

Optimizing Multi-Channel Customer Service to Support Customer Centricity

Delivering a differentiated customer experience



People matter, results count.

Table of Contents

1. Highlights	3
2. Introduction	4
2.1. Multi-Channel Customer Service	4
3. Need for Multi-Channel Customer Service	5
3.1. Key Challenges in Delivering Multi-Channel Customer Service	7
4. Delivering the Ultimate Customer Experience through Multi-Channel Management	9
4.1. Key Capabilities Banks Need to Develop Across Multi-Channel Management Focus Areas	9
5. Roadmap for Multi-Channel Customer Service	12
5.1. Key Components of a Successful Multi-Channel Strategy	12
5.2. The Three-Step Process to Achieve Multi-Channel Excellence in Retail Banking	13
5.3. Key Dimensions for Designing a Successful Multi-Channel Roadmap	13
References	15

1. Highlights

In today's business context shrinking margins, persistent market volatility, and the on-going eurozone crisis is putting pressure on banks' revenues and profitability. Delivering an enhanced customer experience is fast emerging as the key differentiator for banks—not only providing them with a competitive edge, but also helping them improve their bottom line. Optimizing multi-channel customer service will be the key in delivering an enhanced customer experience. While banks recognize this, many still face fundamental challenges in accomplishing this goal.

Multi-channel customer service aims at providing customers with multiple options on how they would like to communicate with their banks across a seamlessly integrated channel network. Though firms realize the benefits of transitioning to a seamless multi-channel model, they face some fundamental challenges including: customer information systems which remain siloed; inconsistent service across channels; and customer-agent processes which are not streamlined. Banks will have to identify the current state of their multi-channel customer management and define what they want to achieve for delivering a personalized and optimized channel-agnostic service to customers.

Banks are redefining their channel strategies to overcome the existing challenges by enhancing multi-channel interactions, and integrating systems to have real-time client data and request management. However, to truly deliver an enhanced customer experience, banks will have to build capabilities such as process and case management, technology and infrastructure transformation solutions, and creating a robust customer service strategy across their key areas of focus. As part of their overall customer service strategy, banks are investing in transforming their customer contact centers from being a pure call center operations and cost center to being a customer experience center.

Achieving the full benefits of a true seamless multi-channel integration for delivering an enhanced customer experience is a long and resource-heavy process which will require the alignment and standardization of systems and data. On their journey to achieve excellence in multi-channel integration, banks will be required to focus their efforts around key dimensions such as people, multi-channel strategy, processes, technology, client information management, and metrics which will help in the successful execution of their multi-channel roadmap.

2. Introduction

2.1. Multi-Channel Customer Service

Banks use both traditional channels such as branches, ATM, and call centers and direct channels such as internet, mobile, and social media to interact with their customers. However, the complexity of a bank's distribution network has increased over time driven by technology advancements and changing client preferences. Client demands for convenience and around-the-clock accessibility to banking service are driving a shift in channel usage patterns.

Increased complexity of the distribution network and evolving customer needs and preferences are challenging banks to deliver better customer service. While banks acknowledge the importance of a multi-channel customer engagement to deliver enhanced customer experience, they face fundamental challenges due to changing customer behavior, disparate systems and platforms, and managing customer information. Multi-channel integration helps in delivering a seamless customer experience across all interaction points along the customer journey—improving customer value and overall ROI. Multi-channel customer engagement also helps banks better understand their customers, allowing them to offer targeted products and services and communicate with customers more effectively.

Multi-channel customer service aims at providing customers with different options on how they would like to communicate with their bank. An effective multi-channel solution lets customers seamlessly contact the bank across a preferred channel, and combine different channels when necessary for the same sales or a service event. Customers today expect the same experience every time they interact with their bank irrespective of the channel—whether it is to research a product, completing a sales transaction, or getting customer service.

A complete multi-channel solution provides customer servicing that is channel agnostic and connects the front office interaction with the back office execution in a seamless manner—providing transparent and context-based customer case management. Price and product no longer provide the competitive edge they used to; providing a consistent, unique, and differentiating customer experience will be the key for banks to drive future growth and profitability.

3. Need for Multi-Channel Customer Service

There are several factors driving the need for multi-channel customer service, as indicated in the exhibit below. Though banks have been successful in integrating their channels, they need to look beyond multi-channel distribution and adopt a seamless omni-channel¹ approach.

Exhibit 1: Key Factors Driving the Need for Multi-Channel Customer Service



Source: Capgemini Analysis, 2012

Technology advancements and changing client preferences such as the demand for convenience and 24/7 accessibility to banking services, has driven a shift in usage patterns of traditional banking channels such as branches. This shift has resulted in the emergence of self-service channels as an important medium to reach a larger audience at a much lower cost. This evolution has significantly increased the complexity of a bank's distribution network over time.

Today's retail banking environment encompasses a multi-product, multi-channel environment which presents significant challenges for the banks. The key challenge is the ad-hoc approach many financial institutions use in delivering products and services to their customers. This approach can easily lead banks to fall into the "3E trap" by trying to sell everything to everyone, everywhere². To achieve and deliver a seamless and effective multi-channel customer engagement strategy will require banks to relook at their distribution networks and design a best-fit multi-channel strategy roadmap which aligns with their business goals.

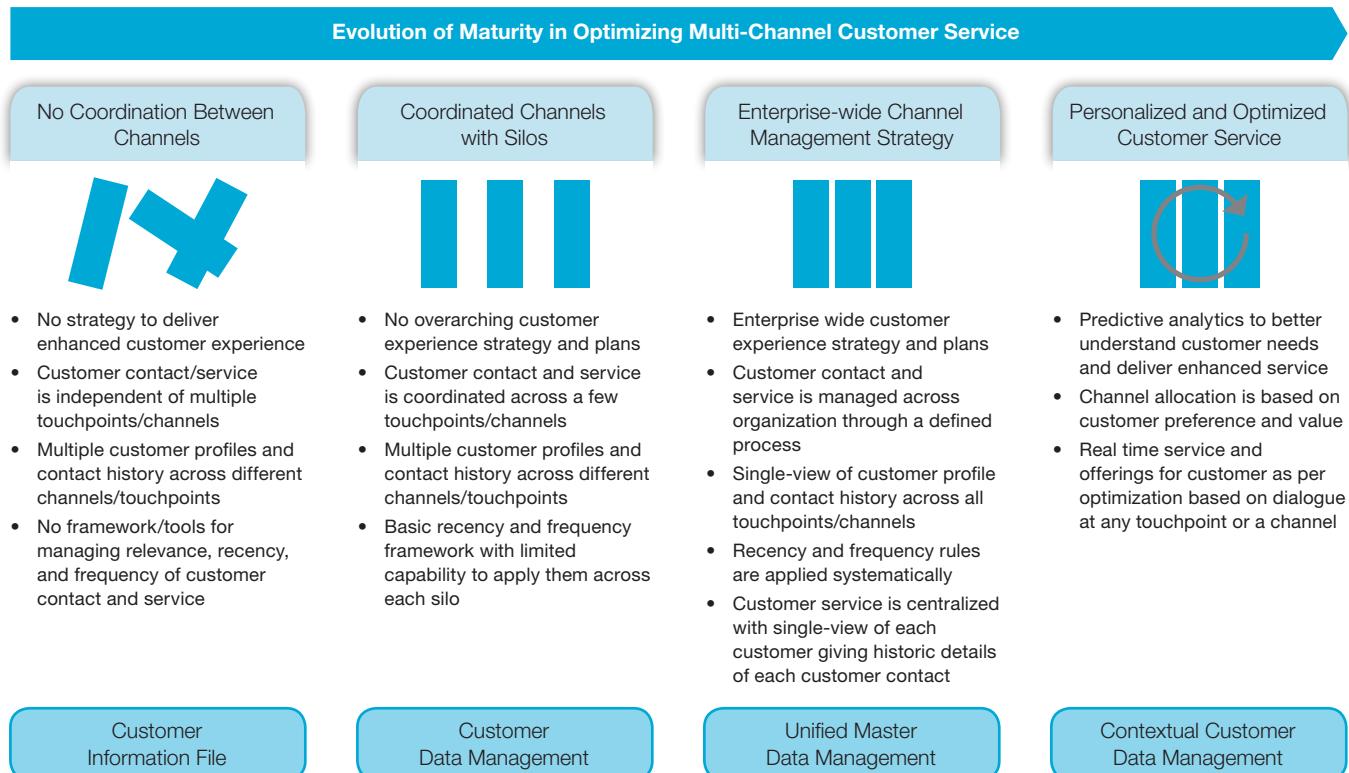
In today's business context with shrinking margins, persistent market volatility, and the on-going eurozone crisis, banks revenues and profitability are under continuous pressure. There is an increased focus on reducing the overall cost to serve customers, which is challenging the traditional distribution model. Banks can significantly reduce transaction costs by leveraging direct channels like online and mobile—effectively transitioning their customers from high to low cost self-service channels. Also, increasing the use of social media in the customer service space can help banks reach out to a large customer base at a relatively low cost.

1 Omni-channel approach uses customer data gathered from different customer touchpoints such as branches, website visits, social media and other distribution channels to seamlessly integrate and provide consistent context based customer experience across all channels of interaction

2 The CMO Imperative: Multi-Channel Customer Engagement, 2010

Banks may have to evolve their multi-channel service management capabilities to optimize all customer contacts in real time.

Exhibit 2: The Evolution to Optimizing Multi-Channel Customer Service



Source: Capgemini Analysis, 2012

Banks will have to identify the current state of their multi-channel customer management and define the state that they want to achieve for delivering a personalized and optimized channel agnostic service to customers.

3.1. Key Challenges in Delivering Multi-Channel Customer Service

Though financial institutions acknowledge the importance of multi-channel customer service and are taking steps in the direction to achieve this goal, they face some fundamental challenges. Below, we discuss the four key challenges faced by banks in delivering a multi-channel customer service:

Challenge #1: Future Client Interactions

As customers choose to interact with their banks through a variety of channels, it becomes increasingly important for banks to provide a consistent customer experience. However, financial organizations face some fundamental challenges due to the involvement of more service entities, the changing role of traditional channels such as the branches, and the increasing need for digital interaction. Multiple players are involved as the traditional one-to-one relationship model has gradually evolved into a one-to-many interaction-led model—including interactions between client, agent, product specialist, and contact center for a same sales or service event. The evolution of self-service channels such as the web and mobile, has given both choice and convenience to customers who are now interacting with banks through multiple channels, making it difficult for banks to track the diversity of these client interactions.

With these growing complexities around client interactions, banks will have to take steps to deliver consistent service across all channels while also be able to track and better understand their customer needs and preferences.

Challenge #2: Customer Information Management

Financial institutions are still struggling with customer information systems which remain fragmented and siloed. Customer information is not always aggregated and current systems often lack historic data and do not have the ability to capture “real-time” information for maintaining a usable, consistent, and live context between channels and service entities. In addition, banks face the challenge of dealing with or analyzing too much existing customer information depending on the context and situation. Having an internal alert system which alerts the relationship managers (RM) about customer interactions with the bank such as bad credit history and product denial should also be a key area of focus for banks.

Challenge #3: Optimizing Relationship Manager-Customer Process and Tools

Relationship Manager-Customer processes and tools is another key area which requires attention as it impacts a customer’s perception of the quality of his interaction with his bank. Today, customer solutions for many banks may consist of multiple customized applications loosely integrated through RM desktop solutions. One of the key reasons for this is that historically CRM solutions were primarily designed as RM desktop applications, but they have now evolved by adding different functionalities—such as multi-channel capabilities—with little or no integration with each other.

The other key challenge faced is around RM training which is primarily handled through print guides or ad hoc assistance for each type of customer interaction that is not updated nor optimized to a specific client context. Having a customer interaction-centric approach will help develop intelligent agent guides or wizards which can serve as real operational help and provide consistent responses during customer interaction.

Challenge #4: Inconsistent Customer Experience across Customer Touchpoints

Though banks have made some progress in providing effective multi-channel service, they still have some ground to cover in delivering a seamless customer experience. Customers globally want to fluidly switch back and forth across different channels for the same sales or service event. Banks now recognize the importance of achieving a seamless multi-channel integration and have been investing heavily to achieve this but few have yet to realize their goal. Key obstacles banks face today in achieving seamless integration include: existing legacy applications and systems; bank processes operating in silos; and the lack of staff training to be able to function in a multi-channel environment.

Channel strategies differ for various customer segments which should be tracked to develop tailored segment-specific strategies aligned to specific customer profiles. For example, Generation Y³ usually has basic banking needs and prefers simple products accessed predominantly through self-service channels. In contrast, a Generation X⁴ customer may have very specific needs such as mortgage loan, reverse mortgage, or re-financing an existing mortgage and is expected to prefer face-to-face contact for most of his needs ranging from transactional to advisory services.

Overcoming existing challenges will require banks to take steps to redefine their multi-channel distribution strategy. Banks have to excel within each distribution channel while keeping in mind the broader multi-channel view. Focusing on unlocking the hidden value of each channel will allow them to exploit untapped opportunities, while setting the foundation for securing a sound and more integrated distribution strategy. Although over the past decade, banks have worked towards both improving and capturing customer information, this rapid expansion of available information has not been translated into efficient and truly personalized client relationships. The key focus areas for banks as they redefine their channel distribution strategy are expected to be: optimizing the potential of each channel; better alignment processes; and improved integration of client segment-channel preferences.

- 3 Generation Y are also known as the Millennial Generation following Generation X with beginning birth dates ranging somewhere from the early 1980s to the early 2000s.
- 4 Generation X is the generation born after the World War II baby boom and considers beginning birth dates from the early 1960s to the early 1980s - no later than 1982.

4. Delivering the Ultimate Customer Experience through Multi-Channel Management

Banks are redefining their multi-channel strategies across four key areas in order to deliver an enhanced customer experience:

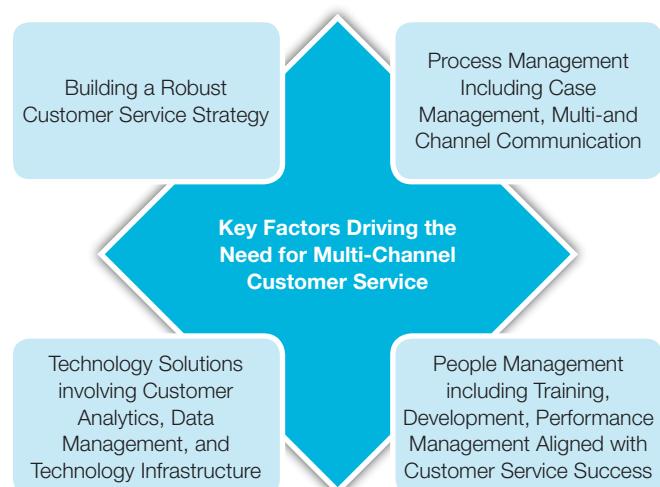
- **Enhancing Multi-Channel Customer Interactions:** Financial firms are focusing on several methods of enhancing multi-channel customer interactions including: streamlining the management of information flows across channels; enhancing self service capabilities such as interactive voice response (IVR) with speech recognition or natural language; qualifying the context of the interaction as soon as possible—customer, purpose, product; and setting up monitoring and management tools for communication flows and interactions.
- **Providing a Better and Real-Time Customer Knowledge:** The key imperatives here are to provide essential client information prior to the interaction across channels and touchpoints, with historic customer data corresponding to requests or transactions made across all channels.
- **End-to-End Management of Customer Requests:** Banks are focusing on managing cases and requests which can be accessed by all service entities involved in the customer case resolution.
- **Providing Simple and Efficient Access to Core Business Functions:** Banks are focusing on building the integration layer with the RM desktop environment to provide easier access to core back office applications—allowing for a simple, efficient, and faster user experience.

4.1. Key Capabilities Banks Need to Develop Across Multi-Channel Management Focus Areas

Though banks are redefining their multi-channel management strategy to drive better customer experience, they will have to develop capabilities across the four areas described above.

Here are key areas that banks globally are focusing on to develop these multi-channel service capabilities:

Exhibit 3: Key Capabilities Banks Need to Develop Across Multi-Channel Management Focus Areas



Source: Capgemini Analysis, 2012

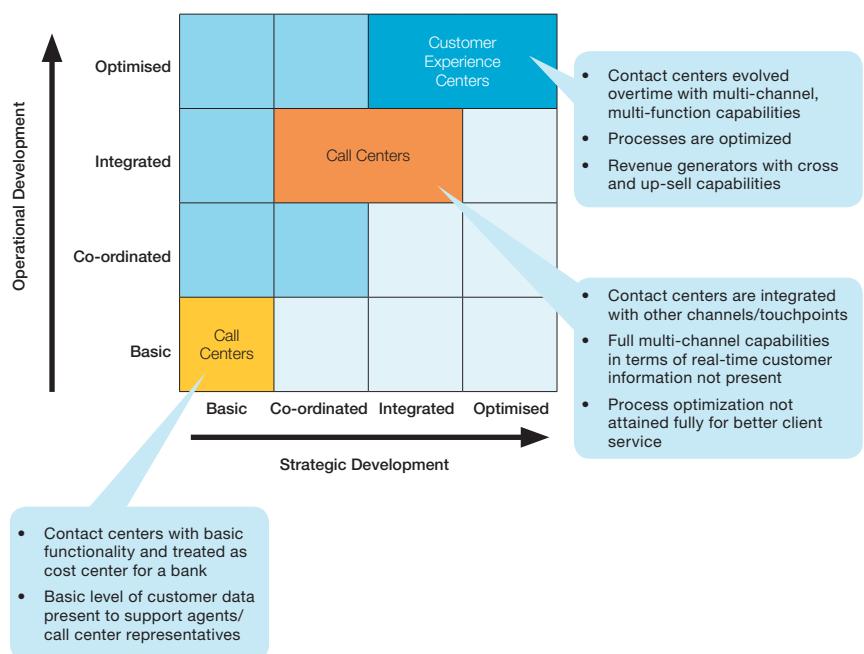
Key Capability #1: Evolution of Customer Contact Centers to Manage Future Client Interactions

As part of their overall customer service strategy, banks are investing in transforming their customer contact centers to deliver better value and experience. Banks contact centers have transformed over time from just being a pure call center operation and cost center to being a customer experience center.

Customer contact centers are fast becoming key players in driving the customer interactions to represent the banks brand value proposition, augment customer satisfaction, acquire new customers, and reduce costs by optimizing customer contact operations.

The customer contact centers are dedicated to remotely manage—via different channels—customer relationships and branch advisors over the complete value chain of the company.

Exhibit 4: Evolution Cycle of the Contact Centers



Source: Capgemini Analysis, 2012; The Contact center of the Future, Capgemini, 2008

Key Capability #2: Process Management: Redefining Business Processes

Another key focus of banks is to redefine their customer contact processes by evaluating existing case management and multi-channel communication procedures. In terms of customer case management, banks need to evaluate relevant capabilities that comprise case routing, logging, and resolution—including locating the appropriate customer knowledge base needed to resolve a customer query or case. Along with case management process, banks will also have to redefine and align their communication strategy across all touchpoints to support their brand proposition and deliver consistent customer service. Banks also need to relook at their processes to deliver customer service outside of branches or customer sites involving one-to-one interactions with relationship managers, product specialists or other experts.

Key Capability #3: Leveraging Technology Solutions and Infrastructure to Deliver Enhanced Customer Experience

Banks also have an opportunity to identify gaps in their existing technology and infrastructure to be able to deliver a better customer experience. Adopting and implementing technology solutions and infrastructure within well-designed business processes will enable banks to not only service customers better but also identify and fill gaps across three key areas:

- **Customer analytics:** Including customer information, reporting and analysis; activity monitoring tools; and customer feedback systems.
- **Data management systems:** Including having a single customer view and ensuring implementation of customer data protection and privacy tools for compliance.
- **Overall technology infrastructure:** Building a sound technology infrastructure and maintaining system availability and reliability.

Key Capability #4: Focus on People Management to Build a Customer-Centric Culture

Lastly, a focus on people management initiatives is essential for banks to support delivering better client service. Key areas for focus should be leadership, better collaboration between business and IT, training and development, performance measurement, enhancing inter and intra-organizational synergies, and creating a customer-centric culture across the organization.



5. Roadmap for Multi-Channel Customer Service

Banks today acknowledge the importance of achieving a seamless multi-channel integration for delivering an enhanced customer value and experience. However, the key roadblocks banks face today in achieving a true seamless integration are existing legacy applications and systems, bank processes operating in silos, and the lack of staff training to be able to function in a multi-channel environment.

Over time channel management has moved from just being an operational function to a tactical tool as part of the banks larger business strategy. There are three main dimensions that banks are focusing on to achieve a true multi-channel management which is integrated with a successful overall business strategy:

- Review channel strategy before making a channel investment.
- Move the appropriate customer to appropriate channel to optimize satisfaction and profits.
- Design the channel experience with a customer-centric approach.

5.1. Key Components of a Successful Multi-Channel Strategy

A successful multi-channel strategy consists of two integral parts: a clear business vision aligned with a well defined IT strategy. Banks need to build profitable relationships with all customers by assigning strategic roles to each channel and then aligning resources accordingly. Similarly, an effective IT strategy should focus on enabling an increasingly complex business vision while achieving the requisite cost-efficiencies across the organization.

While designing a best-fit multi-channel strategy, banks should consider taking a three-dimensional approach which includes:

Distribution channels which ensure that services will be offered via appropriate channels to customer segments based on their specific needs. The other two dimensions of a three-dimensional business approach are customer segments, and offerings and services, which together provides a win-win value proposition integrating the “who”, or who is the target, the “what”, or what to offer, and the “how”, or through which channels or touchpoints. The defined multi-channel business model acts as the driver for aligning all operating resources—people, process, organization, and IT—accordingly, creating the final impact on the customer and therefore on the banks P/L.

These three business dimensions should be supported and aligned with the banks IT strategy. This can be achieved by designing a multi-layer architecture supported by an appropriate multi-channel integration product that allows each channel to technically adopt the multi-channel strategy.

5.2. The Three-Step Process to Achieve Multi-Channel Excellence in Retail Banking

Achieving the full benefits of effective multi-channel integration is a long and expensive process which will require the alignment and standardization of systems and data. To achieve excellence in multi-channel integration, banks will have to take the following three key steps:

- **Achieving channel excellence across key customer touchpoints:** The first step for banks is to achieve and deliver the basic, as per industry standards, sales and service transactions across each channel individually.
- **Consistency across channels:** The second step is to standardize information while also developing a uniform look and feel across all channels.
- **Achieving a seamless multi-channel integration:** The final stage is a state of seamless multi-channel integrations where customers should be able to start sales or service transactions in one channel and complete it easily in another.

Banks that successfully create an integrated multi-channel strategy with a customer-focused approach are expected to turn their channel management efforts into a key differentiator in the market.

5.3. Key Dimensions for Designing a Successful Multi-Channel Roadmap

Post designing a best-fit multi-channel strategy also necessitates its successful execution, which will require banks to focus on a six key dimensions: process, people, strategy, technology, information, and metrics.

- **Process:** Banks will have to redesign the processes from a customer's perspective. The processes will need to be more agile and able to adapt to changing customer needs and preferences.
- **People:** Though often overlooked, personnel are one of the most important areas of focus. There is a need for a high-quality, well-trained, motivated and collaborative workforce.
- **Strategy:** Financial institutions need to focus on designing a comprehensive multi-channel strategy which should be flexible, and aligned with the bank's customer preferences across segments.
- **Technology:** Banks have been spending their dollars in CRM systems which can mine client data to provide real-time updates across channels, but have found little success in this area. They need to focus on designing and implementing the appropriate, robust technology infrastructure.
- **Information:** Customer data management and removing redundancies and inconsistencies between systems will be imperative for banks to have a clear customer view across channels or touchpoints.
- **Metrics:** Banks are realizing that collecting and analyzing channel-specific metrics is important to measure and identify areas which lead to customer profitability across each distribution channel.

There is no one-size-fits-all approach, as the transformation roadmap will differ for different financial institutions. Banks need to identify their current state across the above defined six dimensions and then devise their own transformation roadmap to become an agile enterprise and reach their desired goal for delivering multi-channel customer service.



References

1. *Changing the Channel, A New Approach to Multichannel Strategy in the Financial Services Industry*, Peppers and Rogers Group, 2010,
<http://www.peppersandrogersgroup.com>
2. *Three Imperatives for Optimizing Retail Banking Channels*, Peppers and Rogers Group, 2010, <http://www.peppersandrogersgroup.com>
3. *Close the Multi-Channel Customer Experience Gap in Retail Financial Services*, Tealeaf, 2011, http://docs.media.bitpipe.com/io_10x/io_101973/item_460831/tealeaf-whitepaper_multi-channel-FSI.pdf
4. *Optimizing Multi-Channel Communication in Customer-Centric Organizations*, Genesys, 2009, <http://www.thectoforum.com/sites/default/files/multichannelcommunication.pdf>



About the Author

This paper was created by Capgemini's Strategic Analysis Group within the Global Financial Services Market Intelligence team. The following individuals contributed to this publication: **Bhaskar Banerjee, Jean-Pierre Le Henaff, William Sullivan, David Wilson, and Ashish Kanchan.**



About Capgemini

With 120,000 people in 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2011 global revenues of EUR 9.7 billion.

Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want.

A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

Learn more about us at

www.capgemini.com

For more information, contact us at: **banking@capgemini.com**
or visit: **www.capgemini.com/banking**

The information contained in this document is proprietary. ©2012 Capgemini. All rights reserved.
Rightshore® is a trademark belonging to Capgemini.