Customer Relationship Management

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CRM Course Contents

Day 1

- CRM Overview
- Customer life cycle
- CRM infrastructure
- Campaign management overview
- CRM developments
- Introduction to Assignments

Day 2

- Customer Lifetime Value
- Customer Loyalty and Demand
- Workshop using XL simulation on CLV

Day 3

- Customer Satisfaction
- Customer Segmentation and Profiling
- R Workshop on RFM analysis
- Latest trends in Customer Analytics

Day 4

- Customer Analytics
- Statistical Approach to CRM
- Cross sell/ Up sell / Look-Alike Model
- Attrition Model
- Time To Event Model

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- Assignment Presentations

Contents

- CRM Overview
- Customer life cycle
  - Prospect marketing
  - Onboarding & Activation
  - Usage
  - Upsell & x sell
  - Service
  - Retention
  - Advocacy
- CRM infrastructure
- Campaign management overview

- CRM developments
  - Customer Journey Perspective
  - Context awareness and CRM
  - Analytics for the end consumer
  - Third party marketing
- Assignments
  - #1 Driving Alumni Engagement
  - #2 Enhancing Floater Experience
  - #3 Designing a Loyalty Program

CRM Overview

CRM goals

- The objective of Customer Relationship Management is to take a Customer Perspective for managing profitability

- Some tenets of an ideal CRM program are

    - Target the Right Customer

    - With the Right Offer

    - And the Right Product

    - And the Right Messaging

    - At the Right Time

    - Using the Right Channel

- While a lot of focus is on the offers and promotions, a good CRM strategy relies a lot on providing excellent customer service

CRM challenges

Strategic Challenges

- Segment marketing perspective
- Creation of a Customer Understanding repository
- Connecting all the customer related systems together
- Analytics to support smart interventions

Operational Challenges

- Planning the right marketing campaigns
- Tracking responses of the campaigns
- Increasing customer satisfaction
- Channel Management
- Service Level Improvement

Customer Understanding

Hypothesis:
Superior customer understanding can power better relationships

Steps:
- Establish a customer understanding infrastructure by collecting all data about the customer
- Enhance the information with insights about the customer
- Personalize interactions using these insights
- Create a single view of customer across the organization

Level 1	Customer Demographics
Level 2	Lifestyle segments
Level 3	Behavioral Segments
Level 4	Customer Propensities
Level 5	Single View of Customer

Segment Marketing Perspective

- Managing a combination of products and customers can become complex

- Segmentation helps manage this complexity

- A segment manager is responsible for the entire suite of products and services to be sold to a particular segment

- Different segments could have a different set of products and services they are targeted with

- Xselling ratio is one metric that a segment manager could be evaluated on

Customer Lifecycle

- Prospect marketing
- Onboarding & Activation
- Usage
- Upsell & x sell
- Service
- Retention
- Advocacy

Customer Lifecycle

Different Stages would need different treatments

Outreach · Recruitment · Endorsement · Renewal · Award badges · Feedback capture · Personalization · Issue redressal · X-Sell your Products · X-Sell Other Products · Feature Upsell · Product Usage · Feature Usage · Activation · Feature Onboarding · Conversion · Engagement

Legend:
- Acquisition
- Onboarding
- Usage
- Value Management
- Service
- Loyalty
- Advocacy

Customer Lifecycle

- **Prospect marketing**
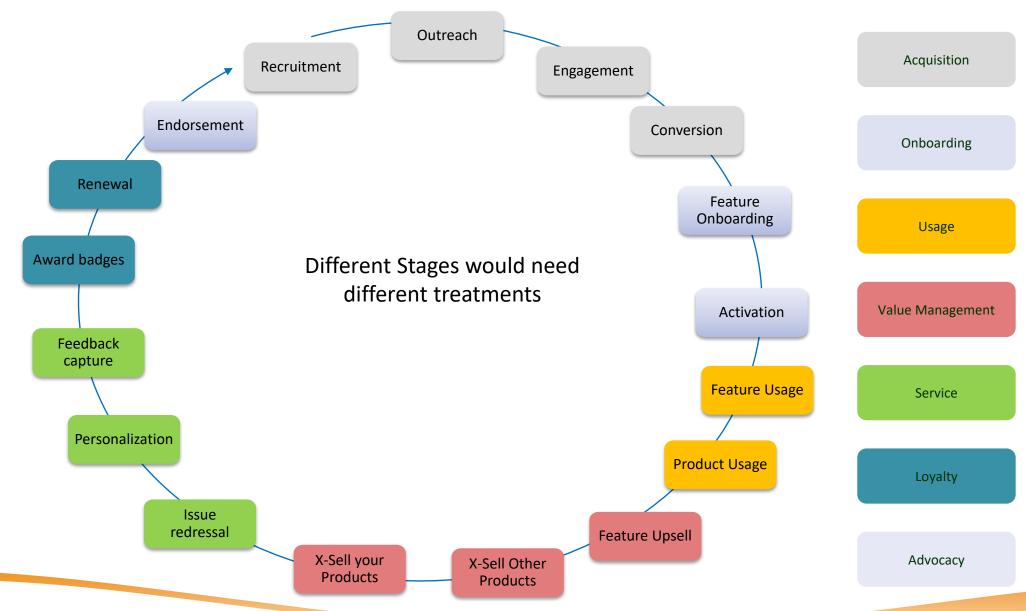- Onboarding & Activation
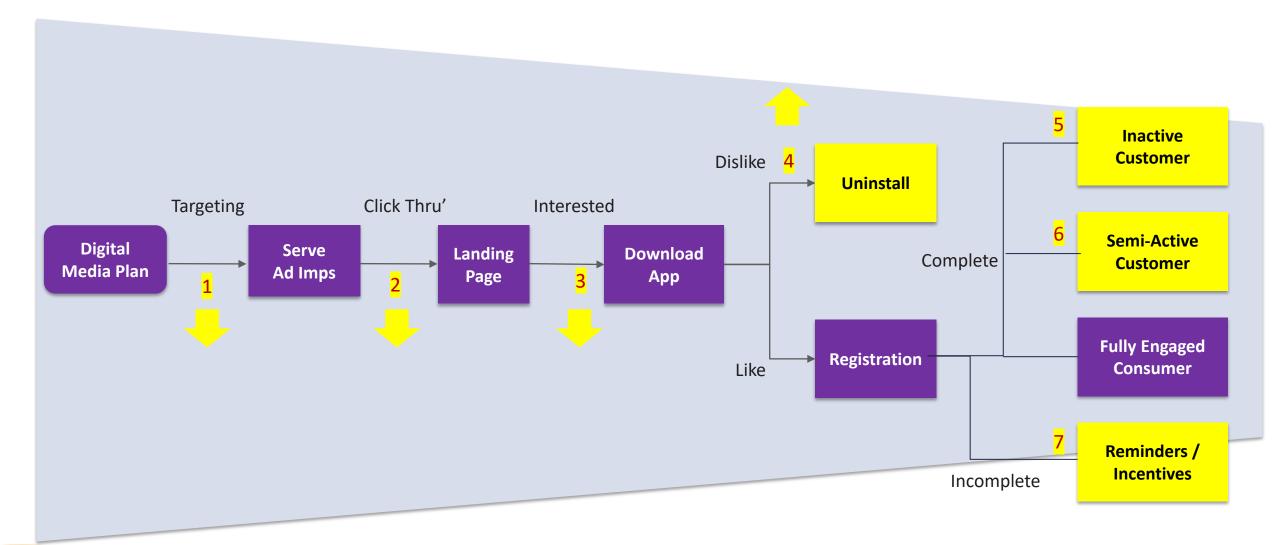- Usage
- Upsell & x sell
- Service
- Retention
- Advocacy

Prospecting approaches

1. First port of call on Prospecting should be selling to internal customers (customers of other products)

2. The next option could be to use partnerships to X Sell to existing installed bases

3. Traditional mass media and offline channels are fast being replaced with digital acquisition purely from a cost of acquisition point of view

Drop points during digital Consumer Acquisition
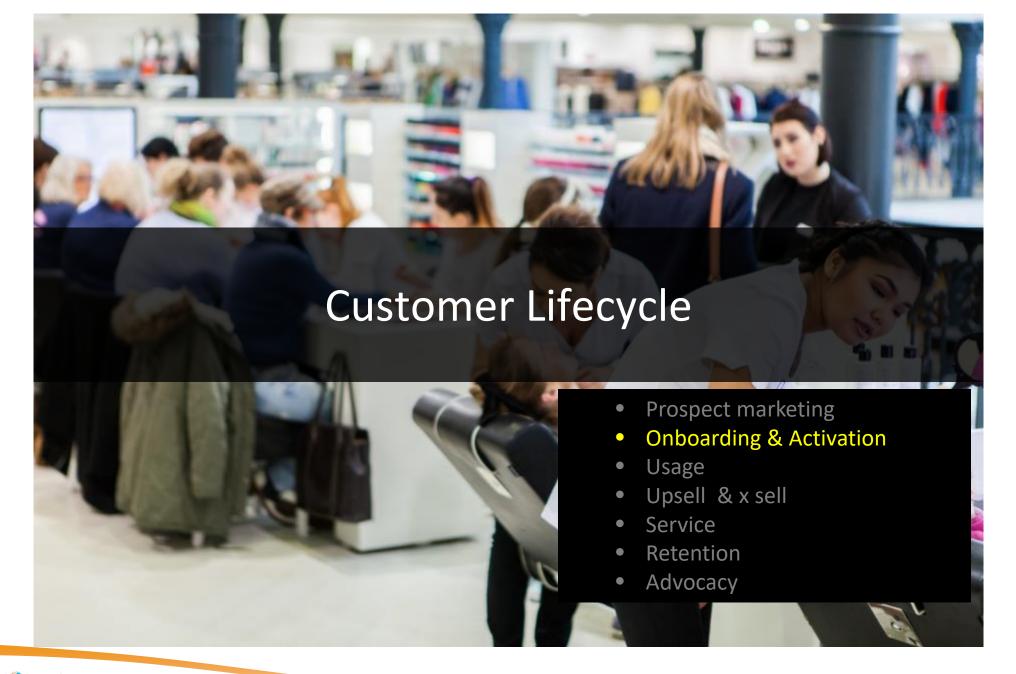
Segmentation is key to drive Acquisition & Engagement

Prospect Cohorts

Source Channel

Inspiration

Click Stream

Engaged Cohorts

Propositions

Incentives

Dislikes

Consumer Segmentation

Demographics

Income Groups

Attitudes/Affinities

Media/Content

Acquired Cohorts

Transactions

Loyalties

Patterns

Tastes

Winbacks

Journey Dropouts

Customer Lifecycle

- Prospect marketing
- **Onboarding & Activation**
- Usage
- Upsell & x sell
- Service
- Retention
- Advocacy
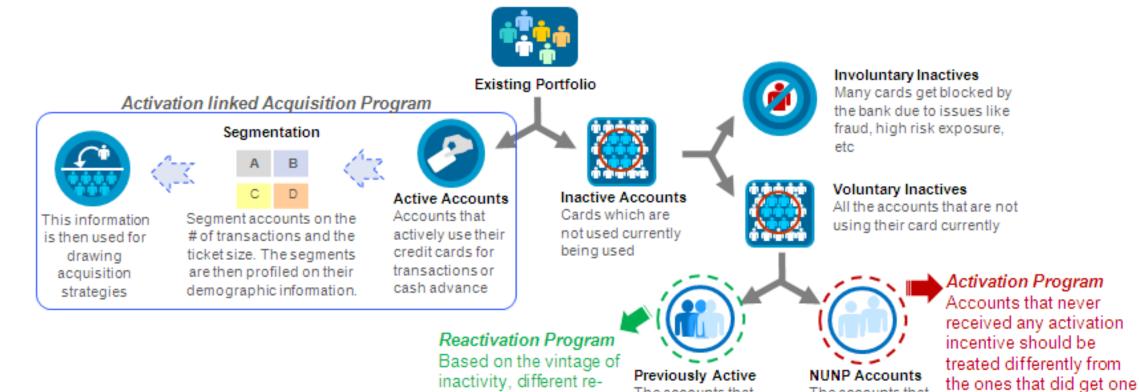
Activation Program

Activation linked Acquisition Program

Segmentation

A	B
C	D

This information is then used for drawing acquisition strategies

Segment accounts on the # of transactions and the ticket size. The segments are then profiled on their demographic information.

Active Accounts
Accounts that actively use their credit cards for transactions or cash advance

Existing Portfolio

Inactive Accounts
Cards which are not used currently being used

Involuntary Inactives
Many cards get blocked by the bank due to issues like fraud, high risk exposure, etc

Voluntary Inactives
All the accounts that are not using their card currently

Reactivation Program
Based on the vintage of inactivity, different re-activation plans are drawn

Previously Active
The accounts that lapsed into inactivity over-time

NUNP Accounts
The accounts that have never been active

Activation Program
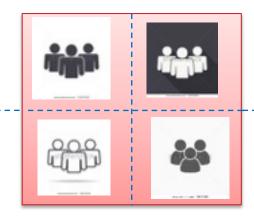Accounts that never received any activation incentive should be treated differently from the ones that did get one

Activation Linked Acquisition: For New Acquisitions

Active Accounts

Active Accounts of portfolio

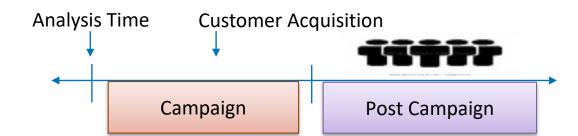→ Transaction behavior of active accounts analyzed (Transaction frequency, ticket size and top MCC spends)

Segmentation & Profiling

→ Segment on transaction behavior

→ Profile the segments on demographics
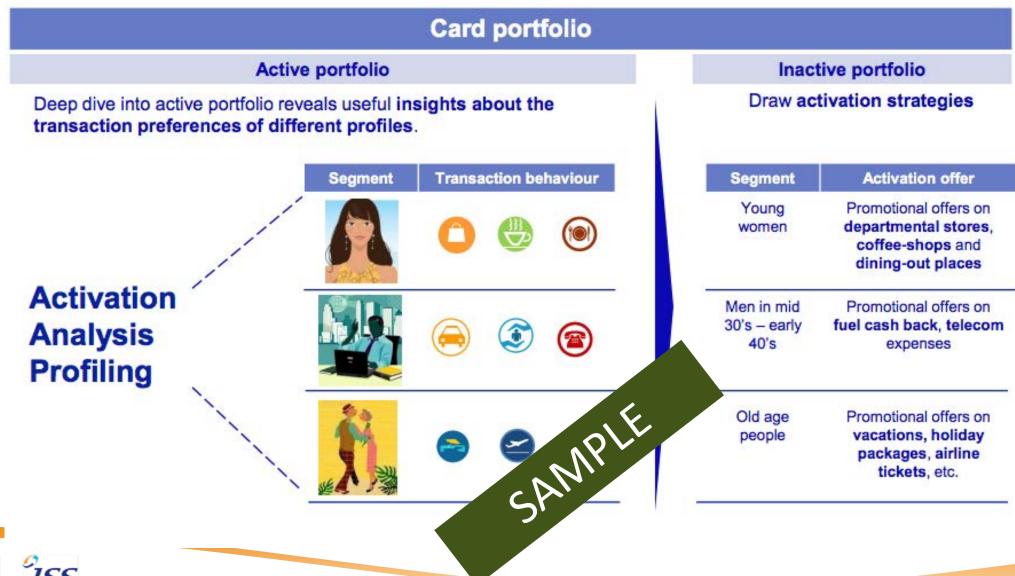
Draw out the campaign

→ Analysis of transaction activity of active accounts enables marketing team to draw out effective activation strategies for 'never active' accounts
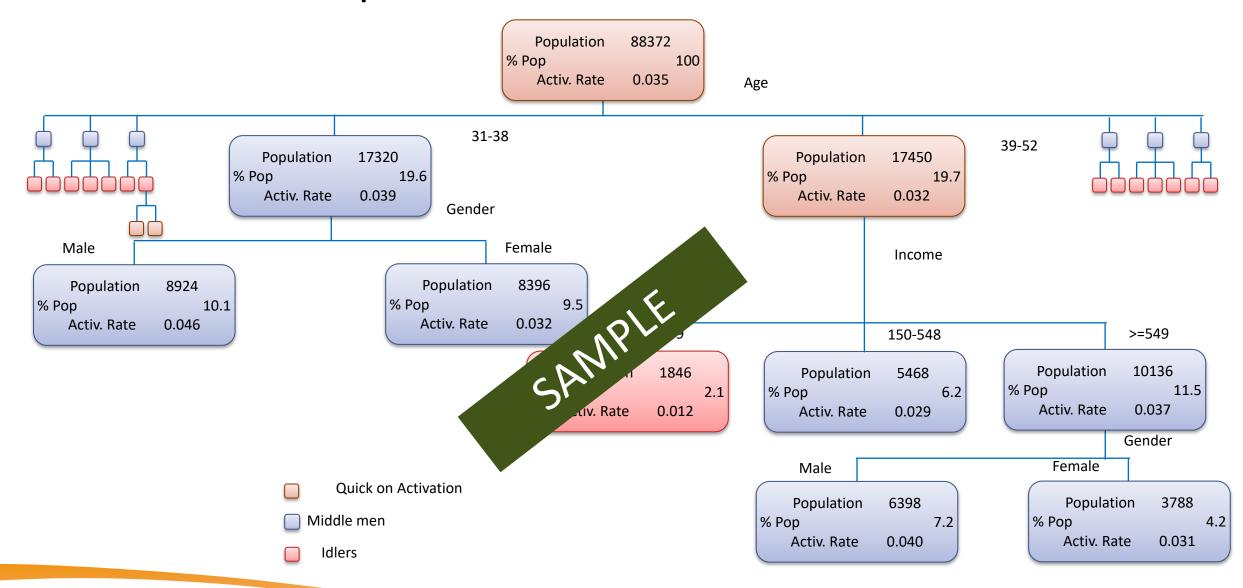
Analysis Time   Customer Acquisition

Campaign   Post Campaign

Sample Activation Strategies

Card portfolio

Active portfolio | **Inactive portfolio**

Deep dive into active portfolio reveals useful **insights about the transaction preferences of different profiles**.

Draw **activation strategies**

Activation Analysis Profiling

Segment	Transaction behaviour
(woman)	(shopping, coffee, dining icons)
(businessman)	(car, insurance, telephone icons)
(old couple)	(ship, airplane icons)

Segment	Activation offer
Young women	Promotional offers on **departmental stores, coffee-shops** and **dining-out places**
Men in mid 30's – early 40's	Promotional offers on **fuel cash back, telecom** expenses
Old age people	Promotional offers on **vacations, holiday packages, airline tickets**, etc.

SAMPLE

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Deliverable - Output of Activation Classification Tree

Population 88372
% Pop 100
Activ. Rate 0.035

Age

31-38

Population 17320
% Pop 19.6
Activ. Rate 0.039

39-52

Population 17450
% Pop 19.7
Activ. Rate 0.032

Gender

Male

Population 8924
% Pop 10.1
Activ. Rate 0.046

Female

Population 8396
% Pop 9.5
Activ. Rate 0.032

Income

Population 1846
2.1
Activ. Rate 0.012

150-548

Population 5468
% Pop 6.2
Activ. Rate 0.029

>=549

Population 10136
% Pop 11.5
Activ. Rate 0.037

Gender

Male

Population 6398
% Pop 7.2
Activ. Rate 0.040

Female

Population 3788
% Pop 4.2
Activ. Rate 0.031

SAMPLE

☐ Quick on Activation

☐ Middle men

☐ Idlers

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Digital Activation best and worst practices

→ Digital products have taken activation to a whole new level

→ Some best practices in digital activation include

- → Inline form validation
- → Prefilled forms
- → Social sign in
- → Import contacts
- → Allow Skip a step
- → Use progress bars
- → Minimal scrolling

→ Some avoidable practices in digital activation include

- → Auto carousels
- → Slow loading
- → Unnecessary form fills
- → Too many calls to action
- → Button called Submit

→ See http://www.slideshare.net/conradwadowski/growth-hacking-user-onboarding for an exhaustive list

→ Testing these practices and more is very important

Onboarding challenges

→Regulatory requirements might include a Know Your Customer process, which if lengthy sees a high drop off rate

→Onboarded accounts should be activated early on, and that is a challenge

→Educating the customer of different features of the product is another challenge

→Giving the customer an excellent first user experience is very important and is difficult to pull off without proper planning

→All of the above challenges can be addressed with appropriate analytical support

Customer Lifecycle

- Prospect marketing
- Onboarding & Activation
- **Usage**
- Upsell & x sell
- Service
- Retention
- Advocacy

Usage Analytics Approaches

- ✓ Behavioral Segmentation

- ✓ Life stage Segmentation

- ✓ Customer Lifetime Value

- ✓ Trigger based approaches

- ✓ Partner programs

Lifestyle Segmentation: Cluster Analysis

Collate Data

Exclusions

Cluster formation

Portfolio consists of customers with different needs

→ Newly Acquired customers
→ Inactive Customers
→ Customers attrited in analysis window

Form homogenous clusters of active customers on the basis of MCC level spends, transaction and demographic profile variables

Determine customers for each offer

Top Needs Identification

Determine customers who can be targeted for each type of offer by attaching them to the corresponding cluster

Identify main needs of a cluster by profiling across MCC spend categories

Cluster Statistics
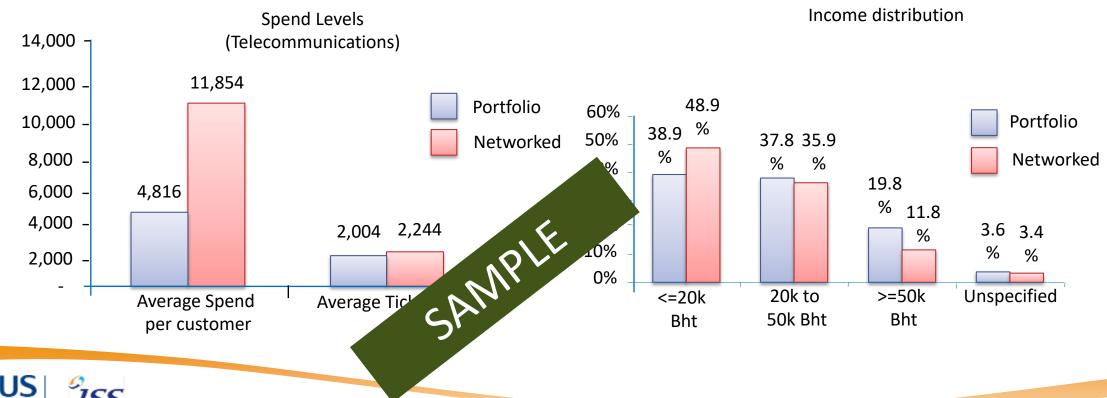
Cluster No	Cluster Name	Percentage of Total Customers	Avg. Retail Spend per year	Avg. Retail Txn per year	Avg. Cash Amount per Year	Avg. Cash Txn per year
1	Networked	8%	48,722	24.83	2,060	0.38
2	Slumberjacks	15%	21,751	7.67	966	0.20
3	On the go	5%	159,020		2,352	0.22
4	Gizmo Geeks	5%	171,36	.40	2,668	0.28
5	Cash and Carry	7%		28.65	60,173	8.45
6	Average Joe	6%	,235	49.76	1,405	0.23
7	Healthy Spenders	8%	64,954	28.09	980	0.16

SAMPLE

Cluster 1 | Networked – Telecommunications Spenders

→ 100 % Spenders in Telecommunications with high spends & transaction levels on the MCC

→ High % of customers(>85%) transact only on 2 MCC groups ("Department and Discount Stores" and "Telecommunications")

→ Low Income Cluster with nearly 50% of the customers falling in the lower Income Groups

Spend Levels (Telecommunications)

Income distribution

Cluster 3 | On The Go- High Spenders

→ 100 % Spenders in Lodgings and Accommodations.

→ 43% of the total spend in Lodgings and Accommodation MCC from 4.9% customers comprising this cluster

→ High Income cluster comprising of twice the proportion of high income customers(40%) as compared to the portfolio(20%)

→ Seem to be frequent travelers. However only 40% of the customers use their credit card for transportation services
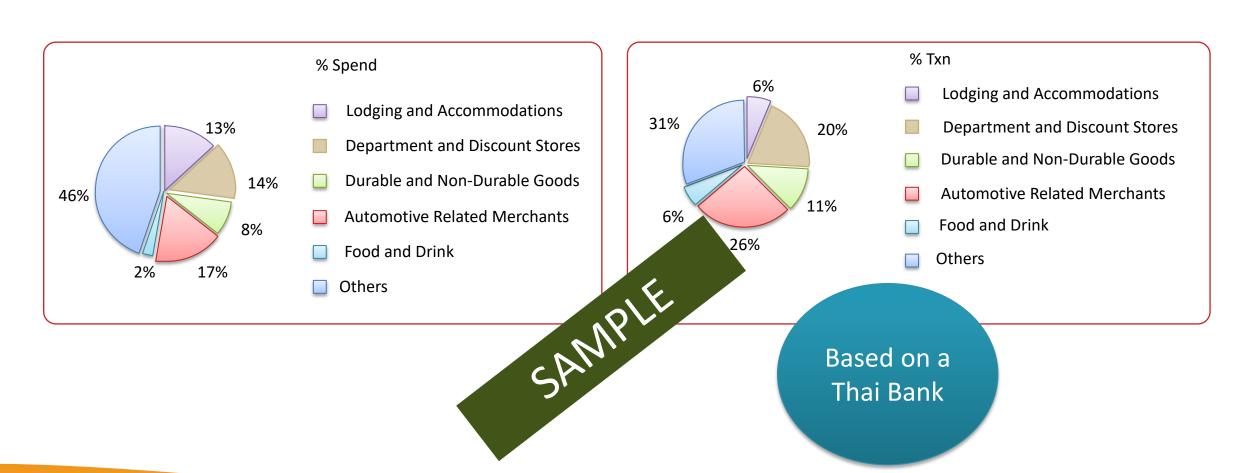
→ Lowest proportion of Cash Transactors across the portfolio(8%)

Average Spend per customer (Lodgings and Accommodations)

- Population: 2,382
- On The Go: 21,036

Income Distribution

	<=20k Bht	20k to 50k Bht	>=50k Bht	Unspecified
Portfolio	39%	38%	19%	4%
On The Go	19%	39%	(SAMPLE)	4%

Cluster 3 | On The Go (Contd.)

% Spend

- Lodging and Accommodations
- Department and Discount Stores
- Durable and Non-Durable Goods
- Automotive Related Merchants
- Food and Drink
- Others

13% 14% 8% 17% 2% 46%

% Txn

- Lodging and Accommodations
- Department and Discount Stores
- Durable and Non-Durable Goods
- Automotive Related Merchants
- Food and Drink
- Others

6% 20% 11% 26% 6% 31%

SAMPLE

Based on a Thai Bank

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Behavioural Segmentation

Behavioural Segmentation (Contd.)

'Elite' Segment

This segment contains

| A1 | A2 |

1% Overall Population

10% Overall Revenue

18% Overall Spends

10% Total O...

Annual Revenue Breakup (per customer)
Annual Revenue: 3,572 RMB

2,679

Portfolio Average: 369 RMB

454

17

...erchange   CA Fees   Other Fe...

MCC by spend

	12%
	8%
	6%
	6%
	8%

Card

72%

* Classic   * Gold   * Platinum

SAMPLE

Insights

- This segment has the highest annual revenue per customer in the entire portfolio – 3,672 RMB
- The customers in this segment has an average credit limit four times as compared...

Op...

- ...tion
- ...t increase
- ...upgrade
- Card upgrade
- Credit limit increase
- Proactive retention

Based on a Chinese Bank

Moments of Truth

No such thing as an 'average' customer
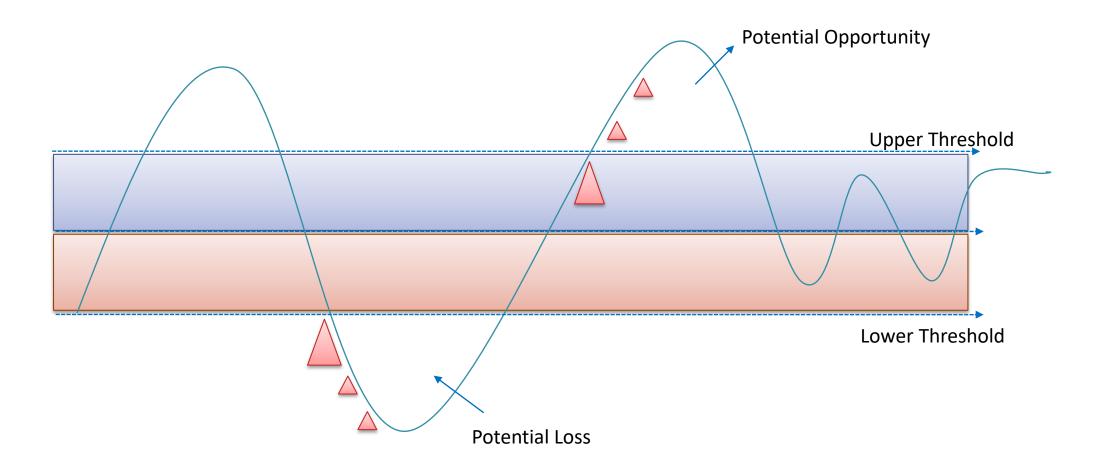
Action taken at the Moment of Truth directly influences the Potential Opportunity (or Loss)

Multiple Moments of Truth

In reality, Action at each Moments of Truth is supplemented by secondary actions till such time the behavior change is effected

Potential Opportunity

Upper Threshold

Lower Threshold

Potential Loss
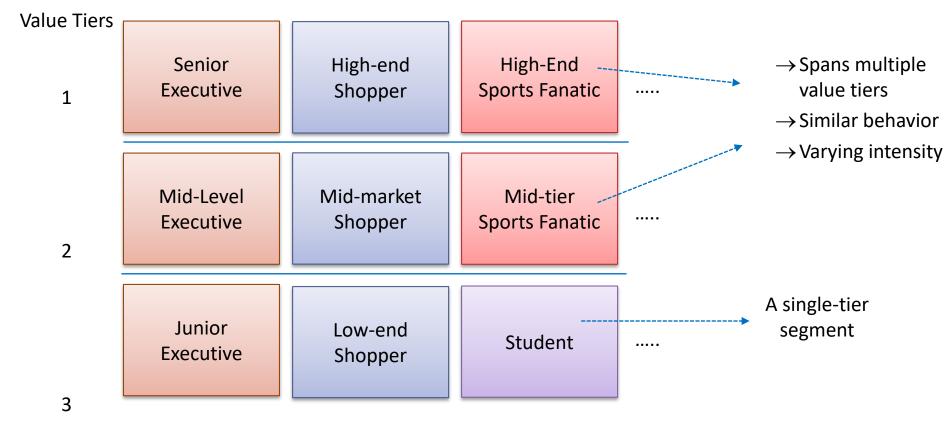
Determining Thresholds

Hidden within each Value Tier are 'lifestyle' segments

Value Tiers

1	Senior Executive	High-end Shopper	High-End Sports Fanatic	→ Spans multiple value tiers
2	Mid-Level Executive	Mid-market Shopper	Mid-tier Sports Fanatic	→ Similar behavior → Varying intensity
3	Junior Executive	Low-end Shopper	Student	A single-tier segment
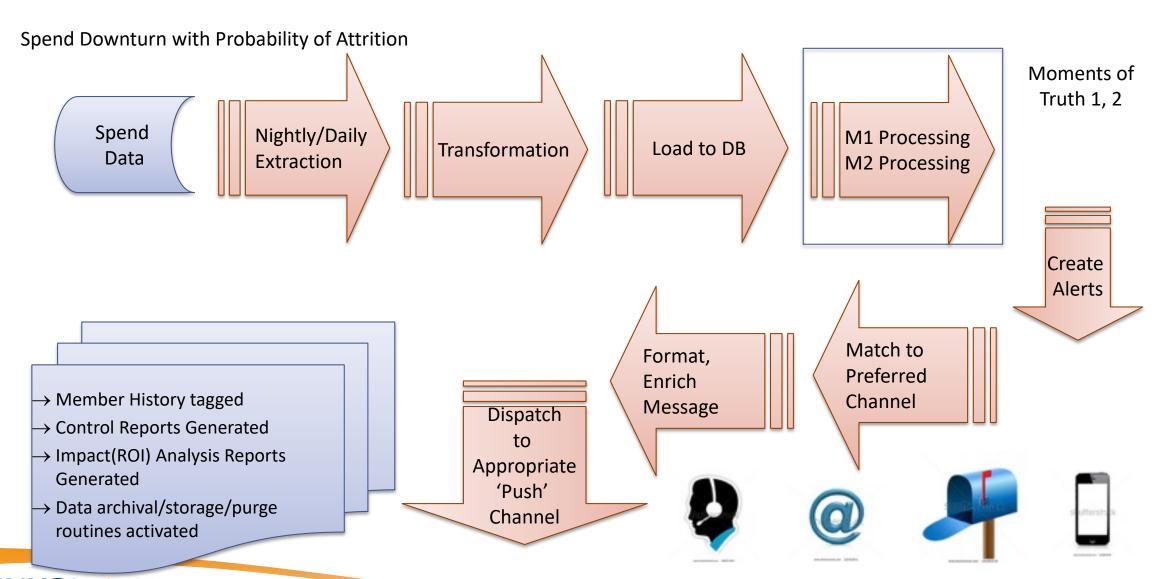
The spend boundaries of each lifestyle segment define the thresholds for its members
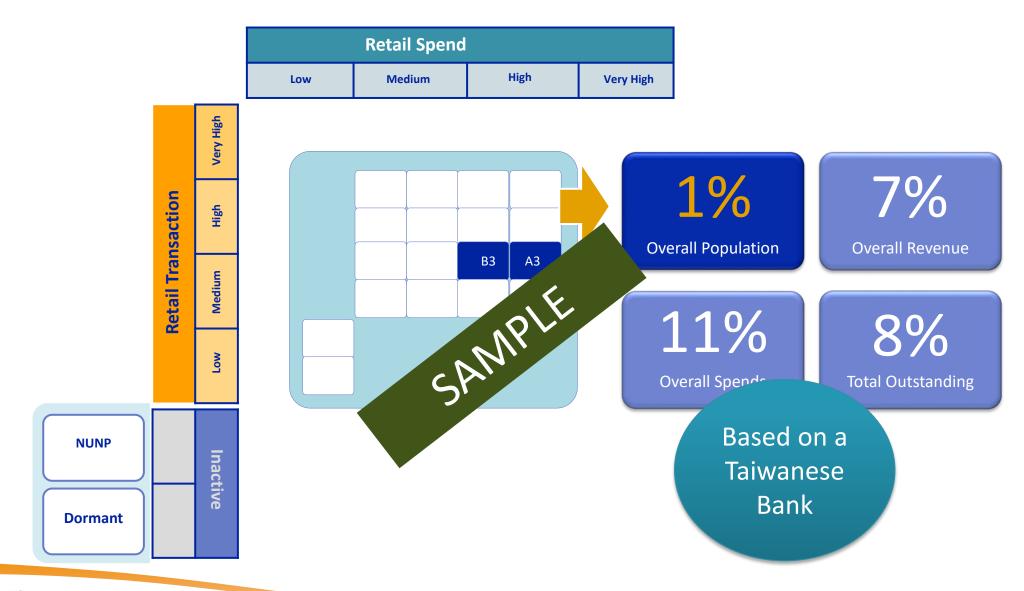
Threshold triggers in Practice

Spend Downturn with Probability of Attrition

Spend Data → Nightly/Daily Extraction → Transformation → Load to DB → M1 Processing M2 Processing

Moments of Truth 1, 2

Create Alerts

Match to Preferred Channel → Format, Enrich Message → Dispatch to Appropriate 'Push' Channel

→ Member History tagged
→ Control Reports Generated
→ Impact(ROI) Analysis Reports Generated
→ Data archival/storage/purge routines activated

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Sample High Spenders Segment

Retail Spend

Low	Medium	High	Very High

Retail Transaction (Very High, High, Medium, Low)

| | | B3 | A3 |

Inactive: NUNP, Dormant

SAMPLE

1%	7%
Overall Population	Overall Revenue
11%	8%
Overall Spends	Total Outstanding

Based on a Taiwanese Bank
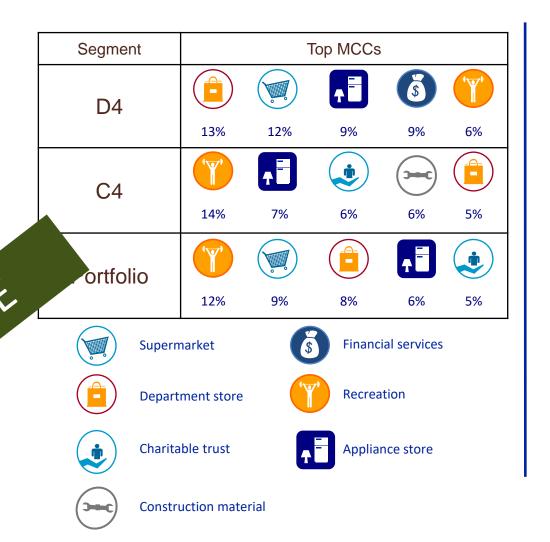
Sample Spend Increase program

✓ Customers in the low segment actively spend in departmental stores
✓ There is lot of scope to introduce a tie up card with these merchants which will provide specific discounts when the customer spends at these outlets

Based on a Chinese Bank

SAMPLE

Segment	Top MCCs				
D4	13%	12%	9%	9%	6%
C4	14%	7%	6%	6%	5%
Portfolio	12%	9%	8%	6%	5%

- Supermarket
- Department store
- Charitable trust
- Construction material
- Financial services
- Recreation
- Appliance store

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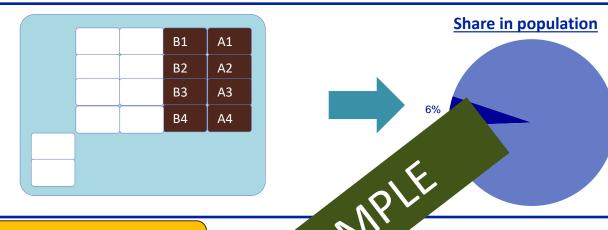
Installment induce program

		B1	A1
		B2	A2
		B3	A3
		B4	A4

Share in population

6%

94%

SAMPLE

Based on a Chinese Bank

Program details

Targeted Segment

↘ Customers who are high ticket spenders

Filters

↘ Customers in very high and high POS segment

↘ Customers who have done a transaction with a ticket size of 1,000 rmb or above in the analysis window

Deferred payment

✓ A customers doing a high ticket transaction (> 1,000 rmb) should be considered for this scheme

✓ In case of deferred payment the customer is allowed to start making his monthly payment after a month instead of making it immediately

✓ This should be for customers who are willing to convert their outstanding into installments for a longer period of time (12 months and above)

✓ The customer should be communicated via sms as soon as he makes a transaction of 1,000 rmb or above

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Customer Lifecycle

- Prospect marketing
- Onboarding & Activation
- Usage
- **Upsell & x sell**
- Service
- Retention
- Advocacy

Tactics to increase customer penetration

→Pre approved accounts

→Product Bundling

→Event based Targeting

→Next best Offer during incoming calls

Incoming Call is Your Best Bet

→X Selling during an incoming call is far more effective and cheaper than on an outgoing call

→This would need a system of computing the Next Best Offer to be put in place

Personalized Offers

Customer View	
Customer	[x]

Cindy Bifano
1168 Barroilhet Dr.
Hillsborough, CA, 94010
555-954-5929
Customer Value score: 87
Attrition score: 32

Accounts
708009838228 ▼
LB@gmail.com ▼
Joint account ▼

Renewals:	07/02/09	Acct Age:	7
Affinities:	e-Nest3	Last order:	01/15/07
Product links		Last offer:	BZOZ

Trigger	Personalized offers	[x]
Savings	I see you made a large deposit 4/13/07. Do you have any plans for this? Can I suggest a high yield bond?	
Lending	Did you know you are near your overdraft limit? Would you like to consolidate this into a term loan?	

Customer History	[x]

Contact	Summary	Date
Call Ctr	Inbound	03/02/07
email	Outbound	04/18/07
Call Ctr	Inbound	04/21/07

My Sales Targets & Scores [x]

Offers Made		Sales $ Target	Hand offs
Target	Actual		
75	63	81%	21

Next Best Offer Analytics

→Action can take multiple forms

   » Purchase recommendation

   » Pricing Recommendation

   » Advertising Recommendation

   » Promotion Recommendation

→Recommendations can be based on multiple factors

   » Product affinity

   » Pricing affinity

   » Behavior affinity

   » Lifecycle affinity

   » Attribution analysis

Case study: Card Upgrade Program: Opprtunity

CARD TYPE	CRITERION	OPPORTUNITY

CLASSIC

Classic to Gold
11,480

Classic to Platinum
1,275

CLI* – Classic
57,838

Maximum Credit Limit Utilization

<80 % >80%

Credit Limit
> 30 K
10 - 30 K
< 10K

3

SAMPLE

Opportunities
Upgrade and Credit limit enhancement

1 Cards - consider limit enhancement

2 Cards - Suggest upgrade to Gold and consider limit enhancement .

3 Cards - Suggest upgrade to Platinum and consider limit enhancement .

GOLD

Gold to Platinum
6,713

CLI* - Gold
39,527

Maxim... Limit Utilization

0 – 80 % >80%

Credit Limit
> 30K
< 30K

2

1

Opportunities
Upgrade and Credit limit enhancement

1 Cards - consider limit enhancement

2 Cards - Suggest upgrade from Gold to platinum and consider limit enhancement.

Case study: X-Selling Credit Cards to Savings Accounts

STRATEGY, PRODUCT AND CHANNEL SELECTION

CROSS SELL STRATEGY – Definition

Define the following:
→ Profitability objectives
→ Target segments
→ Growth objectives

PRODUCT DESIGN

→ Core value proposition
→ Type of card, credit line
→ Rewards, terms and features

CHANNEL SELECTION

→ Direct mail/telemarketing
→ Package/statement insert
→ E-DM
→ Inbound - 1-800-number

CUSTOMER SELECTION

PROSPECT LISTING

Liabilities (SB/CA/CDs)
→ Other assets (PL/AL/ML)
→ Third party database
→ Co-brand partner database

MERGE CUSTOMER DATA SOURCES

→ Demographic information
→ Transactional behavior
→ Bureau information

DETERMINE RIGHT CUSTOMER - ANALYTICS

→ Propensity to respond
→ Prospect level profitability
→ Credit bureau score

DETERMINE PRICING OPTIONS

→ APR (Go-to/differential)
→ Fee structures (BT/Late fee, etc.)
→ Behavioral scores based offers

CARD DESIGN AND PACKAGING

→ Pre approved vs. pre qualified
→ Design of card/envelope and letter

TARGET CUSTOMER SELECTION

→ Select customers on basis of scores
→ De-dupe check
→ Policy exclusions

EXECUTE CROSS SELL CAMPAIGN - FULFILLMENT

Capture data when customer responds Scoring of customers (for approval-rejection decision and Credit line assignment)

Case study: X-Selling Credit Cards to Savings Accounts

→ A conversion rate of 2% of Savings Accounts to credit cards can increase card base by 750,000 and POS spend by $960Mn

Current statistics

→ Savings Account Base (S) = 39 Mn

→ Other Account base (OA) = 13 Mn

→ Credit Card base (C) = 5 Mn

→ Conversion Rate (R) = C/OA = 38%

→ Avg. spend per card = $1,279 per annum

Assuming 5% success in procuring credit card customers from base with the given conversion rate of 38% in Year 1

Potential results from cross-sell

→ No of credit cards = 750,000

→ Potential spend increase = $960Mn

→ Potential revenue increase = $74 Mn in the first year and cumulatively $313Mn in three years

Based on a Brazilian Bank

SAMPLE

X-Selling Mutual Funds to Savings account customers
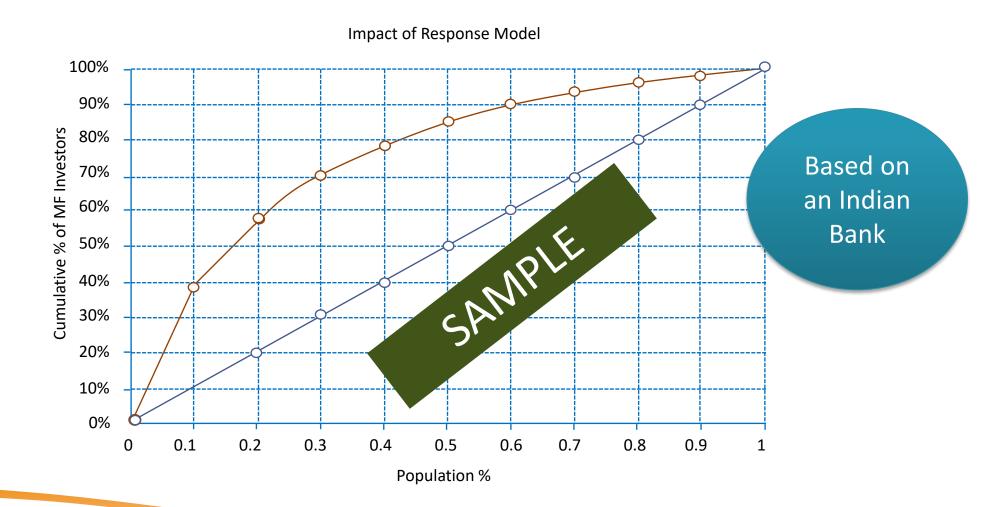
Category	Variable	Nature of Impact	Weightage
Type of Customer/ Risk taking ability	Type of account	Saving Account customers have a greater propensity of taking up MF	Low
Involvement with the Bank	Month on book	Propensity for Mutual Funds has a direct linkage with MOB	Low
	Months since last transaction happened	More frequent the transactions with the bank, greater is the likelihood of taking up Mutual Funds	
	Whether uses DD/PO	Usage of DD/PO has a di____ ge with propensity of taking M____ Funds	
Availability of Funds/ Investment	Whether has investments	Propensity of t____ Funds is higher in the presence o____ other inves____	
	Average Balance maintained	Ave____ a direct relationship with propensity for Mutual F____	High
	Whether has Dividend transactions	____ds has a direct linkage with number of dividend ____ctions	Medium
Lifestyle	Whether has credit card payments	Having credit card payments is a direct indicator of likeihood of taking up Mutual Funds	Low
Balancing of Portfolio	Whether has FD	Having an FD is a strong indicator for taking up Mutual Funds	Low
Volatility	Whether has inward charges	Having inward charges indicates high level of volatility so, greater propensity of taking Mutual Funds	Low

SAMPLE

Based on an Indian Bank

70% of MF investors captured by 30% of population

Impact of Response Model

Cumulative % of MF Investors vs Population %

SAMPLE

Based on an Indian Bank
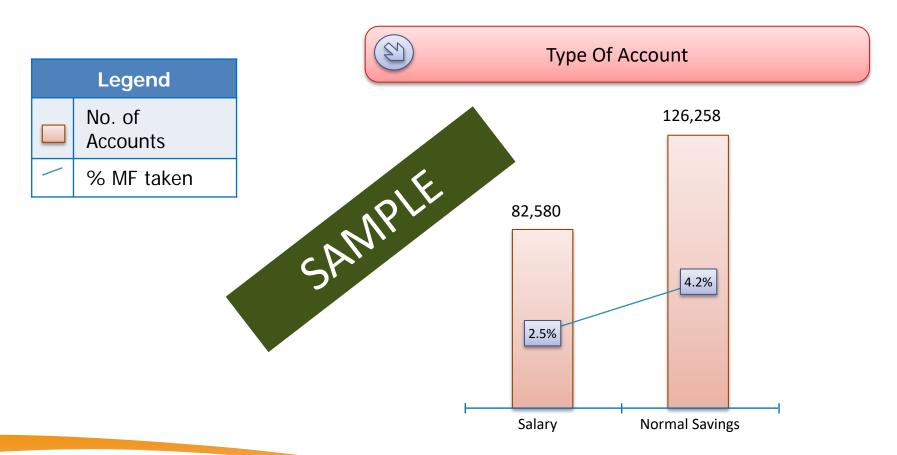
Effect of type of account

Salaried customers tend to be more conservative in their investment patterns, in comparison to Saving customers which comprises of a wide variety of people with differing risk appetites

Legend	
▭	No. of Accounts
╱	% MF taken

Type Of Account

SAMPLE

82,580

126,258

2.5%

4.2%

Salary

Normal Savings

Based on an Indian Bank
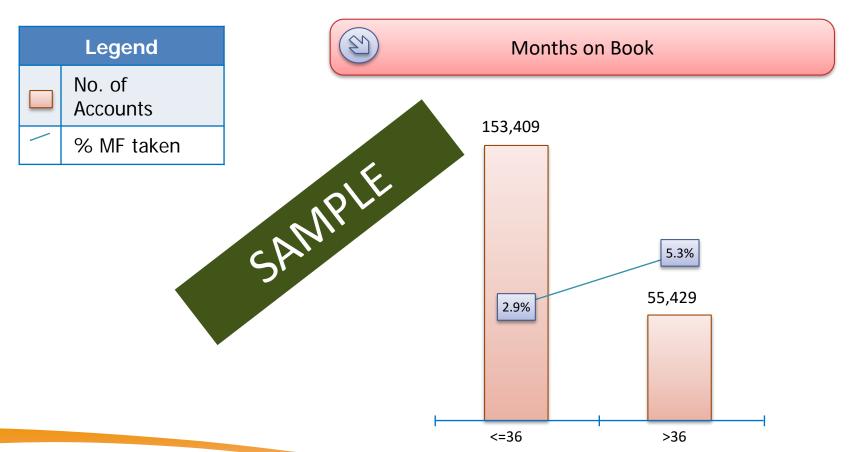
Effect of of time on books of the bank

Longer the period since the customer is on book, greater is the chance of investing in Mutual Funds

Legend	
▭	No. of Accounts
╱	% MF taken

Months on Book

SAMPLE

153,409

5.3%

2.9%

55,429

<=36

>36

Based on an Indian Bank

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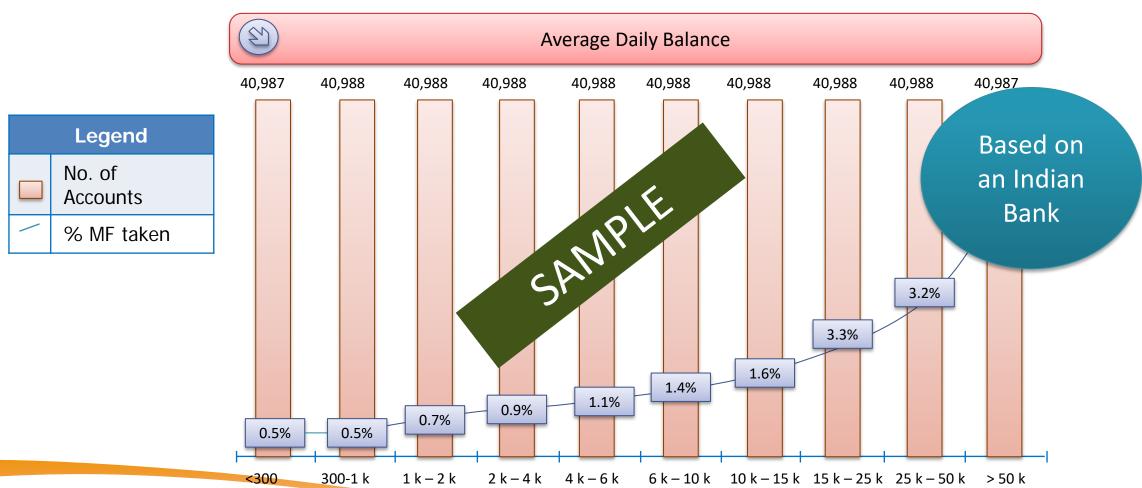
Effect of increasing balance

With increasing balance, there is more disposable funds and hence greater propensity to invest in Mutual Fund

Average Daily Balance

Legend	
▢	No. of Accounts
╱	% MF taken

Based on an Indian Bank

SAMPLE

40,987 40,988 40,988 40,988 40,988 40,988 40,988 40,988 40,988 40,987

0.5%   0.5%   0.7%   0.9%   1.1%   1.4%   1.6%   3.3%   3.2%

<300   300-1 k   1 k – 2 k   2 k – 4 k   4 k – 6 k   6 k – 10 k   10 k – 15 k   15 k – 25 k   25 k – 50 k   > 50 k

Bancassurance approaches

→Selling Insurance products to banking customers is called bancassurance

→Possible approaches

»Slicing of Bank database: Segmentation

»Targeting Customer Lifestages

»Event Trigger Approach

»Response modeling from previous campaigns

→Which one is correct?

»Depends on the bank, its target market and strategy

→All or a combination of the above can be used
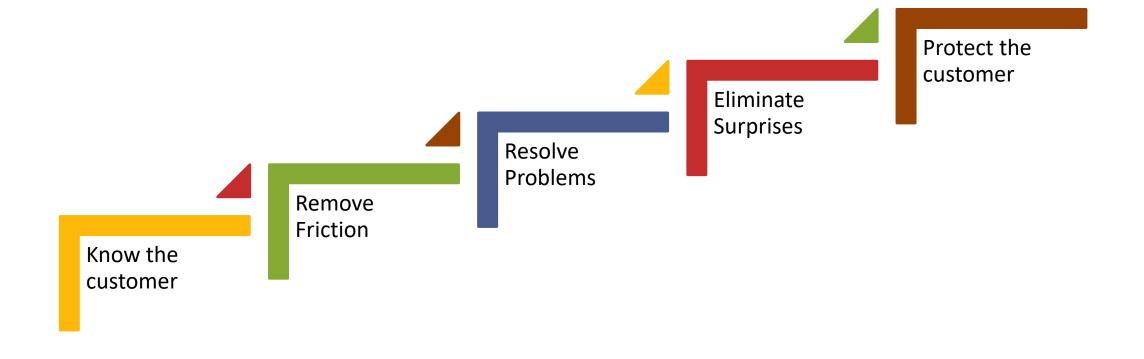
http://www.slideshare.net/ashish5jan/bancassurance-marketing

Customer Lifecycle

- Prospect marketing
- Onboarding & Activation
- Usage
- Upsell & x sell
- **Service**
- Retention
- Advocacy

Customer Trust Principles

Know the customer

Remove Friction

Resolve Problems

Eliminate Surprises

Protect the customer

Customer Trust Principles

Know the
customer
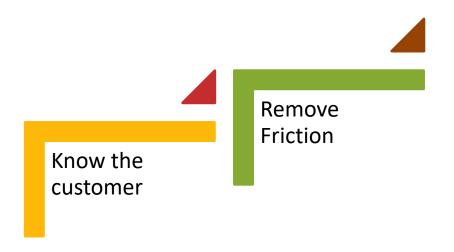
Know the Customer

→ Not having to repeat info

→ Keeping information accurate

→ Knowing channel preferences

→ Keeping in touch with life events and customer episodes

Customer Trust Principles

Know the customer

Remove Friction
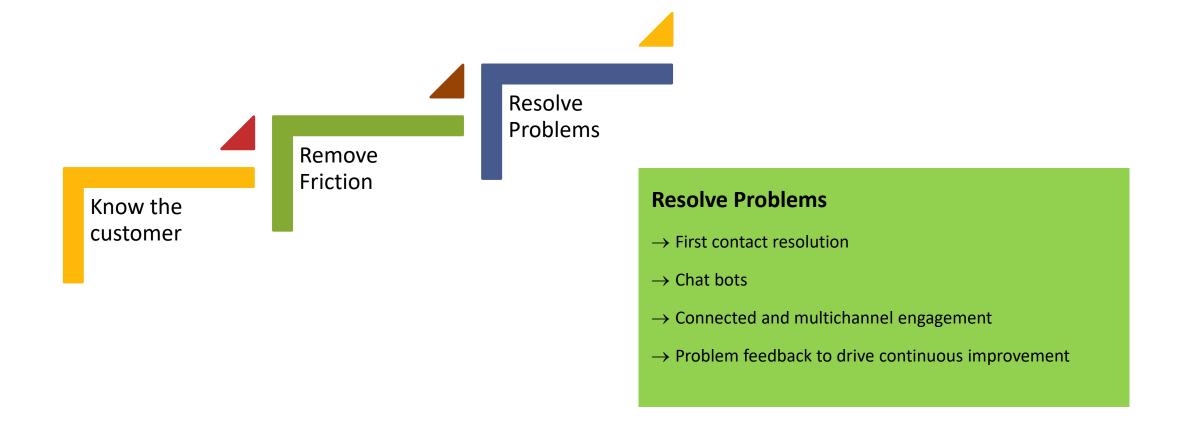
Remove Friction

→ Connect the customer to the right answer the first time

→ Make contact and engagement easy

→ Seamless channel and product handoffs

Customer Trust Principles

Know the customer

Remove Friction

Resolve Problems

Resolve Problems

→ First contact resolution

→ Chat bots

→ Connected and multichannel engagement

→ Problem feedback to drive continuous improvement

Customer Trust Principles

Know the customer

Remove Friction

Resolve Problems

Eliminate Surprises

Eliminate Surprises

→ Keeping promises and managing expectations

→ Communicating difficult scenarios

→ Proactive outreach

Customer Trust Principles

Know the customer

Remove Friction

Resolve Problems

Eliminate Surprises

Protect the customer

Protect the Customer

→ Always acting in the customer's best interest

→ Professional treatment and recognition

→ "fair play" proactively making things right

Customer Lifecycle

- Prospect marketing
- Onboarding & Activation
- Usage
- Upsell & x sell
- Service
- **Retention**
- Advocacy

Factors affecting Retention and Loyalty

→Great Service

→Good service recovery

→Relevant Offers

→Personalized Messaging

→Good Reward Program

→Good Customer experience

Different Types of Attrition

Total attrition

Involuntary Attrition

Voluntary Attrition

Identified Fraud

Attrition due to Bad Debt

Active Cancellation

Silent Attrition

Handled by Risk

Target Segment for Proactive Retention

Strategies to arrest different types of Attrition

Reasons for attrition

Non-Structural Reasons
→ Competition
→ Service issues like
  » Authorization declines
  » Fees & Charges
  » Non receipt of statement

Structural Reasons
→ No avenues for usage
→ Doesn't know how to use
→ Doesn't feel the need to use

→ Active customers more likely to attrite for non-structural reasons
→ Inactive customers more likely to attrite for structural reasons

Retention strategies

Loyalty Strategies
→ Fee waiver
→ Enhanced bonus points
→ Limit enhancement
→ Free add-on/schemes
→ Induce usage of sticky features

Activation strategies
→ Customer education
→ Attractive schemes for inducing usage
→ Limited time enhanced bonus points

→ Active customers likely to be retained through loyalty strategies
→ Inactive customers likely to be retained by activation strategies

Retention Program best practices

→Proactive Strategies

  →Institutionalize retention segmentation

  →Proactively reach out to "at risk" profitable customers

  →Track silent attrition

  →Erect switching barriers (for example, sticky features, loyalty/rewards programs)

  →Proactively manage customer needs

→Reactive Tactics

  →Deploy trained retention specialists

  →Rigorously assess customer value at the point of defection

  →Create procedures to identify reasons for defection

→Proactive Strategies work better than Reactive tactics

Case Study: Attrition model
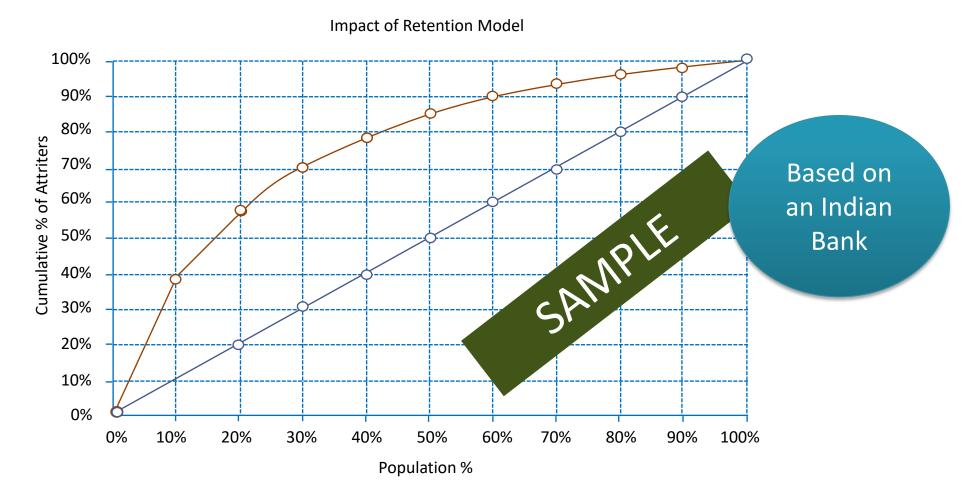
Category	Variable	Nature of Impact	Weightage
Mode of Operation	Joint v/s Non=Joint	Attrition rate is low when the account is operated jointly	Low
Transactional Involvement	User initiated Debit Transactions	More the number of user initiated debit transactions in Q2, lower is the attrition indicating greater involvement	Low
	Cheque credit transactions	More the number of cheque credit transactions, greater is the involvement and hence lower is the attrition	High
	Sum of Active months	More the number of months in which the customer ... lesser is the chance of attrition	
Monetary Involvement	Whether has AQB Charge	Those who have AQB charge in the whole ... more ... very low chance of attrition	
	Ratio of Last month Average Balance to Max Average Balance	... the ratio, greater is the attrition	High
Recency/Frequency	Months since last credit happened	More distant the last credit from the end of the observation period, greater is the chance of attrition	Low
Account Usage for Investment	Whether has investment product	If the customer has a investment product, then attrition rate is much lower	High

Based on an Indian Bank

SAMPLE

Case Study: Attrition model

As much as 75% of the attriters are captured by going after just 30% of the population

Impact of Retention Model

Y-axis: Cumulative % of Attriters (0% to 100%)
X-axis: Population % (0% to 100%)

SAMPLE

Based on an Indian Bank

Case Study: Attrition model
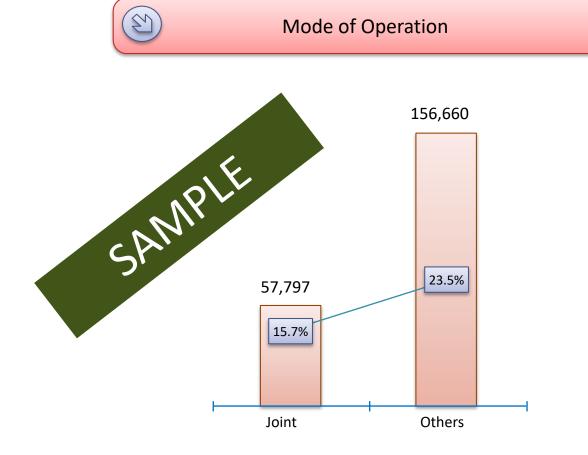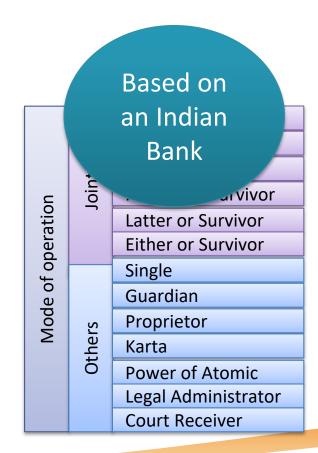
Accounts which are opened as joint accounts have much lower attrition as compared to other accounts

Mode of Operation

Legend	
▭	No. of Accounts
╱	% Attrited

156,660

SAMPLE

57,797

23.5%

15.7%

Joint   Others

Based on an Indian Bank

Mode of operation

Joint
- ...r Survivor
- Latter or Survivor
- Either or Survivor

Others
- Single
- Guardian
- Proprietor
- Karta
- Power of Atomic
- Legal Administrator
- Court Receiver

Case Study: Attrition model
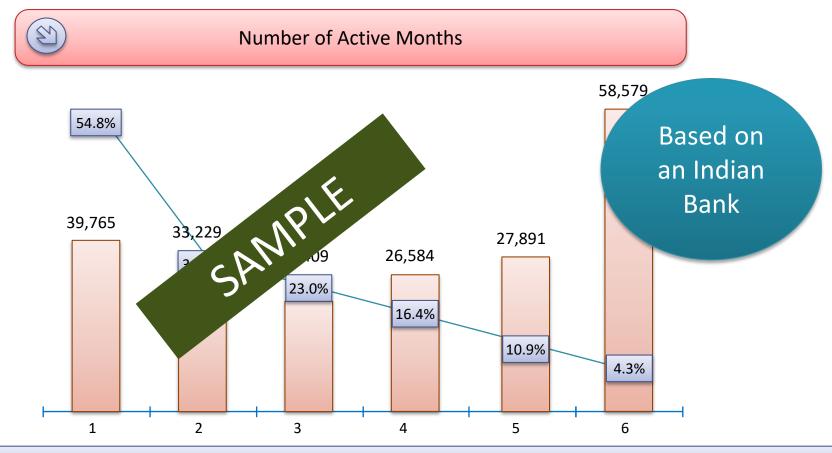
More the regularity of transactions, lesser is the attrition rate

Number of Active Months

Legend	
☐	No. of Accounts
—	% Attrited

Based on an Indian Bank

SAMPLE

39,765 — 54.8%
33,229
27,891
26,584
58,579

23.0%
16.4%
10.9%
4.3%

1   2   3   4   5   6
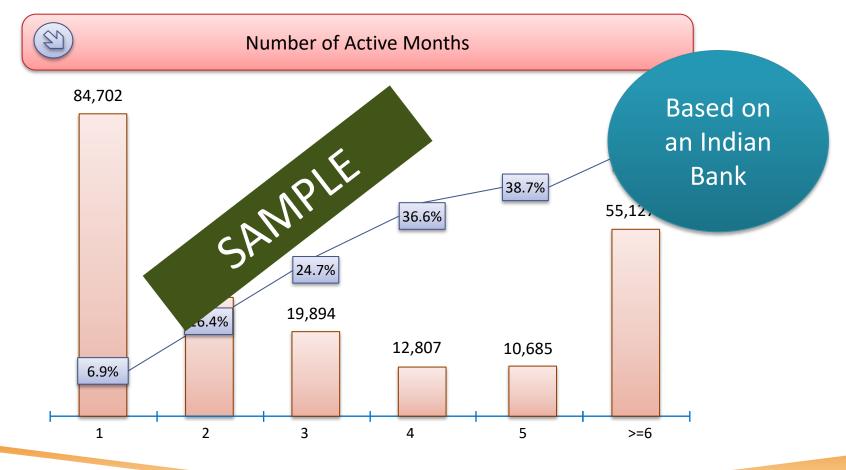
Number of Active Months is defined as number of months in which the customer has any user initiated transaction

Case Study: Attrition model

Longer the interval between two credits, greater is the chances of attrition

Legend	
☐	No. of Accounts
—	% Attrited

Number of Active Months

Based on an Indian Bank

SAMPLE

- 84,702 — 6.9%
- (Bar 2) — 26.4%
- 19,894 — 24.7%
- 12,807 — 36.6%
- 10,685 — 38.7%
- 55,12? —

X-axis: 1, 2, 3, 4, 5, >=6

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Customer Lifecycle

- Prospect marketing
- Onboarding & Activation
- Usage
- Upsell & x sell
- Service
- Retention
- Advocacy

Advocacy Analytics

→Member get Member

→Analytics could identify members who can become recruiters of new customers

→Reviews are powerful, even with strangers

→Solutions like Sentiment analysis and Social Listening should focus on identifying good and bad reviews and interacting with them

Social Media Return on Investment

Loyalty ROI: visit a site 9x more stay 5x as long (Source: McKinsey)

Brand ROI: 4x un-aided brand recall (Source: NFO)

Acquisition ROI: $0-10 vs. $10-$400 per customer acquisition

Support ROI: 5x-10x more cost effective than phone support

Meet Offline (Center for Digital Futures) One fifth (20.3%) meet at least once a year

http://www.slideshare.net/Silkcharm/social-media-and-mutuals-banks-credit-unions

CRM Infrastructure
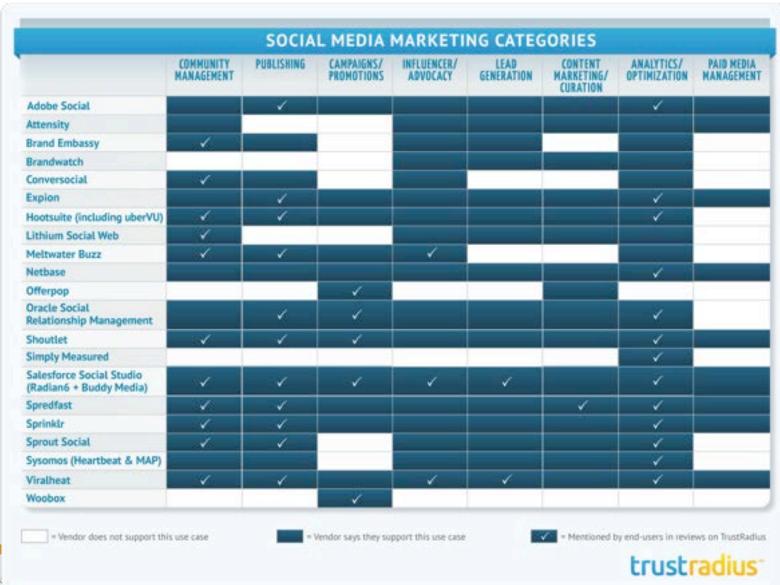
The CMO is inundated with marketing automation tools

SOCIAL MEDIA MARKETING CATEGORIES

	COMMUNITY MANAGEMENT	PUBLISHING	CAMPAIGNS/ PROMOTIONS	INFLUENCER/ ADVOCACY	LEAD GENERATION	CONTENT MARKETING/ CURATION	ANALYTICS/ OPTIMIZATION	PAID MEDIA MANAGEMENT
Adobe Social		✓					✓	
Attensity								
Brand Embassy	✓							
Brandwatch								
Conversocial	✓							
Expion		✓					✓	
Hootsuite (including uberVU)	✓	✓					✓	
Lithium Social Web	✓							
Meltwater Buzz	✓	✓		✓				
Netbase							✓	
Offerpop			✓					
Oracle Social Relationship Management		✓	✓				✓	
Shoutlet	✓	✓	✓				✓	
Simply Measured							✓	
Salesforce Social Studio (Radian6 + Buddy Media)	✓	✓	✓	✓	✓		✓	
Spredfast	✓	✓				✓	✓	
Sprinklr	✓	✓					✓	
Sprout Social	✓	✓					✓	
Sysomos (Heartbeat & MAP)							✓	
Viralheat	✓	✓		✓	✓		✓	
Woobox			✓					

☐ = Vendor does not support this use case   ▮ = Vendor says they support this use case   ▮✓ = Mentioned by end-users in reviews on TrustRadius

trustradius

https://www.trustradius.com/social-media-management

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CRM: CRM Lead management

Figure 1. Magic Quadrant for CRM Lead Management
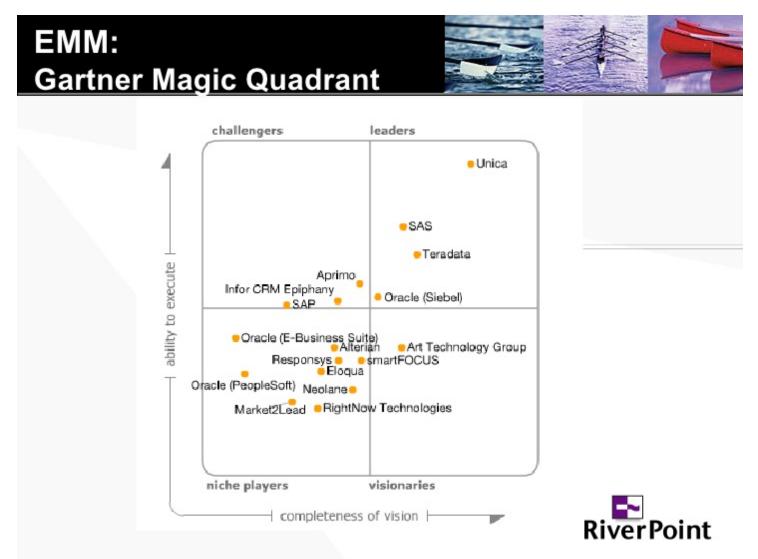
Source: Gartner (August 2017)

CRM: Enterprise Marketing Management

EMM:
Gartner Magic Quadrant

CRM: CRM Customer Engagement Center

Figure 1. Magic Quadrant for the CRM Customer Engagement Center
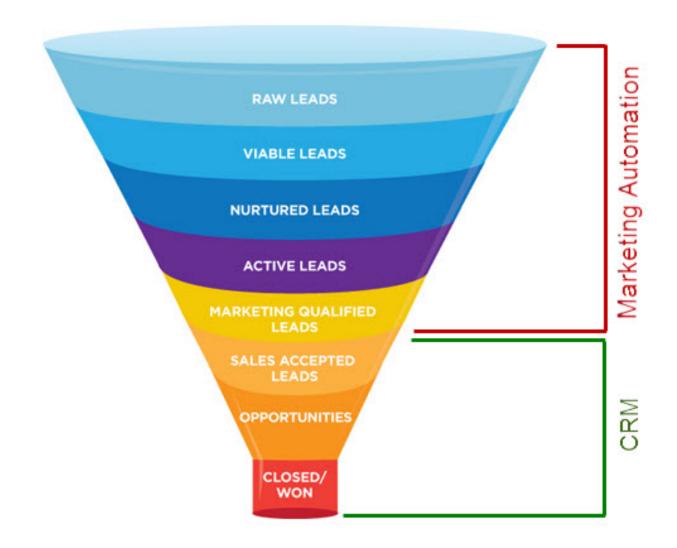
Source: Gartner (May 2017)

Difference between CRM and Marketing Automation

Salesforce.com

Welcome to the Salesforce Customer Success Platform.

We're the innovative company behind the world's #1 CRM platform that employees can access entirely over the Internet – there's no infrastructure to buy, set up, or manage – you just log in and get to work. And now our new Lightning Platform gives you the fastest, most complete way to put your customers at the center of everything you do.

Sales Cloud

Sell smarter and faster with the world's #1 CRM solution.

WATCH DEMO

LEARN MORE >

Service Cloud

Support every customer. Anytime. Anywhere.

WATCH DEMO

LEARN MORE >

Marketing Cloud

The future of marketing is 1-to-1 customer journeys.

WATCH DEMO

LEARN MORE >

Community Cloud

Reimagine customer, partner, and employee engagement.

WATCH DEMO

LEARN MORE >

Wave Analytics

Get analytics on any data, from any device.

WATCH DEMO

LEARN MORE >

App Cloud

Build apps fast. Build business faster.

WATCH DEMO

LEARN MORE >

IoT Cloud

Rethink the Internet of Things.

WATCH DEMO

LEARN MORE >

See all products

Microsoft Sales Solution

Start with smarter sales capabilities

Actionable insights   Personal engagement   **Customer management**   Sales performance

Customer management

Help your salespeople zero in on the right leads, contacts, and opportunities as they build out your pipeline. Dynamics 365 for Sales provides social insights, up-to-date company information, and an embedded sales process—so your reps know how and when to engage.

Microsoft Marketing Solution

IBM Unica

IBM Unica products

IBM Campaign (formerly Unica Campaign)

Provide sophisticated campaign management to automate marketing programs across channels.

IBM Interact (formerly Unica Interact)

Deliver the optimal personalized messages in real-time across marketing channels.
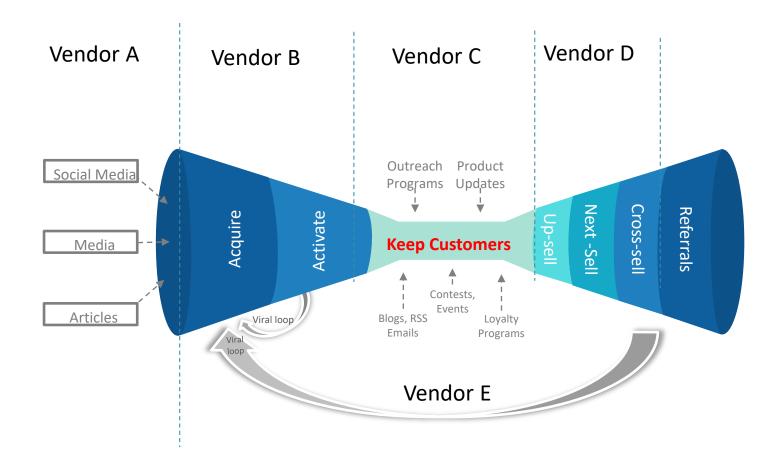
IBM Contact Optimization (formerly Unica Optimize)

Determine the optimal contact strategy for individual customers.

Let's talk

CRM Data Challenges arise in MultiVendor Environments

Campaign Management Overview

Channel Purposes

→Run campaigns

→Collect feedback

→Regular transaction enablement

→Customer interaction with product

→Collect data

→Customer education

→Customer reporting

→Troubleshooting
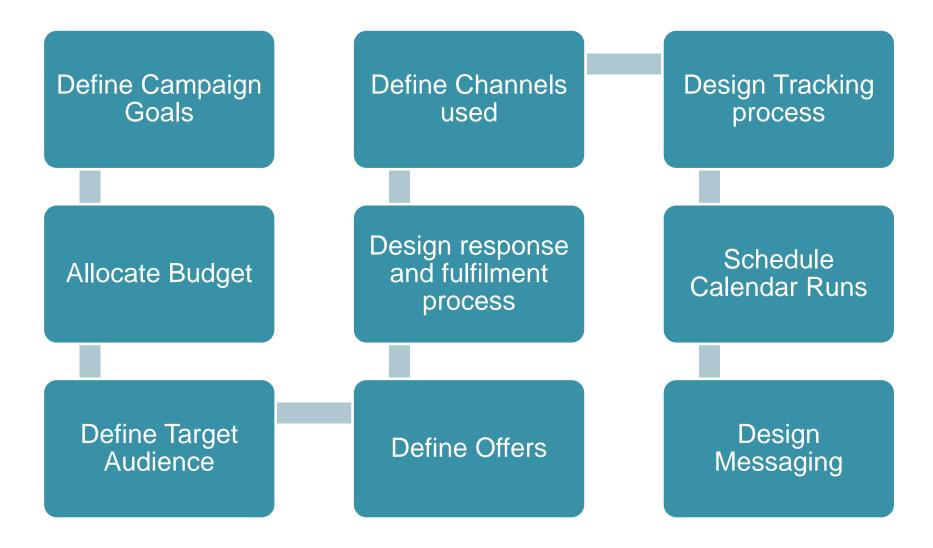
Types of Channels

→Mass Marketing Channels

» Limited personalization at a segment level

→1 on 1 Channels (Personalization at an individual level possible)

» Outgoing Channels

» Incoming Channels

» Digital Interactive Channels

Campaign design

```
Define Campaign Goals  →  Define Channels used  →  Design Tracking process
        ↓                         ↓                         ↓
Allocate Budget            Design response          Schedule
                           and fulfilment           Calendar Runs
                           process
        ↓                         ↓                         ↓
Define Target Audience  →  Define Offers            Design Messaging
```

Partners needed for marketing success

→Advertising Agency for creatives

→Campaign execution agencies

→Merchants for schemes

→Media agencies for offline and online campaigns

→Developers for digital property development

→X Sell partners for providing X Sell products

→Analytics consulting companies

CRM developments

- **Customer Journey Perspective**
- Context Awareness and CRM
- Analytics for the end consumer
- Third Party Marketing

What is a Customer Journey

What is a Customer Journey, and how is it different?

A Journey is ...

. . . an event that marks the defining experience of key life-cycles of a customer

. . . defined around a discrete beginning and end across time

. . . typically multi-touch, multi-channel and therefore cross-functional in nature

. . . anchored in how customers think about it, not the way functional silos do

Journeys represent an evolution in thinking over traditional touchpoint (or 'moment') approaches

Journeys are increasingly the way customers interact with companies

56% of all customer interactions happen during a multi-event, multi-channel journey
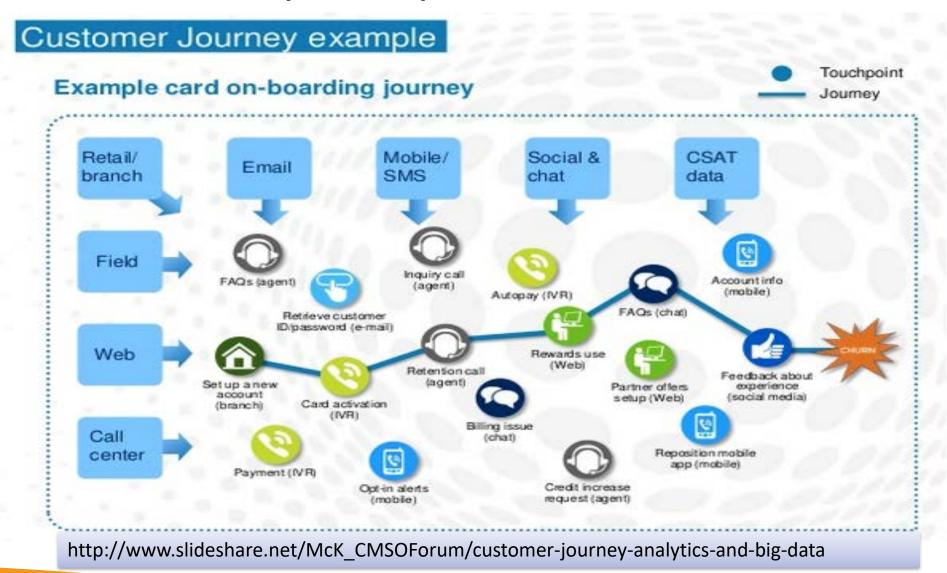
38% of all customer journeys involve more than one channel of interaction

http://www.slideshare.net/McK_CMSOForum/customer-journey-analytics-and-big-data

Customer Journey Example

Customer Journey example

Example card on-boarding journey

Touchpoint
Journey

Retail/branch → Field → Web → Call center

Email · Mobile/SMS · Social & chat · CSAT data

FAQs (agent), Retrieve customer ID/password (e-mail), Set up a new account (branch), Card activation (IVR), Payment (IVR), Inquiry call (agent), Retention call (agent), Opt-in alerts (mobile), Autopay (IVR), Rewards use (Web), Billing issue (chat), Credit increase request (agent), FAQs (chat), Partner offers setup (Web), Reposition mobile app (mobile), Account info (mobile), Feedback about experience (social media), CHURN

http://www.slideshare.net/McK_CMSOForum/customer-journey-analytics-and-big-data

Impact of Managing the Customer Journey

. . . and drive substantial impact along all key business levers

Business lever

Impact

Service operations
10% to 20% of customer service cost trapped between channels

Call/visit reduction
15-20%

Retention, cross/up-selling
Journeys account for 5% to 20% of churn / sale

Churn decrease
10-25bps

Cross selling
10-20%

Customer experience (CE)
Journeys are 30% to 40% more predictive of CE than touch points

Cost avoidance
5-15%

CSAT lift
5-10 ppts

http://www.slideshare.net/McK_CMSOForum/customer-journey-analytics-and-big-data

In every Industry only a few Journeys matter

- Acquisition
- Onboarding
- Usage
- Value Management
- Service
- Loyalty
- Advocacy

Case Study

Example: Customer journey analytics identify cost and CX improvement opportunities for U.S. retail bank

Context
- Large global bank; ~780MM multichannel customer interactions/year
- Looking for ways to decrease service costs while improving NPS

Big data/customer journey approach
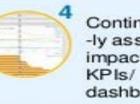
1. Map key journeys and quality check
2. Identify pain-points and root causes
3. Assess value at stake, develop and prioritize initiatives
4. Continuously assess impact with KPIs/dashboard

Example insights
- ~2MM customers abandon web registration, 23% of those call agent
- ~870MM calls/year after successful web payment
- ~510MM calls/year after abandoned web payment
- ~20% of callers setting up new account payment unsuccessful at secondary verification (CVV, SSN)
- 45% of users initiating a chat call to speak with an agent
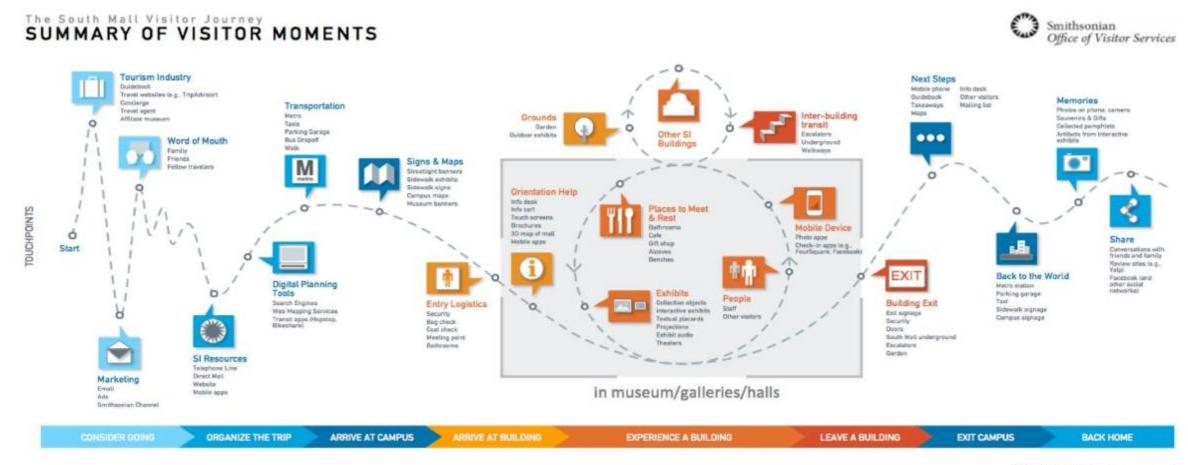
Expected impact

NPS improvement

Call reduction/cost

20-30%

Up to 60%

http://www.slideshare.net/McK_CMSOForum/customer-journey-analytics-and-big-data

Touchpoints analysis discovers new channels
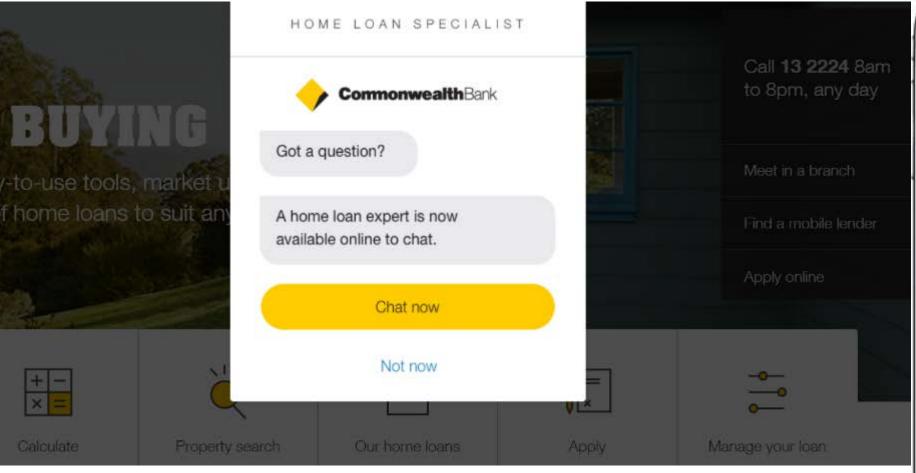
https://www.toptal.com/designers/product-design/customer-journey-maps

Capturing upstream Touchpoints: Commonwealth Bank
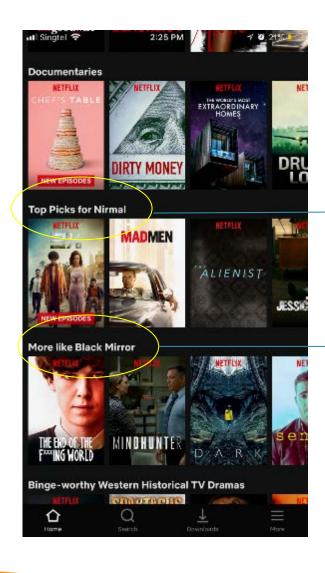
Netflix data collection

Personalised Recommendation

Touchpoint using recent interaction

CRM developments

- Customer Journey Perspective
- **Context Awareness and CRM**
- Analytics for the end consumer
- Third Party Marketing
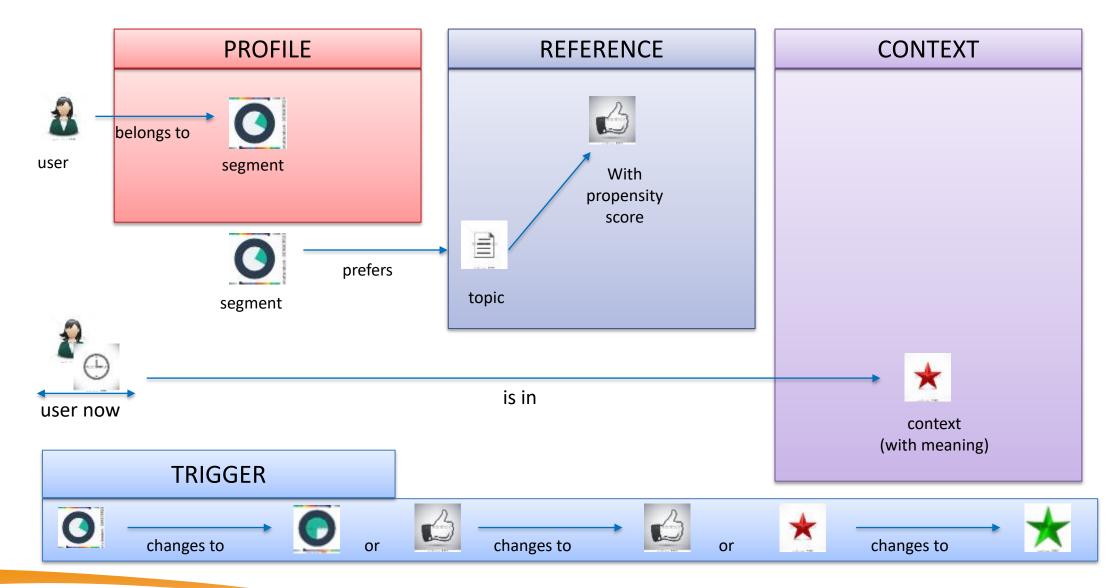
Introduction to Context Awareness

→With mobiles becoming ubiquitous, real time interactions have become very important

→Banks now need to take into account how to target context that a customer is in to time the interactions and the content to a nicety

→Context is an extremely difficult concept to model and needs a proper framework

→We propose our framework for understanding context awareness
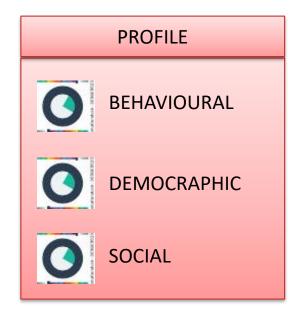
Context Awareness Framework
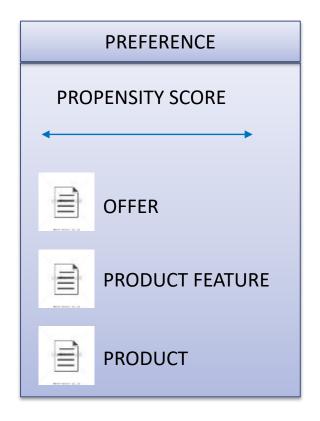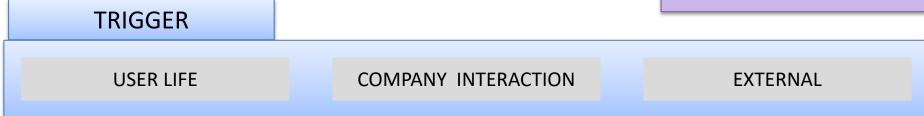
Context Awareness Framework (Contd.)

Examples of Context Concepts

Profile	Preference	Context	Trigger
Demographic • Male • Married	Offer • Dislikes dining offers • Prefers Japanese food	Location • At a mall • At home	User Life • Got married • Came home
Behavioral • Dormant • Dissatisfied	Product Feature • Married Users prefer joint accounts	Time • Lunch time • Newly Married • Is Christmas week	Bank Interaction • Initiated funds transfer • Saw Offer
Social • Many Friends • Active Conversations	Product • Dissatisfied users don't like to be sold another product	Activity • Driving • Busy	External • Network goes down • External Identity server down
		Environment • Raining • Crowded	
		Transactional • Redeeming Rewards • Amidst a funds transfer	

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CRM developments

- Customer Journey Perspective
- Context Awareness and CRM
- **Analytics for the end consumer**
- Third Party Marketing

Real time end customer prescriptive analytics

Analytics for the End Customer

→Analtytics has now moved beyond bank staff as consumers to end customers as consumers

→Some of the analytics that is being consumed by end customers include

» Recommendations around Quantified Self

» Personalised PFM

» Personalised Concierge applications

→The capabilities that enable end customer analytics include

» Gamification

» Personalisation and

» Real time delivery

Personal financial management: Analytics Approach

Goal Recommendations

- Recommend appropriate aspirational goals of people from wishlists

Financial Trajectory

- Model customer's spend behavior, Income pattern and monthly balances

Appropriate Interventions

Intervene appropriately and use game mechanics to

- Track progress
- Motivate
- Course correct

Month end balance prediction

Data Preparation

- Use **Automated Categorization** to categorize transactions
- Identify the patterns of income and expense
- Identify fixed and variable expenses
- Isolate non-fixed categories for both income and expense
- Create a time-series for all non-fixed categories for income and expense

Modeling

- Predict possible monthly variable income/expenditure through simulations and identify the probability for each outcome
- Calculate the weighted average variable monthly income/expenditure over different probabilities
- Identify the best probable variable income and expense for each month

Scoring

- Add the predicted income to fixed income to calculate the overall income for each month
- Add the predicted expense to fixed expense to calculate the overall expense for each month
- Balance is calculated by subtracting the expenditure from the income

Personalization and timing of interventions

Set up

- Use **Month end balance prediction** on customer data to arrive at balances and predicted expenses
- Add carry forward balance
- Identify the maximum expense limit using both variable (predicted) and fixed expenses
- Identify the goals (saving goals and expense goals)
- Create positive and negative messaging personalizable templates (Create variations)

Rules

- Create **in month goal breach** triggers with fixed thresholds
- Create **across months goal breach** triggers with fixed thresholds
- Create **in month goal achievement** triggers with fixed periodicity
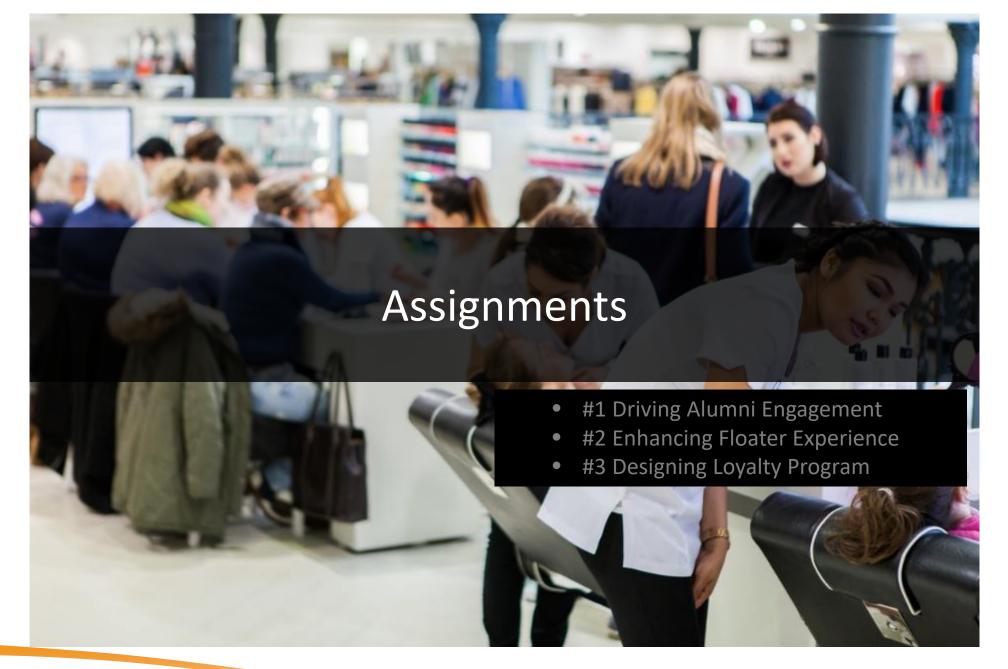- Create **month end goal achievement** triggers

Execute and Improve

- When triggered, populate messaging template with personalized data
- Send the personalized message to the customer
- Test and Learn over time on
  - message variations
  - threshold variations
  - periodicity variations
- Goal achievement rate across customers would be the metric for these tests

Third Party Marketing

Advantages	Disadvantages
Easy to scale up when you don't have your own infrastructure	Privacy concerns about data collection
Overcomes the cold start problem	Service quality issues
Staffing is not a challenge	Low visibility into entire process
	You need to ensure domain expertise

Assignments

- #1 Driving Alumni Engagement
- #2 Enhancing Floater Experience
- #3 Designing Loyalty Program

#1 Driving Alumni Engagement

- IIMA is considered one of the best Management institutes in the world

- The Alumni in Singapore is over 400 strong and are leading professionals across various sectors

- The Alumni association in Singapore has an executive committee that is elected every year and is in-charge of Alumni activities

- Attached please find the report of activities for the year 2017

- A subscription fee of 100 SGD is charged for membership every year

- The association has the following challenges

  - People keep switching jobs and cities, hence the contact details keep changing very often

  - The participation rate in alumni activities is extremely low

  - The Alumni belong to various batches all the way till 1975 graduates and hence have differing interests

  - The members list is a maximum of 138 paid up people in 2017

- Objective of assignment

  - Come up with a CRM strategy to improve Alumni Engagement over a period of 3 years

  - Outline the infrastructure required to support the strategy

  - What is the budget you would require to be able to carry out your strategy effectively? (You have no other sources of funding other than subscription fee)

#2 Enhancing Floater experience

- Palm Avenue Float club is a float club in Singapore

- Floating is done in sensory deprivation tanks and are known to be relaxing and beneficial to health

- The website http://palmavefloatclub.com/ has the details of the club

- The club has a loyal and strong clientele and people who float swear by it (if done right)

- The club has the following challenges

  - Low awareness of the float club

  - Apprehensiveness around floating sessions

  - Limited loyalty options

- Objective of assignment

  - Come up with a CRM strategy for the club

  - Outline the infrastructure required to support the strategy

  - What is the budget you would require to be able to carry out your strategy effectively? (You have no other sources of funding other than float fee)

#3 Designing a Loyalty Program

- An online fashion retailer wants to create a loyalty program for their customers

- They want to offer the customers future discounts for showing loyalty by purchasing regularly

- The retailer has the following challenges

  - Fashions keep changing all the time

  - People have different aesthetic tastes in fashion

  - The number of SKUs is very large

- Objective of assignment

  - Come up with a CRM strategy for the retailer

  - Outline the infrastructure required to support the strategy

  - What is the budget you would require to be able to carry out your strategy effectively?