



Executing on a customer engagement model

Relationship-building technologies can help financial services companies drive growth by expanding a base of high-value clients

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From banks to insurance companies, financial services firms operating in today's tough market face a major challenge: to acquire customers efficiently and to effectively retain them. This problem can be solved with a tight focus on customer engagement, defined as the strengthening of the customer relationship across touch points, including the web, phone, in person, and transactions.

For firms that execute successfully on customer engagement, the payoff is impressive. A recent Gallup Consulting report based on a survey of retail banking customers revealed the following information:

- “Extremely satisfied” website users are seven times more likely to be engaged with their bank as “less satisfied” website users.
- “Extremely satisfied” mobile banking users are 15 times more likely to be engaged with their bank as “less satisfied” mobile banking users.
- Customers tend to be more engaged with their bank when they use many of their bank's website features (certain features have an especially strong connection with engagement), and when they interact with their bank across multiple touch points, both digital and nondigital.

As the financial services industry struggles to increase market share and boost bottom line in a challenging business environment, customer engagement has become an economic imperative, necessary for success and survival. This white paper aims to explain how financial institutions can use a step-by-step program to deepen customer engagement and create an interactive, personalized, and coordinated experience across channels. There are several pieces to the engagement puzzle, including raising customer satisfaction, developing trust, encouraging loyalty, and identifying new business opportunities.

The market imperative

The financial services industry has undergone enormous changes in recent years. Consumers are demanding higher levels of service, and new government regulations add complexity to operational efficiency, security, and governance concerns. At the same time, products offered by banks, investment managers, brokerage firms, insurance companies, and other financial services providers have become increasingly commoditized. Under these conditions, the industry as a whole is finding it difficult to differentiate offerings to gain competitive advantage and to establish lasting relationships with a more discerning customer base.

Traditionally, many financial services providers have grown their customer base and revenues through mergers and acquisitions. While this remains an effective strategy, shareholders have increasingly looked to organic growth as a more reliable strategy for long-term, sustainable profits. Meanwhile, the opening of the market has led to the introduction of many new financial institutions and a wide range of transactional products and services. As competition increases, customer loyalty to their financial services company is on the decline.

Customer retention is critical. On average, banks are currently seeing turnover, or churn rate, of around 15%. That means they lose 15 out of every 100 customers each year and must replace those customers with new ones, or face declining revenues. Growing margins is not an alternative to expanding a customer base; commoditization of products and services has made it difficult to compete on price.

There is one way, however, that financial services institutions can differentiate themselves: building stronger relationships with their customers. Strengthening relationships with individual customers is an open avenue to business success, and has become a financial imperative for the industry. According to analysis from TowerGroup firms that focus on minimizing customer churn are expected to grow 30% faster than those that don't.

To achieve customer engagement, organizations need to align themselves around the idea of building a base of high-value, committed customers. Engaged customers are less likely to jump ship when a competing offer comes along. A recent Gallup survey found that only 3.8% of "fully engaged" customers closed their accounts compared with the average 6% departure rate for all customers, translating into a customer retention yield of 37%.

Stronger customer relationships can be used as the foundation for building lifetime customer value. Customers with a history of positive interactions are more likely to consider new products and services from their existing financial services providers. Knowing a customer's transaction and service history, marketing professionals can better tailor product and service offers to their customers' needs.



The role of the web

The rapid rise in online banking has made the web an important vehicle for servicing existing customers and reaching new ones. As customers have grown more web-savvy, they've come to demand a richer Internet experience that allows them to accomplish all their goals online. In response, more companies are developing rich Internet applications (RIAs) to enable these fully interactive experiences. However, financial services companies are struggling to translate increased web services and online traffic into improved customer relationships and new business opportunities. For example, one study showed that while 51% of web-enabled households bank online, only 10% of users complete transactions online. Customers opt out of online transactions when they become frustrated with overly complicated procedures, when data must be entered multiple times, or when they are doubtful of data security.

Innovative, consistent, and efficient customer service is the first step to improving customer retention. Every touch point—online, in person, over the phone, e-mail, or paper-based—where customers interact with their financial institution is an opportunity for competitive differentiation. With differentiation comes the upside of business growth. For example, Wachovia Bank, consistently rated in the top five for customer experience by J.D. Power and Associates, is also rated highest in organic growth by A.T. Kearney.

Financial services providers need to balance several potentially conflicting goals. These include:

- Lower costs by automating customer service
- Ensure retention of high-value customers by personalizing service across touch points
- Decrease transaction time for compliance with federal mandates
- Increase the number of direct interactions with customers

- Provide high-quality, responsive service
- Implement technology solutions that are repeatable, extensible, and accessible
- Build trust and provide a sense of personal and financial security

Delivering high-quality service with core customer-facing applications sets a foundation for developing customer relationships. If minimum service standards are not met, however, financial services companies face the possibility of alienating customers in the pursuit of lowered costs through service automation.



The objective: customer engagement

Customer engagement offers financial services companies a way to retain customers more effectively and to potentially increase the profitability of their existing customer base.

Creating engagement depends on the ability of the organization to develop customer loyalty, deliver customer service, and anticipate customer needs. Engagement occurs when financial services companies establish systems that meet customers’ needs for information and efficiency, creating “stickiness” through the customer’s preference for continuing such services. Building and maintaining loyalty and trust is possible when a customer feels that their data is secure and the services being offered are good value. Lastly, when financial services companies are successful in anticipating the needs of the customer, banks, brokers, and agents can reach out in highly personalized ways, offering services and products that are most likely to match a customer’s interests and needs at any given time or life stage. This engagement allows the creation of a “web of dependencies” that provides the best environment for the cross-selling and upselling of new products and services.

This last piece, while most important, is also the most difficult to create in a commoditized environment. When customers are fully engaged, however, it means the business relationship has a foundation of loyalty and trust. A recent survey by J.D. Power and Associates found that for every million customers that a bank has, a 5 percentage-point increase in the number of customers shifting from “moderately” to “highly” committed can lead to an additional \$1 billion in deposits. The additional deposits are a result of both increased wallet share from these highly committed customers and from new customers coming from frequent recommendations to friends and family.

When a financial services provider achieves the goals of providing excellent customer service, enhancing strong brand loyalty, and anticipating a customer’s needs, that company is in a position to fully engage with its customers. Fully engaged customers are less likely to close their accounts and more likely to turn to their existing provider for future products and services. In this way, engagement helps financial services companies build a base of higher value customers and leads to better bottom-line economics. The benefits of engagement include:

- Increased brand loyalty
- Reduced customer churn
- Reduced costs of doing business
- Increased opportunities to cross-sell and upsell
- Ability to target and retain profitable customers
- Trust and mutual understanding of how services meet needs

Some benefits of engagement can be realized immediately in tangible, bottom-line results. Others are part of a long-term strategy to show customers how a financial institution is utilizing its resources to anticipate and meet customer needs. An example of this can be seen in the retail branches of one of the largest U.S. consumer banks, where Home Ownership Centers featuring

interactive touch-screen maps were created using Adobe technology. The personalized service helps customers search for homes, calculate mortgage payments, and get in touch with a realtor, strengthening customer engagement while building awareness of bank products and differentiating the bank from its competitors.



The link between strong relationships and customer satisfaction

Banks, brokerage firms, and insurance agencies can create an engaging customer experience by following a step-by-step process utilizing four principles known as the Four Cs: convenience, comfort, consistency, and customization. These four concepts can be used to engage customers in ways that make them feel they are in an active, committed relationship with their financial institutions.

The Four Cs program

There are four guiding principles when choosing and implementing a customer engagement solution:

- Make it convenient.
- Make it comfortable.
- Make it consistent.
- Make it customized.

Make it convenient

Today's financial services customers are increasingly interested in taking a more active role in managing their own finances. They want—and expect—to have an open and immediate relationship with their financial institution that includes instant access to their account information at all hours of the day and night.

To earn customers' approval, financial services companies need to improve convenience on all fronts, by allowing instant access to financial information and transactions both online and offline through the web, e-mail, kiosks, mobile phones, and call centers. Adobe® LiveCycle® ES (Enterprise Suite) is a full-service software solution that automates business processes. Using LiveCycle ES software, financial institutions, insurance companies, and brokerages can deploy RIAs and interactive user interfaces to give customers instant access through multiple channels.

“Adobe is especially well-poised to provide the technology needed to engage consumers,” says Shantanu Narayan, Adobe President and CEO. “Through our software applications, platforms, and services, our customers can create and deliver compelling content and powerful applications across all devices and media. The opportunities to bridge media and give people access to exactly the information they want, anywhere, anytime, connected or not, are virtually unlimited.”

The success of a financial services firm depends on the company's ability to offer its customers the fullest possible degree of online access to real-time information and increased transaction capabilities. Banks, brokerage firms, and insurance companies must be able to give their customers the ability to do myriad tasks on their own, from their home or business computer, such as pay bills, apply for mortgages, and see account balances and securities' values as close to real time as possible.

Equally important is the need for financial services companies to make paper-based correspondence clear, simple, and convenient to use. When one European banking group wished to leverage data in back-office applications to automatically produce customer-facing documents of the highest quality, they implemented Adobe solutions. An automated document generation solution gave this banking group the capability to generate thousands of richly formatted pages every day. The solution also enables the firm's many branches to produce documents prepopulated with data from back-end systems, customized for each customer's requirements, and barcoded to streamline archiving processes.



Make it comfortable

Financial services companies looking to build customer comfort need to make their products simple and user friendly. Customers can be put at ease when they're able to interact with documents and web applications that are familiar, intuitive, and secure.

To enhance the human element in customer relations, a leading Dutch financial services company used Adobe solutions to build a new program that allows customers to view a mortgage advisor in real time during an online advice session, using only a phone and a web browser with the Adobe Flash® Player plug-in. The two-way visual and audio communication between customer and company representative greatly enhances the personalization of mortgage services and uses simple, commonly available technology that's already present on most Internet-connected computers.

Additionally, customers must feel that their financial data is protected and remains secure and private. In this regard, Adobe LiveCycle ES offers a value proposition for customers by enabling accessibility to sensitive financial data through multiple channels and media while ensuring data integrity. LiveCycle ES is designed to ensure the utmost privacy and security of the entire system from back end to point of delivery.

And when customers feel confidence in the privacy and security of their financial data, it builds trust. Trust ultimately cements the relationship between a financial institution and its customers. When financial services companies resolve doubts over privacy, the result is enhanced usage of other products and services.

A leading wealth management company with more than 3.4 million customers in Australia and New Zealand used Adobe solutions to create interactive PDF forms that customers and financial planners could complete electronically, embedding rules to ensure accuracy of information and safeguarding data. "The maturity of the Adobe software, the ubiquity of Adobe Reader® software among our customer base, and great functionality, such as dynamic 2D barcodes, meant that the Adobe solution was an obvious choice," says the firm's head of business improvement.

Make it consistent

One important way financial services companies can improve trust is by having consistency of presentation and message between products and distribution channels. A financial services provider that provides a complete outsourcing solution for group retirement plans and pension plans developed a powerful data processing and custom publishing application built on Adobe software. The solution allows staff and plan participants to use a web-based application to generate enrollment application forms, customized account statements, and other materials on demand. The advantages were clear when the company's client base jumped from 8,000 to 27,000 clients after an acquisition, causing the projected time needed to produce quarterly statements to increase from a few days to more than two weeks—an unacceptable delay.

With the help of Adobe solutions, the firm succeeded in producing all 27,000 statements in only 12 hours, an efficiency that translated into significant savings quarterly. "We can handle more work, without big jumps in administrative costs," says the VP of information technology. "With Adobe server software, we're more responsive to plan sponsors and participants, and our ability to generate richly formatted, custom documents has improved tenfold."

It takes only one frustrating or annoying experience for a potentially lucrative customer to become disengaged. Picture this all-too-common scenario: A customer clicks on a web link to access a promotion offering a special interest rate. While completing the online application form, she realizes that she needs personal information that she doesn't have on hand, and must leave the computer to find the additional details. Upon returning, she discovers the online connection timed out and the information she entered is gone. Her frustration causes her to abandon the application entirely and leaves her dissatisfied with the efficiency of the company's service. The trust and good impression lost in such interactions can't be regained. For this reason, it's essential for financial services companies to resolve incompatibility between "data silos" so that customers don't have to input new information when applying for new products.



In an effort to streamline and improve all business processes, especially contract initiation, a large European brokerage used Adobe LiveCycle ES to create a reliable and efficient automated solution that could quickly support their strategic initiatives. The result: reduced risk and increased market share leading to a 260% return on investment in five years.

Make it customized

There's no better way to build profitable relationships than by educating clients about additional products. In a competitive market, however, with financial services providers offering a wide selection of different products, a "one-size fits all" solution won't work. Every piece of information and product offer that a customer receives must be tailored to each customer's unique situation, or the service provider risks losing that sales opportunity.

One large international lending institution that offers customized financing packages to companies in over 350 industries nationwide used LiveCycle ES to automate document-intensive processes and develop more responsive, personalized services. The new system enables brokers to instantly generate quality, branded product sheets, thereby strengthening its broker relationships and improving how clients perceive broker services. "Advanced technologies are integral to our success," says the vice president of channel sales. "We want to match the service and loan dollar volumes of the big lenders, but do so with much smaller IT and administrative budgets. Innovative solutions like Adobe LiveCycle ES software are helping us achieve those goals."

Companies that learn about their customers' needs are in a position to identify new opportunities and tailor product offers to suit customer preferences. Knowing when and what a customer purchases, how they prefer to interact, what services they use, and how they request information lets financial services firms make savvy decisions about how to approach individual customers with highly targeted and relevant messaging.

Marketing efforts can easily change over the lifetime of the customer relationship as well. For example, a young couple getting started in investing wants to find programs tailored to their income and their short- and long-term goals. If they receive only general information about investments, they are unlikely to have the confidence to make a purchase. When they encounter a company providing a dynamic online site offering rich, interactive graphics and dynamic eLearning courses that clarify complex investment topics, they will be motivated to spend time exploring the materials and are likely to choose that company to manage their investments.

One leading American insurance firm with global operations uses Adobe solutions to deliver online presentations individually tailored for each client that include voice and animation to educate potential plan participants on related topics, such as investment strategies and contribution levels. In the first nine months after initiation, more than 7,000 people viewed presentations, saving the company \$225,000: the cost of holding in-person sessions with those customers. “The Adobe solution has given us the ability to increase sales by providing custom communication strategies to small- and medium-sized companies that are normally reserved for large customers,” says the company’s vice president of retirement plans.

How engagement drives business success

Improved customer loyalty reduces the cost of doing business. For example, when a company is able to gain the trust of its customers, it is also more able to create a preference for its products and services. When customers are presented with a wide range of similar loan products, they’re likely to choose the loan offered by an institution that they are familiar with and with which they’ve had a history of positive and satisfying interactions.

“We needed a user-friendly solution with advanced capabilities to enhance customer relationships. To us, LiveCycle ES is a proven success.”

The process owner at a global financial services group

The most secure route to achieving long-term profitability is to accelerate customer onboarding, increase online usage, and improve retention with more secure, personalized, and engaging interactions. By increasing loyalty, firms can actually decrease the sales and marketing effort of selling new features and product lines. With an engagement solution already in place, financial services companies can:

- Improve customer acquisition and retention by delivering more personalized and interactive service
- Grow sales by providing tailored recommendations quickly and easily
- Improve cross-channel integration by automating processes across touch points
- Improve process efficiency by eliminating errors and manual workarounds
- Ease compliance requirements through automated structured processes and information control and assurance
- Increase the productivity of indirect channels by delivering self-service applications that are intuitive and easy to use
- Create the perception of higher “switching costs” for the customer

The recent Gallup study of customer engagement in the banking industry revealed an important relationship between the use of interactive online features and customer engagement. Customers who used three or more of available online features—such as bill payment, customer support, financial calculators, statement delivery, fund transfers, and the ability to edit account information—tended to be more engaged than those who use fewer features or do not use the website at all. Website users with the very highest level of engagement were those who used online customer support and reported being extremely satisfied with that feature. Similarly, online financial calculators have a stronger connection to engagement than other website features.

Financial services companies can use their knowledge of customer activities, gained through a well-developed engagement solution, to guide strategies for retaining and building multichannel relationships with their most profitable customers. Conversely, those companies can also work to streamline interactions with lower value customers. This differentiation between high- and low-value customers helps financial services companies focus cross-selling and upselling efforts on those most likely to be receptive to such offers.

In the insurance industry, for example, service providers often initiate new policies directly with customers online and through a network of sales agents. Customers applying online often have specific questions about coverage amounts, deductibles, policy limitations, and other important issues. While completing an online application, a customer who has the option to click on a link and instantly initiate a web conference with a customer service professional is far more likely to choose the right insurance product and complete the application, and they are more likely to purchase additional recommended products. A positive experience builds loyalty and trust, and the customer is likely to return for future insurance needs.

A leading U.S. insurer uses Adobe solutions to create online training modules that help a network of more than 3,000 independent agents sell and service its portfolio of automotive, home, and business insurance policies. The modules keep agents working remotely informed about products and processes. The modules also include web conferencing tools with full multimedia support, so agents and underwriters can collaborate in real time. Automation capabilities prevent data-entry errors and reduce the time required to issue policies, resulting in earlier coverage for the policyholder, higher closing rates and reduced risk for the insurer, and faster commission checks for the agent.



Adobe engagement solutions

By developing technological solutions that enable engaging experiences, Adobe helps banks, insurance firms, investment companies, and other financial institutions to strengthen customer relationships and build loyalty, trust, and confidence. As many successful financial services companies have discovered, interactive applications developed with Adobe LiveCycle ES software can optimize customer engagement by providing:

- Engaging touch points for customers across computer and phone applications
- A consistent interface across multiple products
- Data sharing to generate personalized communications and product offers
- Fewer errors and problems, increasing customer satisfaction and lowering costs
- Improved security to address privacy and security concerns

Adobe's industry-leading automated solutions help financial services providers reduce financial and human overhead, so they can focus on improving the customer experience at every contact opportunity and build a more engaged and committed client base.

Enabling accessibility to sensitive financial data through multiple channels and media while ensuring integrity of data, Adobe LiveCycle ES offers an unparalleled value proposition for financial services companies looking to improve customer engagement. Designed to meet the highest levels of privacy and security across the entire system, from back end to point of delivery, LiveCycle ES helps banks and other financial firms:

- Provide customers with availability online 24 hours a day, 7 days a week
- Create consistent branded communications
- Deliver high-quality customer experience across all touch points
- Leverage the ubiquity of Adobe technologies to ease adoption of new solutions
- Use unique, scalable tools to deliver tailored services to customers
- Streamline processes and minimize costs

Bottom-line results

By focusing on engagement, financial services companies gain competitive advantage by delivering rich customer experiences that drive purchase decisions and cement loyalty. Adobe's smart, automated solutions are powerful tools that help banks, brokerage firms, and insurance agencies create, manage, and deliver information and services to customers powerfully and effectively.

With a familiar interface and solid technology, Adobe is well positioned to help financial services companies enhance and personalize the experience for their customers across touch points. Using Adobe solutions, financial services companies can streamline processes and minimize costs, while delivering the personalized attention and service that customers crave. The unique customer experience delivered by Adobe solutions allows banks, insurance agencies, and brokerage firms to gain competitive advantage by differentiating themselves from competitors. By discovering and anticipating customer needs and providing the services that they demand, Adobe supports "stickiness" in information delivery that can turn a casual customer into a long-term, high-value business partner.

To learn more about how LiveCycle ES can increase customer engagement for financial services firms, visit www.adobe.com/financial, e-mail FSIpractice@adobe.com, or call 888-649-2990.

