

Next Best Action

Driving customer value through
a rich and relevant multichannel
experience in Financial Services



Using analytics ...

... to understand
customer needs ...



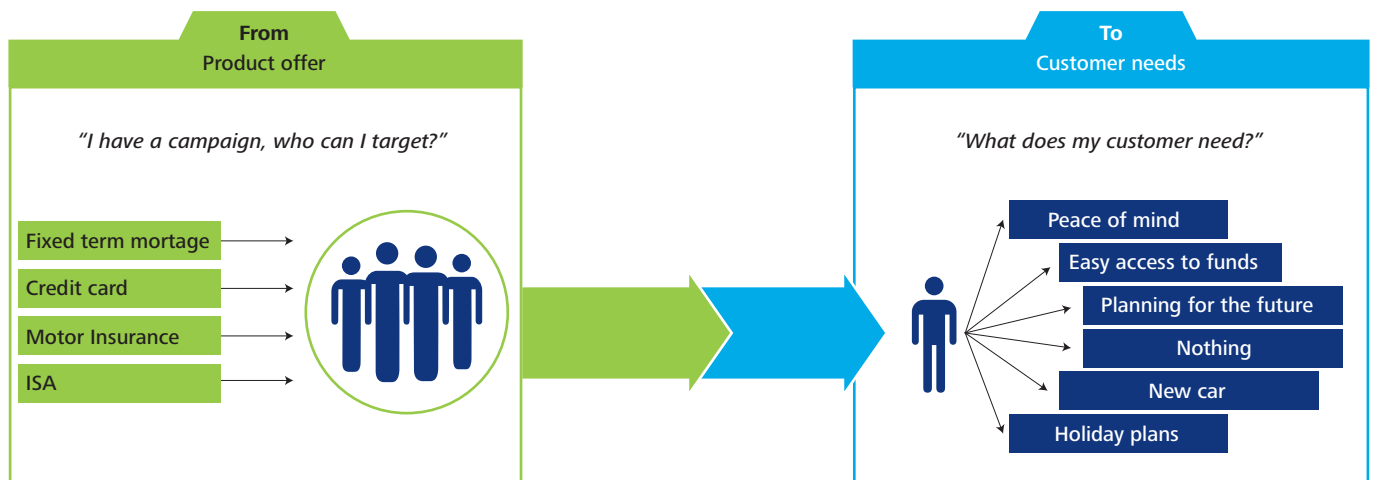
... and drive
customer value

Our NBA approach

Real-time decisioning can increase customer value by determining the Next Best Action across all channels of communication with customers. By tailoring product offers to the individual customer and type of interaction, the relevance, quality and frequency of customer contact can be significantly improved.

The Next Best Action capability enables organisations to shift from a product-centric view to a customer-centric focus. This means that product offerings are tailored for each individual customer, rather than single products being marketed through large-scale and costly outbound campaigns.

Changing focus from products to customers



Source: Deloitte LLP

Deloitte's approach involves deploying a proof of concept to identify the benefits gained from a NBA programme. Through analytics, it is possible to deliver initial quick wins through to implementing NBA solutions with minimal IT or business change.

Analysis of current processes enables quick win areas to be identified straight away as well as a vision for the future state of the customer contact function. The future state design is based on a delivery and adoption roadmap that delivers incremental benefit throughout the programme. It is important to recognise the importance of effective change management, by involving the end-users from relevant areas of the organisation.

A NBA capability can be developed by implementing a customer-level decisioning engine that delivers the ability to optimise offers to customers based on financial value, the propensity to accept the offer and business priority. Offers are therefore only made to customers when it is likely to provide value to both the organisation and the customer.

We have enabled a large UK retail bank to realise the benefits of Next Best Action through implementing decisioning techniques, in which the bank saw a total sales uplift of 30% during the pilot. Deloitte collaborated with the bank to define a clear vision and a resulting blueprint and roadmap to achieve this goal. A pilot was used not only to demonstrate the business case for a NBA programme, but also to establish a test and learn environment that is necessary for developing the capability within the bank.

Financial services providers embedding a NBA capability into their organisation should adopt an "always on marketing" approach. This refers to a future state where an organisation is able to deliver marketing messages to customers when it is most relevant to them, across both inbound and outbound communications, as opposed to a blanket marketing approach. In this future state an organisation possesses a deep understanding of its customer's needs and is able to provide them with a consistent experience across all products and channels.

Development of NBA programme

To implement and develop a NBA programme beyond the pilot phase, financial services providers should concentrate on three core themes:

1. Predicting customer behaviour to drive value
2. Managing multi-channel interactions
3. Operating as an insight driven business

Predicting customer behaviour to drive value

The relevance and timeliness of the NBA recommendations can be improved through more accurate data, analytics and value calculations. Predicting each customer's likelihood to respond to certain products allows a cost-effective approach to marketing, as resources are not wasted on offers that are likely to be rejected. This approach is capable of increasing sales rates significantly. We have estimated a revenue uplift of up to £80m over 5 years for a UK client using this technique.

Given the lack of consumer trust in banks, growing customer demands and the ease of switching, retention of high value customers is expected to become increasingly important in the Financial Services Industry. Banks in particular are investing in understanding the reasons behind customer churn and predicting which customers to retain and at what cost. Our research has shown that customers generally switch banks for emotional reasons¹ so having the ability to predict and respond to customer needs will become increasingly important.

Developing a clear measure to evaluate customer experience informs the strategy and enables a more customer centric approach. Customer satisfaction is a key measure of success for NBA programmes, with some organisations seeing a 10% increase in customer satisfaction from implementing their real time decisioning strategy. Effective customer measures can be used to drive business decisions around pricing, promotions, reliability and service. Understanding the drivers of satisfaction and reasons for negative sentiment will help to identify the moments that matter, customer pain points and develop propositions that reduce dissatisfaction. For example, some banks use net promoter score (NPS) to predict customer attrition and identify the tipping point before customers leave. Embedding customer measurements in the way that an organisation operates will focus efforts on delivering a positive customer experience.

Managing multi-channel interactions

Customers increasingly expect to be able to interact with organisations whenever they want and using a variety of different channels. A NBA programme therefore needs to consider communication across all channels, and those interactions initiated by the customer. A fully-integrated approach enables interactions with the customer through one channel to be remembered and used to influence interactions through different channels.

Real time decisioning technology considers the entire context of the interaction, the customers' segment, journey and the reason for the interaction. Understanding customer journeys and the moments that matter to customers, will enable contacts to be prioritised by customer rather than product target. Generally, only a small proportion of potential outbound contacts on call lists are actioned. Taking a more strategic approach to customer management will prioritise interventions which add value to the customer and the organisation. If the most profitable leads with the highest predicted response were called first, we determined that the potential revenue uplift from calls could be up to £60m for one UK bank (based on a 5yr NPV).

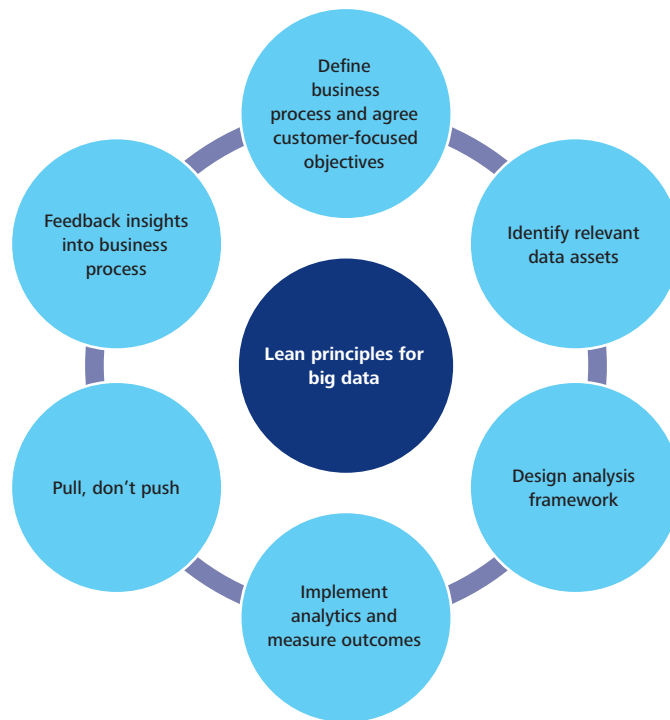
Operating as an insight driven business

NBA is not about delivering a technology or interesting customer analytics. The capability operationalises the insight which exists inside an organisation, giving Marketing, Operations and frontline teams the information they need to provide a better service to customers.

NBA needs to be embedded in an organisation's everyday processes in order to maximise its value. To operate as an insight driven business, the role of analytics needs to be clearly defined and aligned to the customer strategy. The close relationship between analytics and the customer strategy will ensure that insights are actionable and measureable, and add value.

Creating a Differentiated Customer Experience

The proliferation of big data resulting from more connected consumers provides an opportunity for organisations to differentiate their service. Deloitte advocate a lean approach to big data which helps organisations identify and focus only on the data which will drive specific business outcomes, allowing them to interact with their customers in innovative new ways. This approach places emphasis on intelligent, cost-efficient use of data rather than focusing on the quantity of data collected, which typically has a diminishing marginal value.



To take this lean approach to big data, organisations need to have a good awareness of the key business issues, listen to customer needs and explore how data can be used to measure business processes. To constantly improve customer experience, results are assessed and fed back into the business processes. This test and learn approach leads to the continuous enhancement of strategy, governance, people and technology, and deeper customer relationships.

Data and technology are fundamentally changing the nature and structure of the provider and customer relationship. Organisations that adopt an innovative and lean approach can engage customers across channels through NBA and differentiate customer experience, whilst satisfying the need for cost-effective customer management in this uncertain economic environment.

Contact us



Louise Brett, Partner, Head of Financial Services Analytics

Louise has 20 years' experience in Financial Services, across retail and corporate banking. She has extensive experience in Banking customer strategy and insight. This includes working with UK and European corporate banks on customer strategy and growth, as well as Next Best Action and location optimisation for UK and European retail banks.



Richard Love, Director

Richard is a Director in the customer team and leads the Customer Insight & Analytics group within Deloitte. He has over 20 years working in the insurance sector, focusing on sales effectiveness and change programmes, including helping organisations leverage their information assets to deliver significant business improvements. A few of his recent clients include RBS, AXA, L&G, RSA.



Susie Nursaw, Manager

Susie has 8 years' experience developing multichannel customer interaction strategies across a variety of sectors, as a client and a consultant. Susie leads Deloitte's real time decisioning proposition to deliver personalised multichannel campaign capabilities. She specialises in NBA strategy and delivery, helping organisations to use analytics and insight to manage customer journeys across multiple channels to increase customer lifetime value.

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