



# Get relevant or get ignored

Why top banks are making the shift to one-to-one engagement.

You don't need a data scientist to sense the change happening right now. With digital channels and AI going mainstream, the same stale marketing and sales tactics aren't getting the job done anymore. Everything that's not personalized and perfectly timed falls flat. So how can you break through the white noise to drive real value and deeper customer connections?



## 99 out of 100 customers aren't paying attention

Campaign responses are down. Click-through rates are embarrassing. And many brands can't even connect with existing customers – much less find new ones – without hemorrhaging time, budgets, and reputation.

**In a sector with more than 5000 unique marketing solutions,<sup>1</sup> the average campaign response rate is still less than 1%.<sup>2</sup> That means on average, 99% of the messages we send are largely irrelevant.**

Banks are scratching and clawing to innovate, trying to close the gap by investing in the best people, platforms, and intelligence. Ultimately, we still end up engaging customers with the same campaign-based, product-push approaches we've used in the past... but those techniques don't produce the results they used to. Instead of earning customer equity, we end up digging an even deeper hole – just doing it faster, and in flashier, more expensive ways.

## It's time to radically shift the way you engage

To break out of this death spiral, we have to stop constantly distracting and interrupting customers' lives. We have to become a part of their day-to-day experiences, not a tangent or an afterthought.

This requires us to rethink how relationships work, and how they develop. We have to empathize with each individual, adapting to their specific needs. And we have to add value every time we engage, instead of falling back to just pushing products. This is a big ask because it requires us to calculate a next best action for every touch – one that's relevant to the customer, while still valuable to the business.

## 3 ways to go beyond product-pushing

**So how does a next-best-action approach work, and what can it really do for your customer relationships?**

1

Next best action goes beyond the tactics of traditional marketing because **it analyzes each individual's complete profile and current context, in the moment** – while an interaction is still taking place. It calculates the right approach for a specific person, and situation, based on their needs and the organization's goals.

2

Next best action is not just about making marketing or sales offers. Instead **it considers all the retention, service, or risk options that might be better than selling**. Every option is modeled and examined, and the next best action is the option that best balances customer relevance with business value.

3

Traditional campaigns and segments pick a product, then decide who's likely to buy it so we can target them. The problem is, that focuses only what we want, not on what the customer really needs. Response is low because it's about us, not about them. With a next-best-action approach, **you trigger messages exactly (and only) when the customer needs them**, based on their unique situation. They never see irrelevant messages or get sick of hearing from you – because if there's nothing relevant to talk about, you don't reach out at all. You wait until the time is right and engage only when you're likely to add value.

<sup>1</sup> Chief Marketing Technologist Blog, Scott Brinker (2017), <http://chiefmartec.com/2017/05/marketing-technologylandscape-supergraphic-2017/>

<sup>2</sup> Direct Marketing Association, 2017 Response Rate Report (2017) <https://thedma.org/marketing-insights/responserate-report/>

## How to make it real (and get real results)

Implementing a next-best-action approach requires financial services firms to make three significant changes, which together reshape their approach to engagement. These aren't small things, but they're critical for success.

### A one-to-one customer approach:

Shift from traditional one-to-many segmentation to a model where decisions are made for each individual customer – instead of folding them into segments, where their unique needs are dumbed-down and usually underserved.

### A centralized decision authority:

Stop channel and product-driven targeting and use a single “customer brain” to govern engagement across products, channels, and business units, based on what's best for the organization as a whole.

### Always-on engagement:

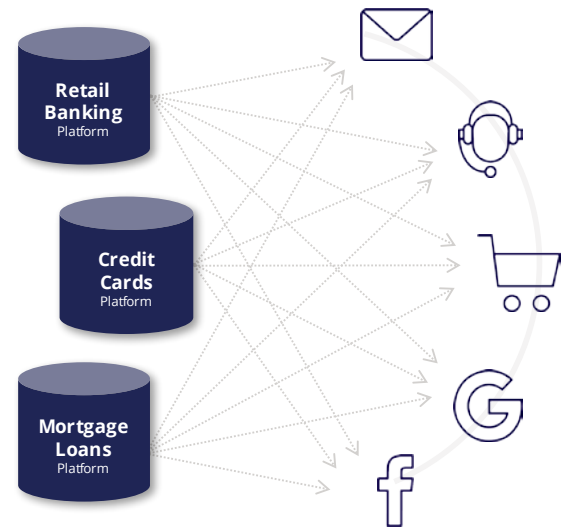
Move away from scheduled push campaigns and large batches to an always-on model that never stops or starts. Instead, it continuously engages customers during calculated “moments of need,” regardless of the channel.

These changes can seem impossible, mainly because our businesses aren't naturally set up that way. This kind of transformation doesn't happen overnight; instead, it's an organizational evolution that has to happen channel by channel, and case by case. That way you can progressively produce ROI, and steadily earn the right to take on more.

Despite the challenges, organizations invest because they see the potential value, including:

- **Increased response rates (3-6x)**
- **Reduced churn rates (10-50%)**
- **Reduced retention discounts (20-35%)**
- **Incremental agent-sales opportunities (2-3x)**
- **Increased net promoter score (10-40 points)**
- **Significant return on investment (3-5x)**
- **Minimal payback period (4-6 months)**

## Decentralized strategy



## Centralized strategy



Real one-to-one engagement requires holistic thinking, not segmentation by product or channel.



## Who's getting it right?

Industry leaders are already embracing this approach, with dramatic results.

**The Royal Bank of Scotland** uses its "Always-On Customer Brain" to optimize 4 billion customer interactions per year. They've seen a 6X increase in response and a 10-1 ROI.

**Commonwealth Bank of Australia** uses "Next Best Conversations" to provide great experiences for customers in 18 channels. They've seen a 10x increase in leads and a 3x increase in conversion.

**IsBank** leverages 700+ machine-learning models across 11 channels, which increased predictive accuracy by more than 20% and led to a 37% increase in response rate.

## Don't be left behind.

To learn more about how banks can use next best action to recalibrate their customer relationships – including a proven formula for success – **download our whitepaper.**

