CUSTOMER EXPERIENCE MANAGEMENT
"HOT BUTTONS"
A Focus on Financial Services

CUSTOMER EXPERIENCE MANAGEMENT "HOT BUTTONS"
A FOCUS ON FINANCIAL SERVICES

Businesses in today's competitive marketplace strive to grow through strong customer relationships and customer loyalty. In fact, many analysts agree that the potential for customer loyalty may be greater now than ever. Research shows that customer experience is highly correlated with loyalty and while any company can provide an average customer experience, it takes more than a few good interactions to create lasting differentiation.

While providing an exceptional customer experience can be challenging for any vertical, there's a perception that it has been more difficult of late for the financial services industry. A 2013 report by Beyond Philosophy included only one company from the financial services industry in its top 10 list for customer experience – USAA. Conversely, due largely to the financial crisis and public perception of their brands, banks were represented a little too often in the top 10 list for those who struggle in this area. Since it's true that customer experience is correlated to customer loyalty, and customer loyalty usually is correlated to revenue, it follows that there's huge potential for those financial institutions that can right the ship.

Customer experience management (CXM) requires holistic support by the organization. It needs to be tracked, measured and put into practice. Though more organizations are discovering the strong connection between loyalty and the customer experience, too few contact centers are focused heavily on it. As a result, they are missing the ways that CXM programs can optimize an organization's customer service, provide valuable competitive data, and give a brand the competitive edge to create a more loyal customer base. But what exactly is CXM and how are organizations in financial services approaching it?

In order to best answer this question and more, the International Customer Management Institute (ICMI) and Avaya launched the cross-industry "Customer Experience Management 'Hot Buttons' survey in the third quarter of 2013. The new research provides detailed insight into the ingredients for successful customer experience management across all verticals; while this whitepaper focuses specifically on the findings and implications for financial services.

THE FOLLOWING PAGES HIGHLIGHT A SEGMENT OF THE CUSTOMER EXPERIENCE MANAGEMENT RESEARCH:
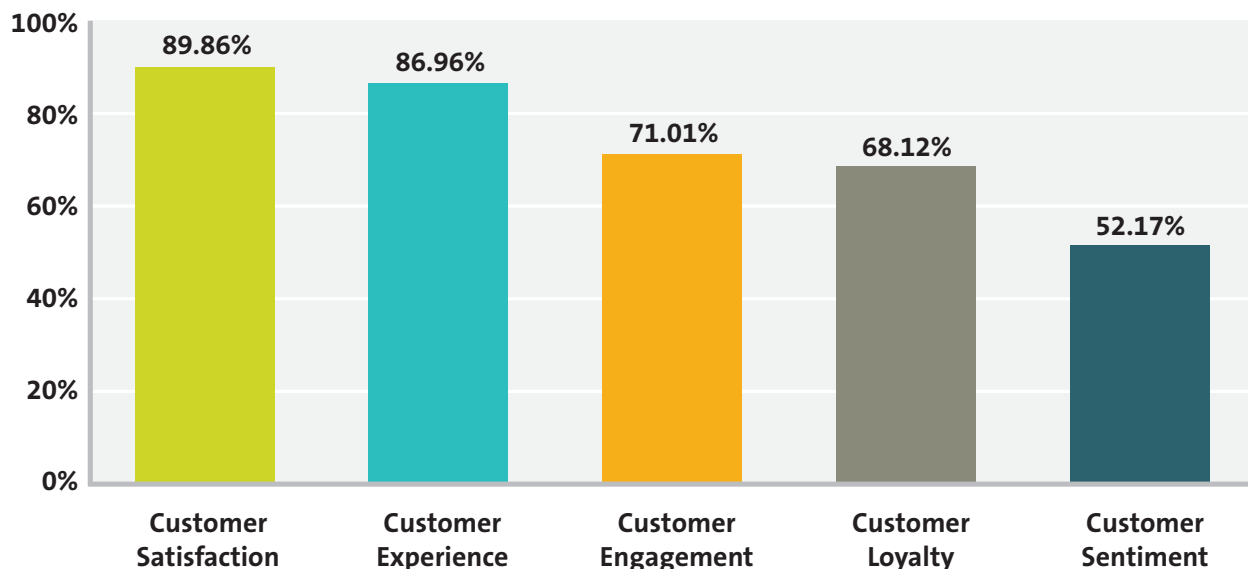
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1 DEFINING CUSTOMER EXPERIENCE MANAGEMENT

Most analysts agree that there is tremendous market opportunity for those who can create and deliver an excellent customer experience. According to most reports, 86% of consumers will pay more for it, so there is clearly a benefit to getting organized around CXM and delivering a positive experience to the customer. But what exactly is it and who is doing it?
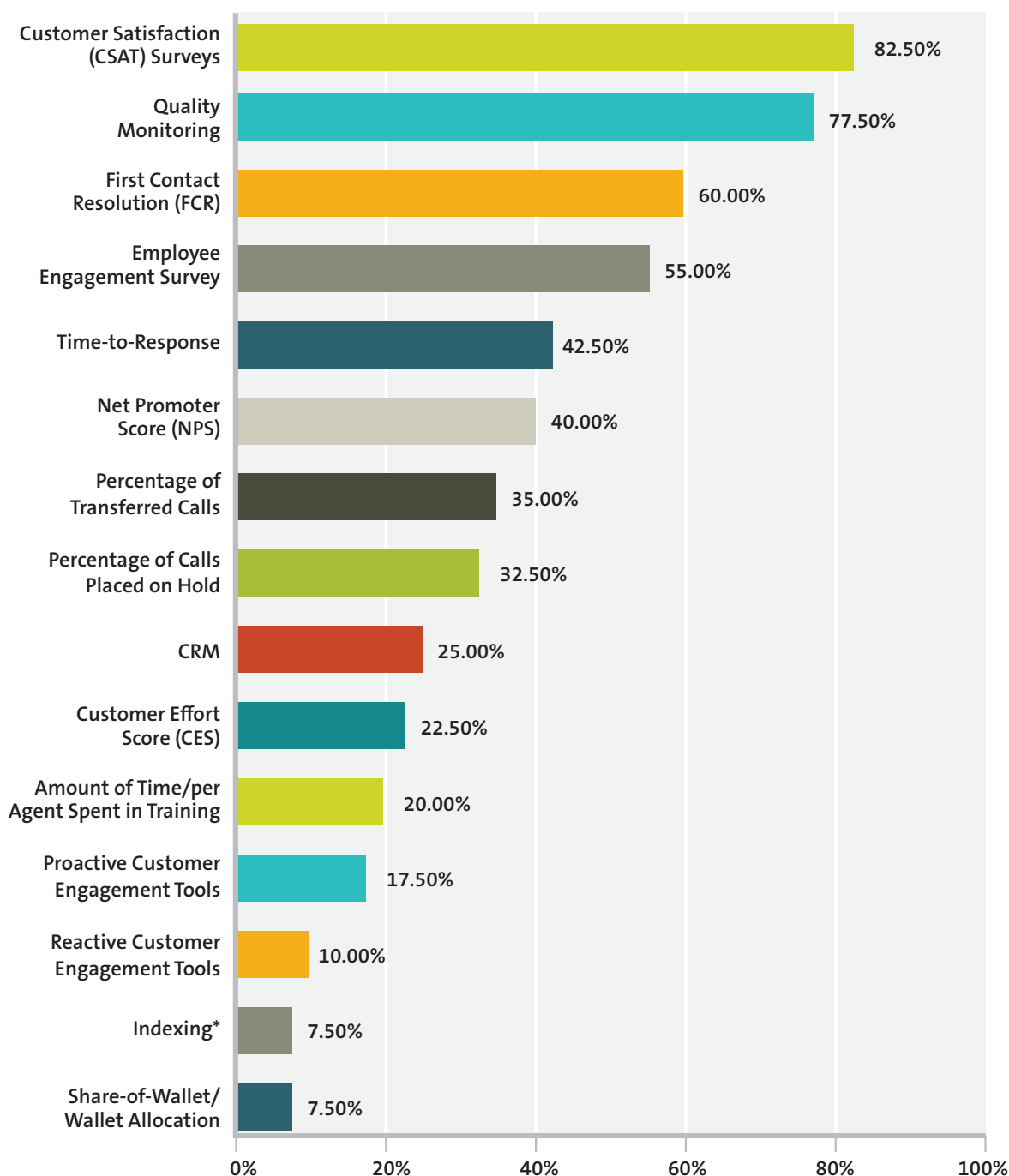
49% of our cross-industry survey respondents indicated they have a CXM program in place. 58% of the surveyed financial services companies do. But what makes up a customer experience management program? When ICMI asked the survey respondents within financial services what they think comprises CXM, they responded:

What do you think comprises customer experience management?

Category	Percentage
Customer Satisfaction	89.86%
Customer Experience	86.96%
Customer Engagement	71.01%
Customer Loyalty	68.12%
Customer Sentiment	52.17%

It's interesting to note that compared with other industries like retail, healthcare, and hospitality, financial servic-es companies rated all possible components of CXM higher than the group average. Knowing that companies view CXM differently, it follows that they will likely measure it differently as well. ICMI investigated how the financial services industry is calculating CXM, and as the diagram below indicates, it is largely determined by a combination of metrics and information sources:

Which customer experience metric(s) or initiative(s) does your contact center currently have in place?

Metric	Percentage
Customer Satisfaction (CSAT) Surveys	82.50%
Quality Monitoring	77.50%
First Contact Resolution (FCR)	60.00%
Employee Engagement Survey	55.00%
Time-to-Response	42.50%
Net Promoter Score (NPS)	40.00%
Percentage of Transferred Calls	35.00%
Percentage of Calls Placed on Hold	32.50%
CRM	25.00%
Customer Effort Score (CES)	22.50%
Amount of Time/per Agent Spent in Training	20.00%
Proactive Customer Engagement Tools	17.50%
Reactive Customer Engagement Tools	10.00%
Indexing*	7.50%
Share-of-Wallet/ Wallet Allocation	7.50%

(*American Customer Satisfaction Index, General Question Index & Customer Experience)

One financial services leader noted, *"I think it's imperative that you remember a metric is a snapshot in time, and an experience is comprised of multiple snapshots. Conditions are ever changing, therefore it's necessary to compare and balance against previous successes or failures. A measurement of experience today might be different a year from now."*
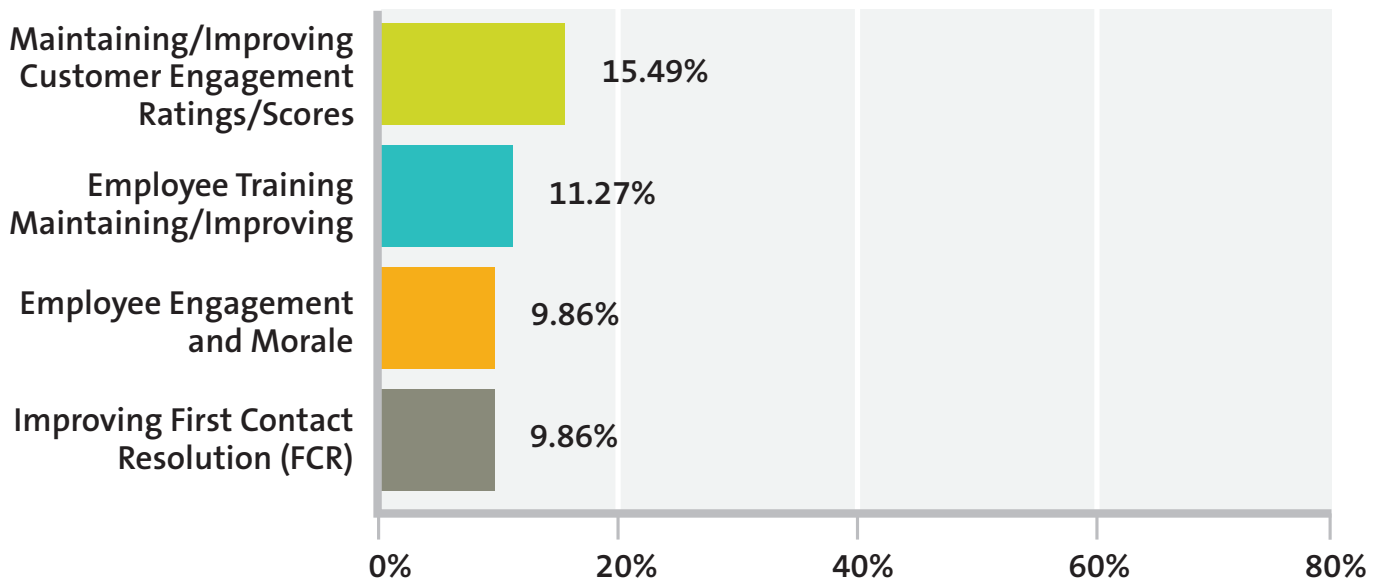
ICMI cautions companies and contact centers from making CXM measurement too complicated. The key to selecting the right metrics is finding those that will provide actionable data for your organization. Changes should be made based on the results, leading to increased loyalty, satisfaction, and a higher customer lifetime value – the ultimate definition of a superior customer experience.

2 DESIGNING A CXM PROGRAM

A November 2013 Temkin Group report, "Blueprint for a Successful CX Organization", looked at the formal and informal structures within an organization that drive change and improve customer experience. They found that no matter what the structure, there are three characteristics that make up a successful CXM program – 1) the organizational readiness for customer experience, 2) the make-up of the customer experience team, and 3) securing executive commitment to customer experience.

When we tested for organizational readiness and aptitude by inquiring about the top contact center challenge in 2014, measuring and improving customer engagement scores proved to be the top priority in the financial services space. The top responses by these companies are as follows:

What is your top contact center challenge for 2014?

Maintaining/Improving Customer Engagement Ratings/Scores	15.49%
Employee Training Maintaining/Improving	11.27%
Employee Engagement and Morale	9.86%
Improving First Contact Resolution (FCR)	9.86%

When organizing for CXM, it's essential that companies include a strategy to support customers across multiple channels. Multichannel customer service isn't just about appeasing a vocal customer subset, creating a new marketing tool, or matching a competitor's strategy; it's about providing the support opportunity that delivers the most effective service and provides the highest customer engagement. It's about the channel that provides the best customer experience, whether it is the quickest, the most thorough, or simply the preferred channel of choice.

> "Companies today are struggling to keep pace, serving customers the way they need to be served to increase their lifetime value. Customers want convenience, but on the business side, delivering on convenience can be incredibly complex."
>
> **Mark de la Vega**
> Vice President & General Manager, Contact Center Business Unit at Avaya

It's not surprising that the traditional channels are often preferred by financial services' customers. Inbound phone, email, self-service phone IVR, web, and offline channels all ranked high.

New channels are also having a positive impact on most customer experiences, but internal contact center changes are often essential to support them. Companies report they need to train agents differently, change the quality management processes, add security measures, and in some cases hire an entirely different caliber of agent to support web self-service, social and mobile.

3 MAKE-UP OF THE CUSTOMER EXPERIENCE TEAM

As we just mentioned above, adjustments sometimes need to be made when optimizing the customer's experience. Not only are new agent skill sets required when new channels are added, for example, but sometimes organizational team realignment is required as well.

As the Temkin Group report points out, "It is not enough to bring a group of people together to work on customer experience. To be successful, the organization needs a team that combines the right capabilities and relationships and is aligned with a set of well-defined goals and objectives." Our survey results supported this point, indicating that in most companies, the contact center and marketing share the majority of ownership of customer experience.

For a quarter of contact centers with this position, it is considered a manager level and title examples specific to the financial services industry include:

- Customer Contact & Experience
- Ombudsperson
- Customer Experience
- Customer Advocate
- Member Relations
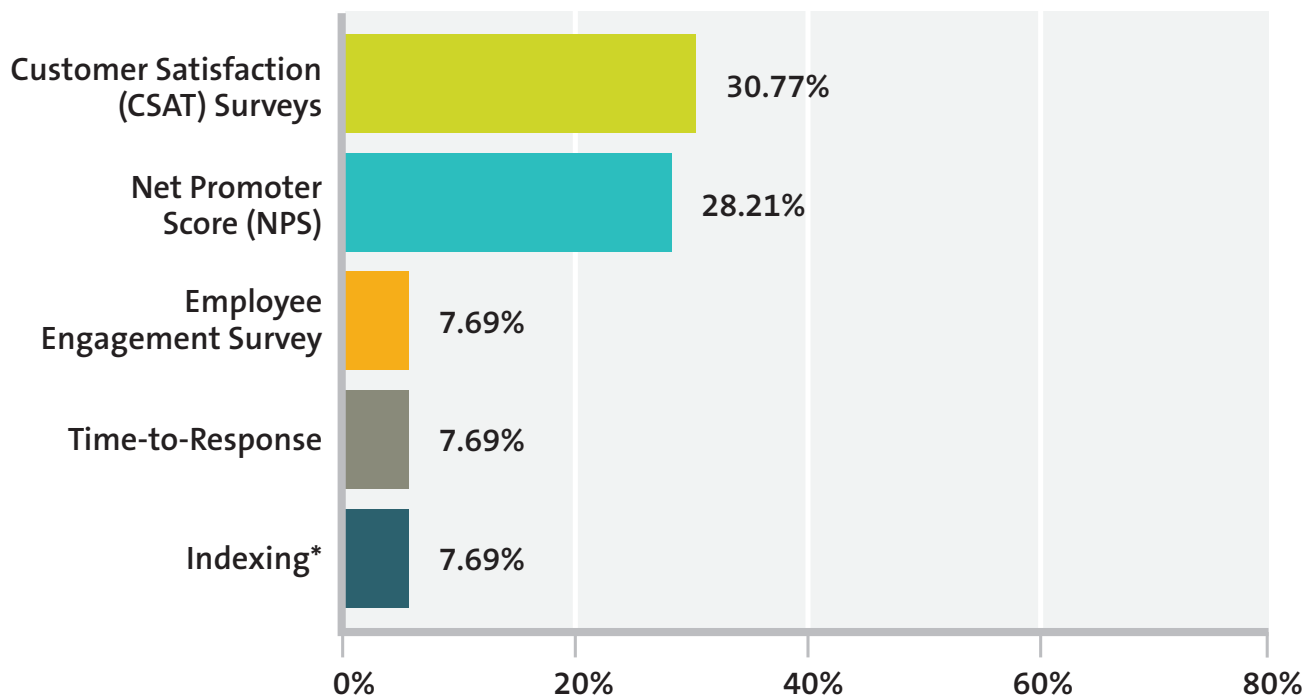- Customer Ownership & Engagement
- Escalation Specialist

4 EXECUTIVE COMMITMENT

Like all major initiatives that require some degree of organizational change and realignment, it's essential to have executive support. The executive sponsorship can be demonstrated through their utilization of CXM metrics as management guidance, by engagement with employees and customers, an endorsement of a CXM team, or through the allocation of necessary funds for CXM investments.

Unfortunately, the majority of organizations don't have senior level ownership over CXM. Financial services organizations report that in only 25% of their companies, do C-level executives own customer engagement. In an apparent contradiction however, 94% of the same organizations replied that customer engagement and loyalty is a priority, and 82% noted that the linkage between customer experience and customer engagement/loyalty is understood. Disappointingly, only 11% of financial services organizations feel their customers are extremely engaged with their brand.

For those companies that have elevated CXM to the C-suite, the metrics generated by the contact center can be extremely useful. In financial services, leaders use these top five metrics as inputs to manage the business:
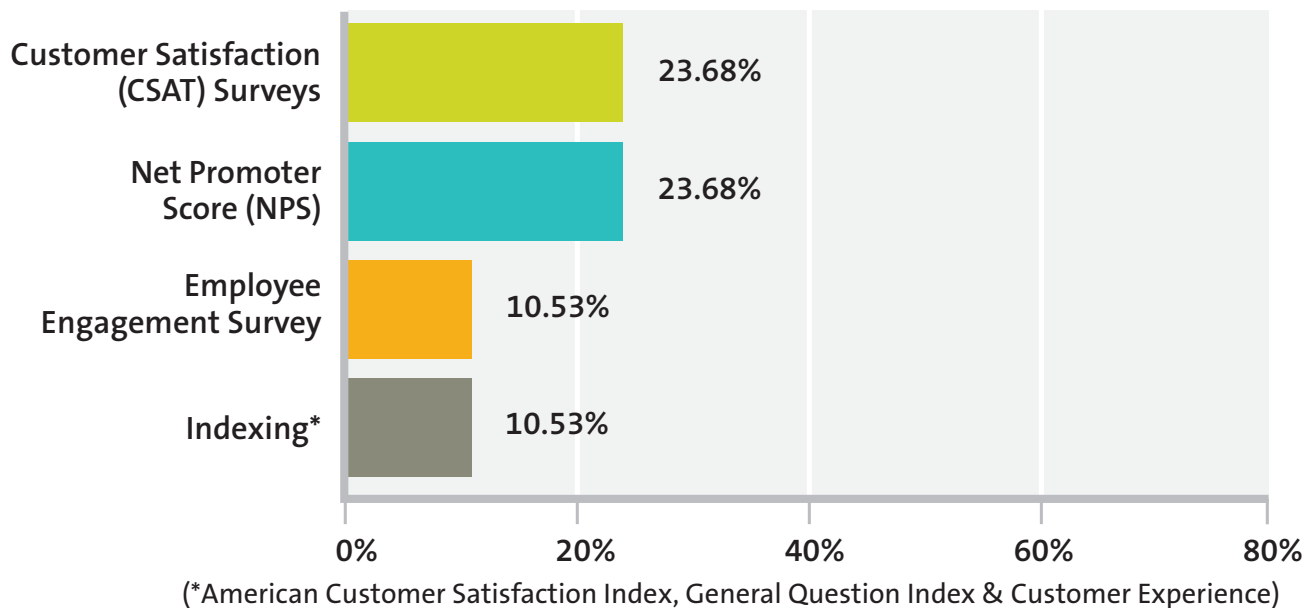
Which customer experience metric helps your COMPANY best manage it's business?

Metric	Value
Customer Satisfaction (CSAT) Surveys	30.77%
Net Promoter Score (NPS)	28.21%
Employee Engagement Survey	7.69%
Time-to-Response	7.69%
Indexing*	7.69%

(*American Customer Satisfaction Index, General Question Index & Customer Experience)

Many leaders also use this same CXM data to evaluate the financial services competition. The top metrics leveraged are:

Which customer experience metric helps your company best compare itself to COMPETITORS?
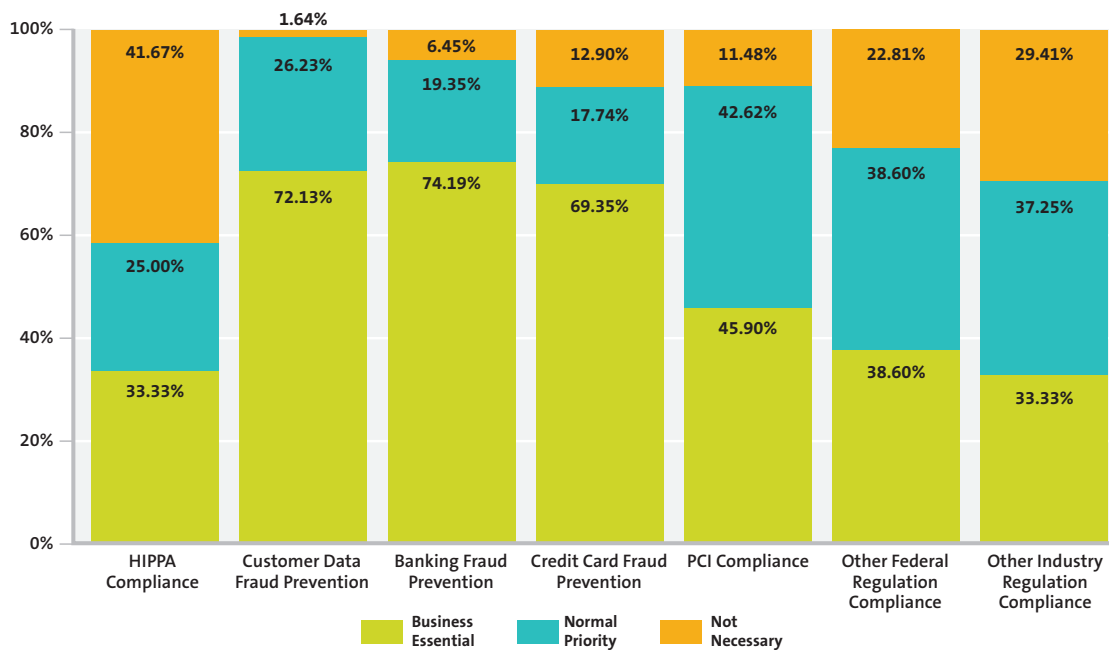
Metric	Value
Customer Satisfaction (CSAT) Surveys	23.68%
Net Promoter Score (NPS)	23.68%
Employee Engagement Survey	10.53%
Indexing*	10.53%

(*American Customer Satisfaction Index, General Question Index & Customer Experience)

As we've mentioned, it isn't just the contact center that utilizes the data that's collected from customers. Organizations that truly have executive commitment to the customer experience will see that customer data is shared and used throughout the company as guidance on decisions and initiatives. Some of the most important applications of this data as used by financial services follow in the next section.

5 HOT BUTTONS FOR FINANCIAL SERVICES

Without a doubt, the entire financial services organization utilizes data generated from the contact center to manage the overall business, although less so for marketing and product enhancements as in other verticals.

The top five ways that financial institutions leverage contact center data are:

Is your organization concerned with security and compliance?
How much of a priority is security and compliance for your organization?

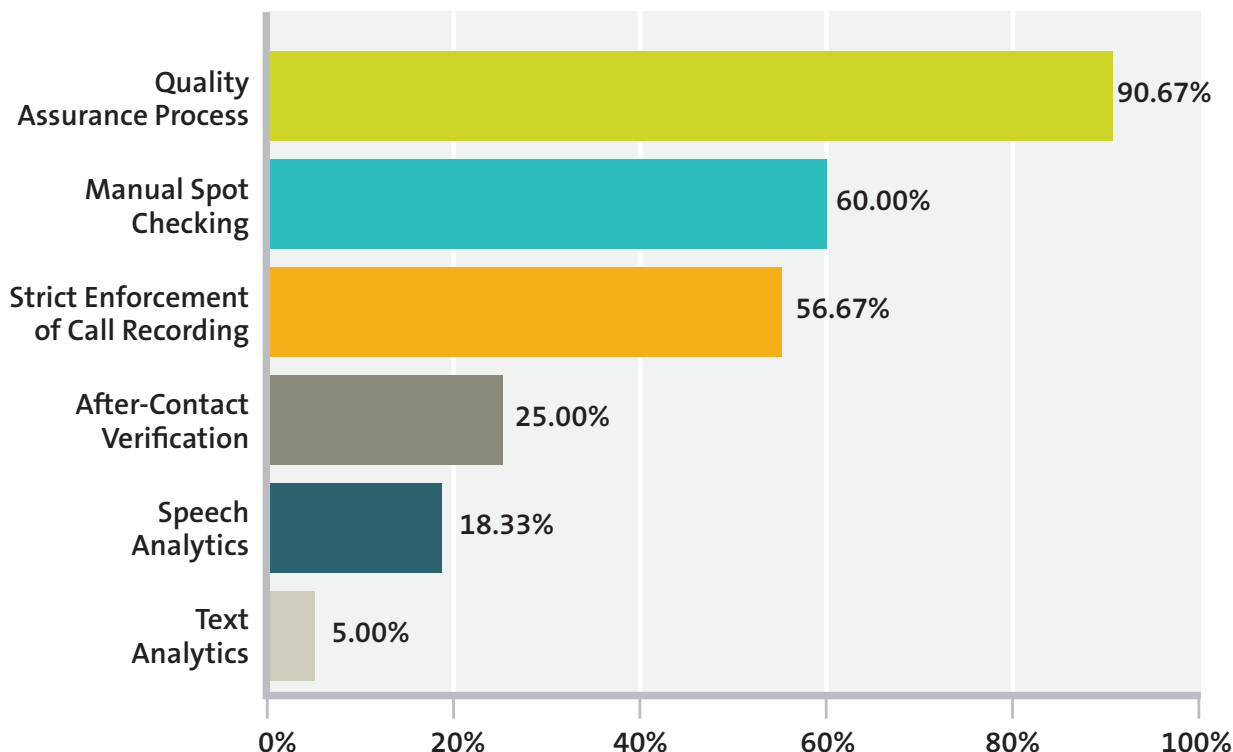|	HIPPA Compliance	Customer Data Fraud Prevention	Banking Fraud Prevention	Credit Card Fraud Prevention	PCI Compliance	Other Federal Regulation Compliance	Other Industry Regulation Compliance
Not Necessary	41.67%	1.64%	6.45%	12.90%	11.48%	22.81%	29.41%
Normal Priority	25.00%	26.23%	19.35%	17.74%	42.62%	38.60%	37.25%
Business Essential	33.33%	72.13%	74.19%	69.35%	45.90%	38.60%	33.33%

1. To improve contact center operational efficiency
2. To improve customer experience results
3. To improve customer experience consistency
4. For security or fraud detection
5. For regulation compliance

The first three responses above were fairly consistent across industries, but the emphasis on security is certainly and understandably higher in financial services. As shown below, 72% of financial institutions reported that customer data fraud prevention was a business essential priority for them, compared to 54% of the overall survey base. Likewise, banking fraud prevention (74%) and credit card fraud prevention (69%) were of a higher priority for the banking and insurance verticals than for others. With these priorities in mind, it makes sense that security and fraud prevention analysts will access all possible relevant data.

Regulatory compliance rounded out the top five list above. Although over three-quarters (77%) of overall contact centers report enforcing compliance primarily through the quality assurance process, that number was a solid 92% for centers supporting financial services. We found financial institutions taking the following approaches to compliance:

How do you enforce compliance with industry or federal regulations?

Category	Percentage
Quality Assurance Process	90.67%
Manual Spot Checking	60.00%
Strict Enforcement of Call Recording	56.67%
After-Contact Verification	25.00%
Speech Analytics	18.33%
Text Analytics	5.00%

We were also interested in the impact of emerging channels on this industry, as 42% say they've had to add in more security measures in order to service the mobile platform, while 32% say so for social and 24% for web self-service.

Mobile also appears to have the greatest impact on agents' operational efficiency. "The variety of mobile devices and operating systems make it challenging to support," said one CIO. "Agents are expected to be experts on everything and it seems that new bugs occur with every OS upgrade or introduction of new devices. Customers in our industry are less trusting and often make agents jump through hoops to ensure it's a mobile issue and not an issue with their account or personal finances."

More customer access to web self-service has forced the financial services sector to change processes to fit industry compliance (21%) and federal compliance (16%).

In the near-term, new technologies (42%), economic constraints (35%), and changes in customer expectations (32%) are most thought to negatively impact the financial service industry's contact center budget. Although federal regulations came in second when we asked, "Which condition are you MOST concerned will NEGATIVELY impact your allocated contact center budget?" it was significantly behind economic constraints.

Interestingly enough, new technologies are also considered one of the conditions to most likely impact the financial services contact center in a positive way by 43%. Rounding out the top three were company growth objectives (32%) and customer engagement and employee engagement (both 23%).

The financial services vertical looks to be focusing on a "back-to-the-basics" strategy in 2014, as the respondents report mostly an investment spend on core contact center technology:

What products and services have you allocated 2014 spending for?

- Mobile customer service strategy – 30%
- CRM – 28%
- Knowledge management – 28%
- Monitoring/QA/Call recording – 26%
- Analytics – 23%
- ACD/PBX – 23%

It is exciting to see though, that mobile as a customer service strategy tops the list for investments and focus in the upcoming year. This was the only vertical to prioritize an emerging channel or platform in this way. Right now, 44% of financial service contact centers in this survey report having a mobile customer service strategy in place. This is almost 9% higher than our general industry response and is expected to be greater in the near future. It's clear that mobile is seen as a customer benefit as 41% say it improves the overall experience for mobile customers, and over a quarter say it has a significant impact on quicker response times, FCR, customer loyalty, and improved transfer and escalation rates.

Conclusion

It is frequently said that the customer experience should be a reflection of everything that makes up your brand – not just the products or services, but its attitudes, values, behaviors, and key differentiation. Linda Dotts, Vice President of Contact Center Product Management for Avaya, shared, "You need a continuous conversation through the customer lifecycle – all the way from your introduction to delivering your service, It's truly a cycle and companies need to be in synch with that. It's how brands differentiate."

By focusing on the three characteristics of successful CXM programs as reported by the Temkin Group (organizational readiness, team make-up and executive commitment) we expect to see all companies, not just those in the financial services sector, continually improving their CXM strategy in order to secure that golden ticket – customer loyalty.

About This Report

This research was made possible by the underwriting support of Avaya (www.avaya.com).

ICMI research sponsors do not have access to research participant information, including individual survey responses.

About ICMI

The International Customer Management Institute (ICMI), is the leading global provider of comprehensive resources for customer management professionals—from frontline agents to executives—who wish to improve contact center operations, empower contact center employees and enhance customer loyalty. ICMI's experienced and dedicated team of industry insiders, analysts and consultants are committed to providing uncompromised objectivity and results-oriented vision through the organization's respected lineup of professional services including training and certification, consulting, events and informational resources. Founded in 1985, ICMI continues to serve as one of the most established and respected organizations in the call center industry.

About Avaya

Avaya is a global provider of business collaboration and communications solutions, providing unified communications, contact centers, data solutions and related services to companies of all sizes around the world. For more information please visit www.avaya.com