Growing Client Revenue in Financial Services with Predictive Analytics

One of the world's largest financial services companies – and a leading provider of credit cards – wanted to increase sales revenue by cross-selling and upselling insurance and banking products during its interactions with customers. The bank also wanted to provide a more personalised customer experience.

The Challenge

Improving sales revenue and customer experience with targeted offers

The global retail bank's credit card activations team receives inbound calls from existing and new customers who need to activate their new credit cards. During this phone call, call centre staff offer eligible customers up to three products, such as credit card insurance, savings accounts, balance transfers and credit limit increases.

Each product has a particular nominal value when sold to a customer, and call centre staff usually chose the products with the highest value or those they were most familiar with. The bank's systems did not take into account which products the bank had previously offered to a customer, or the customer's personal circumstances, such as age, income and marital status.

"While we were offering high-revenue products, we couldn't know how likely the customer was to accept the offers, so we were not necessarily promoting the optimal mix," says a spokesperson for the bank. "High revenue may not mean high conversion; slightly lower revenue with a higher likelihood of conversion may have yielded better results."

As a result, the activations team were not achieving optimal sales results. The bank recognised the opportunity to improve its marketing offer and acceptance rates and increase revenue by leveraging information it already had on the customer, and capitalising on customer interactions in real time. This was also a chance to improve the customer experience by offering customers products that met their needs.

"We had some negative feedback from customers that the products we offered them weren't relevant," says the spokesperson. "It's important that we offer the right product to each customer at the right time."
The company had previously developed its own propensity models using existing customer data. According to its spokesperson, the bank’s limited analytics capability meant this solution only used some historical data and no real-time information, so it was not necessarily a reflection of the customer’s current circumstances.

“Our technology wasn’t sufficient to develop a robust and accurate system,” says the spokesperson. “We also needed an effective method of measuring the results.”

The Solution
Predicting customer responses to increase offer acceptance rate
In early 2011, IBM Global Process Services proposed conducting an advanced analytics pilot project within the bank. The bank’s activations team was selected as the most appropriate team to be part of the pilot, mainly because it was the most mature sales team. The aim of the pilot was to demonstrate the value of IBM’s smarter analytics in providing deeper customer insights to drive an increase in sales revenue.

IBM Global Process Services designed, built, operated and measured the pilot, which it completed in late 2011. The solution, called Multichannel Next Best Action, was based on IBM SPSS® predictive analytics software. The IBM SPSS portfolio includes software for data collection, statistical analysis, data modelling and decision management.

“This is the first time IBM has implemented a customer analytics solution with this degree of complexity anywhere in the world,” says Doug Miller-Davie, Financial Services Executive at IBM Global Process Services. “We’ve employed some exciting new ideas straight from IBM’s research labs.”

IBM analysts used the bank’s customer data to create propensity models that predicted the likelihood of each customer taking up a particular product offer. Now when a customer contacts the call centre, the system retrieves the customer data and presents some basic information to the agent. Based on the customer propensity score and specific characteristics of the customer, the agent is then presented with three predetermined questions to ask the customer, such as, ‘Do you have any other credit cards that you actively use?’

Once the agent enters the customer’s responses to these questions, the solution calculates the Dynamic Propensity Score and re-orders the products according to the customer’s needs. The optimal order to offer the products is then presented on the agent’s screen for further sales dialogue with the customer.

“Through this pilot we were aiming to increase the activations team’s monthly sales revenue, improve product conversion rates, optimise the product mix and improve customer satisfaction,” says Miller-Davie.

“IBM Global Process Services largely managed this solution independently. We don’t have the technology or knowledge to implement a predictive analytics system at the level IBM did.”

– Spokesperson for the global retail bank

Business Benefits
- Showed potential to boost sales revenue by up to 25 percent
- Improved customer experience through a more relevant sales process
- Used customer information to determine which products best aligned with each customer
- Used phone interaction with customers to further explore customers’ preferences and prioritise the products to be offered
- Paved the way for analytics in other parts of the business

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The Benefits

The pilot project showed that predictive analytics could help the bank achieve a number of business improvements in a short time, including increased sales, a better customer experience and improved agent performance.

Potential to significantly increase sales revenue

The pilot demonstrated that the use of available customer information – coupled with the use of predictive analytics – could help the bank increase its sales revenue by 20 to 25 percent. This is a significant result in a financial climate in which banks are struggling to achieve growth.

“In addition, by making the right offers, agents can spend less time talking to each customer,” says the bank’s spokesperson. “This would allow us to speak to more people, increasing operational efficiency and potentially making more sales.”

Improves the customer experience

The pilot project also demonstrated that by offering customers products that corresponded with their circumstances and met their current or future needs, the bank could improve customer satisfaction.

“By offering customers a product that benefits them rather than the one we want them to have, they’ll feel more like a valued customer, and will feel more positive towards our company,” says the spokesperson. “The IBM pilot showed it’s possible for our credit card activations team to make personalised product offers.”

IBM’s Multichannel Next Best Action solution has the potential to improve agent performance and the flow of the call by giving agents a proven, step-by-step process to follow. This would reduce the risk of agent error, improving customer service and the offer acceptance rate.

User-friendly software engages call centre staff

IBM Global Process Services developed an accessible and straightforward user interface for its complex analytics software.

“IBM engaged the call centre staff and trained them to use the software,” says the bank’s spokesperson. “The software was intuitive and user-friendly, so our agents didn’t have too much difficulty adjusting to the new system. Change management in call centres is generally difficult, so this was a notable achievement.”
IBM’s expertise gives the bank new data analytics capabilities
The retail bank also gained from IBM’s experience helping
organisations worldwide optimise their product portfolio, and improve
customer satisfaction and loyalty through enhanced insight into buyer
behaviour.

“IBM Global Process Services largely managed this solution
independently, so the project was not constrained by our resources
and we were able to continue focusing on our day-to-day operations,”
says the spokesperson. “We don’t have the technology or knowledge to
implement a predictive analytics system at the level IBM did.”

Future plans
Potential to achieve results across the business
Following the successful results from the pilot project, the bank is
now considering implementing IBM’s Multichannel Next Best Action
solution in other sales teams, including the customer service teams.

“A number of other sales teams have richer customer data than the
activations team because they have had more involved customer
conversations,” says the spokesperson. “This means we could increase
sales revenue by more than 25 percent in other areas of our business;
the benefits could be significant.

“In addition to sales results, the pilot has benefited us by prompting us
to consider the way we currently sell products to customers, and look
for ways to do this better.”