

# The RE-banking Revolution

Innovative Practices from Non-Banking  
Companies That Banks Can Use to  
Improve Customer Engagement

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Banking executives are acutely aware of the uncertain environment in which their businesses operate and the challenges they encounter in rebuilding trust and loyalty among customers. In fact, given the ongoing growth and profitability pressures banks face, one of the top priorities for banks around the world is rethinking how they engage with customers. In this paper, we present a new customer engagement model for banks that is based on leading customer-facing practices currently employed by some of the most successful and influential non-banking companies around the world. This new model can provide guidance and inspiration to banks as they seek to find better ways to connect with, and meet the needs of, today's constantly changing customer.

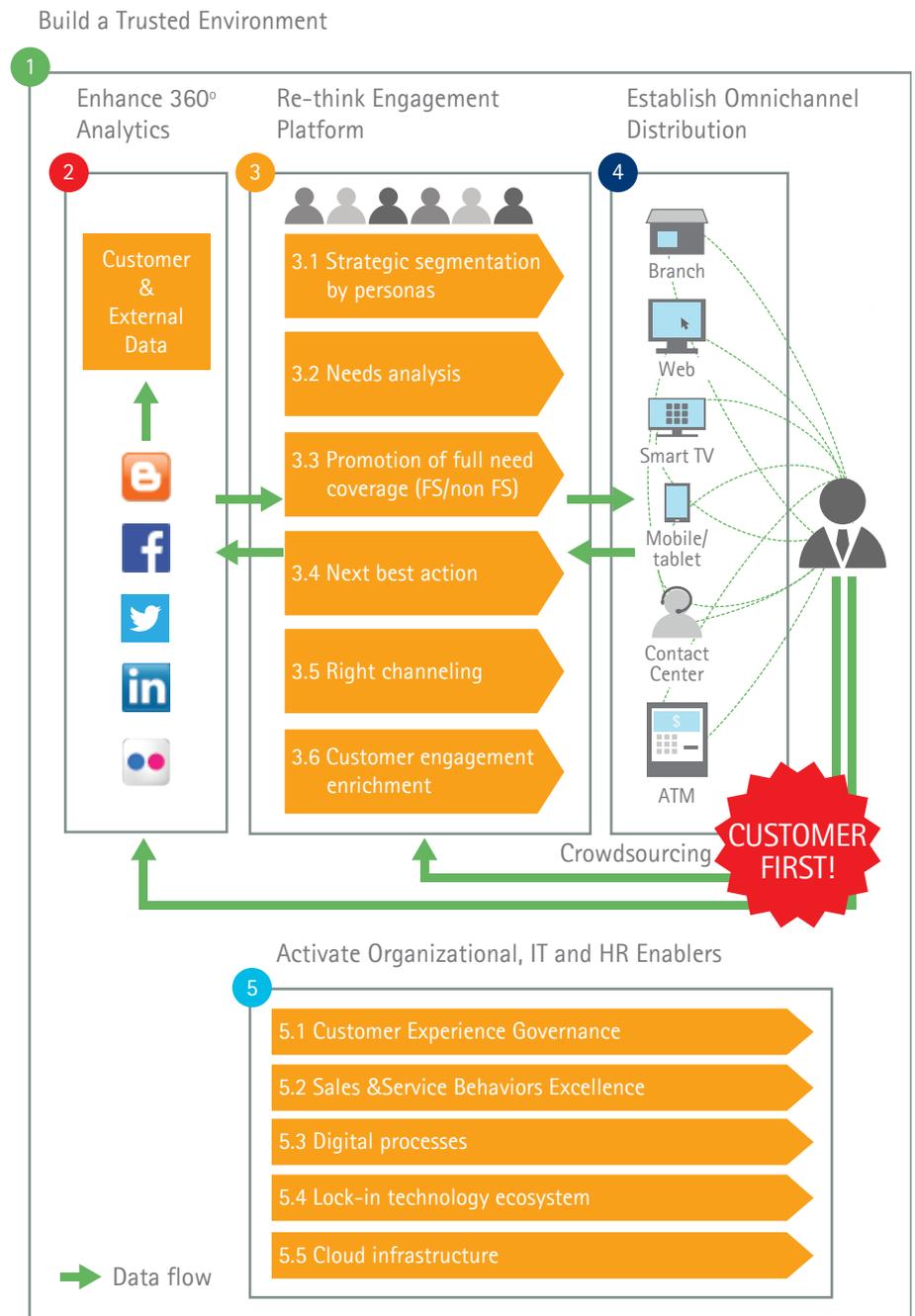
For banks, rebuilding customer trust and loyalty in the wake of the financial crisis requires significant change—in fact, nothing short of what we call a “RE-banking Revolution.” For inspiration, banks should look to companies outside of the banking industry— those that are undisputed leaders in building intimate, long-lasting, and trusting relationships with customers.

Accenture studied more than 100 leading companies across seven industries to identify nearly 200 innovative practices in marketing and distribution that help drive superior customer engagement. Through subsequent analysis, we narrowed the list to approximately 35 top practices that we believe banks can look to as a guide in their efforts to “put customers first” and create stronger connections with their customers. We have organized these practices in a simple customer engagement model, which we subsequently validated through interviews with 15 marketing directors at retail banks in key markets around the world. This model comprises five main actions (Figure 1):

- Build a trusted environment
- Enhance 360-degree analytics
- Rethink the customer engagement platform
- Establish omnichannel distribution
- Activate organizational, IT and HR enablers

By embracing this new customer engagement approach and its leading practices, banks have the potential to spark a RE-banking revolution that can put them back on the road to profitable growth.

Figure 1: A new customer engagement approach for banks



**Key enablers**

- Multiply interactions with customized propositions (e.g. X 3 number of interactions)
- Conversion up-lift through real time analytics (e.g. X 3 conversion rate – sales/contacts)
- Online customer acquisition and sales
- New profit pools (non financial, mobile commerce)

## Build a trusted environment

Trust is the prerequisite for any successful customer engagement. Of course, building trust is neither quick nor easy. It requires much more than simple focused initiatives designed to improve a company's performance on a specific metric. Trust is something a company earns over time through its consistency in words and actions.

A bank can take major strides toward building customer trust in several ways. For starters, it can pursue a broader corporate responsibility agenda that aligns with customers' increasing desire for their service providers to be focused on much more than just the bottom line. Importantly, corporate citizenship must be an integral part of the bank's brand and business goals, and actively involve customers in relevant initiatives.

Unilever is a great example. The Sustainable Living Plan is Unilever's 10-year commitment to corporate global citizenship as an integral part of the company's vision. The plan comprises three distinct pillars:

- Improve health and well-being, including nutrition, health and hygiene;
- Reduce environmental impact, including reduction of greenhouse gases, water consumption and waste production;
- Enhance livelihoods, including sustainable sourcing and better conditions for smallholder farmers.

Supporting these three pillars is an overarching platform focused on improving working and health conditions for Unilever's people.

Unilever applies this plan with retail customers by sharing knowledge in areas such as sustainable agriculture or the lifecycle impact of products and then working with retailers to deliver innovative in-store programs that help educate and engage shoppers. And to

prove its commitment to the cause, Unilever has dedicated a section of its website to the plan that illustrates the goals set and key actions for each pillar and the progress the company has made to date on each.

Barclay's has embarked on a similar initiative with its 2015 Citizenship Plan, through which the bank has made a commitment to helping individuals, businesses, and economies to grow. As part of the initiative, Barclay's plans to support up to 120,000 small and medium-size enterprises (SMEs) through business seminars, tools and training, as well as launch a program in South Africa to share the risk of funding for SMEs and start-up businesses. The bank also intends to scale its apprenticeship and work experience programs to help young unemployed people find work.

A bank also can build trust by engaging customers in co-creation of products and services. For instance, using crowdsourcing platforms to gather customer insights and suggestions for new offerings, a bank can identify what customers really want and establish an emotional connection with customers—which ultimately helps to build long-term loyalty with those customers.

Making greater use of social media is a third way banks can build trust and restore credibility. Through active participation in the "conversation" on social networks, for example, a bank can enhance the recognition and perception of its brand and provide greater transparency into its operations. Engaging with customers in such a way that they are inspired to serve as advocates for the bank on social networks can further build the bank's credibility and reputation.

Coca-Cola is one company that has effectively used social media to help build trust among customers. The company's online social media program establishes five core values employees follow:

- Transparency in every social media engagement
- Protection of consumers' privacy
- Respect of copyrights, trademarks and right of publicity
- Responsibility in use of technology
- Utilization of best practices

Employees must apply these values both when participating personally in social networks, as well as when acting on behalf of the company. To more effectively control its image, Coca-Cola established a Social Media Certification Program that all associates who wish to represent the company online must complete prior to beginning or continuing social media activities.

The preceding are not the only ways to build trust, but certainly are good starting points, as our research found them to be used successfully by a number of non-banking enterprises.



## Enhance 360-degree analytics

Our study of leading non-banking companies revealed that the foundation of a customer-centric approach is a deep understanding of customers enabled by comprehensive analytics applied to customer data collected from every interaction through all channels. This includes traditional data found in customer profiles and transactions, as well as big data and social media data. Social media data is especially important, as it reveals information about customers that a bank otherwise would not have access to.

In fact, deep customer insights require data from many different sources (internal and external) and from multiple dimensions (behaviors, customer value, needs, and life stages, for instance). Combining this vast collection of data with traditional transaction data into a "customer analytical record," a bank can create actionable micro-clusters of customers with customer profiles that are closer to real-life individuals with unique needs and preferences. By subsequently applying sophisticated analytics to these customer analytic records, a bank can understand the true value of various customers and segments, as well as create more tailored, personalized offers for each of them.

Procter & Gamble has been a leader for years in the use of analytics to better understand customers and consumers. One such application is a comprehensive data collection process through a system P&G calls "Consumer Pulse." The system scans the Web using a Bayesian algorithm and then analyzes and categorizes by individual Procter and Gamble brand by blogs, tweets, and Web comments by customers. This data is then combined with data from suppliers and sales departments and sent to brand managers, who can see comments related to brands for each geography almost in real time. P&G utilizes the collected data for new product development according to customer preferences identified through analytics and in interactions with retail clients.

## Rethink the customer engagement platform

Using sophisticated 360-degree analytics, a bank can then create a new platform that helps the institution to more effectively engage with customers, regardless of which channel they are using. Such a platform can facilitate a bank to confidently move through the spectrum of actions needed to achieve superior customer engagement. This begins with leveraging all the customer insights available to define multidimensional customer personas (based on such attributes as behavior, needs, profitability, and preference) and anticipating and identifying customer needs via a continuous test-and-learn approach across channels. It then involves offering real-time customized treatment to customers at the right time, and ultimately engaging in "right channeling": verifying that real-time customer treatment can be managed in each channel and prioritizing the most cost-effective and appropriate delivery channel for each customer's interaction path.

Consider the experience of luxury fashion retailer Burberry, which leverages a robust engagement platform that helps the company to provide valuable customer insights to store personnel through a variety of channels. Burberry's HANA application gathers all available customer information and makes it accessible to Burberry store employees when a customer enters the store. The application acts as a real-time hub combining data from Burberry's custom cloud applications for salesforce.com as well as the company's transactional data from SAP.

When a customer walks into a Burberry store, employees can see his or her profile on iPads, accessing such information as contact details, transaction history, lifetime spending statistics, comments on social media regarding the Burberry brand, and recommendations based on previous purchases. The application helps Burberry to break the boundaries among different channel interactions by accessing all customer history at once and empowering the sales force to better serve shoppers according to their preferences and needs—something banks could do in the branch.

## Establish omnichannel distribution

Analytics also can help banks to strengthen their distribution and create a consistent experience across all available channels. By taking advantage of current marketing analytics tools, banks can understand historical customer usage of and preference for each channel (mobile, branch, ATM, call center, and online portal), and then facilitate customers to access the bank's services through the most suitable channel to improve the channel's value to the customer while minimizing the cost to the bank.

This approach should be applied across the entire customer experience spectrum, making all channels "service and sales channels" and establishing an omnichannel customer care capability. Indeed, many of today's non-banking retailers are highly adept at such omnichannel distribution, and they have "trained" customers to expect to be able to switch among channels seamlessly.

UK grocery giant Tesco is one retailer that excels in omnichannel distribution. The company's South Korea presence, which is branded Home Plus, launched its first virtual store in a subway station, giving busy commuters the opportunity to do grocery shopping "on the go" out of a virtual wall. Through virtual stores, the buying process has been revolutionized. Products are displayed on screens spread across high-traffic locations in exactly the same way as in an actual store. Customers can shop by scanning the relevant barcode or QR code with their Homeplus App on the virtual digital display. Products then automatically land in an online cart and the completed order is delivered to the customer's door when he gets home. The success of its first virtual store convinced Tesco to expand the initiative to bus stations and Gatwick airport in the UK, offering a narrower product range.

Banks must develop the same omnichannel capability to attract and retain customers. This is especially true of the branch. While branches remain important to customers, banks should rethink the cost structure, physical layout, location and staffing of its network—verifying that those dimensions are aligned with the goal of each branch (for example, acquiring new customers, providing advisory services, or executing simple transactions) and the value it delivers. Beyond the branch, banks should explore how they can make retail banking services available to customers anywhere without the need for physical stores.

## Enablers: Create the right organizational, IT, and HR supporting environment

A successful journey toward customer centricity typically requires significant changes in how an organization works—specifically in the way the organization is structured, how its people behave, and the technology underpinning operations.

For instance, our research found that banks could benefit from implementing a unit dedicated to the customer experience. Indeed, leading retailers we studied that have deployed such a unit have significantly enhanced customer satisfaction and retention. This unit should include personnel from different functions and be responsible for identifying areas in which the customer experience can be improved, launching and managing projects designed to address such shortcomings, and evaluating the impact such projects have had on an ongoing basis.

As a change in distribution network won't produce the desired profitability outcomes on its own, banks also will need a more effective sales force. New training programs should be deployed to encourage a more customer-centric mindset among the sales force, as well as to propagate sales recommended practices across the organization. In fact, several leading retailers we studied have implemented initiatives geared toward making every employee an ambassador and potential seller of the company's products by offering appropriate rewards and incentives. One such company is NH Hoteles, an Amsterdam-based hotel chain operating hundreds of properties in Europe, America and Africa.

To promote a sales-oriented culture across the organization, NH launched an initiative that helps employees to sell specially discounted stays at NH hotels to friends and family regardless of their role at NH. At the heart of the initiative is a "sales" kit, issued to all NH employees, that describes the program and offers dedicated training with several workshops for employees to adopt an entrepreneurial sales-driven approach. All NH employees, from waiters to front-desk officers, were given special promotions they could pass

on to others—including "Vouchers Bono amigo," which offers a special promotion for potential customers, and "For your eyes only," which employees can send to friends and family. To further enhance the program, employees with the strongest sales skills are rewarded for the value they create for the company.

The entrepreneurial sales-oriented approach embraced by NH Hoteles could help banks increase sales, improve the performance of their branches, and boost positive word of mouth and referrals.

The final enabler that is critical to more effective customer engagement is a robust IT infrastructure that supports digitizing of processes and lean operations. Digital process are essential to both successful omnichannel distribution and the re-design of physical points of sale to provide a more efficient and enjoyable customer experience. Widespread use of new technology devices such as mobile point of sale, tablets in the store, mobile apps, "virtual shelving" and product simulation are just some of the tools that leading retailers have used to provide customers with a fully digital purchasing process—and that could be put to work in a bank setting.

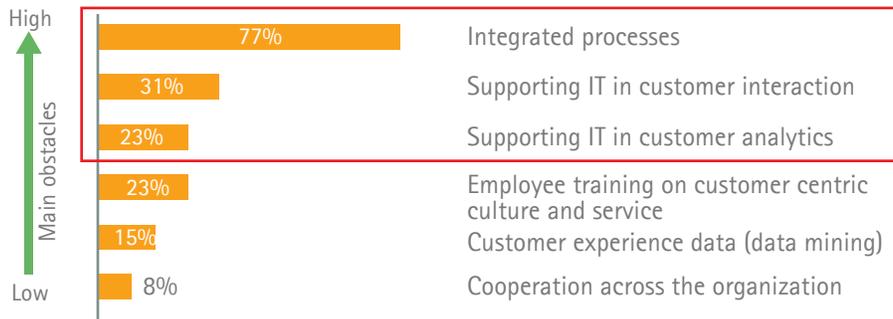
**Figure 2: Top strategic priorities for Retail Banks**  
Which are the top priority challenges for your organization?



<sup>1</sup> Including new branch formats and experience, loyalty and retention, acquisition strategy  
Source: Accenture interviews with C-levels in Retail Banks – March-April 2013

**Figure 3: Main obstacles and areas of development**

Which are the main obstacles and areas of development in achieving a truly omnichannel customer experience and tailored to personas?



Source: Accenture interviews with C-levels in Retail Banks – March-April 2013

**Figure 4: Key customer engagement capabilities**



## Conclusion

The global banking crisis had an undeniable impact on how customers perceived banks and their relationships with those institutions. Customers are less trusting of banks, find their experiences with banks to be less than fulfilling, and in general believe banks do not fully meet their needs. These sentiments, of course, have had a direct impact on banks' financial performance, as banks have increasingly struggled to win back customers who have switched providers, attract new customers to the fold, and encourage existing customers to take greater advantage of higher-value products and services.

The key to addressing the challenge is a fundamental change in how banks interact with and engage customers. As we discussed in this paper, banks can learn much in this regard from leading companies outside the banking industry that enjoy a stellar brand identity, enviable reputation among the buying public, and strong customer loyalty and advocacy. Effectively building and sustaining a strong connection with today's customer requires a holistic and integrated approach that is supported by the capability areas identified in the RE-banking customer engagement model, and that was validated through our interviews with retail banking marketing leaders.

While they face challenges, banks today also have a significant opportunity to rethink their approach to customers. By embracing the RE-banking revolution in marketing and distribution, banks can position to emulate the status, success and track record for growth that the most successful and admired retailers enjoy.

## About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with approximately 261,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$27.9 billion for the fiscal year ended Aug. 31, 2012. Its home page is [www.accenture.com](http://www.accenture.com).

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