

ANALYZE

White Paper



Customer Insight

Sees the Light of Day

By Jill Dyché

baseline

C O N S U L T I N G

Data Mastered. Value Unleashed.

sponsored by: **TERADATA**
Raising Intelligence

Customer Insight

Sees the Light of Day

Contents

❖ An Incremental Approach to Customer Loyalty	4
❖ Customer Management from the Bottom Up	5
❖ Rich Functionality, Rich Relationships	6
❖ Key Criteria for Success	8

Legend has it they live a solitary existence. They often linger indoors for twelve or more hours a day and rarely see the sun. When they do emerge from their habitats, they stick together. Some consider themselves immortal. Who are they? They're the data analysts. They've existed for a long time, longer than your data warehouse or your statistical analysis software.

If you work in any large company you have probably heard about them. Data analysts were often the only people in the company that really understood information enough to build reports and models about the business. They relied on a combination of statistical savvy and manual workarounds to find and consolidate information for consumption by the outside world. If front-line workers were lucky, they used the results of this analysis to help refine customer messaging.

Ironically, this didn't change with the advent of Customer Relationship Management (CRM). After acquiring expensive software tools and automating customer-facing business processes, executives finally came to terms with the fact that customer information transcended a single application, and that the "single view" objective couldn't be achieved by simply plugging in a CRM tool. Even as CRM left the early-adopter stage and entered the mainstream, the data analysts continued their back-room calculations, isolated as ever from the workaday world.

An Incremental Approach to Customer Loyalty

When Brock Lynch of National Australia Bank talks about customer intelligence, he doesn't talk about data analysts, he talks about branch staff and contact center bankers. And when he uses the term CRM, he's not talking about software. Instead he talks about NAB's 4.5 million retail and business customers, and about how front-line staff consistently engages them in relevant conversations, and that because of event-based marketing NAB's retention rate is far above the industry average. NAB is not only optimizing customer engagement, it's changing the way NAB connects with its customers.

"We wanted to test the theory that customers were more inclined to have a targeted conversation about products and services when they contact us," Brock explains. "We can use insights from our CRM analytics systems to deliver information directly to the front line. They can then assist the conversation, as opposed to directing it."

Brock had studied the CRM missteps made by other banks and was determined to avoid them. NAB executives were rabidly supportive of the CRM effort—NAB's General Manager of Strategy and Marketing himself has a heavy background in analytics.. Brock and his team had to deliver value quickly.

They ended up linking to a high-profile initiative that was already underway. The "Front Line Systems Replacement" project was intended to provide bank tellers with additional information so that they could have higher-quality conversations with customers while they were face-to-face, increasing the likelihood of referrals and cross-sell and up-sell opportunities.

Even as CRM left the early-adopter stage and entered the mainstream, the data analysts continued their back-room calculations, isolated as ever from the workaday world.

Brock and the CRM team used the Systems Replacement project as the platform for sophisticated information delivery, pushing real-time messaging to not only front-line tellers, but to the call center and internet banking as well. By leveraging this important initiative Brock was effectively removing CRM from the proverbial back room and putting it in the hands of customer-facing staff.

“This initiative was designed in phases with tactical projects delivered quickly and eventually feeding a longer-term, strategic solution,” Brock confirms. And the results surprised everyone, including Brock himself.

Customer Management from the Bottom Up

Brock defines four categories of analytical CRM assets within NAB, as shown in Figure 1:

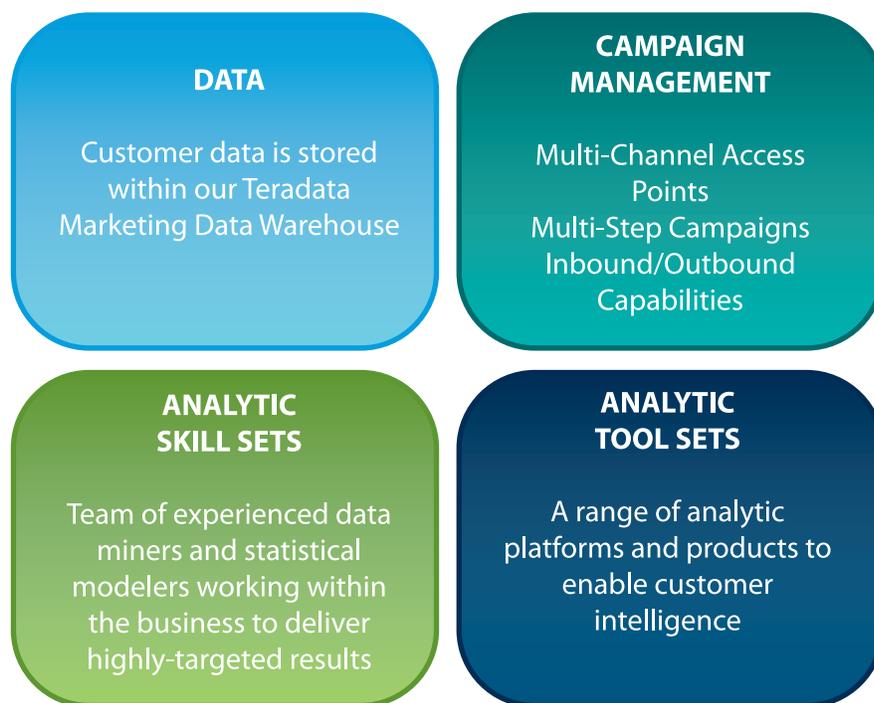


Figure 1: CRM Assets at National Australia Bank

The combination of these four components enabled both inbound and outbound marketing strategies that drove customer loyalty, as well as enhancing retention and sales uplift. Indeed Brock and the CRM team’s ability to coordinate inbound and outbound customer contacts turned out to be a differentiator for NAB.

Banks are well-known for bombarding their customers with promotional offers. NAB was determined to be different. Instead, the bank uses its sophisticated event based marketing system to identify customer behaviors that indicate an opportunity for the bank to provide

The combination of these four components enabled both inbound and outbound marketing strategies that drove customer loyalty, as well as enhancing retention and sales uplift.

value. Previously NAB used this capability to proactively contact customers to offer products or services tailored to the customer and intended to meet an existing need. But resource limitations and the bank's policy to avoid over-contacting customers left unrealized opportunities. The bank supports over 600 million inbound transactions every year through various channels. Marketing staff at NAB implicitly understood that customers were even more likely to engage in a targeted conversation about their needs when they themselves initiated that conversation.

"Our inbound marketing strategy helped us distinguish between inbound customer contacts and relevant offers and insight delivered via traditional outbound channels such as direct mail and outbound calling," says Brock. "It lets us deliver quality conversations. Now we can discuss more than just a customer's bank account or home loan and instead talk about an entire package of products or focused services."

For tellers, this means that targeted messages can be delivered in real-time. Brock and the CRM team enabled messages pushed to the teller's operational customer dashboard—for instance, Customer may be a candidate for a home equity loan—allowing the teller to decide whether or not to pitch a new product while the customer is in the branch. Customer service representatives (CSRs) can use a similar capability while the customer is on the phone, allowing the customer to receive personalized messages and calls-to-action in real-time while they do their banking online. Although they could decide whether or not to use the messages, CSRs and tellers quickly recognized the value of this relevant and personalized information, and most chose to leverage the messages to direct their customer conversations.

"These additional inbound channels coupled with our existing outbound capabilities provide the organization with a truly multi-channel approach to delivering customer insights," says Mark Quartermaine, Head of CRM Sales and Support. "This enhances the quality of conversation we are having with the customers and the ability to run more cost-efficient campaigns."

On the outbound side, the evolving customer data helps CSRs and branch staff increase the number of customer conversations without impacting the quality of those conversations. Indeed, inbound conversations become rich opportunities for improving the quality of customer data—"I see our last direct mail piece was returned to us. Can I update your address?"—as well as calibrating the size of marketing pools for various products.

In the meantime, relationship bankers in the branches have ready access to customer messages. By tightly coordinating inbound and outbound customer contacts, NAB not only ensures consistent communications, it prevents redundant or competing offers from different departments or channels. In effect, NAB renders the "single view" vision a reality not only in terms of a customer's data, but in terms of making messages to customers both tailored and consistent across channels.

In effect, NAB renders the "single view" vision a reality not only in terms of a customer's data, but in terms of making messages to customers both tailored and consistent across channels.

Rich Functionality, Rich Relationships

As a Teradata customer for over 15 years, NAB used an early version of Teradata's Relationship Management solution as a key component of its CRM capabilities. Teradata® Relationship Manager not only automates the campaign management process, but manages and optimizes customer interactions in real-time. Teradata Relationship Manager features include:

- ◆ Event-based marketing, including hundreds of complex event triggers that handle complex filtering
- ◆ Automated multi-step, cross-channel optimization, aiding continuous dialog across channels
- ◆ Real-time data capture, delivery, and decision management

"Teradata Relationship Manager has evolved far beyond just a campaign management tool," says Rob Tuttle, Teradata's Director of Solutions Marketing for Teradata Relationship Manager. "Its ability to leverage integrated and comprehensive data on the Teradata data warehouse is second-to-none, including extremely valuable online behavior data that we can now quickly source from websites, search engines and third party ad placements. Better, more comprehensive and near real time data enables more relevant and timely interactions with customers at every point of contact, whether it's an inbound call, website visit, or an outbound email. And a single source for this comprehensive view ensures consistency and coordination of messaging at every interaction, as well."

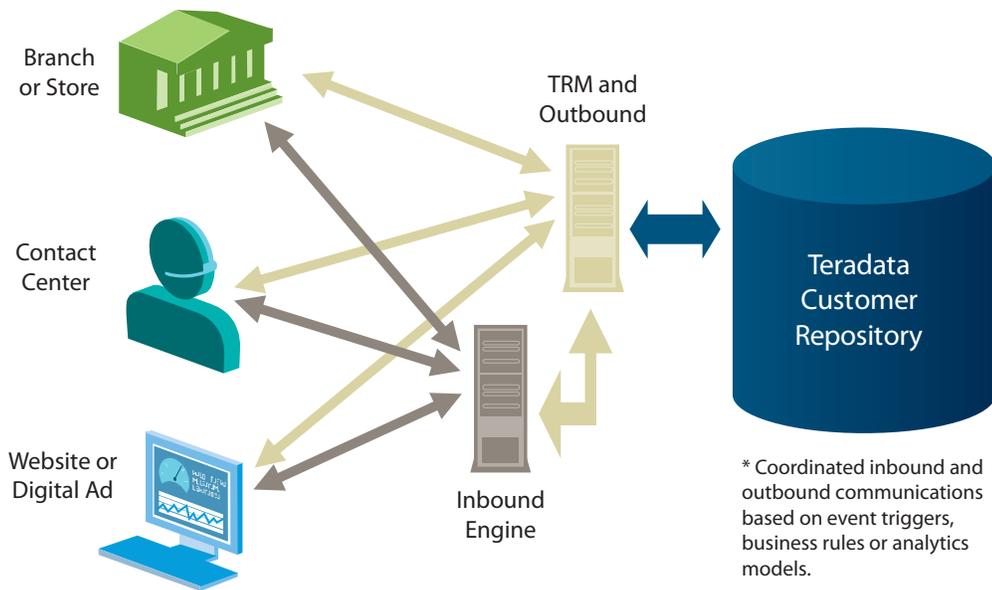


Figure 2: A Single Source for Customer Relationships

Figure 2 illustrates the ability to connect sophisticated multi-channel marketing capabilities with integrated data in a marketing data warehouse.

Figure 2 illustrates the ability to connect sophisticated multi-channel marketing capabilities with integrated data in a marketing data warehouse. For TRM customers this means transcending increasingly-commoditized activities like customer revenue calculations and product mix analysis and making tactical recommendations to front-line employees for specific life-stage conversations and product offers.

It's also meant smarter routing for certain high-impact customer messaging. For instance if a NAB customer is found to have a propensity to defect, but is nevertheless a promising home mortgage prospect, that information will be routed to a CSR for outbound contact.

And this is just as true for companies outside of the financial services industry. Customer loyalty and retention have been identified as strategic objectives across industries and geographies, and companies are increasingly turning toward a data-driven approach to ensure their success.

"Our CSRs can now not only have relevant, timely conversations about products and services with customers, they can have meaningful event and life-stage dialogs," says Brock. "They know the types of customers who are calling, and that lets them customize not only our offers, but our conversations."

Quartermaine agrees. "We've worked hard to increase our pool size of quality conversations including an extra two million inbound conversations and triggers along with successfully enabling three inbound channels. This has delivered new capabilities to the organization that strengthen our position."

Customer loyalty and retention have been identified as strategic objectives across industries and geographies, and companies are increasingly turning toward a data-driven approach to ensure their success.

Key Criteria for Success

Brock and his team were resolute on defining their success criteria before they began development. “Some things worked, and some things didn’t,” he admits. He cautions CRM development teams to steer clear of splashing out too much information too quickly, and advises against large, boil-the-ocean projects.

“I always try to keep my projects well-scoped, and confined to small working groups,” he says. Here are other criteria for customer management success:

- ❖ **Involve end-users in detailed design.** Springing fresh functionality or new look-and-feel features on busy end-users can overwhelm them and jeopardize adoption.
- ❖ **Appoint “conversation champions.”** Brock’s team did this in the contact center, where handpicked CSRs could continue to refine training for their peers over time.
- ❖ **Emphasize ongoing training and communication.** Training front-line staff involved more than just software skills. CSRs were training on life-stage concepts, how to react to negative responses, and how to provide feedback about effective leads.
- ❖ **Brand your project.** Brock’s team adopted Elvis as its mascot. An Elvis impersonator showed up in the call center and did a rendition of “A Little Less Conversation (...a little more action, please),” which was picked up and broadcast by NABTV, the bank’s internal television network.
- ❖ **Show value quickly.** “Because we started small and tactically, our initial project began paying for itself before it was even finished,” Brock says.

The results? Increased personalization across the board, optimization of channels based on bandwidth and customer preference, and more real-time response. Not to mention the “softer” benefits of happier customers and more efficient front-line staff who—not to put too fine a point on it—don’t have to wait for data analysts before engaging in meaningful conversations with their customers.

“At the end of the day, our customers just want us to be a really good bank,” says Brock. And, judging from his team’s success, they’ve got one.

“Because we started small and tactically, our initial project began paying for itself before it was even finished.”

-- Brock Lynch,
National Australia Bank

About the Author



baseline
C O N S U L T I N G
Data Mastered. Value Unleashed.

Jill Dyché is partner and co-founder of Baseline Consulting, responsible for key client work and industry analysis. Jill is a frequent speaker and has written three books on the business value of technology.

Baseline Consulting is an acknowledged leader in information design and deployment. Baseline provides business consulting and technical implementation services in four practice areas: Data Warehousing, Data Integration, Business Analytics, and Data Governance. Our consultants help companies enhance the value of their enterprise data, improve business performance, and achieve self-sufficiency in managing and using data as a corporate asset.

To learn more about how Baseline can help you plan your operational BI initiative, visit our website at www.baseline-consulting.com. You can find Jill's blog there, or at www.jilldyché.com.

About the Sponsor



Teradata Corporation, the global leader in data warehousing, provides solutions that give companies the people, technology and innovation to make smarter, faster decisions that help them achieve competitive advantage to master their markets. Learn more at teradata.com.

Teradata Relationship Manager, a recognized global leader in marketing automation software solutions offers award winning and differentiating capabilities including **Multi-step/Multi-channel Optimization, Event Based Marketing, Self-Service Marketing, Advanced Analytics, Integrated Web Intelligence, Real-time Inbound, and Lead Management/Offer Optimization.**

Teradata Relationship Manager helps companies maximize their profitability by enabling a marketing environment to efficiently manage intelligent customer dialogs across all channels. Teradata solutions make smart companies smarter and more agile by delivering flexible applications based on the most powerful, scalable, and reliable data-warehousing technology in the industry.

Raising Intelligence is a trademark, and Teradata and the Teradata logo are registered trademarks of Teradata Corporation and/or its affiliates in the U.S. and worldwide. Teradata continually improves products as new technologies and components become available. Teradata, therefore, reserves the right to change specifications without prior notice. All features, functions, and operations described herein may not be marketed in all parts of the world. Consult your Teradata representative or Teradata.com for more information.

Copyright © 2011 by Teradata Corporation All Rights Reserved. Produced in U.S.A.

EB-6333 > 0211

baseline

C O N S U L T I N G

Data Mastered. Value Unleashed.

Baseline Consulting Group

15300 Ventura Blvd., Suite 523
Sherman Oaks, CA 91403

818.906.7638

www.baseline-consulting.com

© 2010 Baseline Consulting Group. All Rights Reserved.