Optimizing High-Value Customer Journeys: The Case of Banking

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Companies Struggle to Keep Up with Empowered Consumers

Over seven years after smartphones and social networks began to revolutionize the relationships between buyers and sellers, companies of all sizes and types now realize that they need to fundamentally rethink how they attract, serve, and retain customers. However, this awareness hasn't necessarily led to meaningful change. Accenture's latest global survey of key customer experience metrics in 10 industry verticals found that no metric had improved significantly in the past four years. Even worse, every metric actually *declined* compared with the previous annual survey. Accenture rightly concludes that, despite knowing that a new approach to customer engagement is required in today's business environment, most companies have been "playing not to lose."[1]

Still, it's not hard to see why many firms are stuck in the status quo. The rhetoric of digital disruption does a great job of proving that change is imperative if you want to avoid the fate of Borders, BlackBerry, and Blockbuster. But it's less helpful when it comes to identifying and adopting the behaviors that can produce superior customer experiences. Indeed, customer experience is commonly defined as the customer's perception based on the *totality* of their interactions with a company or brand.[2] This

customer *lifecycle* could stretch over years or decades and encompass thousands of exchanges, all of which inform the mental state of individual customers. You can hardly hope to manage *that*; the customer lifecycle perspective is valuable as a heuristic but is simply too large to serve as a basis for planning and action.

Alternatively, companies can try to improve specific customer touchpoints, such as the website, the call center, and in-store service. The touchpoint approach can lead to real gains in a particular area, but it perpetuates the silos and gaps that are the enemy of consistent, coherent customer experiences. As McKinsey points out, a 95% customer satisfaction rate in each of six touchpoints still means that up to 25% of customers are unhappy with the overall experience.

Focus on high-value customer journeys

The Goldilocks alternative to the overly large lifecycle and the too-restricted touchpoint approach is the *customer journey*. High-value journeys — such as customer onboarding, field maintenance, and service upgrading — are *just right*: small enough to be manageable, yet comprehensive enough to have a significant impact on customer satisfaction and other key metrics. Specifically, customer journeys are:

- **Common:** McKinsey estimates that over half of all customer interactions are part of a multi-event, multichannel journey.[3]

- **Limited:** For most companies, a limited number of customer journeys will account for the lion's share of revenue, as well as harboring most of the opportunities to influence customer satisfaction and build loyalty.

- **Manageable:** Unlike the unwieldy customer lifecycle, journeys have an identifiable beginning and end. For example, the onboarding journey at a cable company might begin when a new customer chooses the provider, extend through contracts, scheduling, installation, and service activation, and end with the first billing.

- **Cross-functional:** As the example above shows, most high-value journeys involve multiple touchpoints and therefore numerous teams or departments within the organization. Focusing on a journey forces the employees in these silos to cooperate and integrate, which means that teams come into alignment with the customer, rather than with performance metrics and incentives that don't correspond to overall satisfaction.

- **Mobilized:** The ever-growing use of handheld computers means that customer journeys will increasingly feature one or more "mobile moments." Innovative companies can leverage this shift to enhance the experience even when the customer is not under way. For example, Deutsche Telekom has successfully improved the onboarding journey with an app for installing a home Wi-Fi router that replaces its complex printed manual.[4]

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- **Impactful:** According to McKinsey, optimizing the experience over complete customer journeys can increase customer satisfaction by up to 20% and revenue by up to 15%, while simultaneously reducing the cost of customer service by up to 20%.[5]

Journeys and Systems of Engagement in Retail Banking

To better understand the role and importance of customer journeys, consider the case of retail banking. Here, the high-value journeys are quite consistent across the industry, including account opening, payments and transfers, statements and fees, loan applications and approval processes, and managing credit cards. From the customer's perspective, many banking journeys traditionally have been time-consuming (travelling to the bank, waiting in line, interacting with a teller); complex (applying for loans); and/or fraught with anxiety (because they concern money and financial well-being).

For their part, banks have had to contend with labor-intensive, paper-based processes and complicated legacy software applications. Capgemini estimates that the typical retail bank must manage and monitor up to 800 back-office processes. Despite — or rather precisely because of — the abundance and variety of these back-end "systems of record," servicing the average customer produces 10,000 sheets of paper per year, and up to 50% of paperwork associated with account openings is rejected.[6]

Automatic teller machines, online banking, and mobile have progressively reduced the time and effort that consumers must invest in banking transactions.[7] And yet, an exhaustive study of millennial consumers (those born between 1981 and 2000) found that 53% of them felt their bank was no different from others, and 71% stated they would rather visit the dentist than listen to what their bank has to say.[8] Obviously, there is opportunity (and desperate need) to improve key customer journeys and overall customer satisfaction.

Mobile banking is clearly the key to this improvement. Indeed, as early as 2012, mobile was the only banking interaction channel that increased in frequency over the previous year. Of course, as the number of smartphone owners increases, you would expect mobile banking to grow. But mobile and online are also the channels that are most likely to "delight" customers and lead to increased loyalty.[9] In short, banks are more likely to win — both directly against their competitors and in the positive perception of consumers — when they offer mobile "systems of engagement" that simplify and accelerate complex or time-consuming customer journeys.

Mobile means consistency across touchpoints

It is critical to understand that mobile banking does not simply mean a shift away from on-premises, online, or other transaction channels to mobile devices. Smartphones and tablets have initiated ubiquitous, always-on computing, with the result that consumers now expect to be able to initiate an interaction, such as a loan application, on one channel and continue on another without

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interruption or the need to repeat completed steps. In other words, the "mobile shift" does not mean that the physical bank or the desktop web is now less important. Rather, it means that consumers seek, and will reward, firms that can ensure consistency throughout a customer journey, regardless of the channel or device they choose. A cool new mobile app might draw attention in the short term, but it soon will be ineffective — or even detrimental — if it is not seamlessly integrated in support of the omnichannel customer journey.[10]

Putting the pieces together for a superior customer journey

How can a bank optimize an omnichannel customer journey? Take the example of a loan application. Traditionally, the paper application encouraged banks to ask for a large amount of information from many different sources — after all, the bank wasn't concerned about how long it took to complete the form, and the information could come in handy during an approval process that could stretch over weeks. Today, consumers want to complete a form on a mobile device in minutes, and banks can stand out by promising a decision within hours.

As a result, simplicity and economy are paramount. Improving the loan application customer journey involves the following:

- **A lightweight user interface layer.** Systems of engagement leverage but do not replace the underlying systems of record. Designers need the ability to draw upon the legacy data and functionality while hiding the complexity and creating a cohesive user experience.

- **Integrated analytics and feedback.** Optimizing the customer journey is an ongoing process. Designers should have easy and ample access to analytics and user assessments such as A/B testing. Very small changes can often lead to significant reductions in abandonment rates or invalid input.

- **The ability to modify the interface quickly and easily.** Once a desired improvement has been identified, it should be possible to make the changes quickly, without an IT development effort.

- **Designing for consistency.** The restricted space on mobile screens and keyboards requires designers to concentrate on capturing only the essential information in the shortest possible time. This economy and simplicity is a user benefit — and should be extended to other channels, such as full-size browsers, even where more space is available.

Conclusion

In addition to channel consistency, reducing the customer's effort is the best and fastest way to improve the customer journey. In fact, the customer effort score (CES) has recently emerged as a more reliable predictor of a customer's loyalty and willingness to endorse a product or service, when compared with established measures such as customer satisfaction and the net promoter score (NPS).[11]

Removing obstacles or unnecessary steps is, in turn, the easiest way to reduce the effort — especially, but not only, in mobile devices. For example, studies show that well-designed mobile loan application forms can reduce the abandonment rate by 30% to 40%.[12]

The challenge, however, is identifying such obstacles. Not only do users often perceive them differently than designers (that's the point of user testing, after all); users' opinions may also vary according to the customer segment they represent, the channel or device they are using, or even their mood. For this reason, user testing must be ongoing and integrated into the interactions. Creating superior customer journeys is based on a cycle of build-test-optimize. This is most easily accomplished with mobile apps, which can be constantly monitored, managed, and updated.

Organizations of all types can meet the expectations of empowered consumers and consistently produce standout customer journeys with a combination of technology, business processes, skills, and a commitment to customer-centricity.

Notes

1 Accenture surveyed over 13,000 consumers in 33 countries between May 2013 and July 2013. See http://www.accenture.com/SiteCollectionDocuments/PDF/Accenture-Global-Consumer-Pulse-Research-Study-2013-Key-Findings.pdf.

2 For the complete definition of customer experienceand customer experience management, see Digital Clarity Group's Insight Paper, "Understanding the Midmarket's Requirements for Customer Experience Management." Download it at http://www.digitalclaritygroup.com/addressing-the-midmarkets-requirements-for-customer-experience-management/.

3 McKinsey's March 2014 report identified three aspects of consistency for superior customer satisfaction: customer journey consistency, emotional consistency, and communication consistency. See http://www.mckinsey.com/insights/consumer_and_retail/the_three_cs_of_customer_satisfaction_consistency_consistency_consistency.

4 The Deutsche Telekom router app is discussed (in German) at http://www.telekom.com/innovation/archiv/191234.

5 See Note 3.

6 See Capgemini Consulting: http://www.capgemini.com/resource-file-access/resource/pdf/backing_up_the_digital_front25_11_0.pdf.

7 For a more detailed view of the evolution of banking services and a discussion of how this illustrates the innovation principle of compressing time and space, see the Digital Clarity Group Insight Paper, "Beyond Marketing: Why Digital Disruption Requires a Deeper Transformation." Download it at http://www.digitalclaritygroup.com/beyond-marketing/.

8 For the Millennial Disruption Index, Viacom Media Networks surveyed 10,000 millennials in the U.S. about their attitudes toward companies in 15 industry segments. See http://www.millennialdisruptionindex.com/.

9 See the Bain report, "Customer Loyalty in Retail Banking," available at http://www.bain.com/Images/BAIN_REPORT_Customer_loyalty_in_retail_banking.pdf.

   See also eConsultancy's report, "The Importance of Mobile Banking for Customer Experience," at https://econsultancy.com/blog/64627-the-importance-of-mobile-banking-for-customer-experience/.

10 See Digital Clarity Group's Insight Paper, "Understanding the 'Mobile Shift': Obsession with the Mobile Channel Obscures the Shift to Ubiquitous Computing." Download it at http://www.digitalclaritygroup.com/understanding-the-mobile-shift-obsession-with-the-mobile-channel-obscures-the-shift-to-ubiquitous-computing/.

11 For example, see "The Effortless Experience," by Matthew Dixon, Rick Delsi, and Nick Toman, Portfolio Press, 2013.

12 CUNA Mutual found that loan application completion rates increased by one-third, from 37% to 49%, when using a mobile device compared with a PC. See http://www.cutimes.com/2011/10/30/smartphone-app-boosts-loan-completion-rates. For a similar study with more detailed statistics, see http://www.avoka.com/blog/2014/10/6-tips-increased-fsi-sales-mobile/.

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