Knowledge Area Review

Best Practices - Relationship Management

October 2012

ICG
Internal Consulting Group

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Knowledge Area Review Components

Section	Component	Description
1	**KAR Framework**	Profiling major World Class Relationship Management dimensions
2	**Key Messages**	Key messages for this KAR based on available research
3	**Best Practice Relationship Management Models**	Selected frameworks based on available research
4	**Evolution of Customer Relationship Management**	Selected evolution paths in CRM and its technologies
5	**Key Dimensions**	
5a	**Channels**	Capabilities trajectory model and highlighted case studies
5b	**Data Analysis**	Capabilities trajectory model and highlighted case studies
5c	**Marketing & Communication**	Capabilities trajectory model and highlighted case studies
5d	**Retention**	Capabilities trajectory model and highlighted case studies
5e	**Value Delivery**	Capabilities trajectory model and highlighted case studies
5f	**Segment Granularity**	Capabilities trajectory model and highlighted case studies
6	**Structured Knowledge References**	Relevant published materials for further reading

KAR Framework

Section 1

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ICG's methodology for profiling major World Class Relationship Management dimensions

Define Relationship Management scope	Refine Relationship Management Variables	Generate Long List	Summary Snapshot	Review & Refine	Select Interesting Case Studies	KAR Framework
•Review publicly available best practice Relationship Management models across all industries •Review publicly available best practice Relationship Management evolution models across all industries •Review consultant, analyst and market reports	•Synthesise industry research •Interview experts for supplementary input •Agree and refine	•Mining and cross referencing of relevant databases: Consultancy firms, CRM and Technology articles and various internet searches	•Summary information covering data fields requested in the KAR (where information available) 222 data points	•Relevance to KAR •Bucketed 222 data points into 37 broad dimensions of relationship management •Extracted from 30 best case examples across all industries and segments. 37 broad dimensions	•Broad dimensions synthesised into 6 key dimensions, each supported by best practice case studies 6 major dimensions	•Packaging of data to allow recall and updating in accordance with ongoing need to maintain an up-to-date and relevant Relationship Management model. •Ability to access, update and refine Relationship Management models from the field

Channels (65)	Data Analysis (52)	Marketing & Communication (47)	Retention (27)	Value Delivery (21)	Segment granularity (10)

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Key Messages

Section 2

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Executive Summary

- The trajectory to a truly customer centric organization is more developed in Non-Financial Services industries than in Financial services
- Best practice is more entrenched in Retail Banking than in Business Banking, Private Banking and Wealth Management
- Marketing & Communications, Channels and Data Analysis are the most important dimensions of World Class Customer Relationship Management
- For Retail Banking the macro-trend is relationship management technology is moving towards semantic, predictive data around purchasing behaviours, geo-targeted and real-time
- There is an increased focus on more specialized relationship management skills in Business Banking, with relationship managers expected to have more customer centric approach and sharper credit skills
- Integrating all data sources from traditional structured data to social media insights and predictive modeling is increasingly important
- The depth and breadth of touch-points with the customer have increased manifold due to disruptive innovation in mobile applications technology and rapid adoption of social media
- Customers are increasingly looking for real time, 24/7, “omni-channel” seamlessly integrated and location experience
- The role of branches is moving towards conversation hubs and those of relationship managers towards trusted advisors equipped with real time data analytics capabilities
- The amount and extent of customer data is increasing exponentially with challenges of data collection, mining and analytics from unstructured sources such as social media, social network and location

Executive Summary

- Data analytics is moving from descriptive to real-time predictive to enhance overall customer experience

- Both Financial and Non-Financial services organizations are increasingly using extensive data analytics tools and algorithms across all relationship management dimensions from brand reputation monitoring to reducing customer attrition, personalized marketing campaigns and “Mash-ups” (location based, precision targeting using mobile applications)

- Customer loyalty and recognition is evolving to reward on a real-time basis social loyalty, virtual check-ins and brand advocacy and going beyond the traditional mental models of actual purchases

- Companies are experimenting with the use of Gamification, Superstacks, Crowd Sourcing and Big Data to proactively increase personalized cross selling and to deepen the relationship through extensive customer engagement across multiple integrated touch-points

- There is increasing importance of proactive response initiation through 360 degree listening of customer conversations using social media analytics and providing real time problem resolution through virtual assistants and Customer-as-a-Service based models

- Companies are tailoring their approach towards content and style of marketing and communication messaging with the advent of digital channels making them relevant, mass customized, real-time and channel agnostic using advanced customer analytics

- Existing customers are playing an increasingly important role in helping organizations acquire new customers through social contagion and digitization

- There is a growing trend to integrate digital channels in marketing mix and moving towards “Transmedia” i.e., cross platform, interactive marketing communication

Executive Summary

- Co-creation and balancing the needs of the organization and customers is key
- There is an increasing trend toward listening to customers and incorporating their feedback and suggestions to drive products and services, namely ‘lead user innovation’
- Competitors in Non-Financial services are encroaching on traditional banking products and services, offering fixed or more flexible pricing
- Customer segmentation, which was predetermined , static, and based on traditional demographics, is being replaced by more dynamic segmentation determined by psychographic and lifetime factors
- Customer intent data is increasingly being data mined and is driving segmentation to a micro level

Best Practice Relationship Management Models

Section 3

Best Practice Relationship Management Models:
A suggested definition* of World Class Best Practice Relationship Management

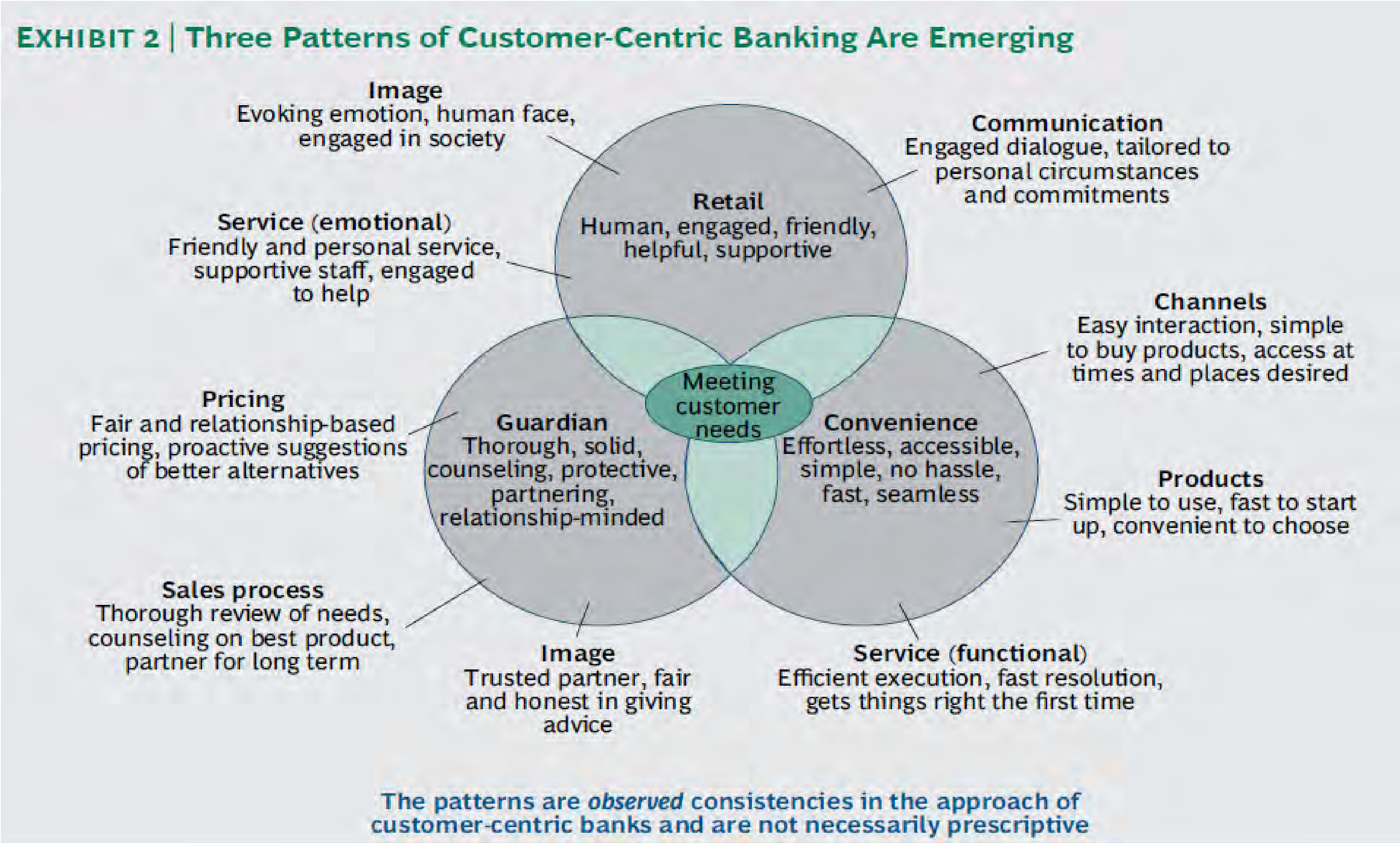
World Class Relationship Management is a data-driven, customer-centric approach that focuses on identifying consumer insights, using the right (online and offline combination) touch-points to reach consumers and understanding how and where they consume different types of media to forge a stronger brand-consumer relationship.

Customer-centric companies understand not only what the customer values, but also the value customers represent to their bottom line. They align their operating models behind a carefully defined and quantified customer segmentation strategy and tailored business streams-product development, demand generation, production and scheduling, supply chain, customer care etc.- to delivering the greatest value to the best customers for the least cost

The world class relationship management is strategically evolving: from a 'cost of doing business' that is vertically organized by narrowly defined segments of work/activities; to a multi-channel, cross-organizational approach that is horizontally aligned around customer-focused processes

** Derived by the co-authors from synthesis of the Best Practice Relationship Management Models that follow*

Truly Customer-Centric Banking requires a blend of traditional relationship based banking delivered seamlessly in a supportive environment



Source: Customer centricity in Retail Banking, Boston Consulting Group. 2012

World Class CRM requires delivery of superior Products, Services and Channels to customers based on a detailed understanding of their needs

Source: Microsoft Dynamics CRM Consulting, Exiis Corporation, 2012

Customer-Centric Operating Model Frameworks need to be flexible, allowing sufficient iteration to support continuous improvement

The Accenture Customer-Centric Operating Model Framework

The Accenture Customer-Centric Operating Model Framework is designed to be used by companies at any stage of maturity on the journey to customer-centricity. Whether a company is looking for smaller "quick win" enhancements or is in need of a comprehensive transformation, it can use this framework to translate customer-focused strategies into execution. The framework helps organizations guide efforts to build and integrate the foundational and customer-facing functions and capabilities that drive customer experience, while always keeping the customer at the focus of its efforts.

The framework relies upon five basic principles.

- Comprehensiveness is key, and an end-to-end strategy helps companies set priorities for maximum return on investment
- Integration supports collaboration and coordination across functions based on a consistent vision.
- The framework allows for scalability, permitting a comprehensive overhaul or more modest adjustments in particular areas.
- Iteration is essential, as feedback loops within the framework make the process cyclical and support continuous improvement.
- Maintaining your focus helps keep your customers' wants and anticipated future needs at the core of everything your company does.

Analysis and insights
- Market research
- Customer needs, behavior and feedback
- Customer analytics and reporting
- Industry landscape
- End-to-end customer experience auditing

Strategy and customer experience
- Customer segmentation
- Customer-centric strategy
- Customer experience blueprint
- Sales, marketing, service integration strategy
- Investment strategy
- Product/service portfolio, innovation and partner strategy
- Operating model principles and enterprise architecture strategy

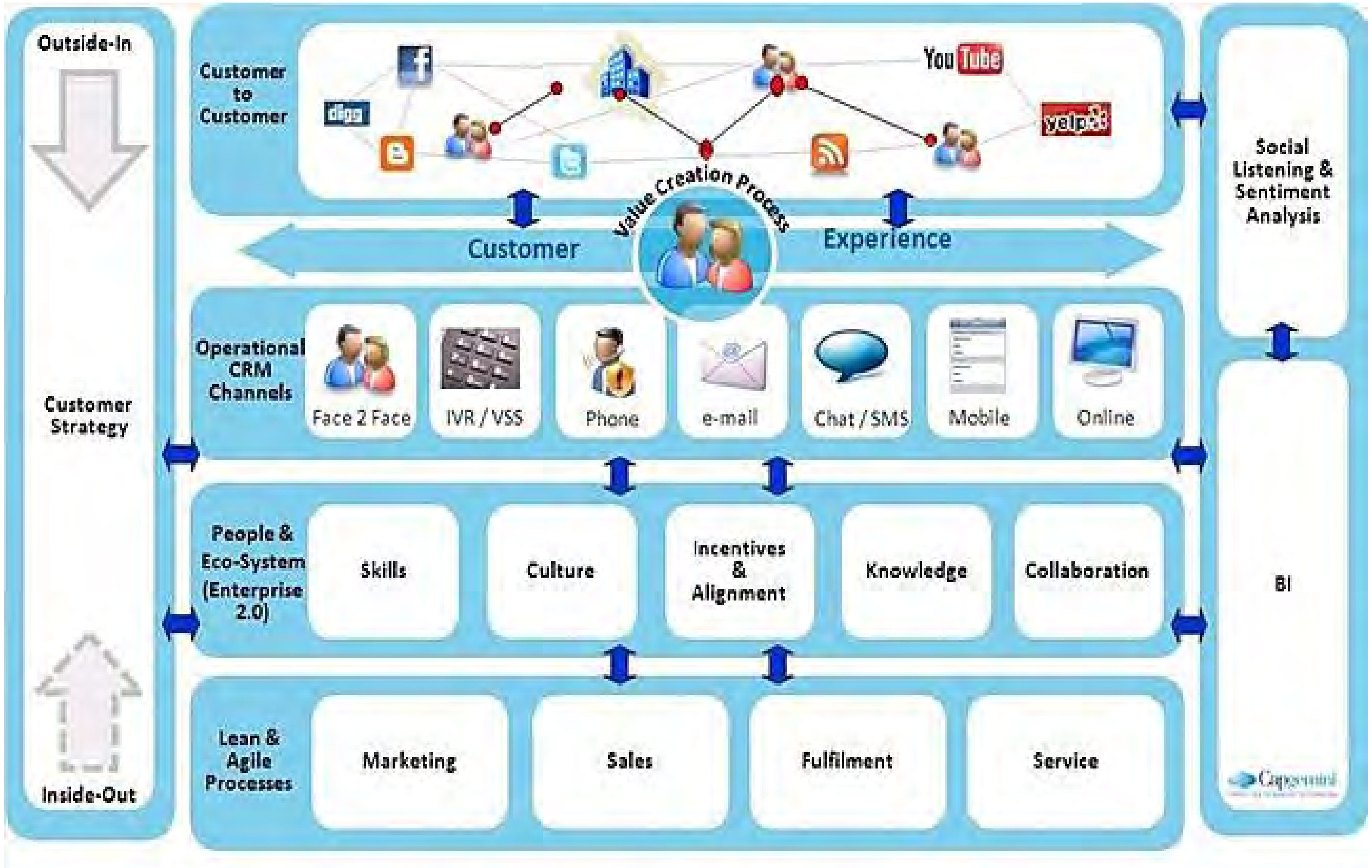
Operating model design and execution
- Performance management
- People/organization
- Business process
- Technology
- Channels
- Channel enablement and business rules
- Customer data

Governance
- Governance strategy and program
- Cross-organizational roles and responsibilities
- Governance-related processes
- Escalation paths

Transformation management
- Change management
- Cultural transformation
- Interim operations support
- Program management office
- Implementation reporting

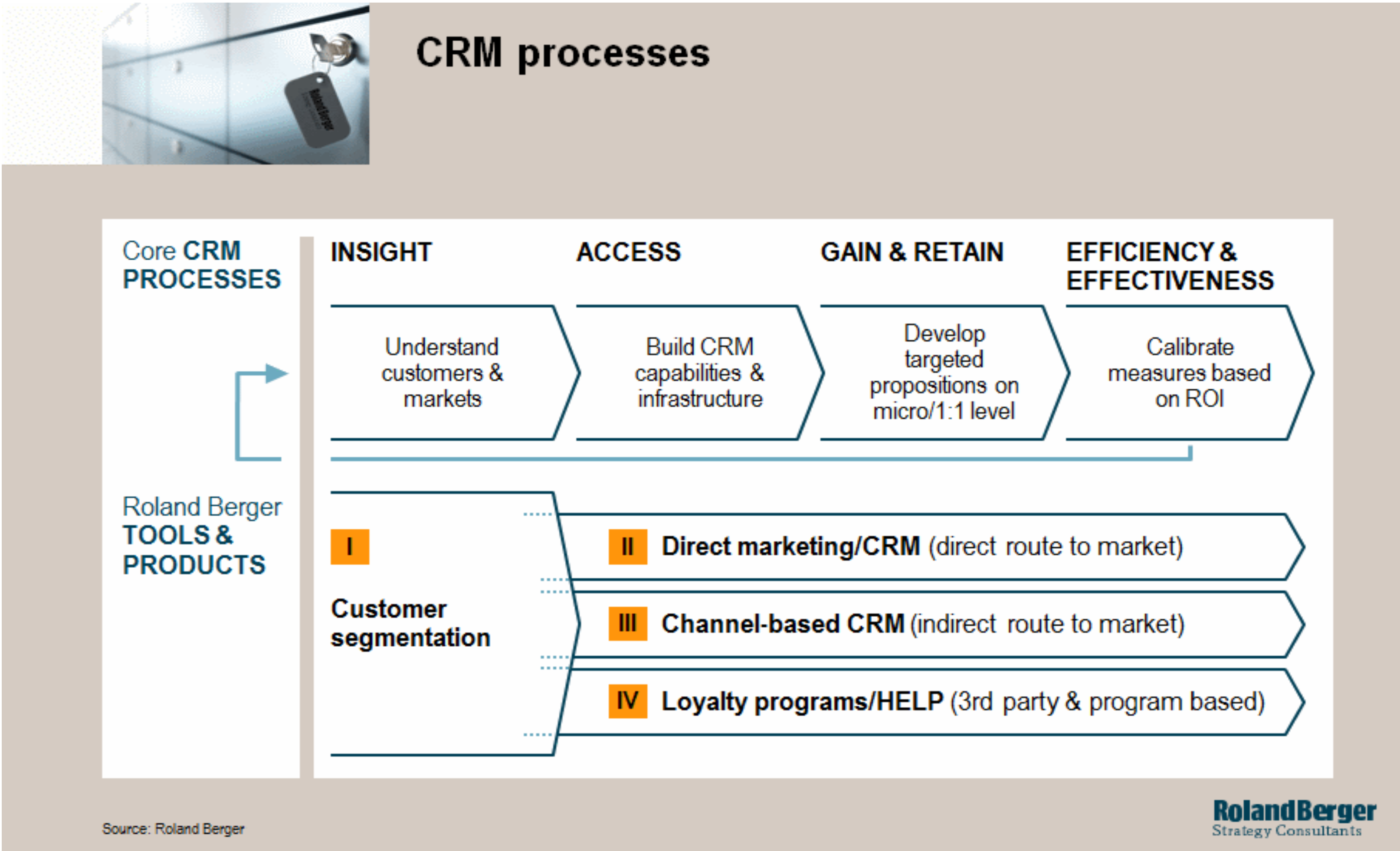
Source: "SCRM Customer Framework", Database Marketing & Customer Strategy Management Vol. 18, 1, 50–64

The customer experience is maximised when there is an optimal response to customer insights, and when channels, collaboration and processes are aligned



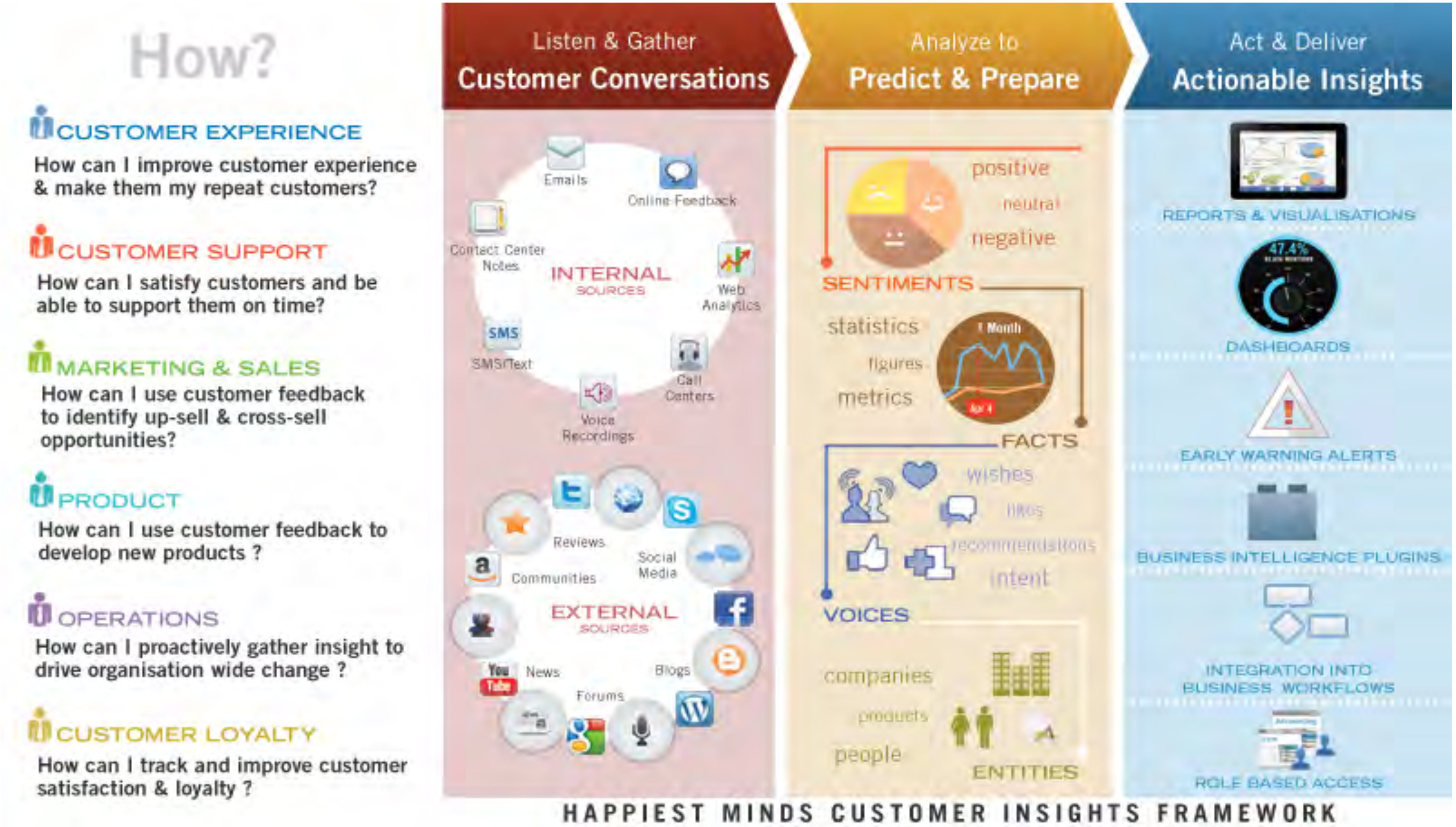
Source: Capping it Off : A Business Framework and Operating Model for CRM and Social CRM, Capgemini, 2010

Customer Segmentation is driven increasingly by direct marketing and customer feedback, supported by targeted loyalty programmes



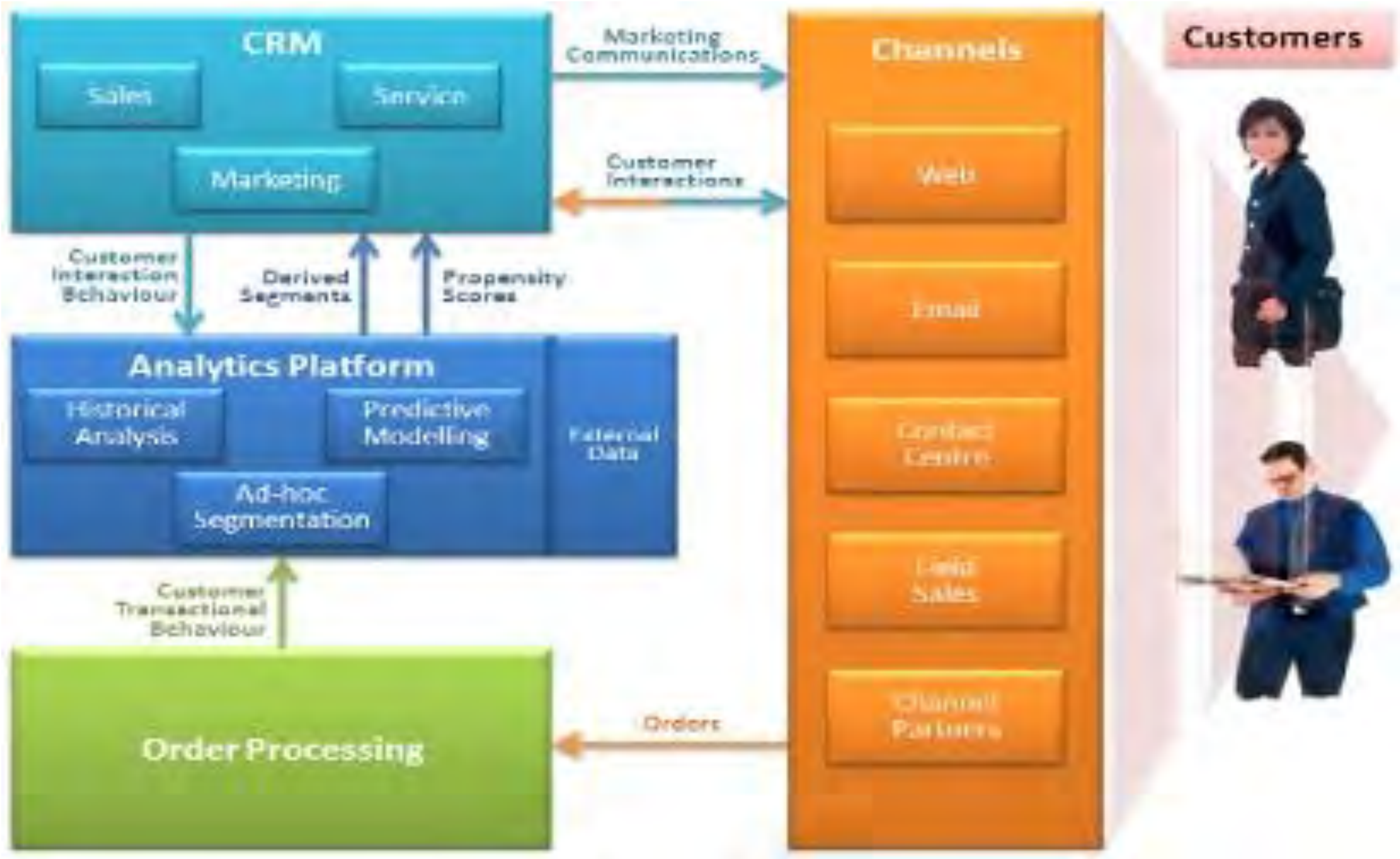
Source: Roland Berger, 2012

Predictive analytics, through listening to the needs of customers from external sources, is increasingly driving retention and acquisition



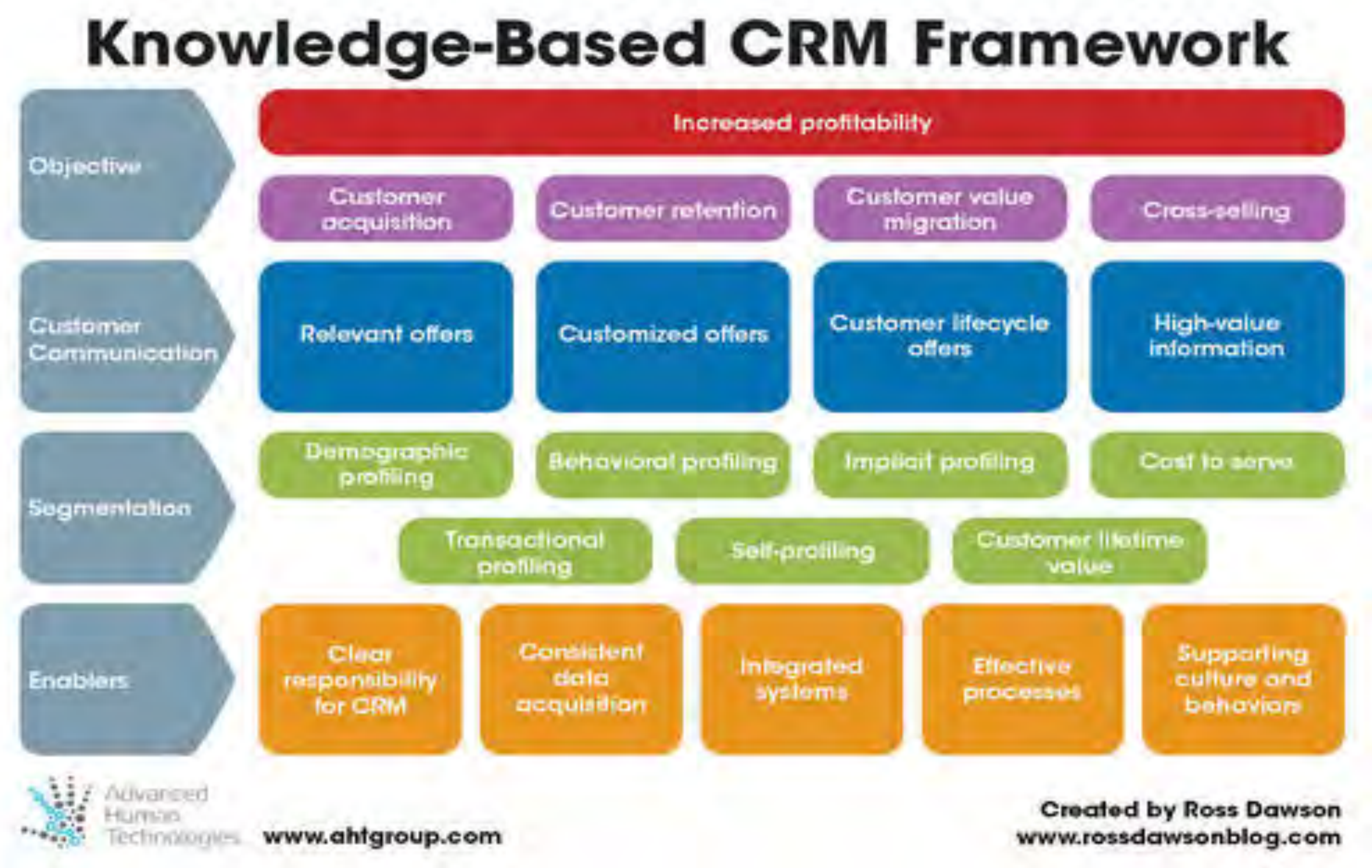
Source: Customer Insights Framework, Happiest Minds, 2012

Channels are increasingly being defined by customer behaviours



Source: IMGroup, 2012

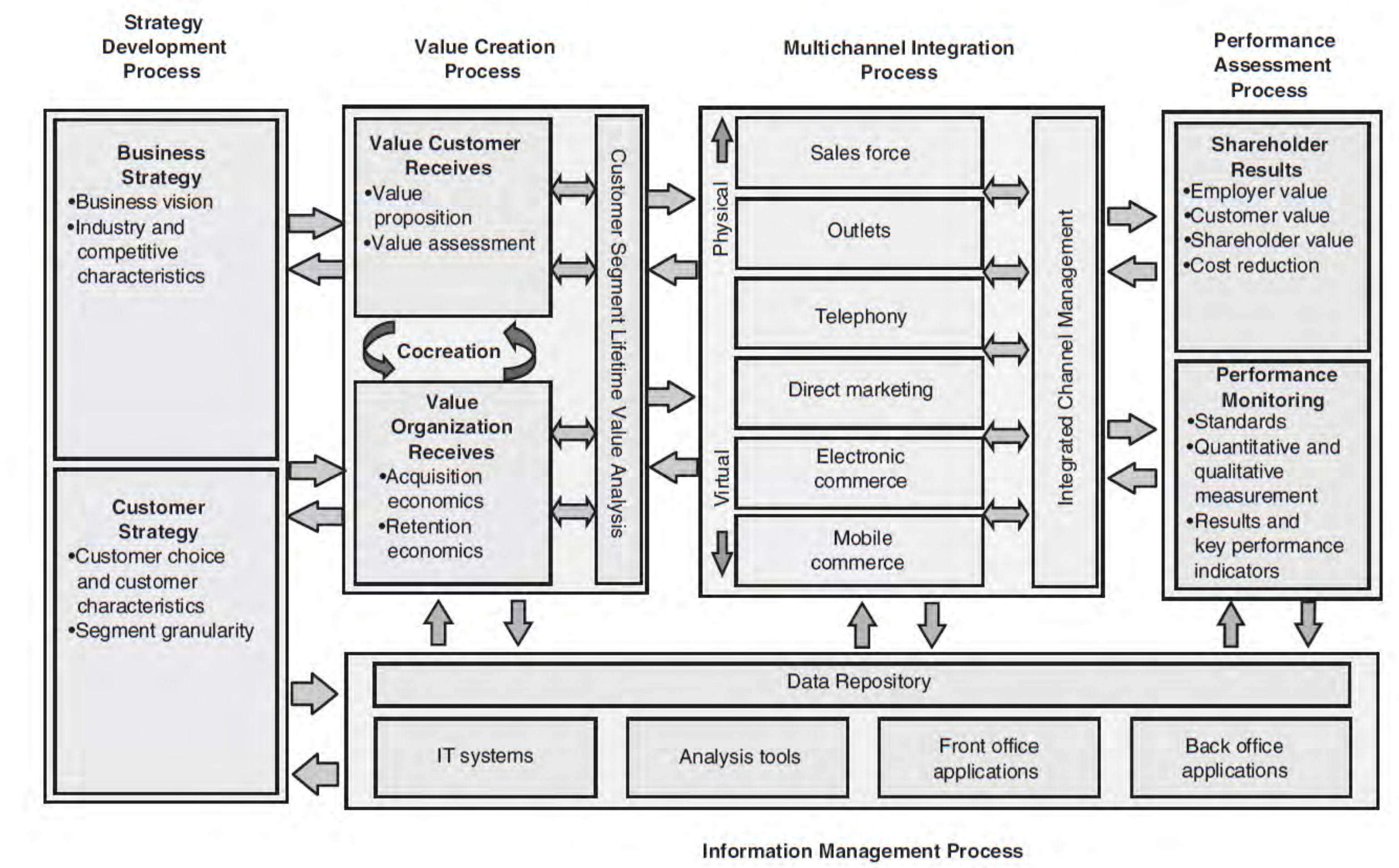
Segment Granularity facilitates personalized and targeted Marketing & Communications



Source: Creating knowledge based CRM Initiatives, 2010

Relationship between Value Delivery, Channel Integration and Data Analysis is interlinked

A Conceptual Framework for CRM Strategy



Source: Journal of Marketing, American Marketing Assoc., Oct 2005

Evolution of Customer Relationship Management

Section 4

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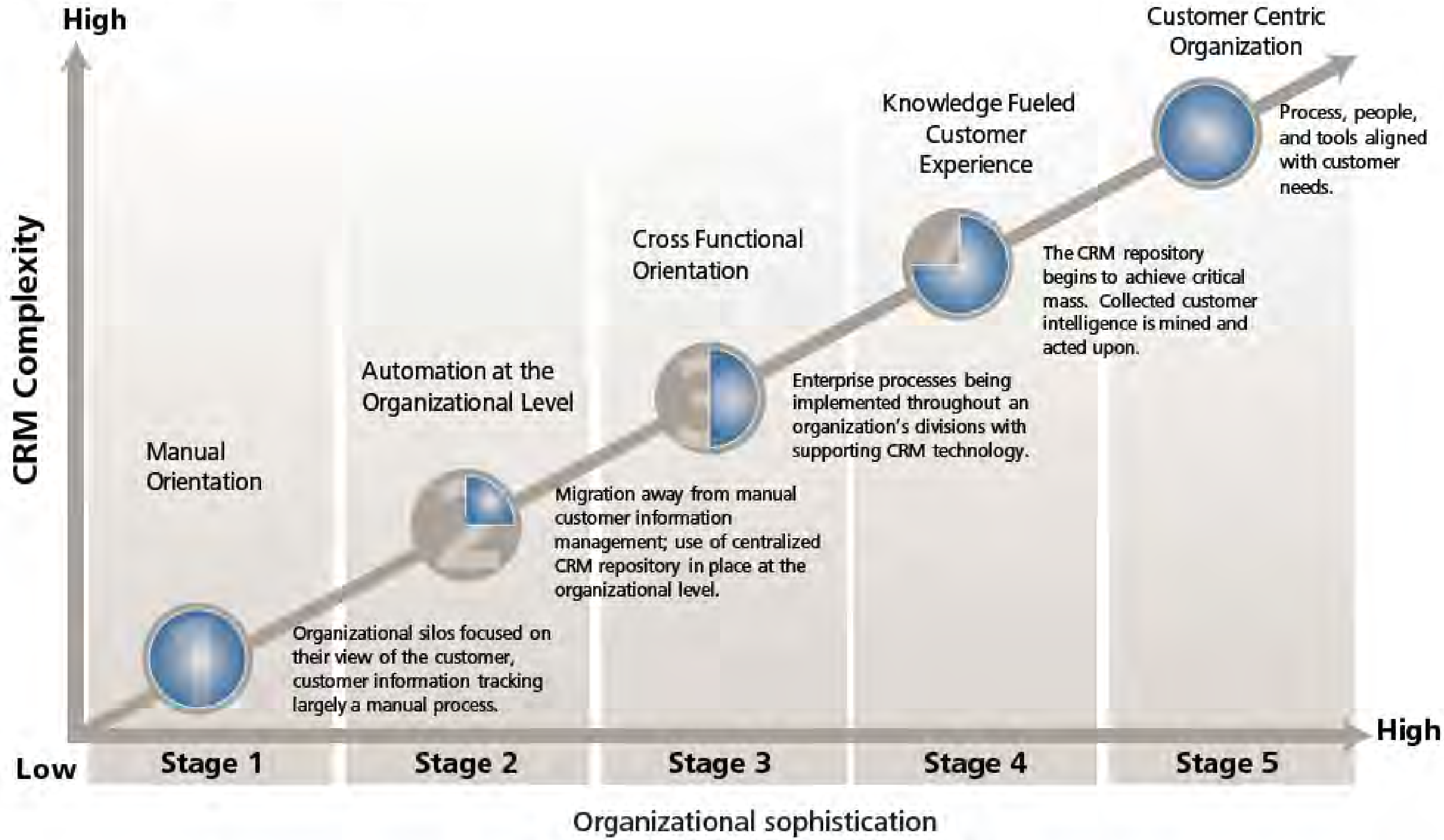
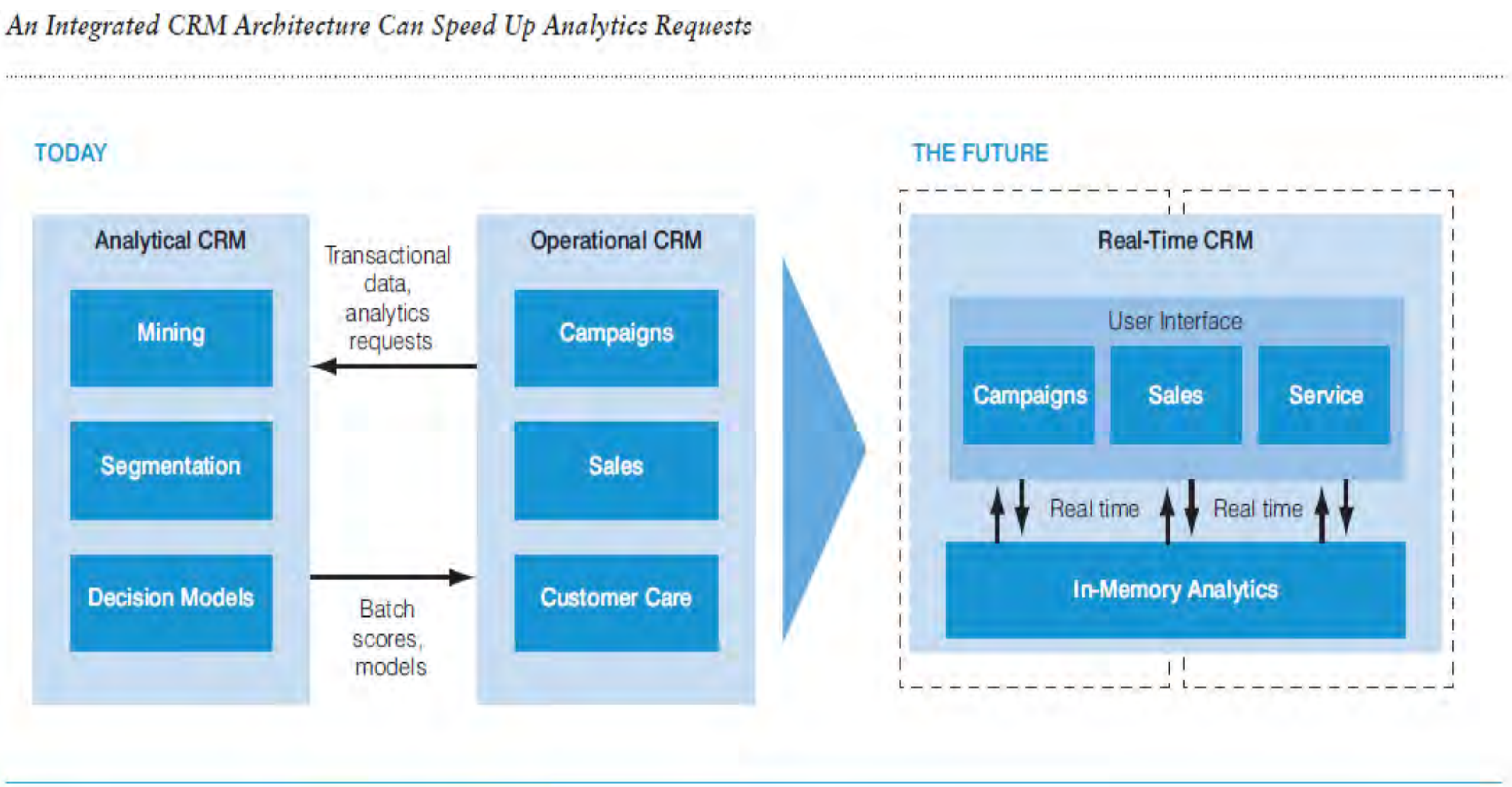
Organizational sophistication and CRM complexity increases as organizations become more customer-centric

Figure 2. Deloitte's five-stage CRM maturity model



Source: Strategic Customer Relationship Management in the Federal Government, Deloitte 2010

The future CRM model is real-time predictive analytics driven



Source: In Memory Analytics Strategies for real time CRM, Booz & Co. 2010

New relationship bank model is customer-centric and cross sell enabled

Exhibit 4: Organization of the relationship bank

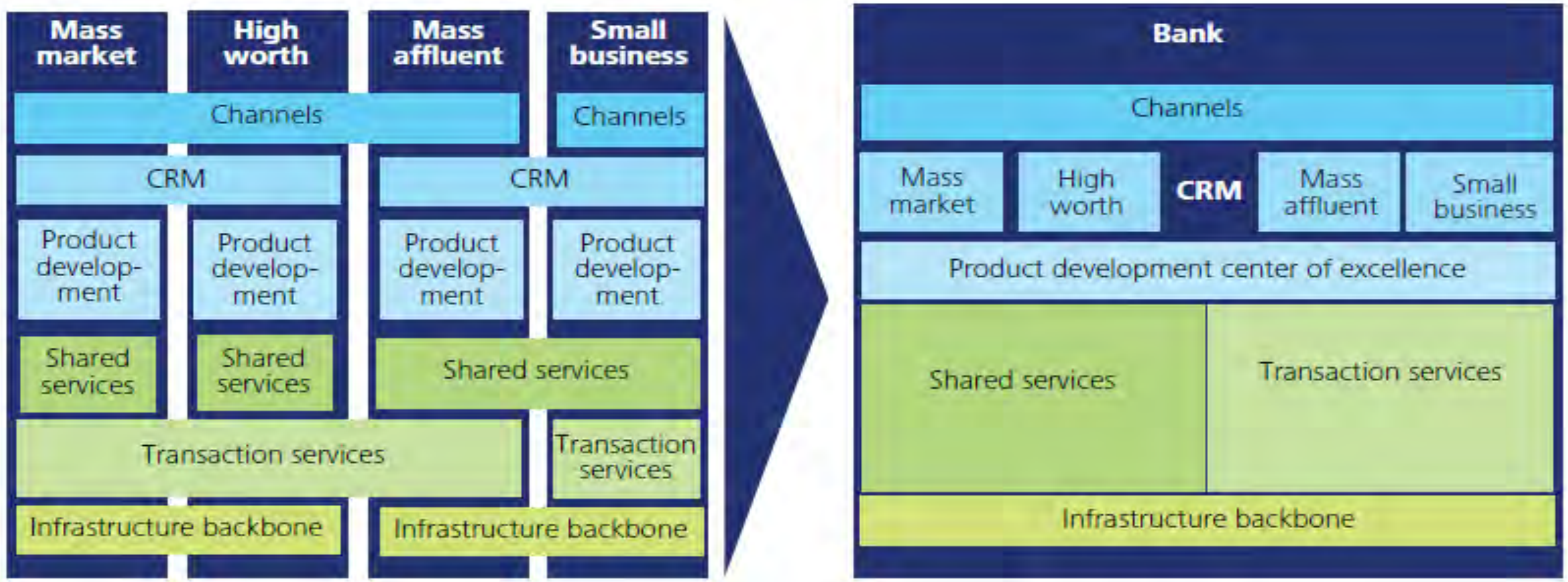
A relationship bank operates with a distinctly different operating model – one that is more integrated, puts the customer first, and shares data and services.

Current operating model

- Separation into silos
- Disparate customer experience
- Redundancies in services and infrastructure

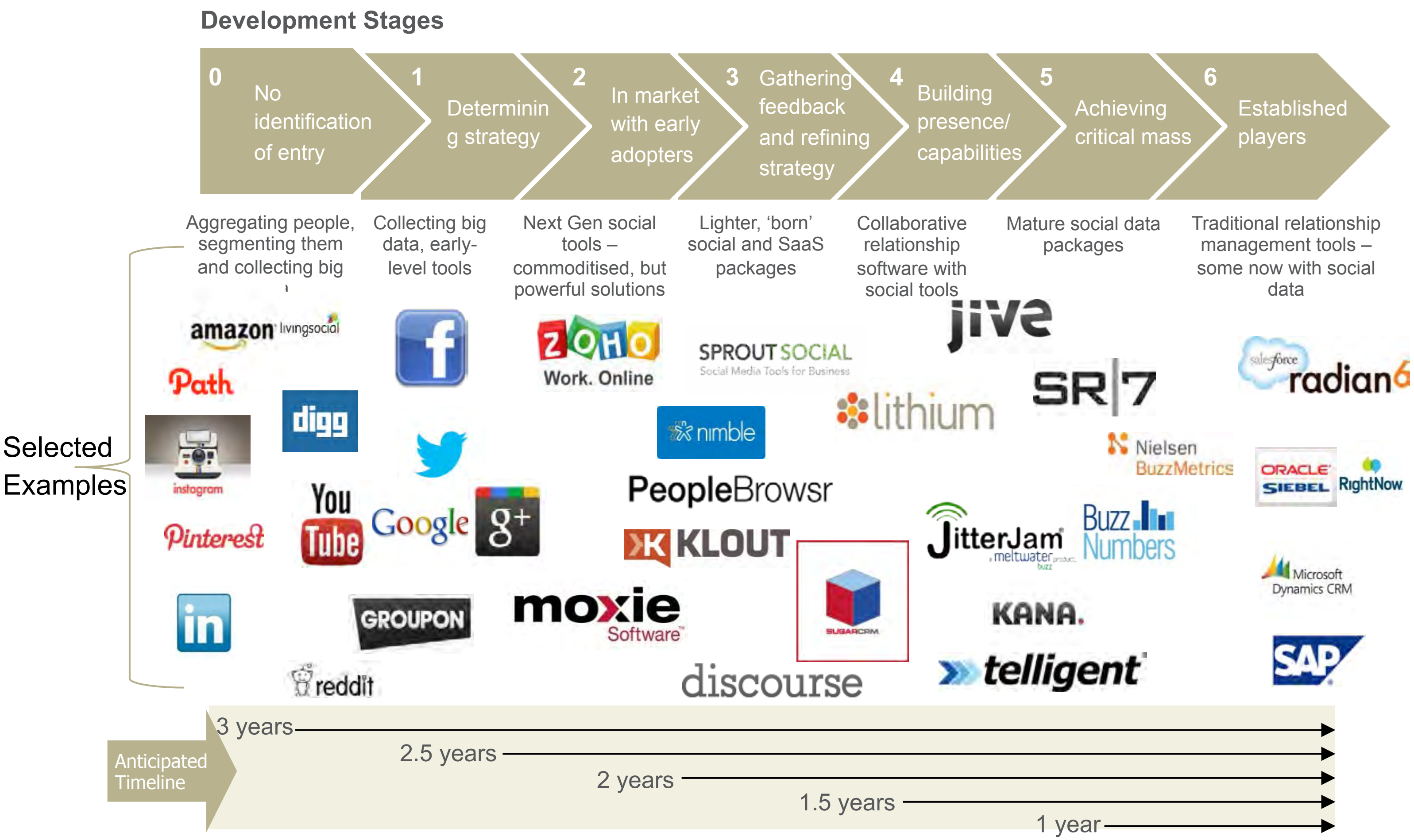
New operating model

- Organized around customers
- Consistent customer experience
- Cross-sell opportunities enabled
- Rationalization of products, services, and infrastructure



Source: Rebuilding the Relationship Bank, Deloitte 2009

CRM Technology is moving towards semantic, predictive data around purchasing behaviours, geo-targeted and real-time



Source: "Sanitised ICG Client Radar System' 2012

Key CRM Dimensions

Section 5

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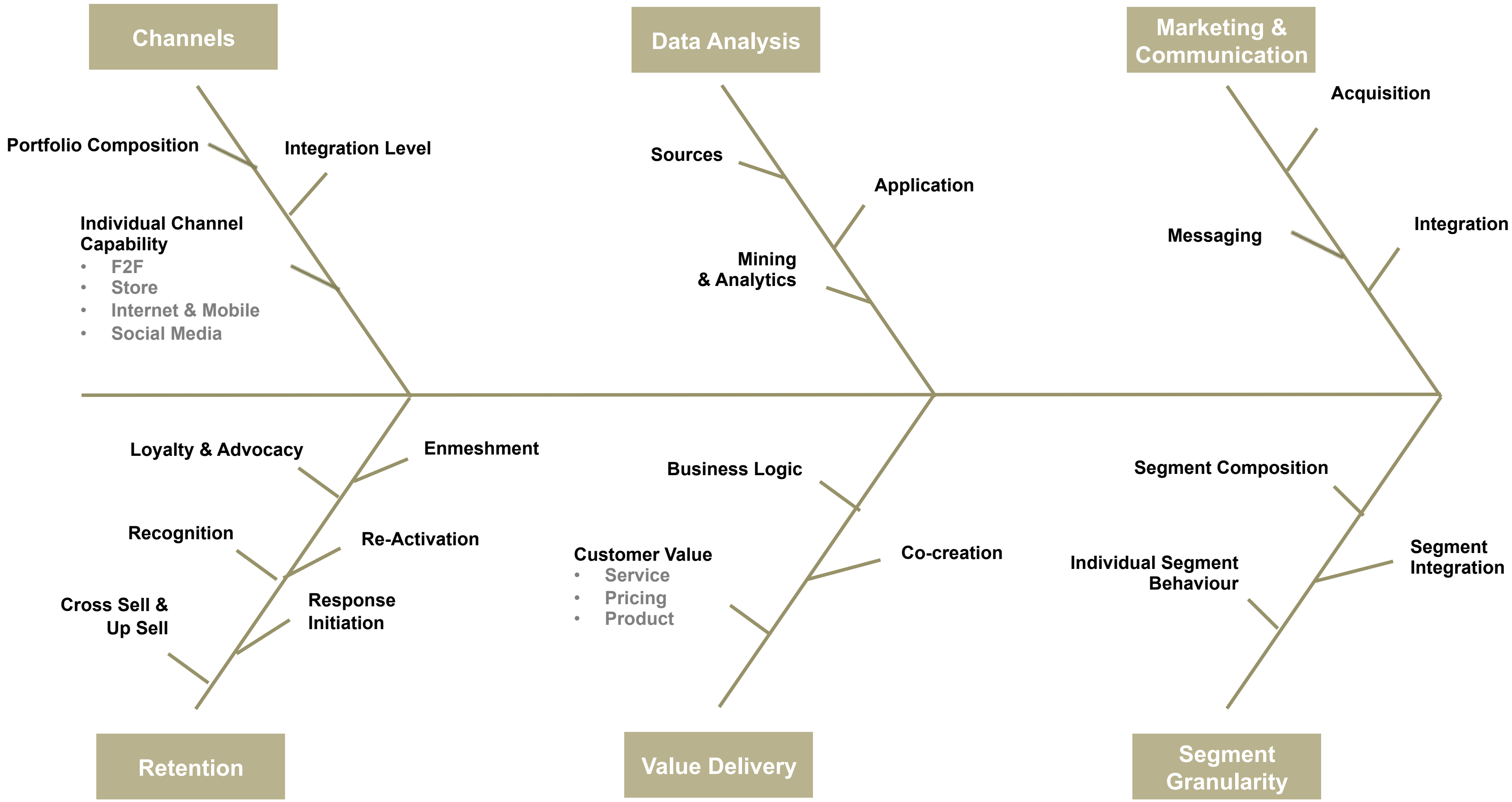
Relationship Management enhancements by taxonomy



Best practice cases drawn from a selection of Financial Services and Other Industries globally

Evidence of enhancements to Relationship Management Models

On the following pages we identify enhancements made by Financial Institutions to improve and reinforce their relationship management model.

Each enhancement is coded and categorized. The format is ***"VC-nn"***, where *V* is the Key Dimension, *C* is the Capability, and *nn* is the enhancement number; e.g. The first entry under Channels – Portfolio Composition, is "CP-01"

Key Dimensions	Capability	Enhancement Code Prefix
Channel	Portfolio Composition	CP
	Face-to-Face	CF
	Store	CS
	Internet & Mobile	CIM
	Social Media	CSM
	Integration Level	CI
Data Analysis	Sources	DS
	Mining & Analytics	DM
	Application	DA
Marketing & Communication	Messaging	RL
	Acquisition	RR
	Integration	RC

Evidence of enhancements to Relationship Management Models

Key Dimensions	Capability	Enhancement Code Prefix
Retention	Loyalty & Advocacy	RL
	Recognition	RR
	Cross Sell & Up Sell	RC
	Enmeshment	RE
	Re-activation	RRA
	Response Initiation	RRI
Value Delivery	Business Logic	VB
	Service	VS
	Pricing	VP
	Product	VPR
	Co-creation	VC
Segment Granularity	Segment Composition	SC
	Individual Segment Behavior	SB
	Segment Integration	SI

Channels

Section 5a

Channels

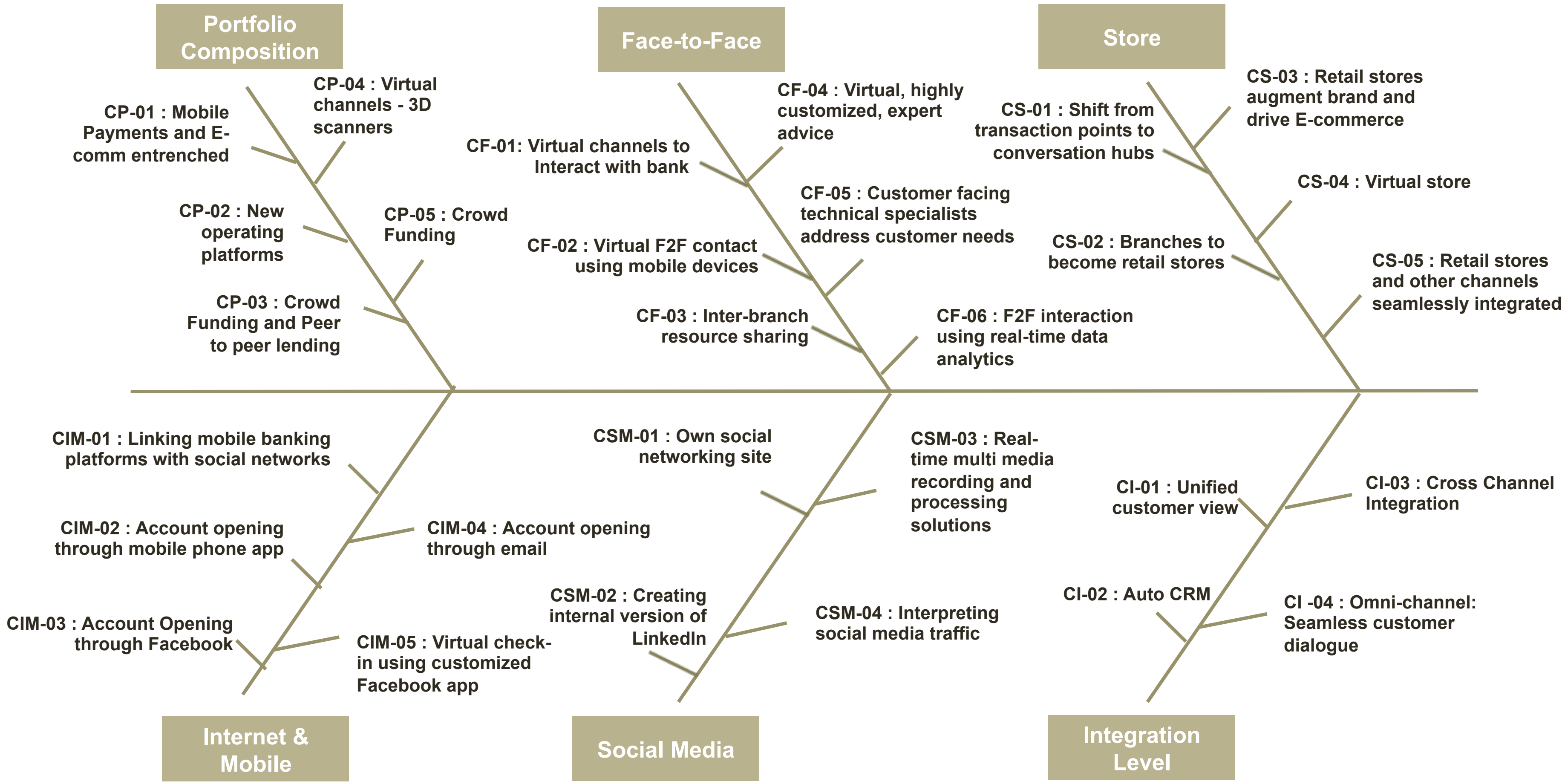
Channel Capability Trajectory Model

		Financial Services			Non-financial Services		
Key Capability	**Sub Capability**	**Current Practice**	**Best BAU Practice**	**Pilot Practice**	**Best BAU Practice**	**Pilot Practice**	**Future Best Practice**
Portfolio Composition		• Full suite of traditional channels	• Mobiles and tablets • E-commerce entrenched	• Social media • Crowd sourcing **(CP-03)** • New platforms	• Social media • E-commerce • Auto-checkout	• Virtual channels - 3D scanners **(CP-04)** • No products in store; scan-to-buy	• Personal digital concierge, advisor
Individual Channel Capability	– *F2F*	• Origination • Execution • Incident management	• Personalized, high quality, holistic advisory	• Virtual and highly customized response **(CF-01)** • C-suite concierge	• Virtual & highly customized response • Holistic advisory role	• F2F interaction using real-time data analytics **(CF-06)**	• Virtual F2F - 24/7
	– *Store*	• Transactions • Account opening • Incident management	• "Customer experience" • Product display • Conversation hubs	• Branches to adopt "retail stores" design	• Retail stores augment brand and drive E-commerce	• Virtual store **(CS-04)**	• Virtual customized identification, engagement, recognition and transaction
	– *Internet & Mobile*	• Transaction & account management • Mobile banking is stand alone	• Linking with social media networks • Small mobile payments	• Account opening • Automatic, distributed CRM	• Account opening • Click based advertising	• Virtual check-in • Location based technology	• Auto ID to personalize customer experience
	– *Social Media*	• Marketing • Product information	• Incident management	• Social networking • Customer product design • Peer interaction	• Real-time multi media solutions • Brand affiliation	• Aggregating social media messaging	• Proactive 'tracking' of customer behavior
Integration Level		• Manual data sharing • Manual CRM upload	• Real-time, unified customer view **(CI-01)** • Reaction to high value, high risk item • Activity based reporting	• Auto CRM • Proactive cross sale	• Cross-channel integration	• Retail stores and other channels seamlessly integrated **(CI-04)**	• Performance benchmarking of outcomes achieved

Source: ICG Analysis

World Class Relationship Management in Financial Services 2015

Channels



Portfolio Composition
Face-to-Face
Store
CP-01 : Mobile Payments and E-comm entrenched
CP-04 : Virtual channels - 3D scanners
CP-02 : New operating platforms
CP-05 : Crowd Funding
CP-03 : Crowd Funding and Peer to peer lending
CF-01: Virtual channels to Interact with bank
CF-04 : Virtual, highly customized, expert advice
CF-05 : Customer facing technical specialists address customer needs
CF-02 : Virtual F2F contact using mobile devices
CF-03 : Inter-branch resource sharing
CF-06 : F2F interaction using real-time data analytics
CS-01 : Shift from transaction points to conversation hubs
CS-03 : Retail stores augment brand and drive E-commerce
CS-04 : Virtual store
CS-02 : Branches to become retail stores
CS-05 : Retail stores and other channels seamlessly integrated
CIM-01 : Linking mobile banking platforms with social networks
CIM-02 : Account opening through mobile phone app
CIM-04 : Account opening through email
CIM-03 : Account Opening through Facebook
CIM-05 : Virtual check-in using customized Facebook app
CSM-01 : Own social networking site
CSM-03 : Real-time multi media recording and processing solutions
CSM-02 : Creating internal version of LinkedIn
CSM-04 : Interpreting social media traffic
CI-01 : Unified customer view
CI-03 : Cross Channel Integration
CI-02 : Auto CRM
CI -04 : Omni-channel: Seamless customer dialogue
Internet & Mobile
Social Media
Integration Level

Channels – Portfolio Composition

Category	Activity	Description
Financial Services – Business Banking (CP-01)	**Mobile Payments and E-commerce entrenched**	As more SMEs begin to capture digital payments with Smartphone Apps, banks risk becoming further disaggregated from the payment value chain. Some, like Singapore-based OCBC Bank, have seen the opportunity and have launched new apps that capitalize on the trend. OCBC's app allows customers with Android devices to scan barcodes, obtain billing details, and make payments with merchant partners thanks to their "Scan & Pay" facility, highlighting the opportunity for banks to innovate and create real time payment utilities across mobile platforms. Read the full article
Financial Services – Retail (CP-02)	**New operating platforms**	Commonwealth Bank today unveiled the future of point-of-sale (POS) payments, powered by a new software platform, applications, and a new omni-commerce device that will redefine the POS experience for businesses and consumers. Read the full article

Channels – Portfolio Composition

Category	Activity	Description
Financial Services (CP-03)	**Crowd Funding and Peer to peer lending**	Non-Bank Financial Institutions (NBFIs) such as Funding Circle (an online marketplace where people can lend directly to small businesses in the UK) and Crowdcube (offering a new model for sourcing capital for start-ups by utilizing an online platform to help match investors with businesses through equity stakes and non collateralized loans) are competing against the traditional 'big bank' lending model for SMEs – where the vast majority of SME lending currently sits. Banks have the opportunity to co-create investment opportunities with their customers, playing a bigger part in this emerging market. Business banks can look to create new asset classes by allowing retail and private banking customers to invest in SME customers. Read the full article
Non-Financial Services – Retail (CP-04)	**Virtual channels - 3D scanners**	Brooks Brothers uses all of the new technologies, including the body scanner, seamlessly. They offer mass-customized suits at their New York City retail store using a 3D body scanner to collect customer measurements. Style, fabrics, and design features are selected from a computer screen in consultation with a trained sales professional. Read the full article

Channels – Portfolio Composition

Category	Activity	Description
Non-Financial Services – Retail (CP-05)	**Crowd Funding**	Crowdfunding is not a new concept when considering that the Statue of Liberty and many inventions by Thomas Edison are historical examples of crowd funding. According to Steve Case of AOL, a small gift received from many is equivalent to large gifts received from a few. Wikipedia, the best example of such a venture's success says that people pool their money and resources through collective cooperation, attention and trust, over the internet with an intention to support the organization or institution seeking their help. Read the full article

Channels – Face-to-face

Category	Activity	Description
Financial Services – Business Banking (CF-01)	**Virtual channels to interact with bank**	BankInter allow their business customers to use virtual channels to interact with them via online video conferencing, helping SMEs save valuable time by providing anytime / anywhere access. They launched their 'Mobile Virtual Network' in partnership with Dutch telecoms operator KPN, using the Orange network to reduce customer's cost of data transfer. A Cisco case study claims this model delivered positive results with over 1,000 video calls per day and improved closure rates (up to 25%). Read the full article
Financial Services – Retail banking (CF-02)	**Virtual face-to-face contact using mobile devices**	Leumi Bank, Israel's leading commercial bank, are going further with applications such as 'Leumi V', which delivers face-to-face contact for customers at their desktop and through mobile devices. Read the full article

Channels – Face-to-face

Category	Activity	Description
Financial Services – Retail Banking (CF-03)	**Inter-branch resource sharing**	Just inside of Bankinter, a small but tech-savvy bank, at the entrance is a large computer screen with a camera and a phone. If customers need specialist advice on a mortgage, say, and no one can see them, they are connected by video call with a free adviser in another branch. "As customers use more channels they become more loyal, buy more products and are more satisfied—and that makes good business," notes Accenture, a consulting firm. "With a cross-sell ratio ahead of many of their Spanish peers, Bankinter's customer relationships are also more profitable." Read the full article
Financial Services – Retail Banking (CF-04)	**Virtual, highly customized, expert advice**	Bank of Montreal provides remote access to their financial experts and advisors via our free video conferencing solution to more than 120 branches, offices and call centers across Canada and the United States, reflecting BMO's goal of providing a great customer experience. Read the full article

Channels – Face-to-face

Category	Activity	Description
Non-financial Services – Retail automotive (CF-05)	**Customer facing technical specialists address customer needs**	Lexus is creating two new customer-service positions that will be introduced at 232 U.S. dealerships starting this month. Vehicle Delivery Specialists will deliver cars to customers, a function that was previously handled by salespeople. The Delivery Specialists will devote ample time to explain the advanced features of Lexus cars to new customers when they are picking up cars. Vehicle Technology Specialists will provide free ongoing support, both over the phone and in person, to customers who have questions about their cars. Read the full article
Non-financial Services – Airlines (CF-06)	**F2F interaction using real-time data analytics**	Iberia has just announced it will equip its 600 inflight attendants with iPads in order to help cabin attendants anticipate passengers' needs and offer a more personalized and higher quality service. The new crew iPad contains the entire passenger manifest, real-time graphic information about the status of embarkation and shows the seat assigned to each customer. The app also identifies members of the Iberia Plus loyalty program, special needs passengers, unaccompanied minors, those requiring special meals as well as details of passenger's recent flights with Iberia. Read the full article

Channels – Store

Category	Activity	Description
Financial Services – Retail Banking (CS-01)	**Shift from transaction points to conversation hubs**	State-of-the-art branches, like the flagship Barclays outlet in Piccadilly, have a more open and relaxed feel to attract and engage customers. There are areas for automated transactions, but more space is given over to areas where customers can meet and talk with informed experts who can help them find products that meet their specific needs. In some of the larger branches, there are even zones where premier customers can have private meetings - either with their banking advisors or with their own business contacts. Read the full article BNP Paribas's flagship "concept store" in Paris looks out directly onto the Opéra and has a carpeted corridor with bright red, green and yellow beanbags, more white benches with iPads and rooms with couches and flat-screen televisions. "Here we are in the lounge," says Nathalie Martin-Sanchez, who oversaw the creation of the branch. "The customer can see an adviser while having a coffee…it is designed to encourage more proximity, more interaction, more personal contact." Read the full article

Channels – Store

Category	Activity	Description
Financial Services – Retail Banking (CS-02)	**Branches to become retail stores for financial products**	Metro Bank in the UK unquestionably has a very high quality 'store' experience (they don't call their retail points of presence branches), as evidenced by their Net Promoter Score which is higher than any other retail bank in the UK. Deutsche Bank with their Q110 branch in Berlin and Jyske Bank in Denmark, have taken the retail concept to its ultimate with advisors strolling the store and products bundled in packaging you take off the shelf. Read the full article
Non-Financial Services – Retail (CS-03)	**Retail stores augment brand and drive E-commerce**	At the beginning of each season, Burberry turn their store as entertainment destination, engaging with customers through an audio-visual experience featuring big screens and iPads. Loyal customers are invited to the store for an exclusive opportunity to buy new season range and customers view the new collection through catwalks showcased on big screens in tore and are able to order via iPads. Read the full article

Channels – Store

Category	Activity	Description
Non-Financial Services – Retail (CS-04)	**Virtual store**	In South Korea Tesco has created a virtual store in the subway where commuters can order their groceries from a virtual wall. This innovation and convenience has contributed to making Tesco the number one grocery brand online in South Korea. Read the full article
Non-financial services – Retail (CS-05)	**Retail stores and other channels seamlessly integrated**	In a Store 3.0™ environment, smartphones with location-based applications can provide your customers the closest store location, turn-by-turn directions, and a contact number. Retailers can also send them mobile coupons as an added incentive. When they're in the store, they can use state-of-the-art touch screens to virtually select and "try on" clothing items. When they buy an item, they can get a paperless receipt and a link to share their purchase with family and friends on popular social media sites. And after they leave the store, they can receive personalized invitations for exclusive events or notifications of new product arrivals. Read the full article

Channels – Internet & Mobile

Category	Activity	Description
Financial Services – Retail Banking (CIM-01)	**Linking mobile banking platforms with social networks**	First National Bank of South Africa has tied its mobile banking application to Facebook, enabling users to run the application from within the social media site. New Zealand's ASB Bank launched an upgrade to its mobile payments app that enables users to send money to friends through Facebook. Read the full article
Financial Services – Retail Banking (CIM-02)	**Account opening through mobile phone app**	BBVA Compass's new app allows customers to open a mobile banking account directly from their iPhone; providing a truly anytime, anywhere banking experience for customers. According to Alejandro Carriles, Executive VP and Director of Mobile and Online Strategies of BBVA Compass, "we think we're creating a groundbreaking user experience." At BBVA, mobile banking is not only an effective customer touch point but also a complete channel; accompanying clients during the each channel phase: awareness, evaluation, purchase, delivery, and after sales. Read the full article

Channels – Internet & Mobile

Category	Activity	Description
Financial Services – Retail Banking (CIM-03) fidor bank ag	**Account Opening through Facebook**	The sign-on to Fidor Bank is through Facebook Connect which, at this time, is one of the only banks that would work this way Read the full article
Non-financial Services – Technology (CIM-04) PayPal	**Account opening through email**	PayPal payments are made using a user's existing account or with a credit card. Money can be sent directly to an email address, thus prompting the users to sign up for a new PayPal account. Read the full article
Non-financial Services – Airlines (CIM-05) Lufthansa	**Virtual check-in using customized Facebook app**	Lufthansa's "Blue Legends" Facebook app is one of the first ten "Connected Apps" to be offered as a product of Foursquare's new development platform. In a nutshell, Foursquare now allows developers to create apps that offer customized experiences to customers based on their check-ins. Lufthansa has seized this new opportunity to create official Lufthansa venues (including over 9,000 flights named in the format "Lufthansa Flight LH 400″) where users can check-in virtually to get special badges, ranks and rewards. Read the full article

Channels – Social Media

Category	Activity	Description
Financial Services – Retail banking (CSM-01)	**Own social networking site**	Umpqua Bank has its own social networking site, LocalSpace, which is designed to connect and assist local businesses in a virtual setting Read the full article
Financial Services – Retail Banking (CSM-02)	**Creating an internal version of LinkedIn**	In June 2011, Morgan Stanley Smith Barney launched Advisor Insights, claiming it to be the first internal social networking site for such financial advisers. Working like an internal version of LinkedIn, financial advisers with experience in a specific area post their profiles, follow peers, and pair up with other advisers within the company who need their expertise. Read the full article
Non-financial Services – technology (CSM-03)	**Real-time multimedia recording and processing solutions**	Customer collaboration is enhanced by a real-time multimedia recording and processing solution that embeds capture functions in the network and securely delivers customer conversations - including voice, video, and screen data - for use with selected enterprise applications. Read the full article

Channels – Social Media

Category	Activity	Description
Non-financial services – Technology (CSM-04)	**Interpreting social media traffic**	Dell and Comcast, both leaders in social marketing and support, have already integrated Twitter data to allow brand managers and support teams to actively track what' s being said in tweets. Marketers will have the ability to understand the mood, find new sales leads, respond faster to customer needs and maybe even anticipate needs by listening into their conversations and taking action. Read the full article

Channels – Integration

Category	Activity	Description
Financial services – Retail banking (CI-01)	**Unified customer view with flexibility to interface across various channels**	CRM at HDFC Bank allows creation of a unified customer view by interfacing with various sources including the data warehouse thereby providing a comprehensive 360° view of customers across various channels like branch, phone banking, etc. Today HDFC Bank has more than 25,000 on CRMnext who have a comprehensive and relevant 360° customer view which has multiplied cross-sell and up-sell capabilities at all customer touch points. Read the full article
Financial services – Retail Banking (CI-02)	**Auto CRM**	Danske Bank was awarded the Cross Channel Integration award for putting their customers right in the center with a wide range of digital touch-points and service windows. The bank manages to create user-friendliness and real-time updates on all platforms that meet customer needs for fast service. Whatever channel and platform, Danske Bank customers can make agreements and be served 24-7. Read the full article

Channels – Integration

Category	Activity	Description
Non-financial services – Retail (CI-03)	**Cross-channel integration**	For multichannel retailers, the ability to offer satisfying cross-channel experiences is essential to future growth. Cross View recently named Target, Best Buy and Sears the top three fittest cross-channel businesses in a recent analysis of the top 25 multichannel retailers. The retailers attracted strong scores for cross-channel best practices such as offering same-day pickup of web orders in bricks and mortar stores and for making pending web data accessible to customer services representatives at call centers. Read the full article
Non-financial services – Retail (CI-04)	**Omni-channel integration: Seamless customer dialogue**	Starbucks uses over 11 online channels to engage and collaborate with customers and uses location based services to offer rewards to customers. Starbucks has launched a mobile loyalty and commerce platform to further monetize mobility and has monetized social media by creating a journey for its customers. Starbucks launched e-gift cards, which integrated with Facebook, and m-gift cards via mobile app. In 2011, customers loaded up $2.4 billion in credits on prepaid loyalty cards and processed more than 26 million mobile payments. Read the full article

Data Analysis

Section 5b

ICG

Data Analysis

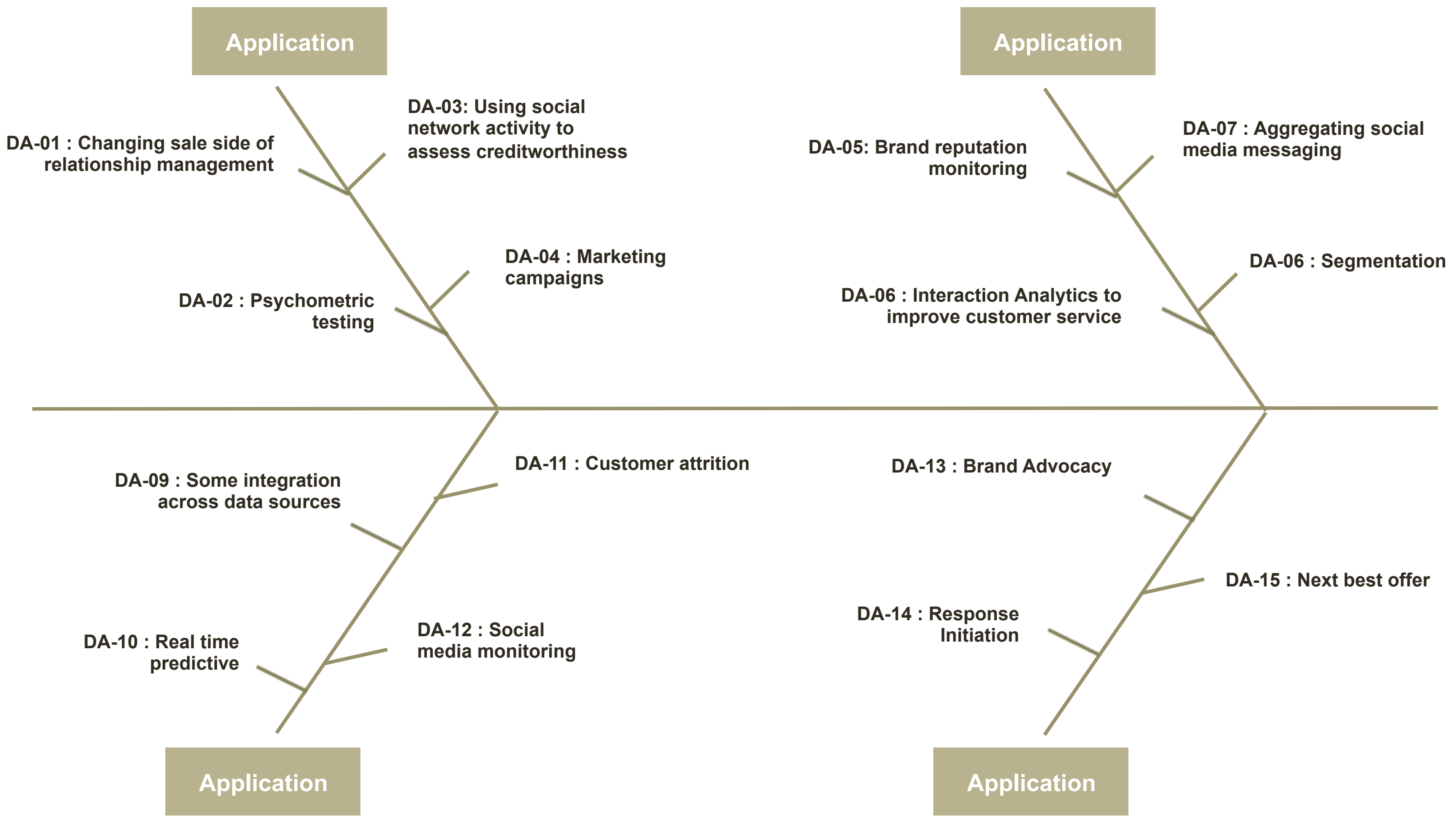
Data Analysis Capability Trajectory Model

	Financial Services			Non-financial Services		
Key Capability	**Current Practice**	**Best BAU Practice**	**Pilot Practice**	**Best BAU Practice**	**Pilot Practice**	**Future Best Practice**
Sources	• Customer needs analysis • Usage data i.e., Transactions, Call centers, ATMs	• Basic Unstructured i.e., Emails, Twitter, Facebook • Aspirations	• Extensive Unstructured Social Media • Social Network	• Structured • Unstructured Social Media • Social Network • Images / Video clips	• Location based • Channel Usage • Click streams • Device Usage	• Real time customer attitudinal, behavioral and decision data • Desired customer outcomes
Mining & Analytics	• Low to medium volume • Descriptive • Extensive reporting	• High volume • Experimentation with predictive • Forecasting / extrapolation	• Immense data volume • Predictive • Data Silos	• Immense data volume • Predictive • Some integration of data mining • Extensive use of algorithms • Contextual data visualization	• Real time predictive **(DA-10)** • Unification of data sources • Analytics-as-a-Service	• Real time analytics, insight and action with real time feedback loop • Integrated across all data sources • Outcome optimization
Application	• Fraud Detection • Next logical product (NLP) • Relationship pricing • Wallet sizing	• Brand reputation monitoring **(DA-05)** • Wallet forecasting • Analytics driven Marketing campaigns	• Interaction analytics **(DA-06)** • Customer churn prediction • Psychometric testing **(DA-02)**	• Personalized campaigns and micro-targeting • Social leaders • Price optimization • Event analytics • Next-best action • Sentiment analytics	• Mashups – Mobile user location + precision targeting	• Customer outcome benchmarking across industries, geographies • "SoLoMoMe" – Social + Local + Mobile + Personalized

Source: ICG Analysis

World Class Relationship Management in Financial Services 2015

Data Analysis



Data Analysis – Application

Category	Activity	Description
Financial Services – Business Banking (DA-01)	**Changing sale side of relationship management**	The head of technology for ANZ Bank's institutional arm has said that big data will help the bank become intimate with the needs of its customers, in an age when those customers no longer want to spend a lot of time in meetings. "Our customers expect us to turn up fully understanding everything about their business, and with a value proposition for them that's already tailored, before you walk in the door." Read the full article
Financial Services – Business Banking (DA-02)	**Psychometric Testing**	Standard Bank Group uses a psychometric assessment to provide loans to small and medium enterprises (SMEs) in Africa, and which is set to revolutionize the way finance is advanced to the largely informal business sector. Read the full article
Financial Services – Business Banking (DA-03)	**Using social network activity to assess creditworthiness**	MovenBank, for example, plans to use your social network activity to assess trustworthiness rather than the traditional banking approach to creditworthiness. Read the full article

Data Analysis – Application

Category	Activity	Description
Financial Services – Retail Banking (DA-04)	**Marketing campaigns**	"We have just been doing a parallel run of our marketing campaigns against predicting which product would be the best for customers, and it has been extremely accurate," Nichelsen said. "We are about to switch to a largely model-driven, rather than bespoke-driven, marketing campaign." Read the full article
Financial Services – Retail Banking (DA-05)	**Brand reputation monitoring**	BBVA has implemented an automated consumer insight solution to monitor and measure the impact of brand perception online – whether this be customer comments on social media sites (Twitter, Facebook, forums, blogs, etc.), the voices of experts in online articles about BBVA and its competitors, or references to BBVA on news sites – to detect possible risks to its reputation or to possible business opportunities. Read the full article

Data Analysis – Application

Category	Activity	Description
Financial Services – Retail Banking (DA-06)	**Interaction Analytics to improve customer service**	DBS Bank Ltd has rolled out interaction analytics technology at its Singapore-based customer centre to enhance its customer center efficiency. By using speech analytics, DBS can identify the type of calls that require longer handling time such as loan enquiries. Once these topics are flagged, the analytics solution goes one step further to pinpoint recurring key phrases across these calls. The bank then uses this information to determine the underlying causes such as unclear communications, process issues or knowledge gaps. Read the full article
Non-financial services – Retail (DA-07)	**Aggregating social media messaging**	Best Buy aggregates the tweets, public Facebook messages, Foursquare check-ins of a customer to understand his interests, preferences, friends, location and mood and is able to serve up contextual products and experiences on the fly both online and in store. Read the full article

Data Analysis – Application

Category	Activity	Description
Financial Services – Insurance (DA-08)	**Segmentation**	Progressive Insurance has put analytics and modeling to profitable use in defining new segments. Mining widely available insurance industry data, Progressive defined narrow groups, or cells, of customers—for example, motorcycle riders age 30 and above, with college educations, credit scores over a certain level and no accidents. For each cell, the company performed a regression analysis to identify the factors that most closely correlate with the losses that group engenders. It then set prices for the cells that would enable the company to earn a profit across a portfolio of customer groups. Read the full article
Non-Financial Services – Telecom (DA-09)	**Some integration across data sources**	T-Mobile USA, Deutsche Telekom's US-based mobile unit, has used Informatica's PowerCenter to predict customer defections based on the analysis of its 33m customer data records, web logs, billing data and social media information. By combining big transaction and big interaction data, T-Mobile has gained a better view of the reasons behind customer defections, which it was able to cut in half in a single quarter. Read the full article

Data Analysis – Application

Category	Activity	Description
Financial Services – Insurance (DA-10)	**Real time predictive**	Progressive Insurance, as part of its "Pay As You Drive" program, offers drivers the chance to lower their premiums based on real-time analysis of their driving habits. Drivers plug a device, the "Snapshot," that collects large volume of data (e.g., time of the day, miles driven, number of hard brakes) over a period of time. Based on analysis of the data, Progressive offers a discount to individual's insurance premium. Read the full article
Non-financial Services – Telecom (DA-11)	**Customer attrition**	Cablecom, a Swiss telecoms operator, has reduced defections from one-fifth of subscribers a year to fewer than 5 percent by crunching the data it already had. Its software spotted that although customer defections peaked in the thirteenth month, the decision to leave was made much earlier, around the ninth month, as indicated by things such as the number of calls to customer support services. So Cablecom offered certain customers special deals seven months into their subscription and reaped the rewards. Read the full article

Data Analysis – Application

Category	Activity	Description
Non-Financial Services – FMCG (DA-12)	**Social media monitoring**	Gatorade, a sports drink manufactured by PepsiCo, has created a Chicago-based “war room” called Gatorade Mission Control Centre within its marketing department to monitor the brand in real time across social media. Team members can track custom-built data visualizations and dashboards (including terms related to the brand, sponsored athletes, and competitors) and run sentiment analyses around product and campaign launches. Since the war room’s creation, the average traffic to Gatorade’s online properties, the length of visitor interactions, and viral sharing from campaigns have all more than doubled. Read the full article
Non-Financial Services – FMCG (DA-13)	**Brand Advocacy**	Starbucks increased awareness of its brand by launching a competition challenging users to be the first to tweet a photograph of one of the new advertising posters that the company had placed in six major US cities, providing winners with a $20 gift card. This social-media brand advocacy effort outweighed its budget. Starbucks said that the effort was “the difference between launching with millions of dollars versus millions of fans.” Read the full article

Data Analysis – Application

Category	Activity	Description
Non-Financial Services – Car Rental (DA-14)	**Response Initiation**	While evaluating the solution, Hertz was able to identify a potential area for improvement in Philadelphia: surveys indicated that delays were occurring for returns during specific times of the day. By investigating this anomaly, Hertz was able to quickly adjust their staffing levels at the Philadelphia office during those peak times, ensuring a manager was present to resolve any issues. This enhanced Hertz's performance, and increased customer satisfaction...all by parsing the volumes of data being generated from multiple sources. Read the full article
Non-Financial Services – Retail (DA-15)	**Next best offer**	EBay bought New York startup Hunch to help improve its recommendation services. EBay said it will use Hunch's "taste graph" technology to provide its users with non-obvious recommendations for items based on their unique tastes. Read the full article

Marketing & Communication

Section 5c

Marketing & Communication

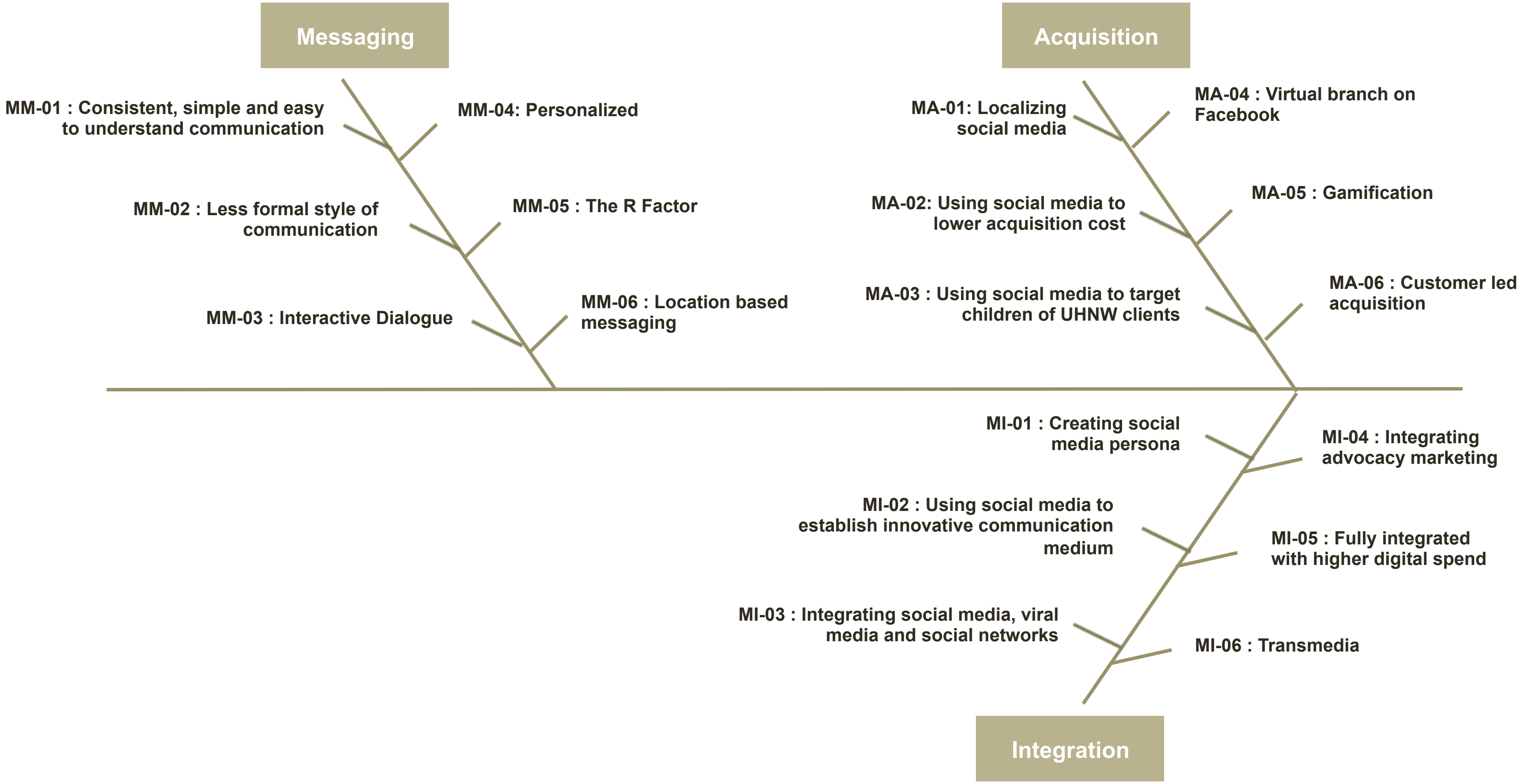
Marketing & Communication Capability Trajectory Model

	Financial Services			Non-financial Services		
Key Capability	**Current Practice**	**Best BAU Practice**	**Pilot Practice**	**Best BAU Practice**	**Pilot Practice**	**Future Best Practice**
Messaging	• Companies control messaging • Mass / segmented • Basic use of analytics • Channel-specific • Formal and impersonal	• Consistent, simple and easy to understand • More interactive • Analytics driven	• Extensive use of analytics • Channel agnostic • Less formal	• Interactive dialogue • The R Factor **(MM-05)** • Dynamic, rule based matching of relevant offers and messages • Channel agnostic • Personalized	• Location based **(MM-06)** • Dynamic, real time use of predictive analytics	• "Mass-customized" • Personalized, relevant, real time dialogues • Consumers control brand
Acquisition	• Sales and product driven • Branch focused	• Customer centric • Life cycle driven • Extensive use of Social media	• Gamification **(MA-05)** • Digitization of account acquisition	• Customer led acquisition **(MA-06)** • Gamification • Social acquisition	• Social contagion • Visual differentiation • Proactive tracking of customer	• Individualized, precision targeting using real time advanced predictive analytics
Integration	• Traditional channels fully integrated • Basic integration of social media	• Social media entrenched	• Social media persona • Social networking	• Integrating social media, viral media and social networks • Integrating advocacy marketing • Fully integrated with higher digital spend	• Transmedia **(MI-06)**	• Cross platform, interactive seamlessly integrated marketing communications

Source: ICG Analysis

World Class Relationship Management in Financial Services 2015

Marketing & Communication



Marketing & Communication – Messaging

Category	Activity	Description
Financial Services – Business Banking (MM-01)	**Consistent, simple and easy to understand communication**	ABN Amro has made a strong commitment to make all communications, both internal and external, clearer and easier to understand. In a speech, the bank's CEO, Gerrit Zalm, said, "The language used should be simpler, such that 90% of the population understands it." According to Zalm, the language initiative applies not just to written brochures, web ages and the like but also to spoken language when staff members advise customers. The overall goal is transparency, clarity, easy interactions, no misunderstanding and ultimately better service and higher levels of customer satisfaction. Read the full article
Financial Services – Retail Banking (MM-02)	**Less formal style of communication**	Just look at this quote from the latest press release announcing their funding : "Londoners are flocking to us to open accounts and we've been blown away by local reaction to our style of community banking." Words like 'flocking' and phrases like 'blown away' are normally taken out of most bank press releases and so this would be worded more like: "Londoners are very supportive of our banks efforts and we have been particularly appreciative of the local reaction to our style of community banking" Read the full article

Marketing & Communication – Messaging

Category	Activity	Description
Non-financial Services – Retail (MM-03) TESCO	**Interactive Dialogue**	Supermarket giant Tesco prides itself in responding to consumers. The company's "listening to customers" mantra has resulted in customer ideas being transformed into successful products and services, including Express Stores and Club Cards. This healthy customer obsession has helped Tesco identify simple and effective ways to meet consumer needs and, ultimately, grow and compete in global markets. Read the full article
Non-financial Services – Hospitality (MM-04) WYNDHAM HOTEL GROUP	**Personalized**	Wyndham Hotel Group's targeted email campaign saw a 187 percent increase in marketing revenue. In designing the promotion's email messaging strategy, they considered best practice workflows regarding message sequence, timing, and touch points. They then created Web pages and more than 60 email versions, with custom subject lines and body copy, that were sent to approximately 1 million Wyndham Rewards members in the United States, all of whom were already registered email subscribers. Subsequent emails were based on the actions the members took. Read the full article

Marketing & Communication – Messaging

Category	Activity	Description
Non-financial Services – Technology (MM-05)	**The R Factor**	Getting relevance right is what appears to drive companies' performance, leadership and category-defying innovation. Masters of intent marketing, they get the right content to the right people at the right time consistently across all channels. Apple have set the bar for anytime, anywhere relevant experiences. Apple is so relevant to consumers that it trades on giving consumers what they want, even before they want it. Read the full article
Non-financial Services – Retail (MM-06)	**Location based messaging**	PepsiCo, Tyson and Seventh Generation are among the major companies teaming up with the likes of Foursquare, Gowalla and CheckPoints, promoting programs that reward consumers for picking up products and giving them added incentives to put that product in their cart. "The goal here is to deliver targeted messaging at that precise moment a purchase decision is made," said Mr. DiPaola. "They're holding the [Tyson's chicken] in their hand, and they're either going to put it back on the shelf or in their cart. At that moment, we deliver messaging that the advertisers help us develop.“ Read the full article

Marketing & Communication – Acquisition

Category	Activity	Description
Financial Services – Retail Banking (MA-01)	**Localizing social media**	The bank has embarked on a localised approach with social media accounts run from the UK, Singapore, UAE, Korea, India, South Korea and Hong Kong, to ensure conversations to audiences remain relevant. Such accounts include a Food Explorer Facebook page in India, which provides customers dining offers and deals, as well as several pages in the UAE, which have a strong follower base. Read the full article
Financial Services – Retail Banking (MA-02)	**Using social media to lower acquisition cost**	Fidor really gets social media. Since the bank launched, they've spent €100,000 on marketing in total. That works out as around €1.33 per customer registration as a cost. As Matthias said, it costs €7 per click for most banks to just advertise a product on Google and get Google click throughs. Fidor is getting customers acquired for just one euro per customer. Read the full article

Marketing & Communication – Acquisition

Category	Activity	Description
Financial Services – Private Banking & Wealth Management (MA-03) citibank	**Using social media to target children of UHNW clients**	Citi Private Bank is offering a social media network to the children of UHNW clients ("NextGen" clients), which features functionality as diverse as allowing users to rate restaurants. While Citi Private Bank provides NextGen clients the ability to rate restaurants, they also send quizzes to these users to complete that the bank uses to score and assess risk tolerances. This allows advisors to begin building profiles for these NextGen clients. Read the full article
Financial Services – Retail (MA-04) ASB	**Virtual branch on Facebook**	In September 2010 ASB Bank opened its door to the world's first virtual branch in Facebook. Customers can log on to the service via Facebook and have real-time, secure conversations with ASB staff. The general manager of ASB, Anna Curzon, states, "Customers will be able to chat with our dedicated team about any issues - from home loan options, to simple savings tips, or how to access foreign currency for an overseas trip. The Virtual Branch will be able to carry out the same services as our contact centre." Initially, the virtual branch was launched to gauge customer interest. Read the full article

Marketing & Communication – Acquisition

Category	Activity	Description
Financial Services – Retail Banking (MA-05)	**Gamification**	BBVA Game is a simple game linking BBVA's transactional banking site -www.bbva.es – and providing a fun way to learn how to take advantage of all the services available. BBVA customers earn points by using the site and buy products or services. Those points can be redeemed for gifts (direct-download music and streaming of online movies) and also through sweepstakes. BBVA is keen to build on its momentum and grow their community as quickly as possible: currently, they give away 300 points on registration and another 2,000 points for every friend you convinced to register. Read the full article
Non-financial Services – Airline (MA-06)	**Customer led acquisition**	Virgin America has galvanized (in part, by offering the incentive of a free flight) a Twitter following so loyal that when newcomers tweet to ask if they should fly the airline, fans commonly close the sale. A customer-led growth strategy will hinge on the ability to generate long-term relationships with those customers. Read the full article

Marketing & Communication – Integration

Category	Activity	Description
Financial Services – Retail Banking (MI-01)	**Creating social media persona**	For First National Bank, developing a consistent social media 'persona' has been key to our success. We created an online personality called RBJacobs that has quickly become a highly credible and approachable representation of our brand (you can find him on Twitter, Facebook, and LinkedIn). RBJacobs allows our social media team to maintain a single style and tone of voice that has now become synonymous with FNB's social media presence. Read the full article
Financial Services – Private and Retail Banking (MI-02)	**Using social media to establish innovative communication medium**	La Caixa launches first 'Social Networking' service for private and personal banking customers. One of the most innovative new features is the "Wall"; the first service designed on the social network concept. The "Wall" is a space where conversations can be held with asset managers (via written messages or video calls) and where customers can be provided with new investment suggestions and customized portfolio tracking reports, as well as other items of interest. The interaction can only be viewed by the customer and asset manager, providing all the confidentiality and security that comes with "la Caixa"'s online channels. Read the full article

Marketing & Communication – Integration

Category	Activity	Description
Non-Financial Services – Retail (MI-03)	**Integrating social media, viral media and social networks**	The LEGO Group has increasingly made social media, viral media and networks an integral part of the mix. The purpose of the evolving approach is not merely to add another medium but also enhance the experience of physical play and build brand loyalty. Creating platforms for communities also builds customer advocacy for the brand. Read the full article
Non-Financial Services – Technology (MI-04)	**Integrating advocacy marketing**	Microsoft provides a good example of how an integrated advocacy-marketing program can tie online and offline activities together. When it launched Windows 7, the company mobilized its online community to setup more than 40,000 launch parties in 12 countries. Each host invited at least ten friends to try the new system and then share their experience online. Within 8 weeks, 64% of US partygoers and 42% of the consumers who engaged in online discussions with the partygoers had bought the product. Read the full article

Marketing & Communication – Integration

Category	Activity	Description
Non-Financial Services – Hospitality (MI-05)	**Fully integrated with higher digital spend**	The Four Season Hotel is incorporating web tactics into their CRM strategy. For instance, a strong social media campaign, which corresponds to 50% of their marketing efforts, since 78% of their most wealthy clients are using social networking sites (mostly twitter) to connect with the company and make their reservations. Read the full article
Non-Financial Services – FMCG (MI-06)	**Transmedia**	For the London Olympics, Coke launched its campaign called "Move to the Beat of London." This transmedia campaign was grounded in music but was being told through different pieces of content across multiple platforms. By the time the games were over, there were over 100 pieces of content across multiple platforms as a part of the transmedia approach. Read the full article

Retention

Section 5d

ICG

Retention

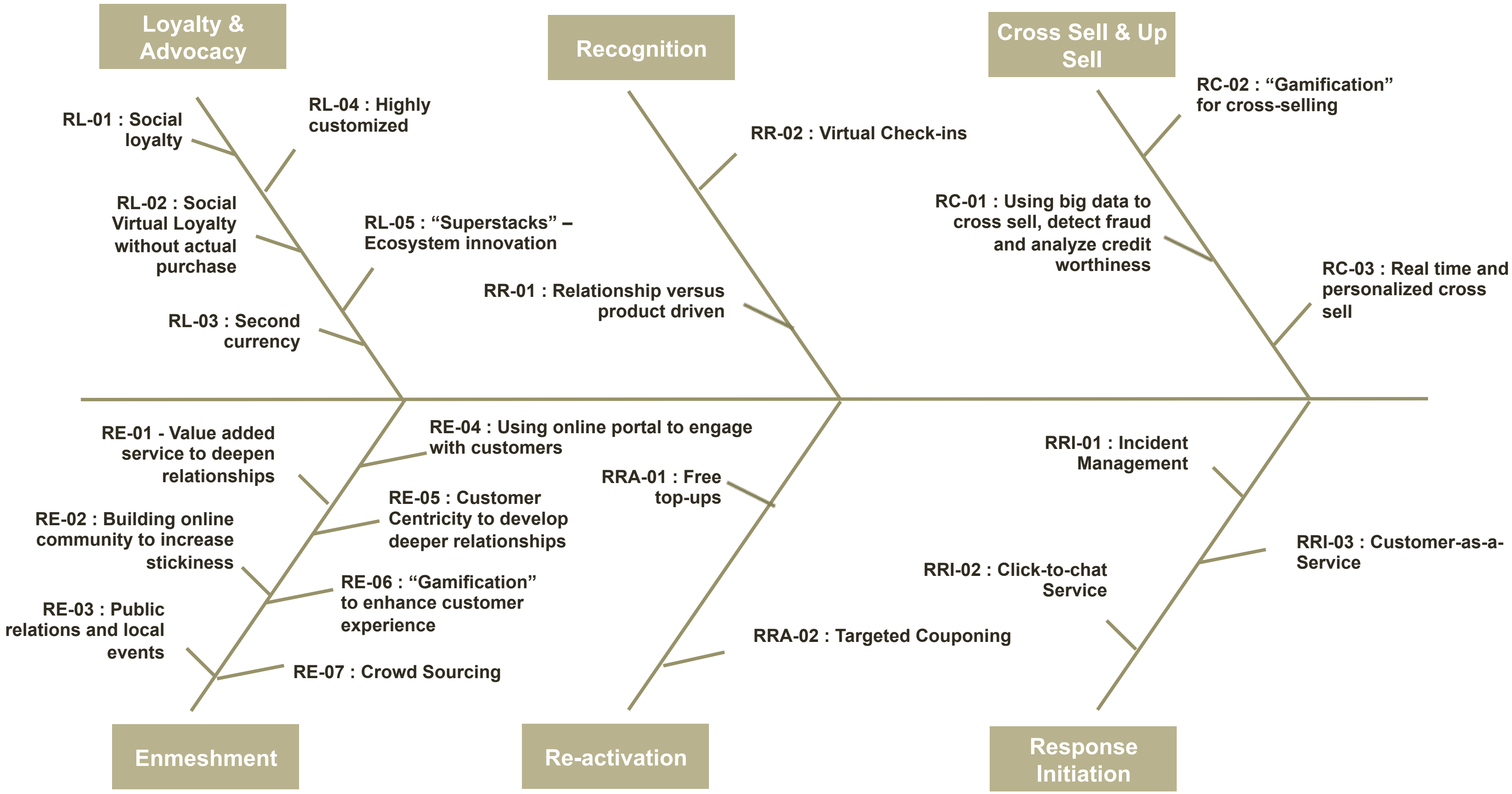
Retention Capability Trajectory Model

	Financial Services			Non-financial Services		
Key Capability	**Current Practice**	**Best BAU Practice**	**Pilot Practice**	**Best BAU Practice**	**Pilot Practice**	**Future Best Practice**
Loyalty & Advocacy	• Retail; Credit cards • Discounts, rewards & points • Transaction based, some expire	• Basic data analytics • Social loyalty at infancy • Cross institutional pricing	• "Social" • Gamification • Future value driven	• Agile, analytical, relevant, consistent • "Social" (RL-02) • Integrate Partners • Ubiquitous • Second currency	• "Superstacks" - Ecosystem innovation (RL-05) • Highly customized	• Real-time, location based, RFID enabled and individualized
Recognition	• Tiered • Consumption driven	• Relationship versus Product driven (RR-01) • Integrated across key channels	• Brand Advocates • Virtual check-ins (RR-02) • Purchase not mandatory	• Brand Advocates • Virtual check-ins • Purchase not mandatory • Segmented experience cross channel	• "Social Recognition"	• Real time across multiple channels
Cross Sell & Up Sell	• Compartmentalized • Bundling • Customer and Internal referrals	• Well-integrated across businesses and channels • Relationship priced	• Big data • Gamification (RC-02) • Social and peer driven	• Big data • Gamification • Social and peer driven	• Real time, 24/7, highly personalized • Relationship and lifecycle driven offers	• Product morphing
Enmeshment	• Customer profitability driven • Traditional engagement channels	• "Customer centric" • Value added services • Targeted PR and community engagement	• Engagement across all touch-points • Gamification	• Engagement across multiple touch-points • Gamification • Customized	• Crowd Sourcing (RE-07) • Social Personalization	• Real time, 24/7, highly customized engagement across al touch-points
Re-activation	• Time based Segmentation • Targeted promotion / discount	• Pressure point driven contact	• Live activation • Ongoing usage coaching	• Escalating offers • Free top-ups	• Targeted couponing (RRA-02)	
Response Initiation	• Reactive • Tactical	• Proactive • Strategic • Virtual Assistants	• Experimentation with Social media conversations	• Proactive tracking • Social media analytics • Customer-as-a-Service (RRI-02)	• Virtual • Customized • Real time feedback	• Customer driven • Real time, 24/7 • 360 degree listening

Source: ICG Analysis

World Class Relationship Management in Financial Services 2015

Retention


Loyalty & Advocacy
Recognition
Cross Sell & Up Sell
RL-01 : Social loyalty
RL-04 : Highly customized
RL-02 : Social Virtual Loyalty without actual purchase
RL-05 : "Superstacks" – Ecosystem innovation
RL-03 : Second currency
RR-02 : Virtual Check-ins
RR-01 : Relationship versus product driven
RC-02 : "Gamification" for cross-selling
RC-01 : Using big data to cross sell, detect fraud and analyze credit worthiness
RC-03 : Real time and personalized cross sell
RE-01 - Value added service to deepen relationships
RE-04 : Using online portal to engage with customers
RE-02 : Building online community to increase stickiness
RE-05 : Customer Centricity to develop deeper relationships
RE-03 : Public relations and local events
RE-06 : "Gamification" to enhance customer experience
RE-07 : Crowd Sourcing
RRA-01 : Free top-ups
RRA-02 : Targeted Couponing
RRI-01 : Incident Management
RRI-03 : Customer-as-a-Service
RRI-02 : Click-to-chat Service
Enmeshment
Re-activation
Response Initiation

Retention – Loyalty & Advocacy

Category	Activity	Description
Financial Services – Retail (RL-01) citibank	**Social loyalty**	Citibank recently launched 'thank you points' on Facebook where customers earn points based on their use and service holding. The application is expected to result in greater loyalty, higher levels of engagement and increased brand awareness. Read the full article
Non-Financial Services – Airline (RL-02) ESTONIAN AIR	**Social Virtual Loyalty without actual purchase**	AirScore by Estonian Air is the first-ever airline virtual loyalty program. AirScore "Ambassadors" share Estonian's offers or information on their Facebook wall, including airfares, cultural and sport events taking place in Estonia. Supporters of the airline are rewarded with discounts for social media advocacy, without even having to fly the airline. Think of it as a business deal – you distribute Estonian Air's ads and they reward you with points of various use. Through AirScore the airline enjoys increased traffic to Estonian Air's web site, and bookings, driven via Facebook. The element of gamification that they had grown to love at auctions took a new format in the form of tiers and badges. Read the full article

Retention – Loyalty & Advocacy

Category	Activity	Description
Non-Financial Services – Airline (RL-03)	**Second currency**	Qantas allows earning of points through expanding range of over 400 Frequent Flyer partners including credit card, hotel, car, travel, restaurants and more. Similarly, the reward points can be used across range of options including groceries and insurance. Hence, the loyalty program becomes a "second currency" enabling its members to accumulate and use points from / at a range of sources. Read the full article
Non-Financial Services – Retail (RL-04)	**Highly customized**	Canadian supermarket chain Sobeys ran a campaign in 2010 that was highly individualized — out of one million pieces created and mailed, 987,000 were unique, with a dozen customized product offers and coupons. LoyaltyOne crafted that campaign based on each member's specific purchasing behavior. Tailoring such messages netted a 37% unique open-rate for emails and a 26% click-through rate. (The industry standard is 23.8% and 5.5%, respectively, according to Epsilon's "Email Benchmarks" report from Q3 2011.) Read the full article

Retention – Loyalty & Advocacy

Category	Activity	Description
Non-Financial Services – Consumer Electronics (RL-05) OLYMPUS	**"Superstacks" – Ecosystem innovation**	Olympus, known for its digital cameras, used the cloud to create an integrated solution that allows consumers to back up and store pictures, share their photos with friends, print their favorites, and create digital slideshows and photo albums—essentially serving as a one-stop shop for all their customers' digital photo needs. Unlike one-off feature enhancements, superstacks have the potential to win more customer loyalty and satisfaction, and get customers to pay more and be less obsessed with the prices of products—because consumers will pay for that better customer experience. Read the full article

Retention – Recognition

Category	Activity	Description
Financial Services – Business Banking (RR-01) citibank	**Relationship versus product driven**	The CitiBusiness ThankYou(SM) Card enables business owners to earn unlimited points for purchases they make, with accelerated earn on popular business categories like restaurants and hotels and no annual fee. In addition, business owners can earn ThankYou Points across their Citi relationship – including personal and small business credit card and banking accounts – and combine points into one ThankYou account to redeem for thousands of rewards. Read the full article
Financial Services – Retail Banking (RR-02) DBS	**Virtual Check-ins**	DBS Places is a relatively complex promotion for the bank's Asian customers built around Facebook Places. Facebook Places is a GPS-location based technology that lets users virtually "check in" online, so they can share where they are in real-time with friends and family. Participants checking in a DBS Bank branch through its Places Facebook app will be able to earn points and redeem merchant deals. The campaign is open to anyone who owns a mobile device. Read the full article

Retention – Cross Sell & Up Sell

Category	Activity	Description
Financial Services – Business Banking (RC-01) citibank	**Using big data to cross sell, detect fraud and analyze credit worthiness**	Citibank has partnered with IBM ("Watson") to use big data for up-selling/cross-selling opportunities. It is stipulated that they will also use Watson to detect fraud and analyze customer credit worthiness. Read the full article
Financial Services – Retail Banking (RC-02) BBVA	**"Gamification" for cross-selling**	BBVA Game, a gamification platform, has incorporated game dynamics as a way to provide additional value for online banking customers. We put together our best value proposition, loyalty programs, and game dynamics which offer the most fun. We wanted to work in teams to create a game that educates our clients, offers stickiness to our clients, and offer cross-selling and upselling opportunities for our business. Read the full article

Retention – Cross Sell & Up Sell

Category	Activity	Description
Non-Financial Services – Airlines (RC-03)	**Real time and personalized cross sell**	Expedia® Affiliate Network (EAN) has launched EAN Smart Cross Sell, which enables airlines to maximize ancillary revenues by cross selling hotels to their online customers. With Smart Cross Sell, airlines can display dynamic, tailored hotel offers to their customers during the online booking process, letting travellers add the perfect hotel to their airfare purchase. Smart Cross Sell also minimizes checkout disruption, resulting in less shopping cart abandonment and higher conversion. Read the full article

Retention – Enmeshment

Category	Activity	Description
Financial Services – Business Banking (RE-01)	**Value added service to deepen relationships**	SMEs often lack the ability to create ambitious and sustainable learning and development programs for their employees. Banks, such as Barclays (launched 'MyBusinessWorks' – a fee-based service for business start-up customers) and HSBC (opened its e-Masterclass-Global Knowledge Centre for SME learning – with free modules) are offering solutions to meet this need. Read the full article
Financial Services – Business Banking (RE-02)	**Building online community to increase stickiness**	Ruby Connection is an online network designed to support women in the business world, no matter where they are located or who they bank with. It provides an opportunity for women to connect with other women and to share their unique experiences, insights and knowledge. Read the full article

Retention – Enmeshment

Category	Activity	Description
Financial Services – Retail Banking (RE-03)	**Public relations and local events**	Citigroup in Asia make clients feel special, for instance, by inviting customers to a dinner with a leading public figure. At Citi branches, clients, along with their friends and family, are invited to hear "guru" guest speakers on such topics as fixed-income investing. Read the full article
Financial Services – Private Banking & Wealth Management (RE-04)	**Using online portal to engage with customers**	Barclays has introduced an online portal offering HNW clients events and experiences to enjoy in their time off. The 'Little Book of Wonders' offers 16 lifestyle sections such as sport, philanthropy, literature and style and will offer events such as an evening at Sir Terence Conran's apartment hearing about commissioning a dream home. Read the full article

Retention – Enmeshment

Category	Activity	Description
Financial Services – Retail Banking (RE-05)	**Customer Centricity to develop deeper relationships**	Commonwealth Bank of Australia (CBA), which has made a significant investment in developing deeper relationships with customers by moving to a new core-banking platform based on a customer-centric model. "This helps us better understand customers, their roles and relationships, compared to an account or product-based view,“ explains CBA's senior media adviser Steve Batten. "The bank is actively pursuing technology trends like big data to get deep insights about our customers from a wider range of sources, and be more meaningful in their lives.“ Read the full article
Financial Services – Retail Banking (RE-06)	**“Gamification” to enhance customer experience**	Barclays: 56 Sage Street. A portal to help teach about money, finance, and banking in an enjoyable way. Bank of America: Bad Credit Hotel (in collaboration for the US Department of Treasury). Learn about debt management, credit history, and credit scores. Commonwealth Bank : Investorville is a virtual world where one can try his/her luck at investing in rental property without the risk of buying one. Read the full article

Retention – Enmeshment

Category	Activity	Description
Non-Financial Services – Retail (RE-07)	**Crowd Sourcing**	Lane Bryant, a purveyor of plus-size women's clothing, utilizes crowdsourcing to engage its Facebook fans and gain new followers. However, its crowdsourcing approach is not what you would expect; for example, the site asks its fans what color they feel like today. Based on the answers to that question, Lane Bryant's Facebook manager creates a customized coupon. Such unexpected crowdsourcing approaches have earned Lane Bryant over half a million "Likes" on Facebook. In essence, crowdsourcing engages customers and helps establish their loyalty to your brand. In exchange, you provide customers with a reason to maintain that engagement and loyalty, whether it be through exclusive product information, special discounts, early-bird sale access, etc. Read the full article

Retention – Reactivation

Category	Activity	Description
Non-Financial Services – Telecom (RRA-01)	**Free top-ups**	Airtel launched a promotion aimed at getting back the inactive users to the network where they stand to gain from rewards, among them free talk time. Airtel seeks to get the inactive users to use their sim cards and reactivate them on the network. Read the full article
Non-Financial Services – FMCG (RRA-02)	**Targeted Couponing**	Nabisco's Ritz Crackers is running a targeted mobile ad campaign that delivers coupons to a user's mobile device and lets them save and redeem the offer at the point-of-sale. Running mobile ads is an effective way to drive user engagement and get new and existing customers. Additionally, incorporating mobile coupons within a mobile ad is a smart move for the company because it gives consumers an added incentive to tap on the mobile ad. Read the full article

Retention – Response Initiation

Category	Activity	Description
Financial Services – Retail Banking (RRI-01)	**Incident management**	At RBS, we see social media as much more than a simple marketing tool. It is also an unprecedented opportunity to listen to our customers, improve our service and rebuild trust. Say, for example, that over the course of a few weeks we were to see multiple tweets from customers saying they are standing in line at one of our branches, we could quickly move to flag the potential problem to the branch manager and re-examine the resourcing at that branch to speed up customer service and enhance overall satisfaction. Read the full article
Financial Services – Retail Banking (RRI-02)	**Click-to-chat Service**	Among the features of Kiwibank's app, the most notable is a click-to-chat service. If a customer needs help, they can just push a button in the Kiwibank app to initiate a two-way chat with a service agent. Kiwibank calls the chat reps "online relationship managers" (ORMs). Any Kiwibank customer can summon support from an ORM, provided they are already registered for internet banking. Once the request is received, Kiwibank assigns an ORM who will reply within 24 hours. And if the ORM can't answer a question directly, they will set up an appointment for the customer with the person who can. Read the full article

Retention – Response Initiation

Category	Activity	Description
Non-Financial Services – Retail (RRI-03)	**Customer-as-a-Service**	Gartner, the research company, estimates that using communities to solve support issues can reduce costs by up to 50%. When TomTom, a maker of satellite-navigation systems, switched on social support, members handled 20,000 cases in its first two weeks and saved it around $150,000. Best Buy, an American gadget retailer, values its 600,000 users at $5m annually. To motivate members to participate, Lithium, a software company that provided TomTom's and Best Buy's systems, turns the whole thing into a game. Such "gamification", increasingly ubiquitous in areas ranging from self-improvement to project management, works by awarding "kudos" points for a helpful answer, allowing helpers to "level up". This boosts their status and often comes with a jokey honorific. Solve enough problems and you might eventually become a "super fan", in the top 0.5% of responders. Read the full article

Value Delivery

Section 5e

Value Delivery

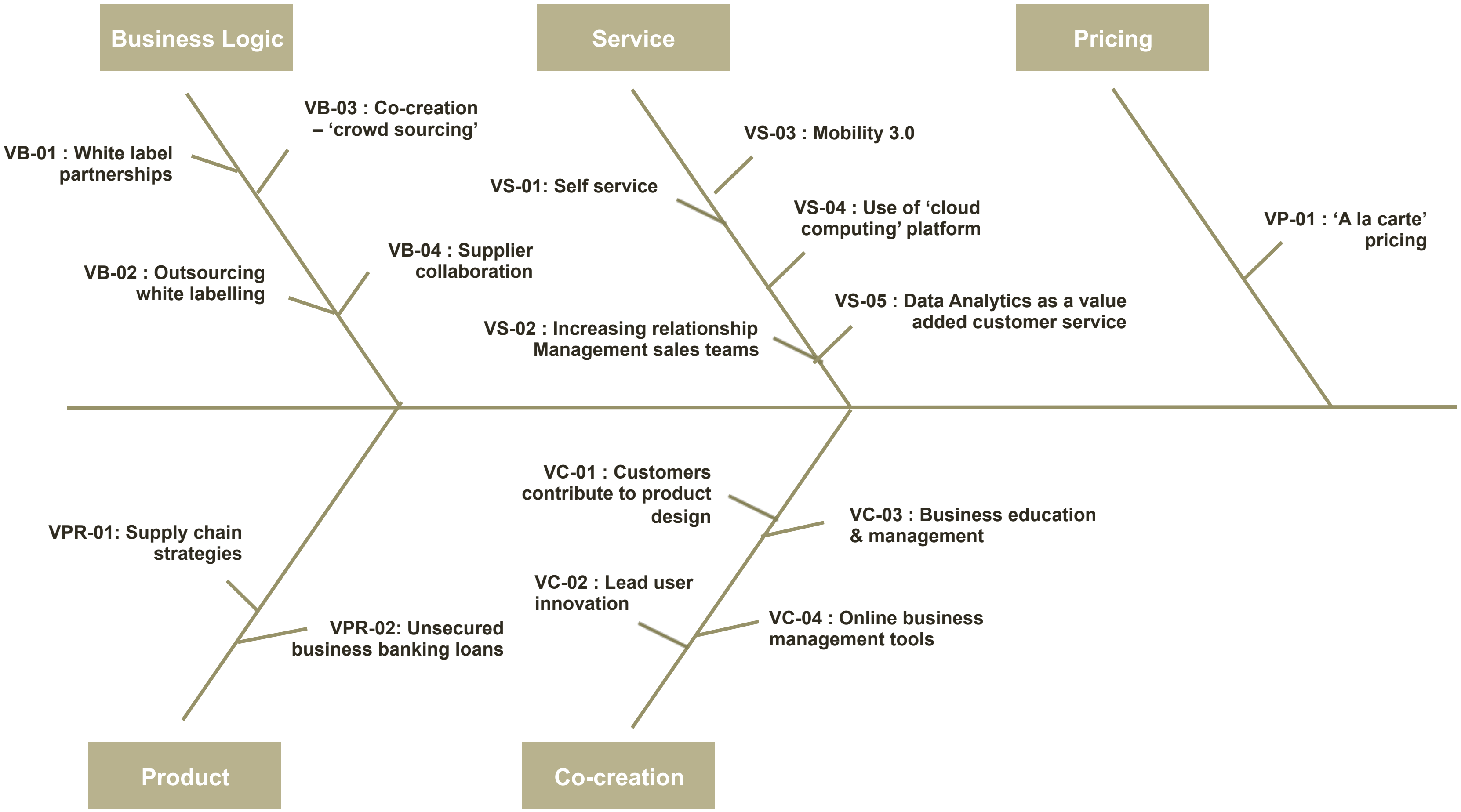
Value Delivery Capability Trajectory Model

		Financial Services			Non-financial Services		
Key Capability	**Sub Capability**	**Current Practice**	**Best BAU Practice**	**Pilot Practice**	**Best BAU Practice**	**Pilot Practice**	**Future Best Practice**
Business Logic		• Shareholder return/ market share • Product centric • Historic bias • Outsourcing	• Balancing shareholder and customer value • White Label partnerships • Trusted advisor	• Co-creation • Future focused EMV • Outsourcing White Labeling	• Differentiated pricing by customer type • Prototyping	• Co-creation – 'crowd sourcing' **(VB-03)** • Supplier collaboration **(VB-04)**	• Advanced statistical techniques, eg. regression analysis • Mathematical optimization
Customer Value	*– Service*	• Incident Management	• Differentiation based on customer needs • Improved access, i.e. video conferencing • Proactive service	• Trusted advisor/ consultant • Increasing RM sales teams • Data Analytics for customer use **(VS-02)**	• Trusted advisor/ constant consultant • Online activation	• Connectivity with social media • Responsive to current events • Customized IVR **(VS-01)**	• Fully automated and customized service experience • Mobility 3.0 **(VS-03)**
	– Pricing	• Individual product profitability • Quantitative optimisation tools	• Portfolio / relationship pricing • Increase cross-sell ratio • Price differentiation – channels based	• Outcomes based pricing in wealth management • Quantitative pricing solutions	• Loyalty bonuses/ rewards • 'Bundled' pricing	• 'A la carte' pricing **(VP-01)** • Relationship pricing	• Outcomes based pricing across businesses • Price per kilo powered by the hour
	– Product	• Standardised product set	• White Label products • Simplified product suite • Life stage aligned	• Innovative product 'bundling' • Cross relevant SBUs • Unsecured Business Banking loans	• Supply chain strategies • User group input	• Accelerating prototype roll outs • 'Crowdsharing' • Lead user innovation	• Sustainability and ethics bias
Co-creation		• Equilibrium - customer vs. shareholder objectives • Shareholder offers • Private equity investments	• Risk rewards tradeoffs management	• Co-create investment opportunities	• Customers contribute to product design	• Customers drive product development	• Building the 'breakthrough' • Vendor risk participation

Source: *ICG Analysis*

World Class Relationship Management in Financial Services 2015

Value Delivery



Value Delivery – Business Logic

Category	Activity	Description
Financial Services – Retail Banking (VB-01)	**White Label partnerships**	A White Label Partnership is a commercial engagement between Saxo Bank and a licensed financial institution with a shared objective: To deliver online capital markets trading capabilities to the local retail marketplace. The goal of Saxo Bank and the White Label Partner is to maximize the power of the world-class trading platform through distribution in the partner's marketplace. Read the full article
Financial Services – Commercial Banking (VB-02)	**Outsourcing White Labelling**	Banks could aggregate information for the marketing and sales efforts of middle-market and small businesses; leverage deep financial and operational risk management expertise for middle-market and small businesses; offer white-label analytics for other financial institutions and business-to-consumer companies; or perform white-label outsourcing and transaction processing services. Banks need to evaluate these ways to create new revenue streams by leveraging their existing information, expertise, and distribution capabilities and assets. Companies ranging from Amazon to American Express to GE to UPS have converted capabilities originally built to drive core businesses into new revenue sources. In these times, every bank should be doing the same. Read the full article

Value Delivery – Business Logic

Category	Activity	Description
Non-Financial Services – Retail (VB-03)	**Co-creation – 'crowd sourcing'**	Threadless is a successful online t-shirt platform where contributors can send in and rate t-shirt designs. Profits on sold items are shared with the designer in question. Not bad: a full 30% profit margin selling t-shirts with no R&D cost, low investments (no stock or debtors) and hardly any employees. Read the full article
Non-Financial Services – Retail (VB-04)	**Supplier collaboration**	The Senseo coffee machine collaboration by Philips and Sara Lee has created a revolution in the coffee category: easy individual home use of coffee. Since its launch in 2001, 25million Senseo coffee makers have been sold worldwide. It has also resulted in pads being the main coffee packaging on shelf in some countries and it has also smoothened the path for Nespresso as the more premium system. Philips is now venturing out into adding more features (fresh milk) and Sara Lee adds tea and other drinks to its pads portfolio. Read the full article

Value Delivery – Service

Category	Activity	Description
Non-Financial Services – Transport (VS-01)	**Self service**	An example of an excellent self service environment is the Amtrak speech-enabled IVR for schedule information and fares, which is referred to as Julie, as that is how the automated voice addresses herself. Julie keeps the call moving, asks the right questions and make sure the caller doesn't worry about getting locked into a trip accidentally. Julie says that no fares will be booked until the end of the call, and allows callers to research schedules without having an exact date – avoiding a common reason for drop-off in many similar IVRs. Read the full article
Financial Services – Business Banking (VS-02)	**Increasing relationship management sales teams**	Outside Singapore, we continued to expand our distribution network and capabilities in Malaysia by adding two branches and increasing our Emerging Business and Bumiputra sales force in order to take market share. Read the full article

Value Delivery – Service

Category	Activity	Description
Non-Financial Services – Airlines (VS-03)	**Mobility 3.0**	Mobility 3.0 promises to transform how airlines interact with passengers beyond the domains of airplanes and airports. Using a range of services and smart solutions, airlines can maintain contact with passengers at various touch points along their journey, delivering realtime, relevant, and value-added information, offers, discounts, and personalized services that help build a trusted relationship. This shift will result in better and faster services, creating huge efficiencies in labor. Read the full article
Non-Financial Services – Postal (VS-04) Deutsche Post	**Use of 'cloud computing" platform**	Deutsche Post has teamed up with Microsoft to allow small and medium-sized businesses in Germany to manage their customer relationships in a "cloud computing" platform connected to the mail. For EUR 49 monthly, businesses can manage their customer relationships in a secure online platform, where data is stored in the "cloud". Businesses do not have to invest in complex software for installation on each computer accessing the system, and the facility links in with postal applications like address verification and correction tools, allowing SMEs to create and manage direct marketing campaigns through the system. Read the full article

Value Delivery – Service

Category	Activity	Description
Financial Services – retail Banking (VS-05)	**Data analytics as a value added customer service**	Lloyds TSB (part of Lloyds Banking Group) introduced their Money Manager tool in 2011, addressing the desire of the empowered modern consumer to take control of their finances. This free, easy-to-use service, delivered through the bank's internet channel, allows Lloyds' customers to track their finances across their personal current and credit card accounts. The system breaks spending down into meaningful categories, using easy-to-read charts and tables to explain where their money is going. Through Money Manager Lloyds is driving data analytics back to the customers who generate it, delivering precisely the kind of clarity and transparency that customers want from banks. Read the full article

Value Delivery – Pricing

Category	Activity	Description
Non-Financial Services – Retail (VP-01)	**'A la carte' pricing**	Wal-Mart stores now have clerks in brightly painted Money Centers near the entrance. Customers can cash work and government cheques, pay bills, wire money overseas or load money on to a prepaid debit card. At most Wal-Marts without dedicated Money Centers, the financial services are available at the customer service desks or kiosks. There are flat, competitive charges for each service. Read the full article

Value Delivery – Product

Category	Activity	Description
Non-Financial Services – Technology (VPR-01)	**Supply chain strategies**	Different customers associated with different channels and different products are served through different supply chain processes, policies, and operational modes. The goal is to find the best supply chain processes and policies to serve each customer and each product at a given point in time while also maximizing both customer service and company profitability Read the full article
Financial Services – Business banking (VPR-02)	**Unsecured business banking loans**	OCBC Al-Amin Bank Berhad has rolled out the corporate equivalent of unsecured personal financing for its business banking customers with the introduction of Business Cash-i, designed along the lines of the Bank's popular Cash Financing-i for individuals. Business Cash-i, which allows businesses to take up unsecured term financing from as low as RM50,000 to a maximum of RM400,000 is available at tenures of three to five years with rates as low as 5% per annum. Read the full article

Value Delivery – Co-creation

Category	Activity	Description
Non-Financial Services – Retail (VC-01)	**Customers contribute to product design**	The Volvo XC90 collaboration project involved 24 participants, the majority (16) of which were involved at all stages. The $50 compensation received for each meeting by the high-earning professional participants in the XC90 project were less of an incentive than the social value they derived from the sessions and the opportunity to be heard. Read the full article
Financial Services – Retail Banking (VC-02)	**Lead user innovation**	Enrollees in Bank of America's computerized 'keep the change' service authorize the bank to automatically round-up the value of every debit-card purchase to the nearest dollar, and transfer the difference from their checking account to a traditional savings account. According to a senior executive of Bank of America interviewed by the authors, the idea for this service was triggered by a woman attending a Bank of America focus group. She told the interviewers that each time she wrote a check, she rounded up the amount she wrote in her record of the transaction to the nearest dollar. As a result, the "change" from this rounding disappeared from her checkbook balance calculations and became a form of savings. Read the full article

Value Delivery – Co-creation

Category	Activity	Description
Financial Services – Retail Banking (VC-03)	**Business education & management**	SMEs often lack the ability to create ambitious and sustainable learning and development programs for their employees. Banks, such as Barclays (launched 'MyBusinessWorks' – a fee-based service for business start-up customers) and HSBC (opened its e-Masterclass-Global Knowledge Centre for SME learning – with free modules) are offering solutions to meet this need. Read the full article Find practical advice and small business resources at the Commonwealth Bank's BetterBusiness website to help you better plan and run your business. Read the full article Citibank offers tools and resources for your business. Read the full article

Value Delivery – Co-creation

Category	Activity	Description
Financial Services – Retail Banking (VC-04) BARCLAYS ANZ	**Online business management tools**	The i-sure business data backup service protects your business files against the risk of data loss. So if your data is lost, corrupted or damaged, you can rest easy – safe in the knowledge that you can get it back. Read the full article Late payments and bad debt are two of the most common causes of business failure in the UK. That's why we developed CREDITFOCUS. It's a comprehensive and easy-to-use online credit management service that protects you by checking, monitoring and chasing the businesses you trade with. Read the full article The ANZ Financial Benchmarking tools are simple and easy to use and are designed to assist you to benchmark the performance of your business against your industry and your peers. Read the full article

Segment Granularity

Section 5f

Segment Granularity

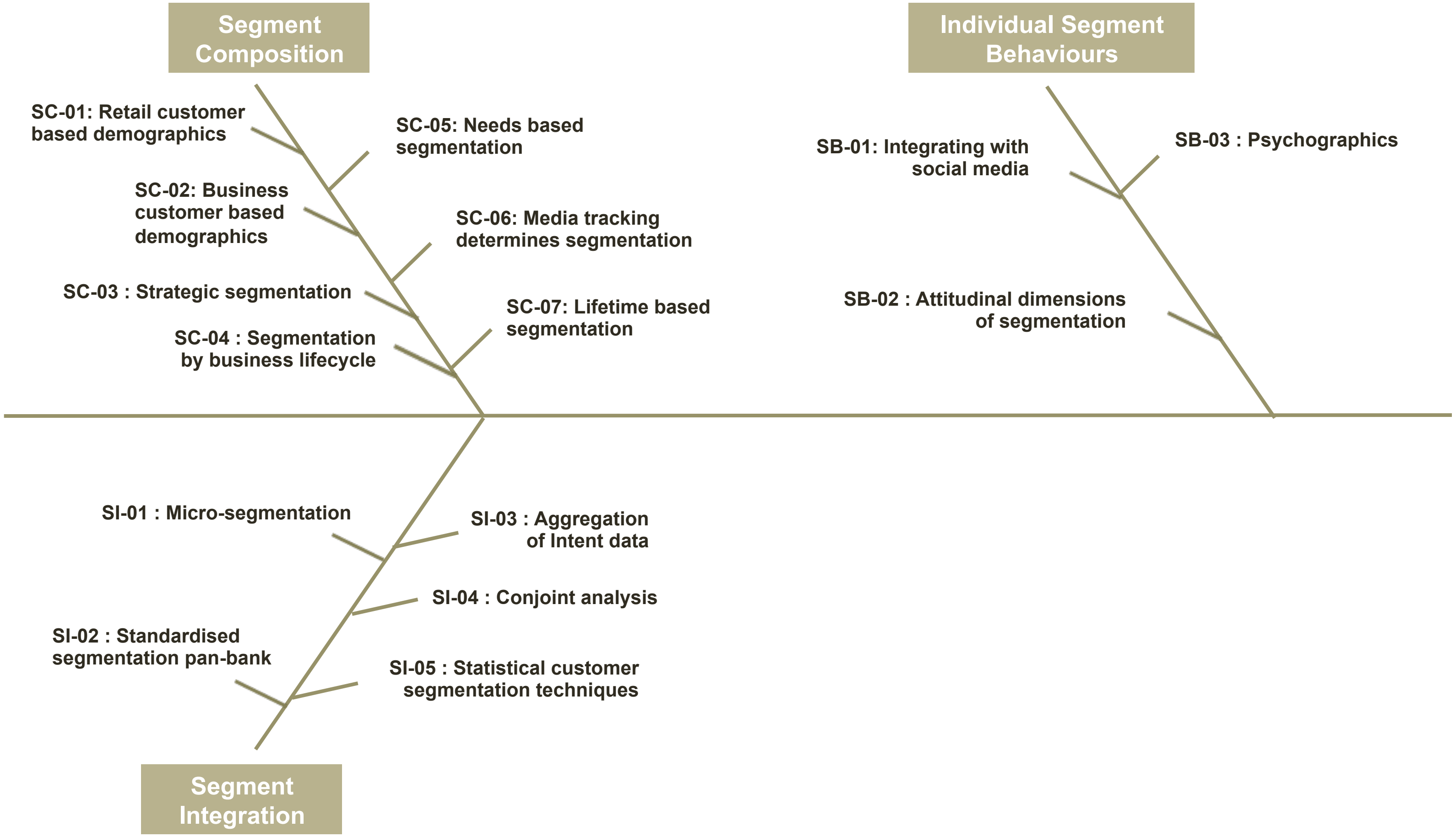
Segment Granularity Capability Trajectory Model

	Financial Services			Non-financial Services		
Key Capability	**Current Practice**	**Best BAU Practice**	**Pilot Practice**	**Best BAU Practice**	**Pilot Practice**	**Future Best Practice**
Segment Composition	• Predetermined & static • Based on customer demographics	• Psychographic (Lifestyle choice) • Strategic segmentation	• Behavioural (consumption related) • Needs based segmentation (SC-05)	• Media tracking • Lifetime based segmentation	• Profiling using psychographics (SB-03) • Predictive Analytics	• Customer determined segmentation
Individual Segment Behaviours	• Demographics -typically $ or FTE rather than behavioural	• Multiple demographics including behavioural • Future value segmentation	• Integrating with Social media	• Integrating with Social Media (SB-01) • Digital drives segmentation	• Introducing attitudinal dimensions	• Psychographic & lifetime factors drive segmentation
Segment Integration	• Individual segments	• Micro-segmentation (SI-01)	• Standardised segmentation pan-bank	• Aggregation of intent data • Conjoint analysis	• Regression modelling • Statistical customer segmentation techniques	• 'Outsourcing' segment determination

Source: ICG Analysis

World Class Relationship Management in Financial Services 2015

Segment Granularity



Segment Granularity – Segment Composition

Category	Activity	Description
Financial Services – Retail Banking (SC-01) HSBC citibank Coutts	**Retail customer based demographics**	In the US, HSBC has developed a strong focus on the Asian American business community paying close attention to signage, fung shei, and other culturally important elements. Read the full article Citigroup has created a membership program, Women & Co, targeted to the growing segment of busy professional women who are the "CFOs of their households." The program provides access to finance professionals, offers classes on financial issues, and hosts special events on financial themes. According to Citi, Women & Co members tend to be "stickier" customers and use 15% more products from the bank even than its valued Citigold customers. Read the full article Coutts offers services specifically for landowners (mainly farmers), executives and sports stars. At Coutts, teams that specialize in agriculture and know how that industry works advise landowner clients. Professional athletes receive investment help and advice from former sports pros or team managers who understand their needs. Read the full article

Segment Granularity – Segment Composition

Category	Activity	Description
Financial Services – Business Banking (SC-02)	**Business customer based demographics**	North Fork Bank, a Long island based bank that has entered in the New York area offers its customers and prospects its knowledge of real estate lending, both owner occupied and for investment purposes. They are comfortable with deals that some other lenders lacking similar expertise may avoid. Read the full article Citibank offers business banking solutions according to profession. Read the full article Capital One, the credit card company, developed a number of industry focused marketing approaches, for example, aimed at contractors and consultants. The cards themselves cite the industry to which the cardholder belongs and often includes some/discounts related to the affinity group of which the cardholder is a part. Read the full article

Segment Granularity – Segment Composition

Category	Activity	Description
Financial Services – Retail Banking (SC-03)	**Strategic segmentation**	Strategic segmentation is used for broad, enterprise-wide purposes — operating model design, branded customer experience, and overall value proposition development. It often becomes the basis for the design of the organization. Charles Schwab's approach to segmenting investors by assets and desired relationship support level is one example. Many retail banks group their customers into income or asset classes such as affluent, mass affluent, and mass market, and others combine these classifications with insights relating to behaviors and channel usage. Read the full article

Segment Granularity – Segment Composition

Category	Activity	Description
Financial Services – Business Banking (SC-04)	**Segmentation by business life cycle**	Whether you're ready to open a transaction account, need a loan to start or grow your business, or simply want to learn more about investing for healthy returns, we can help you manage your growth and stay ahead of the game - whatever your size. Read the full article
Financial Services – Retail Banking (SC-05)	**Needs based segmentation**	You know taking care of business means not only tackling the challenges of today, but planning for the future. And that's where Citibank can help. Browse our products and when you're ready, we'll customize a package that's right for you. Read the full article As rich clients behave more like institutions, it also becomes easier for big investment banks to win their business. Goldman Sachs have been particularly active in this field, offering sophisticated investment-banking products. For instance, they led a $1.5 billion private placement of shares in Facebook in January 2011 which it offered to its private clients outside the United States. Read the full article

Segment Granularity – Segment Composition

Category	Activity	Description
Non-Financial Services – Online Retail (SC-06)	**Media tracking determines segmentation**	At Threadless, a community-based online apparel store, consumer data is collected through analyses of buying behavior, email interactions, and by directly asking the consumers themselves what they want. "Our intention with promotional efforts is to engage with customers and community members in a way that suits them, delivering the right content via the right channel," says Liz Ryan, director of email marketing at Threadless. Read the full article
Non Financial Services – Marketing (SC-07)	**Lifetime based segmentation**	Marketers are devoting more resources to the study of customer data in order to discern long-term patterns. Custora, a new company in the segmentation space, captures data to predict the lifetime value of each customer and then segments customers by these future expectations. "The [recency, frequency, monetary] approach assumed a customer who spends a lot now always will, but that turns out to be wrong about half the time," says Jon Pospischil, cofounder of Custora. Read the full article

Segment Granularity – Individual Segment Behaviours

Category	Activity	Description
Non - Financial Services – Research (SB-01)	**Integrating with social media**	Segmentation is the starting point for any social media strategy. It seeks to answer two critical questions: First, what do you want to accomplish with social media? And second, who do you want to target with social media? The answers to these two questions drive most of the decisions that follow. Different segments respond to different approaches. While the fastest growing Facebook segment, for instance, is women over age 55, this demographic remains quite small in absolute terms. Twitter and YouTube are great tools for interaction with young people, while LinkedIn is more effective for an older crowd. If you want to build an open community on a particular topic, then Facebook could work well, but if you want to develop an internal corporate community, Yammer would be a better choice. Read the full article

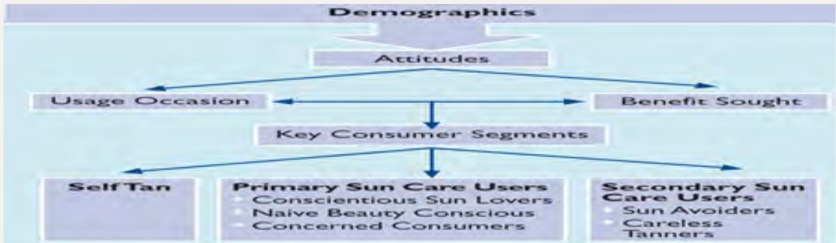
Segment Granularity – Individual Segment Behaviours

Category	Activity	Description
Non-Financial Services – Online Retail (SB-02)	**Attitudinal dimensions of segmentation**	One of eBay's goals was to have the ability to take their attitudinal segments and apply these, with a scoring, to their internal data. Now they are beginning to incorporate the analysis into a variety of different aspects of their business. For example, they will be able to analyze their customer support data including the attitudinal segments, so that they understand the type of customer who calls, the type of problem that he or she is experiencing, the resolution that they provided and how this relates to the customer profile in their segmentation. In the end they will be able to tailor their response to customers in a way that strikes a chord with them based on their specific shopping profile. Read the full article
Non-Financial Services – Retail (SB-03)	**Psychographics**	Quad/Graphics worked with Lexus to create an ad using NFC technology in 500,000 copies of Wired. So few NFC-enabled phones exist, and with the cost of NFC ads still so significant where was the pay-off? The answer, according to Q/G, is the extremely highly qualified prospect base that resulted from this targeting. Only certain people would scan the NFC tag, and knowing who those people were and where they lived was of enough value to Lexus to make the spend. Read the full article

Segment Granularity – Integration

Category	Activity	Description
Financial Services – Retail (SI-01)	**Micro-segmentation**	With business intelligence, Shoppers Stop is able to target micro-segments to ensure incremental business through promotions and messages sent to its customers. This has also helped the retailer to reduce inventory and still offer the customer what he wants by optimizing the merchandise mix. Read the full article
Financial Services – Retail (SI-02)	**Standardised segmentation pan-bank**	Barclays has rebranded its private banking, investment and corporate businesses, which will from now on all operate under the title 'Barclays'. Barclays Wealth, Barclays Capital (BarCap) and Barclays Corporate have all dropped their distinctive second words to present a unified branding identity. A bank spokesman said: "We believe that we better serve our clients by bringing them the best of Barclays, from across the entire organisation. We can do that more easily, and more efficiently, by bringing our divisions together under one brand." Read the full article

Segment Granularity – Integration

Category	Activity	Description
Non-Financial Services – Online Retail (SI-03)	**Aggregation of intent data**	BlueKai is at the center of the digital data economy and the largest data auction marketplace for all audience data. With quality and fair market pricing at its core, BlueKai attracts and aggregates intent data from top tier providers to reveal valuable in-market shoppers across key verticals. As a result, the BlueKai Exchange is the largest source of high performance intent data revealing over 160M unique consumers who are ready to buy. The BlueKai Exchange offers over 30,000 data attributes across in-market, demo, geo, psycho and occupational categories to increase performance and scale for direct response and branding campaigns. Read the full article
Non-Financial Services – Retail (SI-04)	**Conjoint analysis within segments**	Segmentation has been vital to the success of NIVEA Sun and allowed the brand portfolio to grow to over 40 products, all meeting clear consumer needs.  Read the full article

Segment Granularity – Integration

Category	Activity	Description
Non-Financial Services – Research (SI-05)	**Statistical customer segmentation techniques**	Rockbridge's preferred statistical approach for customer segmentation is Latent Class Analysis, which produces mathematically precise and highly distinctive groupings, and is superior to traditional cluster analysis methods. They also support Principal Components Analysis and CHAID Analysis for some customer segmentation studies. They maintain proprietary segmentation tools, including Techqual™ scale for measuring receptiveness to cutting edge products and services, and the Greenovator™ scale for classifying consumers by their receptiveness to green products and services. Rockbridge is skilled in telling a compelling story that gives management insight into how their customers think and how they can best leverage the results in target marketing. Read the full article

Structured Knowledge References

Section 6

ICG

Structured knowledge references: **featured in ICG Industry Insights Reviews**

Reference	Source	Relevance
Setting a New Course: The Customer Experience Challenge Facing Central Europe's Retail	Deloitte, 2012	This long report contains insights at two levels. Firstly, a surprisingly useful analysis of customer satisfaction and its drivers. Secondly, relatively comprehensive analysis of retail banking markets across Central Europe
Five 'no regrets' moves for superior customer engagement	McKinsey, 2012	This article identifies some ways to jump-start customer engagement across an organization.
Benefitting from Big Data: Leveraging Unstructured Data Capabilities for Competitive Advantage	Booz & Co., 2012	The article provides workmanlike presentation of the trends toward overwhelming growth in the volume, variety and velocity of unstructured data – a veritable "data tsunami". It cites several mainstream examples of data sources and the productive uses to which they can be put.
The Role of the Chief Data Officer in Financial Services	Capgemini, 2012	This paper discusses the role of a CDO, the most critical functions of this office, why a Data Management Organization (DMO) is needed to support the CDO, and how and why the CDO is best positioned to be the catalyst for this desperately needed enterprise transformation effort.
Keeping Small Banking Customers Loyal	Accenture, 2012	This report highlights ways to remain connected with small businesses

Structured knowledge references: **featured in ICG Industry Insights Reviews**

Reference	Source	Relevance
Measuring Organizational Maturity in Predictive Analytics: the First Step to Enabling the Vision	Capgemini, 2012	Capgemini invites readers to reflect on the uses and further potential of Predictive Analytics (PA), and on the preparedness of their own enterprise to realise its significant and ultimately essential benefits.
Next Generation Loyalty Management Systems: Trends, Challenges, and Recommendations	Capgemini, 2012	This paper looks at trends in loyalty management across three dimensions—operational, market and technology—and explores challenges and recommendations for financial institutions.
Driving Business Value from Integrated Multichannel Distribution	Accenture, 2012	The basic idea of putting middle ware between product and manufacturing is not new, but the notion of an assembly layer that combines product and service components in a multi-channel architecture is. This paper is very well written and provides useful take-aways for most retail internal consultants.
Demystifying Social Media	McKinsey, 2012	McKinsey finds that social media can be used to monitor, respond to, amplify or lead customer opinion in social forums. Opportunities occur across the purchase cycle and McKinsey's model maps them to create a framework.
Are we headed towards branchless banking?	Deloitte, 2012	This publication, from Deloitte Argentina, explains the concept of Branchless Banking and discusses examples in the UK and in Latin America.

Structured knowledge references: **featured in ICG Industry Insights Reviews**

Reference	Source	Relevance
Customer-Centricity in Retail Banking	BCG, 2012	This article discusses all aspects of the banking business model in customer-centric speak, then specify three partially intersecting patterns of customer centricity: Guardianship (think lite advice/wealth bank models); Retailing (think community marketing rather than store experience) and Convenience (think frictionless).
A New Virtuous Cycle for Banks	BCG, 2012	This describes in glowing terms the Promised Land and how to get there – a place where customers are open, profitable, and endlessly loyal due to a heavy investment in getting to know them – using the science of analytics.
The Challenge for the New Bank CIO: How to Achieve Customer-Centricity by Making Better Use of Six Emerging Technologies	Booz & Co., 2012	This report on how to achieve customer-centricity using six emergent technologies i.e., mobility (the use of mobile devices), high-end analytics, big data management, next-generation data processing, cloud computing, and service-oriented architecture.
Banking Technology Vision: Technology Waves That Are Reshaping the Banking Landscape	Accenture, 2012	Accenture has studied how technology and business trends are converging—and what that means for banks. Read this report to learn about the technology waves that are shaping the banking landscape and how those technology trends align with banking trends, and how banks can leverage technology to achieve high performance.

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Trends in Retail Banking Channels: Improving Client Service and Operating Costs	Capgemini, 2012	Capgemini identify five key trends: web 2.0 and social networking; enterprise mobile solutions; push to web---based activities; multi---channel integration; and customer analytic tools.
Trends in the Global Banking Industry	Capgemini, 2012	This paper explores major global and regional trends including the replacement and upgrades of legacy core banking systems, evolution of payment processing hubs , and the emergence of business intelligence and customer relationship management as tools to deliver customized offerings and drive greater consumer-centricity.
Ace out-of-the-ordinary interactions to win loyal customers	Bain & Co., 2012	This article identifies three loyalty enhancing strategies.
Time for an Upgrade: Five Things You Need to Know to Make Your Commercial Lending Transformation a Success	PwC, 2012	This article argues strongly for a major focus on the data strategy as well as four lesser challenges.

This document was prepared by Geoffrey Buchanan (geoffrey.buchanan@internalconsulting.com.au) and Salman Gul [salman.gul@internalconsulting.com.au). Geoffrey and Salman are ICG affiliates who lead work in corporate and investment banking.

They were assisted by ICG's Financial Services Practice Leader, David Moloney, and an ICG expert panel drawn from ICG's affiliate pool.

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