Transforming marketing with next best action decisions

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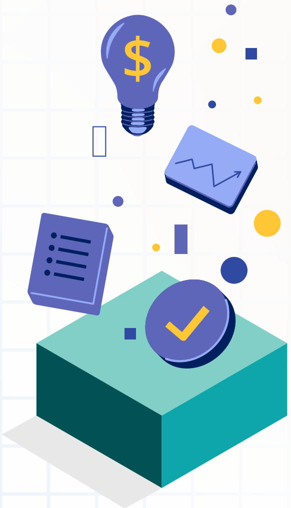
The digital landscape is evolving rapidly, with new privacy regulations and rising customer expectations for personalized experiences presenting fresh challenges for marketers. As artificial intelligence increasingly permeates marketing technology, the industry is shifting toward real-time interactions and individualized customer engagement. This evolution enhances, rather than replaces, traditional marketing techniques such as segmentation and campaigns – building on these foundations to foster deeper, more meaningful connections with consumers.

The shift toward hyper-personalized, engaging experiences is benefiting both consumers and businesses. It's an exciting era, as marketers leverage new technologies to foster loyalty and add value in more meaningful ways. This essential evolution is prompting marketing and customer engagement professionals to rethink how they approach client engagement, build consumer trust, measure success, and prioritize sustainability. The goal is to ensure that every interaction truly counts.



Still striving for omni-channel

The shifts mentioned above have disrupted the enduring drive to achieve customer-centric experiences that add value rather than distract, build brand consistency, and promote loyalty and consumer trust. Since the dawn of data-driven marketing and predictive analytics, the goal has been to achieve unified omni-channel brand experiences. But we've struggled to achieve that goal by being limited by technologies that can't move as fast as our customers do. The advent of real time AI has changed that, and delivered indisputable benefits to both business and customers.

AI-powered decisioning has enabled marketers to deliver programs that adapt to customer data signals and contextual insights almost instantly, giving them the ability to keep up with their customers in real-time as they navigate through their customer journeys. Prior to the advent of AI-driven capabilities like real-time model scoring and propensity-driven arbitration, marketers had to rely on deterministic logic and rules, which just aren't capable of pivoting an interaction when the customer changes their mind, channel, or direction.

Always-on engagement powered by artificial intelligence

An "always-on" marketing approach can create sustainable value and enable organizations to keep pace as their customers move through a brand's channels. It requires centralized artificial intelligence that's capable of analyzing customer data signals in real time and presenting individuals with highly relevant, customer-centric engagements. Centralized AI acts as your marketing stack's brain. And when always-on, it enables:

1. Unified customer experiences with **centralized decisioning** to engage with them wherever they prefer, ensuring that the engagement reaches them with completely consistent messaging.
2. Operational agility with an **always-on model** that continuously engages individual customers during their "moments of need" with contextual precision so you never miss a window to connect and add value.
3. Optimized, truly **customer-centric journeys**. By reading their signals in real time and adapting as customers pivot throughout their journeys, brands achieve a level of hyper-personalization that's unmatched.
4. A strategic **next-best-Action** approach. By analyzing consumers' unique needs, preferences, and context, brands can determine the most relevant and meaningful action to best engage customers and prospects across any channel at any time.

These innovations are not only possible, but hundreds of organizations around the world have already implemented them in practice, and seen massive gains – demonstrating KPI lift across the board. Given the state of marketing in general, it's clear that we have to change how we think about engaging customers, be willing to adapt, and invest in an approach that will develop relationships instead of eroding them.

Next, we'll walk through each of the three requirements, and explain why they're critical, and how you'll need to change.

> **Citi has successfully deployed the Omni-channel Decision Engine to our U.S. personal bank, post login web, mobile, branch, and agent channels. We're at 100% traffic on web and mobile and are ramping in the other channels.**
>
> **PROMITI DUTTA**
> HEAD OF ANALYTICS TECHNOLOGY AND INNOVATION
> FOR U.S. CONSUMER ANALYTICS, CITI

The Citi U.S. Personal Bank has successfully moved away from making marketing offers to having conversations based on what its customers need in each moment of interaction.

By breaking down silos between interactions, products, and channels, Citi achieved true omni-channel decisioning. Customers get a consistent and relevant experience – whether they engage through web, mobile, branch, or agent channels.

Achieving one-to-one engagements

Segmentation is relatively simple, which is why people use it. It tries to identify the people who are the best targets for a campaign by filtering down a big list of customers/prospects into a smaller one, based on the criteria/attributes those people have in common, like what they typically buy, how much they make, where they shop, etc.

Here's an example of how it works in practice… Imagine that Platinum financial services company wants to sell their platinum credit card; they'll typically use a campaign to make that happen. With a goal of selling X additional cards, as marketers we'll identify segments to target with the Platinum campaign. The first level of segmentation might look something like this:

Select Contacts where Age>45 and Location=East Coast and Income>$150K

To try and get more personalized, we'd add more criteria, a few levels deeper – looking in the above group for everyone who visited the website and viewed pages in the Cards section.

Select Contacts where Age>45 and Location=East Coast and Income>$150K and Web Visit=True and Cards Page Visit=True

And in many cases, we'd also include attributes about responses to previous offers, eligibility, and suitability criteria for the card (e.g. a credit score, disposable income), and their propensity to respond to a similar offer (derived from a previous campaign). Altogether, this would read something like:

Select Contacts where Age>45 and Location=East Coast and Income>$150K and Web Visit=True and Cards Page Visit=True and Credit Score>500 and Frequent Travel=True and Platinum Propensity>10%

These are the basics of segmentation, and it has added more relevance and precision – a more scientific approach than what pre-existed it. By adding artificial intelligence and real-time processing to this foundation, we can improve upon the existing approach.

- **Centralized decisioning enables a cross-channel understanding of customer context:** Relevance is the most critical factor in marketing, and it's too complex for humans to solve without using hardcore math. Segmentation helps us with an educated guess. When you add artificial intelligence and centralized decisioning, you are adding a level of scientific accuracy and speed to the process because you are able to capture ALL of the information needed to make that accurate decision. Taking this context from inbound channels and then powering outbound channels with it boosts performance exponentially.

- **AI adds scalability:** Generally speaking, the more granular a segment is, the more likely we are to reach the right audience. But the more specific a segment gets, the less transparent and understandable it is, and the harder it is to actually re-use. The organization ends up allocating a tremendous amount of resources to build new segmentation models for every initiative – this is both expensive and time consuming. Artificial intelligence makes this process more scaleable and also easier to test the efficacy of targeting strategies before putting them into production. This is more cost effective and less labor intensive.

- **Reduce duplication and waste:** The fragmented nature of our media ecosystem and tech stacks cause segmentation conflicts and issue with identity resolution. There's never any guarantee that customers in a campaign segment aren't part of another segment, or concurrent campaign – this happens every day. We usually solve this by referencing one segmentation scheme within another (exclusions), or using "campaign optimizers" to balance across campaigns. Whatever method we use, things quickly get complicated and murky, and we end up doing whatever will maximize short-term KPI performance – at the expense of healthier, more profitable, and more sustainable customer relationships.

Staying relvant requires next best action

TRADITIONAL APPROACH	ALWAYS-ON NEXT BEST ACTION
Select the offer to push	Select the customer to engage
Define the audience with segments	Select their next best action using AI
Schedule outreach in outbound channels	Action is "always on," across all channels
Optimize the individual campaign	Optimize the overall strategy
Campaign manually starts and ends	Offers activated/deactivated, automatically
Success determined by offer response	Success determined by ▲ customer value

Consumers move through their customer journeys at a speed, and across a number of devices and channels previously unimagined. This is why it can be difficult to achieve desired results with static engagements that aren't agile, adaptable, and always-on. Always-on, one-to-one customer engagement that delivers "next best actions" (NBA) overcomes many of the challenges that are associated with traditional marketing approaches. Next-best-action approaches use analytics, data, and artificial intelligence to analyze a wide range of factors, including past interactions, transaction history, demographic information, and real-time behavior. By doing so, it seeks to predict what action (e.g., a specific offer, message, or service intervention) will be most appealing or useful to the customer at that particular moment in their journey.

A campaign used to be just a series of messages delivered over outbound channels, like direct mail, paid media, or email. But a modern campaign ties together always-on offers and messages, dynamic customer journeys, event-based triggers, and real-time interactions on inbound digital, agent, and paid channels. Brands will always run "campaigns," but the nature of those campaigns have evolved to become real-time, hyper-personalized, and interactive. Next-best-action analytics has enabled AI to predict the best thing to say to a unique person, in a specific moment. Over time, this type of customer centricity yields high customer lifetime values (CLV or LTV). Customer lifetime value is a metric that predicts the net profit your brand will realize over the entire lifespan of that specific customer relationship.

High-level KPIs like revenue, profit, and customer lifetime value, rather than short-term metrics like campaign response rate are a better predictor of business growth and sustainability.

One of the largest advantages of NBA is that it goes beyond just sales offers to consider all the potential conversations you could have with a customer, including:

- Sales offers
- Retention offers
- Service messages
- Educational messages
- Well-being/nurture messages
- Collections messages
- Compliance messages
- Risk mitigation

With NBA, you'll have an extensive, always-on library of actions, making it easier to select the most relevant action for each individual. Often, the best approach for a customer isn't selling but rather a non-sales action tailored to their immediate needs.

For example, introducing a retention plan to a customer who's become likely to churn, pro-actively offering service, or recommending problem-solving tips when someone is struggling. You may frequently want to negotiate a discount, attempt to collect a debt, or simply thank someone for being a five-year customer. In fact, in some cases your best option might be to do nothing – because there's too much risk tied up in that customer, and you'll be selling or trying to retain bad business. And you want customers to feel that interactions with your company are valuable and that you don't waste their time. Silence can be an undervalued customer treatment.

We do these things because when you look at the long-term relationship, in specific moments, there can be better options than trying to sell. This becomes more critical when customers are faced with situations they wouldn't normally be, like economic uncertainty, health issues, natural disasters, and job loss to name a few.

This year our goal is to build out 500 new service actions across 70-80 different use cases in the action library...that doesn't mean that represents what actually gets presented to our customers because we believe if we give Customer Decision Hub the options then we'll see all of the objectives rise and all of the outcomes do well as long as it has all of the options from which to choose.

LISA KRAVITZ, SR.
MANAGER, AI STRATEGY, T-MOBILE

How does next best action work?

When you're doing one-to-one marketing, instead of just taking a campaign brief and defining an audience to meet a September launch date, you're going to build a strategy that places the customer at the very center. The question isn't: "Should Mary be part of the campaign for this offer?", instead we ask: "What conversation should we have with Mary right now?" With NBA, your strategy will first make the decision about which offer is best for Mary in each potential category – which will generally look something like this simplified example:

POTENTIAL ACTIONS FOR MARY	P PROPENSITY	V VALUE	L LEVER	ACTION ($)
~~Offer: Rewards card offer~~	0.3%	$561	0%	1.68
Offer: Home equity loan	--	--	--	--
~~Offer: Mortage loan offer~~	~~0.1%~~	~~$834~~	~~0%~~	~~0.83~~
Service: Missing email address	4.0%	$55	50%	3.30
~~Service: Travel notification~~	3.0%	$29	20%	1.04
Well-being: Payment holiday	64.0%	$23	100%	29.44
~~Retention: Manage your rewards alert~~	14.0%	$83	50%	17.43
Retention: Waive annual fee 1 year	5.0%	$48	0%	2.40
~~Nurture: Personal finance class~~	3.0%	$135	20%	4.86
Nurture: New mobile app available	21.0%	$20	20%	5.04

This strategy flows from left to right. Every company defines the next best action in its own way – but typically it's the action that will increase customer lifetime value (CLV) by the largest amount, using a formula that, in its simplest form, will look something like Priority = P*V*L, where:

- **Business rules** define the conditions under which customers are eligible, when actions are **suitable**, and where actions are **applicable**; these are used to filter down the list of actions being considered for a customer at any one time, so it's more manageable.
- **P** is the **propensity** of the customer to accept this specific offer. For every action, a predictive model will determine the propensity for that unique customer to take that action. The propensity is a number between zero and one, and is the biggest indicator that the offer will be relevant to the customer, (e.g. if P = 0.63, there's a 63% chance of that person accepting your card offer).
- **V** is the **value** to the company when the specific offer is accepted by that customer – it could be a simple margin calculation, a dollar profit level, or a CLV calculation. (e.g. V = $1,576 in profit when that person accepts a card offer). Usually, this formula is where a lot of differentiation is achieved, because it's simplistic to equate value with product margins. Doing that would favor high-margin products too much, forgoing "seeding" offers or messages that would set us up better for a future high-margin transaction.
- **L** is a **lever** used to boost a low-propensity offer, if it makes sense for the business. This is sometimes necessary, but it's tricky – going against propensity will decrease relevance, and will undermine the experience. (e.g. If L = 1.5, that would boost the priority score for the offer by 50%).

When we execute this strategy, here's what happens:

1. The AI **applies the business rules** to filter down the list of available actions for that customer under those conditions.
2. Predictive models are used to **calculate the customer's propensity** to take each of the remaining actions.
3. Those same options are then scored to determine the action's financial value, if the customer was to take it.
4. The lever is applied to **influence the priorities** of those actions, by bumping them up or down by a percentage.
5. The **next best action** is the best combination of P*V*L, and becomes the action presented to the customer during that interaction.

That next best action balances what's relevant for that specific customer (using the propensity, P), with what is financially best for the business (using a projected value V for that action), while allowing the brand to boost the priority of any offers it feels deserve a higher priority than the data might show (using the L lever). Again, determining the formula for that balance is an important part of a company's strategy and brand.

Unify CX with a single customer decision authority

NBA strategies are designed to materially increase overall customer value. That's what they do, unless we get in their way. But to make that happen across the business, we need to leverage our NBA strategy across all channels – both inbound and outbound. Here's why that's important:

- **Disconnected channels create chaos** – Any disconnected channel is a missed opportunity, not only to add intelligence to it, but also to learn from and provide more moments to create value. And its activity will actively work against your overall goals. Because it isn't linked to a single, centralized decision authority, it will make decisions that collide with the rest of your strategy – pushing offers at the wrong time, ignoring customer context, creating blind spots, and disjointing the overall experience.
- **Siloed KPI fragment our view of performance** – If several independent marketing/customer engagement strategies touch the same customers, it becomes impossible to simulate their combined brand and revenue impact on the overall company. You can attempt to analyze this manually, but only after the fact and with expensive data aggregation. Any organization without active, centralized customer intelligence is running their engagement based on an incomplete view – or at best, sub-optimally.
- **De-centralized strategies create change management nightmares** – A centralized strategy gives you one place to design, test, deploy, monitor, and rollback strategy changes. Having all customer interactions governed by a single decision authority makes change management safer, better informed, and more operationally efficient. How can an organization possibly manage multiple decision-making systems that influence each other, but are managed and executed separately? Agility is critical especially when managing functions like compliance which require visibility into decisions at a granular level. Understanding quickly and transparently why certain decisions are made and at what points is only possible with a single decision authority and strategy.

While we don't recommend launching in all channels simultaneously (there are significant benefits to an agile, channel-by-channel approach), to be truly effective, the initiatives should expand beyond the real-time interactive channels – through your outbound, agent channels, paid media, and so on.

Integrating data and context from across channels will lift offer acceptance rates very quickly, because those channels immediately begin learning together, and leveraging the cross-channel data and intelligence to adapt with the customer.

Success story: NatWest

NatWest set out to reimagine the customer experience, drive revenue growth, and reduce risk through digital transformation. Recognizing the potential of AI to automate decision-making, the bank invested in Pega Customer Decision Hub™ to build a centralized decisioning engine that could deliver tailored experiences to customers across its multiple brands, channels, and segments. NatWest successfully streamlined its operations and scaled its efforts, moving away from tedious manual processes to automated, AI-driven decision-making.

Now, the company can offer every customer the right message, paired with the right treatment, delivered at the best time, in the preferred channel across web, mobile, in-person, chat, and email. NatWest's shift from product-centric to engagement-focused strategies led to a remarkable increase in customer service NBAs.

- **60%** of all sales prompted by Pega next best actions
- **3.6B** interactions personalized per year
- **33** digital and physical channels connected
- **3.5K** always-on next best conversations, 40% of which are now focused on engagement rather than sales (up from 7%)
- New actions launched in one to two weeks, down from six weeks

It's a conversation. Next best action for us is the next conversation to have with the customer... and then [the] Pega Customer Decision Hub helps us decide on which conversation to resurface to which customer and which channel at the right time.

FIONA KIRK
HEAD OF CUSTOMER DECISIONING, NATWEST

The NBA you've calculated for a customer might be right for the current context, but what happens when that situation changes? Regardless of where it happens, that rejection is critical – and it may shift your approach instantly. Presenting offers and learning from the response is a type of context change. Adapting to that context change is akin to journey orchestration. Because customers are often on multiple journeys at once, brands now need to pivot across many journeys simultaneously. Just like in a real-life conversation, the NBA will be calculated immediately after the customer response comes in. In interactive channels, your Customer Decision Hub will be pinged for the NBA multiple times during a single real-time interaction, or multiple interactions.

The complexity Of NBA strategies: it's all relative

At first glance, NBA may seem intimidating or complex – because your business is complex – but never forget that it's intended to eventually replace all the different "brains," in all the disconnected systems used to engage customers. NBA is the lynchpin of your program – connecting and adding real-time intelligence to all your touchpoints, and enabling them to work together when interacting with a customer. In a very real way, it ensures that the whole is greater than the sum of its parts.

Without an NBA approach, this simply isn't possible – think of the difficulty in learning, interacting, orchestrating, and adapting across channels, without a centralized approach. The integration efforts alone would increase complexity by an order of magnitude without the tangible benefits of a unified solution. In practice, using a single customer engagement strategy is simpler, more transparent, and far more efficient than managing disparate marketing applications. If the underlying strategy looks complicated, it's because the business is complicated, and that's okay. There's nothing trivial about balancing customer vs. business needs in real time, and optimizing streams of long-term customer value. But in reality, NBA is much simpler to understand or explain and easier to maintain or change than the combined, disparate point-solutions.

Using NBA to power modern customer journeys

NBA strategies use propensity-driven decision-making to materially increase the relevance of communications, increasing engagement to create incremental customer lifetime value (CLV). One of the largest advantages of NBA is that it goes beyond just sales offers to consider all the potential conversations you could have with a customer, and this is a powerful capability for powering modern customer journeys.

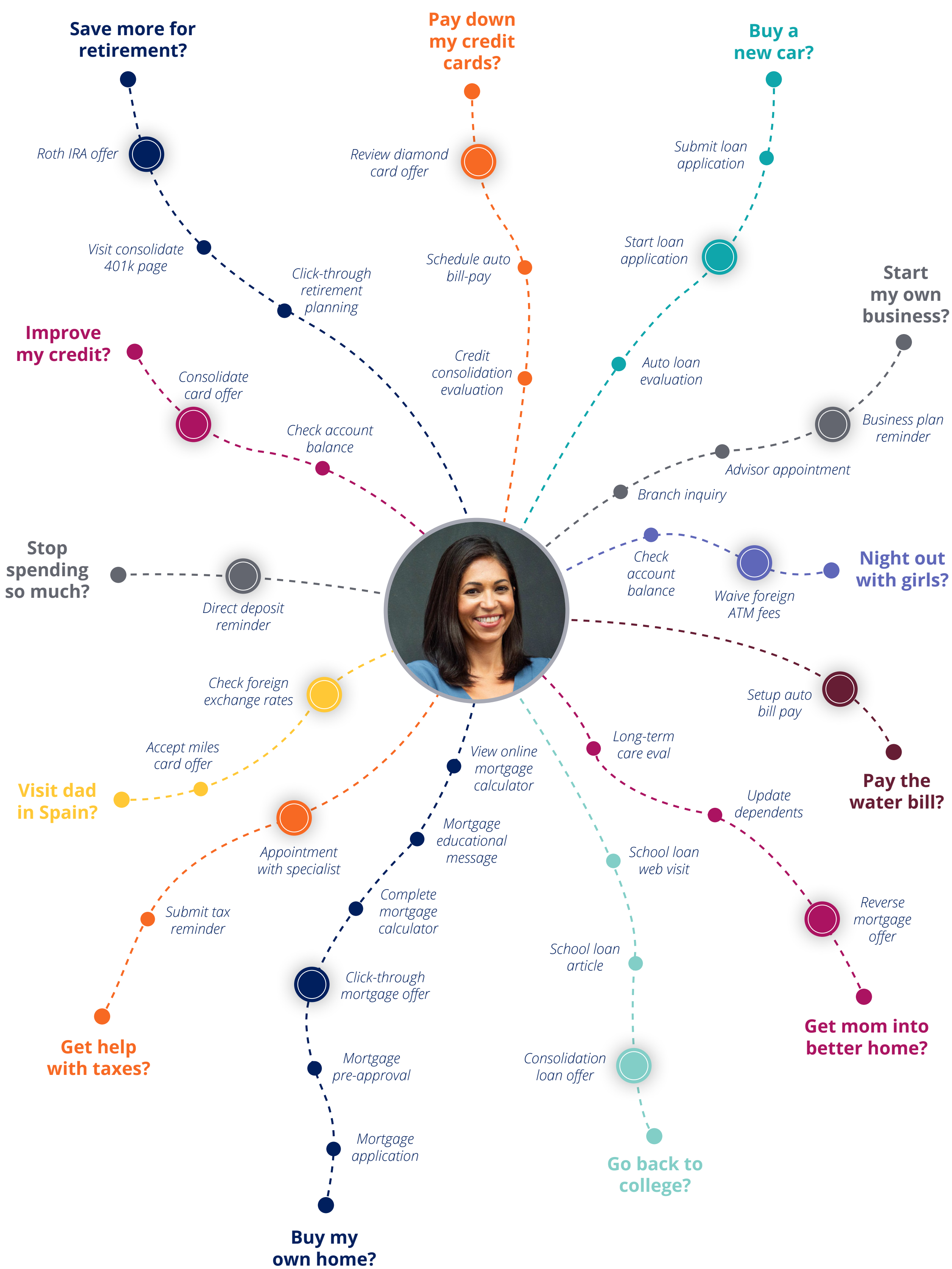
The concept of a customer journey isn't a new one, and it's not that complicated. The goal is to help a customer complete their "journey" toward an objective, usually a product purchase. Historically, most journeys were exclusively designed with that end in mind, but a major shift in how we work, shop, relax, and socialize has forced marketers to re-think their approach significantly.

Customer journeys need to be looked at holistically, with the brand aiming to help the customer complete each journey as quickly and painlessly as possible, even if the outcome does not maximize its short-term revenue. Yes, oftentimes, the identified journey involves the customer buying a product – but unfortunately that's where much of today's journey software starts and stops. Most times, any single customer interaction is only a small part of a much bigger brand experience for the customer – and consistently adding value should be the goal, even if an eventual sale is still out over the horizon. Trying to "force" a sale before it's time just interrupts (and fatigues) the customer.

Fortunately, nearly all journeys can be broken down into pieces to make them easier to understand and optimize. During stages of that journey, brands can prioritize and "lever up" content designed to help customers make progress against their goals. The key is that when an individual reaches a step, you never try to force them toward the next one. Instead with real-time analytics, you can look out across all their possible journeys and content options, and with full knowledge of what they're likely to do, present the most relevant message. That's where modern journey orchestration solutions separate from their predecessors.

Modern journeys happen in real time

The journey shifts as quickly as the customer's context



HERE ARE SOME EXAMPLES OF MODERN CUSTOMER JOURNEYS POWERED BY NBA STRATEGIES:

Service journeys utilize "nudges" to pre-emptively solve customer problems, before they occur or escalate. For example, in the case of a banking customer traveling abroad, prior to the trip the brand could serve up content about exchange fees or restrictions they might incur internationally. They many remind them to authorize their credit card for international use, and during the trip they may highlight value-add information like ATM locations, foreign exchange counters, or branch locations. The goal of this kind of journey is not to make an immediate sale, but to head off the most likely problems before they ever occur – and by doing so, earn the right to expand that relationship with the customer.

Nurture journeys are similar, as they are designed to keep your brand top of mind, and gradually increase customer or member engagement. For example, a healthcare brand may have multiple nurture journeys in place to educate or entertain customers – focusing on health, fitness, aging, membership programs, or case issues. Those journeys would each feature a wide variety of podcasts, articles, videos, studies, news, etc. The strategy would be to expose the customer to each, and see which journeys and format catch their interest – and as they engage on a topic, that allows the brand to identify and adapt to their behavior. The goal is not to sell or convert – it's to build engagement, and develop that customer relationship over the long-term using a low pressure approach.

Retention journeys are different in that they are often very immediate, and are used to reduce the attrition of high value customers, and to do so profitably without maximizing incentives. For example, a telecom provider may analyze customer browsing or network behavior looking for patterns and determine that a customer is frustrated and trending toward churn. Instead of waiting until that person calls the contact center (when it may be too late, and will definitely be expensive), they reach out with a personalized and pro-active retention offer, based around their needs – like providing extra data, or an additional family member at no charge, or access to the latest upgrade at a reduced rate. This avoids churn, allows them to "save" that customer at a significantly reduced cost, and has the added benefit of improved customer satisfaction and loyalty levels.

Resilience journeys are the newest offshoot of real-time capabilities, and are designed to safeguard your customer's short-term well-being – and by doing so, solidify a high-value relationship for the brand over the long term. They're often tricky because an organization needs a strong understanding of individual customer context and ability-to-pay, but are relatively low risk, and provide substantial benefits. For example, during a time of short-term customer hardship, a brand would pro-actively reach out to a customer whose profile and behavior show a risk of non-payment or default. The organization would provide them with a personalized offer of reduced terms that should allow them to stay in good standing if accepted. The practice not only helps customers prioritize payments to the brand, but also helps build relationship equity with the individual, and creates substantial positive public sentiment. As we told you earlier, with NBA you have a large library of actions that are "always-on" and available for presentation at all times, so it becomes much easier to find a relevant action to take for each person, when they are progressing along in a journey. Instead of making a sales offer, the next best action may be to recommend a training course, negotiate a discount, attempt to collect a debt, or congratulate someone for being a five-year customer.

Modern journeys do not try to script all possible paths to a good outcome. That leads to impossible to maintain spaghetti journeys. Nor do they prescriptively describe a path to follow. Most of those will be journeys to nowhere. Instead, modern journeys should only provide guidance for well-understood paths to outcomes, and every journey and journey stage should be used as context for the NBA engine. The next best action will probably lean toward continuing the journey the customer appears to be on, but, led by AI looking for relevance, the NBA engine elect may pause or stop the current journey to pursue a more promising path.

Why always-on works

Using an always-on marketing approach removes many of the factors that cause customers to tune out. When we have something new to talk about, the offer or message simply gets activated, and all timing-related rules (contact frequency, customer preferences, channel constraints) become part of the NBA strategy. The offer is "turned on" when it's ready – and presented when it's relevant, wherever the customer wants to interact – across both inbound and outbound channels.

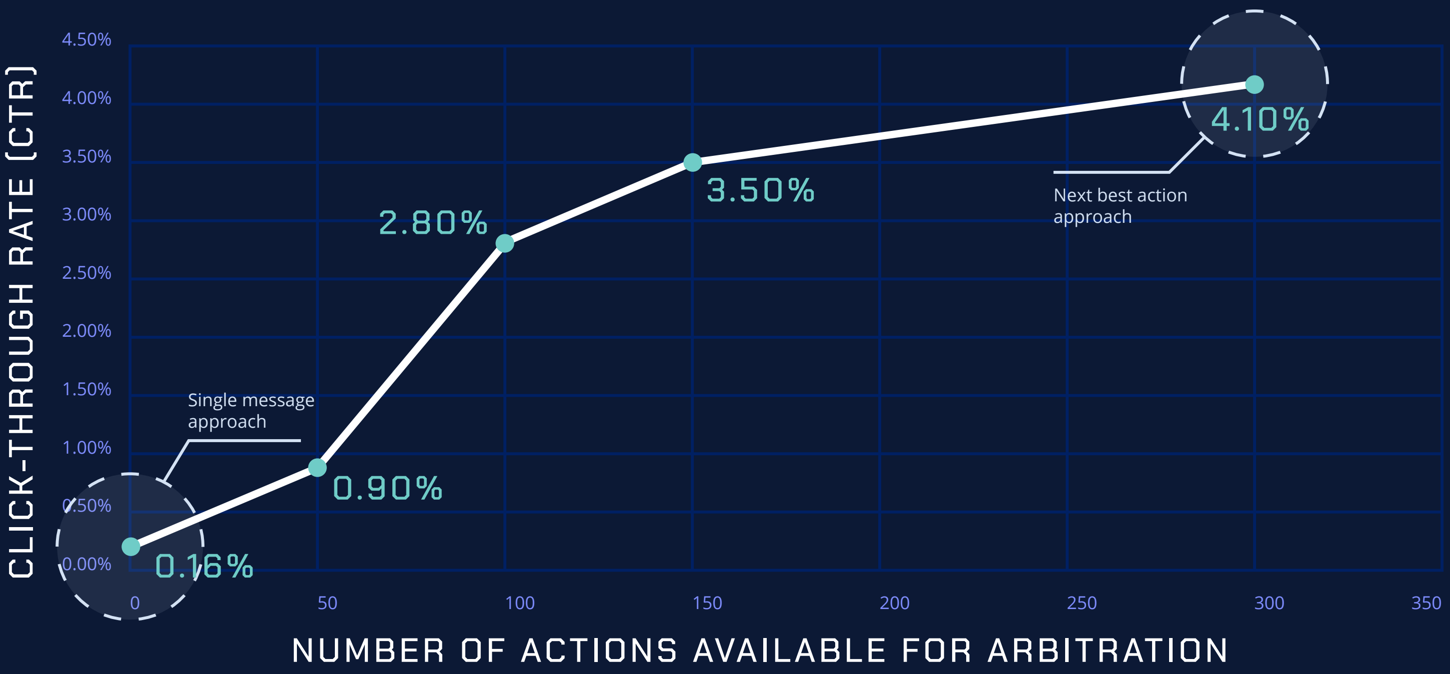
If it's relevant and profitable to reach out to a customer about an offer, a one-to-one outbound message doesn't have to wait for a campaign to be executed in – it's simply sent to that person when it's appropriate and the best action to take at that moment. Maybe it gets triggered because the customer's purchase propensity jumped over a threshold, based on what she just viewed on the website. Or maybe she clicked through a Google search ad for a credit card, and we need to follow up. Or maybe she demonstrated a product interest on an owned channel, and we want to re-engage her on a paid channel like Google or Facebook. NBA strategies constantly read the environment, re-assess, and trigger new types of engagement – they don't ignore new information or miss context clues from the customer.

TRIGGER/ ACTIVITY	EXAMPLES	USED TO TRIGGER
Propensity to purchase	(P by 30%) & (V >= $250)	Cross-sell message
Churn likelihood	(P by 30%) & (V >= $5000)	Retention message
Interaction lapse	No interactions >= 30 days	Nurture message
Crossing geo-fence	Mobil enters trade area	Contextual message/alert
Abandoned cart	(Open > 1 hour) & (No purchase)	Re-targeting message
Product expiration	Date > product expiration date	1-click replenishment offer
Upgrade available	Eligibility = Y, CLV > $2500	1-click upgrade offer
Life-stage event	Marriage, birth, home, etc.	Contextual message
Payment missed	(Late > 30 days) & (CLV <= $1000)	Reminder message, account lock
Repeated outage	Outage count >=3	Service message, discount offer

When we collect new intelligence, we might shift the channel, shift the timing, shift the offer, or just do nothing at all. Ultimately, it depends on what's best for the customer and the business in that moment. That's why it's critical to have a volume of potential actions, conversations, and offers to present to the customer at any point. The more actions that are available to serve the customer, the better response rates are because it gives the brand a significantly higher chance to be relevant.

The effect of "optionality" on CTR

HAVING MORE ACTIONS PROVIDES EXPONTIALLY BETTER CTR



*Source: Pega personalization benchmark program

This is the foundation for always-on-marketing – where every customer interaction is relevant, timely, contextual, and in everyone's best interest. This is a very dynamic approach where all interactions (initiated by the customer, or by the company) are used to deliver the right message, at the right time, in the right channel. This "triple right" phrase is very popular, and highly desirable – but it's only feasible if all three of the core innovations are in place, and working together.

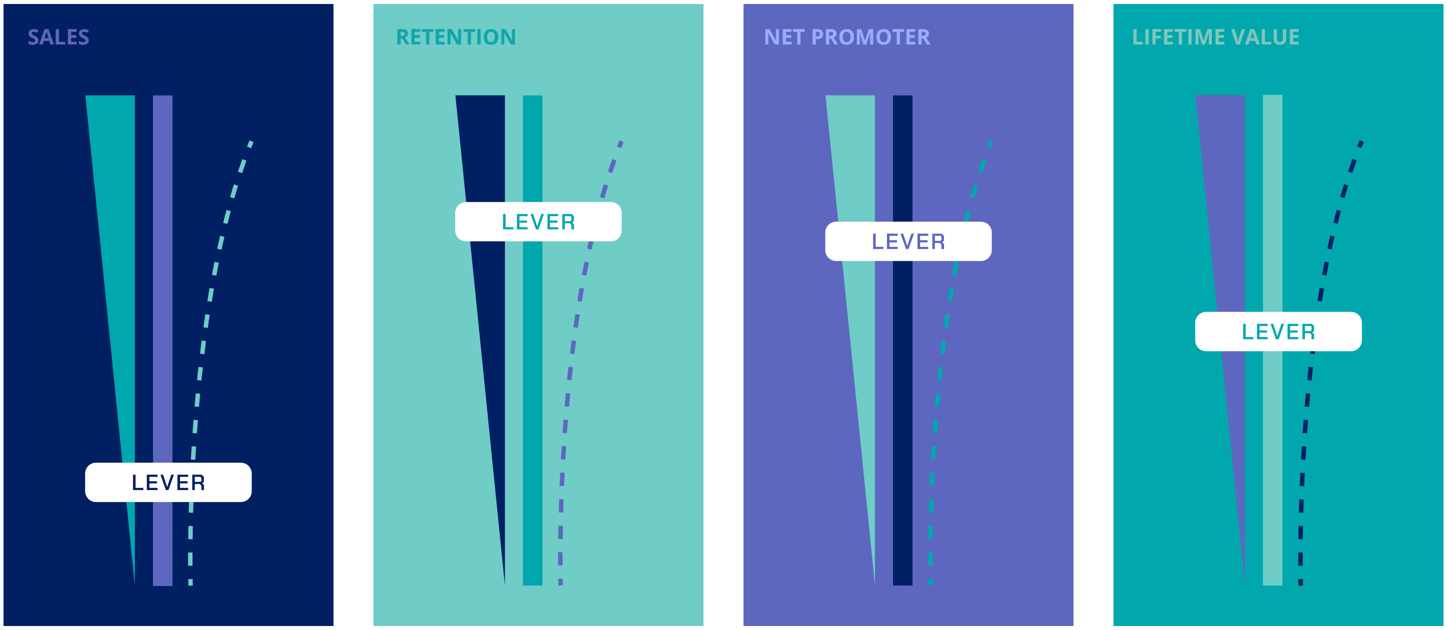
Optimization of the enterprise - not the unit, product, or offer

A potential downside to the always-on marketing approach is that while it accelerates overall value for the company, results will be less predictable at the business unit, product, and offer level. Because you are no longer pushing products to a set number of customers but, rather, finding relevant products for the customers it makes sense to interact with. Indeed, traditional ways of evaluating "campaign success" are no longer valid. It's not about whether you've met the campaign response numbers by pushing specific smartphones, credit cards, or policies – it's about optimizing the mix of what to talk about, given all the potential options. In a framework where you can be extremely precise with relevance, timing, and value projection – it's about how you balance what to talk about and when to optimize profit and customer satisfaction.

Given that, simulation and monitoring are critical to an always-on, one-to-one marketing approach. Before an offer is even activated, you can run simulations that project its likely performance over time. Given all the possible conversations you could have with a customer, it's harder to project how many times one specific offer may be presented – but you can project variations in that number over time, tweak its priority, and see how it performs at the expense of other offers. The end-goal is to introduce new offers into the strategy in a balanced, low-risk way that optimizes value and ensures that when you change a strategy, there isn't a cascade of negative impacts.

Of course, while it's best practice to let the AI optimize the strategy using propensity, value, and timing, you can adjust the lever (L) in P*V*L to manually shift the priority, if it makes sense. You could even have the NBA strategy do this automatically, modifying itself to favor an important offer, when "reality runs behind plan."

Centralized levers provide control & agility



With one set of levers controlling the strategy across the entire program, you can stay agile and quickly launch new actions and offers across channels.

Without playing with the levers (the L), NBA may not give business-unit, product, or offer stakeholders the exact same level of control that a campaign would offer them – but that's a good thing. NBA optimization will be better for the company overall. And while a campaign might consistently net you a 1 percent response rate, that's all you'll get – any incremental improvement is typically very marginal. That's a massive compromise, given the response and performance potential available.

The next best action hierarchy

Moving from traditional marketing to an NBA approach requires the company to embrace relevance and large scale predictive analytics, but also to implement logic that can extend the conversation to higher-level considerations beyond sales – such as retention, service, risk, collections, negotiation, and so on.

Reading the strategy below from right to left, we see there is an explicit definition of the company's business objectives, and trade-offs: a prioritization to decide when each of those business strategies are relevant.

Next best action
What's the best approach for this person right now?

- **Resilience actions** *(if hardship is present)*
- **Service nudges** *(if open service issue)*
- **Retention offers** *(if churn likely & CLV high)*
- **Sales offers** *(if offer relevant & suitable)*
- **Nurture streams** *(if engagement is low)*
- **No action** *(otherwise)*

For instance, instead of simply considering retention plans against sales offers in every scenario, Next best action may shift to retention only when specific conditions are met – such as a customer's "likelihood to churn" score rising above a certain threshold. Other business concerns, such as risk, can recommend that we do nothing when they're invoked – because the risk of doing business with a specific customer has become too high.

As an example, companies like Navy Federal Credit Union have seen redefined "success" by "solving customer problems"' rather than just selling a product.

Success story: Navy Federal Credit Union

Founded in 1933 and primarily serving members of the armed forces, veterans, Department of Defense employees, and their families, Navy Federal Credit Union offers a wide range of financial products and services. Its mission is to provide exceptional service and financial solutions to its members, supporting them in achieving financial security and success.

Navy Federal Credit Union undertook the mission of shifting from a "batch and blast" marketing model to one that focused specifically on meeting member needs by delivering both insightful and connected experiences for their 1.3M members across multiple channels and 355 branches.

By centralizing data and decisioning with Pega Customer Decsion Hub, using member insights collected from every channel they are now able to give members hyper-personalized, connected experiences in real time. They replaced a batch-and-blast framework with next best action and have increased both credit card applications and approvals by 23%.

All of our member insights and data that we have access to today is funneling into Pega Customer Decision Hub. It is truly our unified decisioning engine at Navy Federal.

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Best practices: the path to one-to-one excellence

Some enterprise-level organizations maintain hundreds of millions of customer relationships, with billions of complex interactions each year – spread across dozens of marketing and engagement channels... Nothing about that is remotely simple. So the decision about how to organize and advance the move from segments and campaigns to NBA and always-on requires some strategic thinking. However, it's a great opportunity to evolve the corporate culture toward true customer-centricity, funded every step of the way by massive business outcome improvements.

Organizations will attempt to answer the following questions (and assemble a great deal of data and consensus) before making a decision on their always-on roadmap:

- Which channel or business function is causing the most customer pain, currently?
- Which would yield the greatest revenue gains? Cost efficiencies?
- Which would generate the greatest expense? How do we optimize cash-flows?
- Which has the greatest switching costs? Would those decrease over time?
- Which stakeholders would be the most likely to adopt? Where would there be resistance?
- Which channels provide data or insights that can be leveraged downstream?
- How will our organizational structure support this initiative?
- Who will champion this initiative – now, and after the initial implementation?
- How can we generate quick wins to validate the project and build momentum?
- What order of operations has produced success? Are there established best practices?

Real-world use cases

There are hundreds of possible variations in the roadmap for an NBA implementation, as an organization converts quick wins and then expands across channels – those will vary greatly depending on the nature of an organization's products, industry, levels of expertise with AI/analytics, technological capabilities, go-to-market strategy, and customer orientations.

The following is a vision for scalable delivery repeatedly adopted, templated, and modified by other organizations. Each approach provides value because:

- They provide tangible quick wins that substantiate the investment early on.
- They showcase the potential of NBA with a robust path to value.
- They work to mitigate growing pains that could generate undue stress for the core business.

CHANNEL	1 GROW	2 SERVICE	3 NURTURE	4 RETAIN	5 ACQUIRE
1 ONLINE BANKING	Contextual offers	Self-service actions	Usage stimulus	Proactive offers	Next best actions
2 MOBILE APP	Contextual offers	Self-service actions	Usage stimulus	Proactive offers	--
3 BRANCH	Dynamic bundles	Service nudges	Benefit reminders	Reactive offers	Acquisition bundles
4 CALL CENTER	Dynamic bundles	Service nudges	Benefit reminders	Pre-emptive offers	Acquisition bundles
5 MOBILE PUSH	Geo-fenced offers	Service triggers	Contextual alerts	Pre-emptive offers	--
6 EMAIL/SMS	Open-time offers	Service triggers	Triggered messages	Pre-emptive offers	Contextual offers
7 DIRECT MAIL	Contextual offers	--	Triggered mailers	Pre-emptive offers	Contextual offers
8 PAID MEDIA	Contextual offers	Service nudges	Triggered displays	Pre-emptive offers	Contextual offers
	BUSINESS OUTCOMES				

High impact · Moderate impact · Incremental impact

Key takeaways and benefits from a one-to-one approach

Overall, the NBA approach has tremendous benefits over a campaign/segment model, and significant benefits even over the sales-centric NBA (or next best offer) – because it allows the organization to prioritize actions designed to boost customer experience and satisfaction, rather than just marketing or sales objectives.

Typically, a comprehensive investment in NBA yields benefits like:

- Increasing response rates **3 to 6 times**.
- Reducing churn rates **10 to 50%**.
- Reducing retention discounts **20 to 35%**.
- Finding incremental agent-sales opportunities **2 to 3 times**.
- Increasing Net Promoter Score by **10 to 40 points**.
- Maximizing return on investment **3 to 5 times**.
- Minimizing payback period by **4 to 6 months**.

But again, to make those benefits real, the following innovations need to happen within the organization – both technically and culturally:

- The organization must progress from one-to-many segmentation to a one-to-one customer engagement approach.
- The organization must migrate from channel or product-driven targeting to a single, centralized decision authority.
- The organization must reduce reliance on scheduled push campaigns, and advance to a post-campaign always-on model that engages customers during their "moments of need."

These three innovations are eminently possible today and early adopters have seen massive gains – demonstrating KPI lift across the board while their status-quo peers were losing ground in the same markets. Given the evolution away from traditional marketing toward better customer experiences, it's clear that we have to change how we think about customers, and be willing to adapt – to invest in an approach that will develop relationships, instead of eroding them.

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