

It's all about the customer

In the past year a number of buzzword topics relating to bank technology trends have buzzed by here: Big Data, analytics, cloud computing, social media, channelization, mobile banking, and umpteen derivatives of these and other subjects.

It's fair now, at the end of the year, to attempt to generalize what all these may have in common that would concern bank technology leaders as they plan for the future. That's a tough task, but a doable one.

What all these buzzword topics have in common comes down to two words: customer centricity.

Sure. Customer centricity itself has become a buzzword topic, but only because the financial industry has embraced it as the ultimate avenue toward any kind of decent revenue production while dealing with crushing regulations and rabid competition. Focusing, laser-like, on individual customers has become even more important because of the recent big bang of channel choices, delivery vehicles, 24/7/365 availability, consumer interconnectedness, and the sheer fickleness of customers themselves.

To do that, at least somewhat economically, banks are having to understand, invest in, adopt, and adapt all those other technologies to their own business circumstances.

Customers today, like the old Saturday Night Live character used to say, want their banks to "Get to know me." Getting to know them has itself become both high science and big business. It's generally come to be grouped under yet another buzzword: customer relationship management, or CRM, and its close relative, customer experience management, or CEM.

The technology behemoth Oracle recently conducted a study which concluded that customer experience is now a key driver for revenue growth and an effective channel for brand differentiation in a globalized economy where products and

services are increasingly commoditized.

This particular study was conducted in the developed countries in Europe, but the results ring true for the United States. Some findings:

- 81% of consumers are willing to pay more for superior customer experience.

- 44% of these would be willing to pay a premium of more than 5%

- 70% stopped doing business with a brand following a poor customer experience.

- 92% of these people went straight to a competing brand.

Says Danny Rippon, CRM Business Solutions director, Oracle: "Getting customer experience right can help increase revenue and win customers away from competing organizations. By creating a consistent and connected experience across all points of customer contact-including the increasingly important social channel-businesses can clearly differentiate themselves and build priceless brand capital. As an absolute fundamental, businesses must ensure that their customer experience systems can support fulfillment and service to the extent demanded by consumers, while at all times making it as simple as possible for them to interact with the brand. This is the key both to winning new customers and retaining them for the long haul."

There's an important point at the end of that quote-getting new customers. Lattice Engines, which specializes in Big Data, issued a report to the effect that "the era of Big Data arrives to sales and marketing."

"Sales and marketing is the next frontier for Big Data," says Shashi Upadhyay, CEO of Lattice. "The last generation of cloud-based sales and marketing technology delivered massive improvements, but was designed in a world of data scarcity. Today's data-intensive world offers every business the opportunity to translate Big Data into big sales."

The next frontier likely arrives next year, according to Lattice. Its predictions for 2013:

- Big Data will inject information science into relationship selling. Companies will start to combine internal data with external data to make stronger predictions about which customers and prospects are most likely to buy.

- Sales and marketing professionals will learn to trust predictions made by Big Data. Most organizations will start small by experimenting with new products or prospecting for new customers, but over time, they will gain the confidence to run a large part of their marketing and sales efforts informed by machine-driven predictions.

- Big Data will dramatically increase the value of CRM technology. Analytics will identify each sales rep's most receptive customers/prospects, recommend what to sell them, and prompt them on what to say.

It's this sense of getting up close and as personal as possible with customers that's driving a lot of technology. Empathica, a Canadian-based customer experience management specialist, put it pretty well recently:

"Old-school once-a-month mystery shopper programs are well past their use-by date as a tool to understand and improve customer satisfaction," says Andrew Baird, managing director.

Instead, it touts a lineup of various automated customer feedback tools that can provide in-depth analysis of customer experience in near-real time. "Our goal is to help retailers determine what it takes to turn their customers into raving fans," Baird says.

CRM solutions have become a really high-tech cottage industry among financial institution vendors. Here are just a few:

- Harland Clarke uses SAS Analytics to deliver CRM solutions to banks in order to acquire, engage, retain, and grow relationships.

"We use SAS to analyze all of the relationships the banking customer has with the institution," says Sandeep Kharidhi, vice president of analytics and business information at Harland Clarke. "We know from our National Banking Industry Database that up to 22% of households will leave a financial institution within one year of opening a new account. That represents a significant potential loss in deposits and revenue. Customer relationships are our focus. The key to sustaining those relationships is to proactively engage account holders."

- Accenture just launched Enterprise Customer System, designed to allow banks to create and capitalize on a single customer view to generate greater sales opportunities, as well as bring more visibility and efficiency to operational tasks.

"This 360-degree view of the customer allows banks to provide personalized pricing and relevant value-add offerings more easily and efficiently," says Colin Davies, managing director, Accenture Software.

- SAP AG offers its own full-circle solution, called SAP 360 Customer, as a way to provide competitive

differentiation for organizations.

"Customer expectations continue to rise. It's simply not enough to only react to customer issues," says Don Peppers, cofounder, Peppers & Rogers Group. "By understanding customers' needs, preferences, and social profile, companies seek to proactively engage with them to create personalized and differentiated experiences that lead to trust."

One feature in the SAP AG announcement bears a little expansion and explanation. The new solution "will harness the power of in-memory computing, cloud, enterprise mobility, and collaboration to allow organizations to revolutionize the way they engage with their customers" the company says.

Get used to the term "in-memory computing." It's in the prebuzzword stage, but likely will be seen more often next year.

According to Techopedia, "in-memory computing is the storage of information in the main random access memory of dedicated servers rather than in complicated relational databases operating on comparatively slow disk drives. In-memory computing helps business customers, including retailers, banks, and utilities, to quickly detect patterns, analyze massive data volumes on the fly, and perform their operations quickly. The drop in memory prices in the present market is a major factor contributing to the increasing popularity of in-memory computing technology. This has made in-memory computing economical among a wide variety of applications."

There will be more making sense of this in 2013.

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Sources used in this article include:

81% of Shoppers Willing to Pay More for Better Customer Experience, Oracle Research Shows

Lattice Engines and Industry Leaders Make 2013 Predictions: The Era of Big Data Arrives to Sales and Marketing

Mystery Shoppers Replaced by Real-Time Customer Feedback

Banking on SAS Analytics, Harland Clarke helps financial services firms improve campaign response rates, reduce churn

Accenture Launches Customer Insight Software Solution to Help Banks Increase Sales and Efficiencies

SAP to Power the Customer Experience Transformation

Techopedia

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