase process.

- Because customer expectations around technology will continue to increase, the web platform will be in a state of constant evolution.
- Using exit surveys, Alpha Bank<sup>1</sup> is now able to quantify customer effort in terms of revenue opportunities.

## RESULTS OF ALPHA BANK'S ONLINE STRATEGY



### Key Customer Experience Drivers

**Focus on ease:** Simplest products are the easiest to sell online, but still require a carefully planned customer experience.

**Planning for next generation:** The web platform has moved from focusing on replication of the branch to customer satisfaction—in the age of social media, it now moves toward customer interaction.

### Remaining Challenges

After period of rapid uptake of web usage, late adopters remain hard to win.

As web experience improves, the burden falls on keeping up with technology and customer expectations.

<sup>1</sup> Pseudonym.