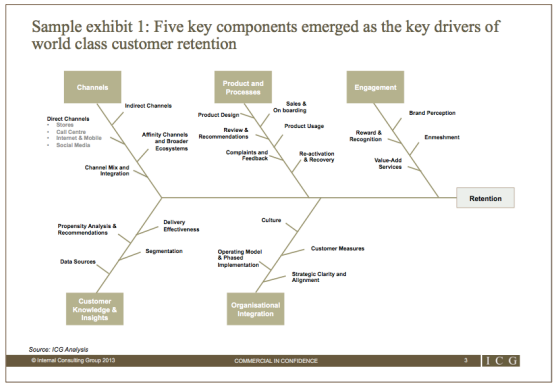
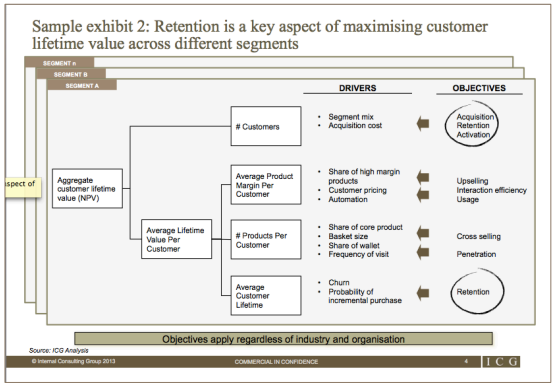
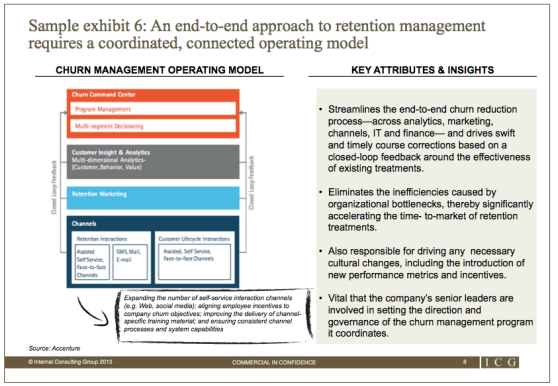
Product Sample: Knowledge Area Review of World Class Customer Retention







PRODUCT SAMPLE: **WORLD CLASS CUSTOMER RETENTION** (total of 106 pages)

Commercial research relevant to any organisation seeking to improve customer retention

Immediate access and full-use licence:
AUD2,000 local - AUD6,000 global

To purchase this KAR, contact your preferred ICG affiliate or local ICG office.

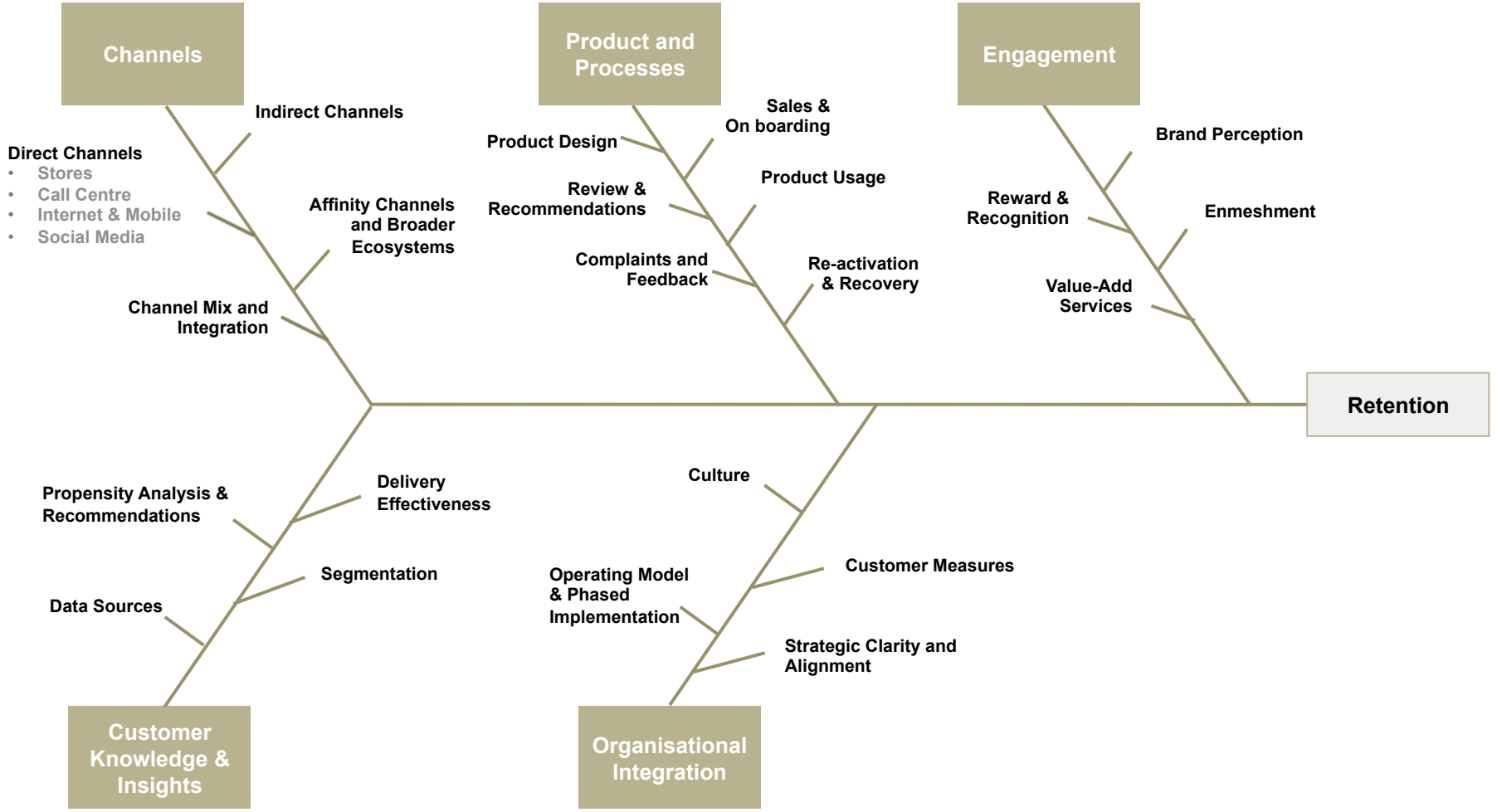
Describes the strategic journey to achieving world class customer retention management

- Synthesis of perspectives and experience of **leading consulting firms** and global corporations
- Describes the 25 dimensions across **5 major components**: channels, product and processes, engagement, customer knowledge & insights, organisational integration
- Identifies **key levers** to achieve outstanding performance
- Reviews current **best practices** and pilot practices in retention management through **global cross industry case studies**
- References all exhibits **to their original sources**
- Includes case studies of **Australian and global companies**

World Class Retention Management – Structure and Content

Section	Component	Page	Description
1	**Executive Summary**	4	Summary of best practice based on available research
2	**Key Dimensions Of World Class Customer Retention**	11	Overview of the key components for world class retention management and a summarised maturity model
2a	**Channels**	18	For each different dimension • The key thinking from consulting firms, journals and academia as to what constitutes best practice • Examples of this best practice across different firms and industries • Capabilities trajectory model – the stages of maturity for each sub-component
2b	**Product and Processes**	35	
2c	**Engagement**	48	
2d	**Customer Knowledge & Insights**	65	
2e	**Organisational Integration**	85	
3	**Knowledge Sources**	95	Relevant published materials for further reading

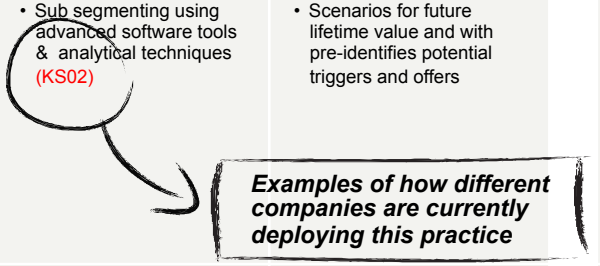
Sample Exhibit 1: Five key components emerged as the key drivers of world class customer retention



Source: ICG Analysis

Sample Exhibit 2: Trajectory maturity models have been developed for each key component (e.g. customer insight)

	Financial Services			Non-financial Services		
Key Component	**Current Practice**	**Best BAU Practice**	**Pilot Practice**	**Current Practice**	**Best BAU Practice**	**Future Best Practice**
Delivery Effectiveness	• Creating a better interface for banking through web and mobile apps (KD01) • Tracking usage form and frequency	• Multichannel strategies combining public and secure parts of the site(KD02) • Easy communications (KD04)	• Auto CRM (KD03)	• Use of CRM tools to communicate insights to all internal channels	• Recommendation embedded into customer interface regardless of device / contact point, location and context specific offers	• Customer insights and offers are available to every channel in real time • Feedback loops to refine offers are instantaneous
Segmentation	• Built a broad offering to the UK over-50 market (KS05) • Life stage and life cycle segmentation	• Retail customer based demographics (KS03) • Dynamic segmentation based on behavioural inputs	• Granular home and personal insurance products through subsegmentation (KS01) and internet of things input	• Sub segmenting using advanced software tools & analytical techniques (KS02)	• Scenarios for future lifetime value and with pre-identifies potential triggers and offers	• Xth generation languages for improving customer lifetime value and outcomes obviate need for manual / unconnected segmentation analytics
Data Sources	• Largely internal data source from product siloes • Batch mashes with external data	• Cross-organisational data • Sharing analytics data with intermediaries to increase profitable new business (KDS01) • CRM open to customer correction and refinement	• Virtual underwriting software to improve risk selection (KDS02)	• Aggregation of intent data (KP03) • Statistical customer segmentation techniques (KP04) • Attitudinal dimensions of segmentation (KS04)	• Robust customer profiles containing demographic, life stage, behavioural, psychographic information • Integration of data from wearable computers	• Data management is a professionalised science with specialised firms offering high-value services
Propensity Analysis & Recommendations	• Customer Centricity to develop deeper relationships (KP02) • Marketing campaigns (KP06)(KP07)	• Using big data to cross sell, detect fraud and analyze credit worthiness (KP01) (KP05)	• Interaction Analytics to improve customer service (KP08)	• Aggregating social media messaging (KP09) • Customer attrition (KP11) • Next best offer (KP12)	• Integration across data sources (KP10)	• Natural learning machines are able to accurately predict the most relevant retention generating offer



Sample Exhibit 3: Customer outcomes are the natural evolution of the current focus on customer experience and advocacy

Eras in Relationship Banking

Product era	Solution era	Advice era	Insight era	Outcome era
1	2	3	4	4
• Lead with product features and benefits • Engage when customer assess options • Product revenue key performance metric • Reliant on product quality and pricing	• Lead with solutions to pre-defined customer needs • Engage when customer understands needs • Customer revenue key performance metric • Reliant on packaging capability	• Lead with questions to discover true customer needs • Engage when customer is researching options • Share of wallet key performance metric • Reliant on the best qualified RMs	• Lead with insights to help customers manage their business • Engage before customer realises need to shape demand • Customer economic profit key performance metric • Reliant on smart analytic/big data capability	• Lead with outcomes generated • Coach the people who actually deploy our products • Customer's market performance the key performance metric • Reliant on consultative advisors
~1990s	~2000s	Present	~2015	~2020

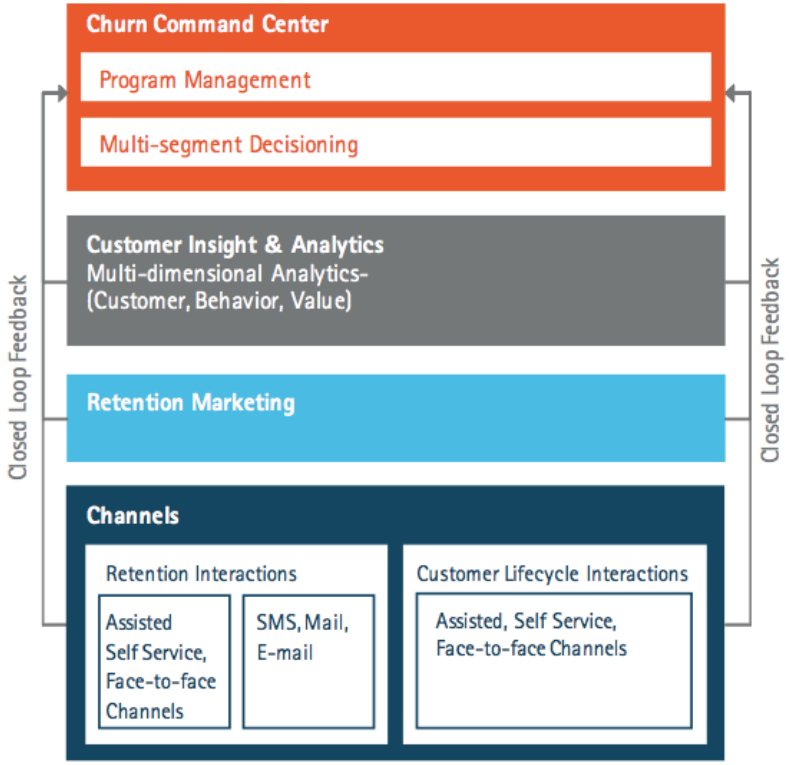
Australia/NZ market timeframe (approx.)

Right Product **+ Right Usage** **= Right Outcomes**

Source: ICG

Sample Exhibit 4: Success in customer retention can be enhanced by a coordinated, connected operating model

CHURN MANAGEMENT OPERATING MODEL



Expanding the number of self-service interaction channels (e.g. Web, social media); aligning employee incentives to company churn objectives; improving the delivery of channel-specific training material; and ensuring consistent channel processes and system capabilities

Source: Accenture

KEY ATTRIBUTES & INSIGHTS

- Streamlines the end-to-end churn reduction process – across analytics, marketing, channels, IT and finance – and drives swift and timely course corrections based on a closed-loop feedback around the effectiveness of existing treatments.
- Eliminates the inefficiencies caused by organisational bottlenecks, thereby significantly accelerating the time-to-market of retention treatments.
- Also responsible for driving any necessary cultural changes, including the introduction of new performance metrics and incentives.
- Vital that the company's senior leaders are involved in setting the direction and governance of the churn management program it coordinates.

Internal Consulting Group

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