

**BRIEF : DAD3606: Multichannel marketing for
growing customer lifetime value**

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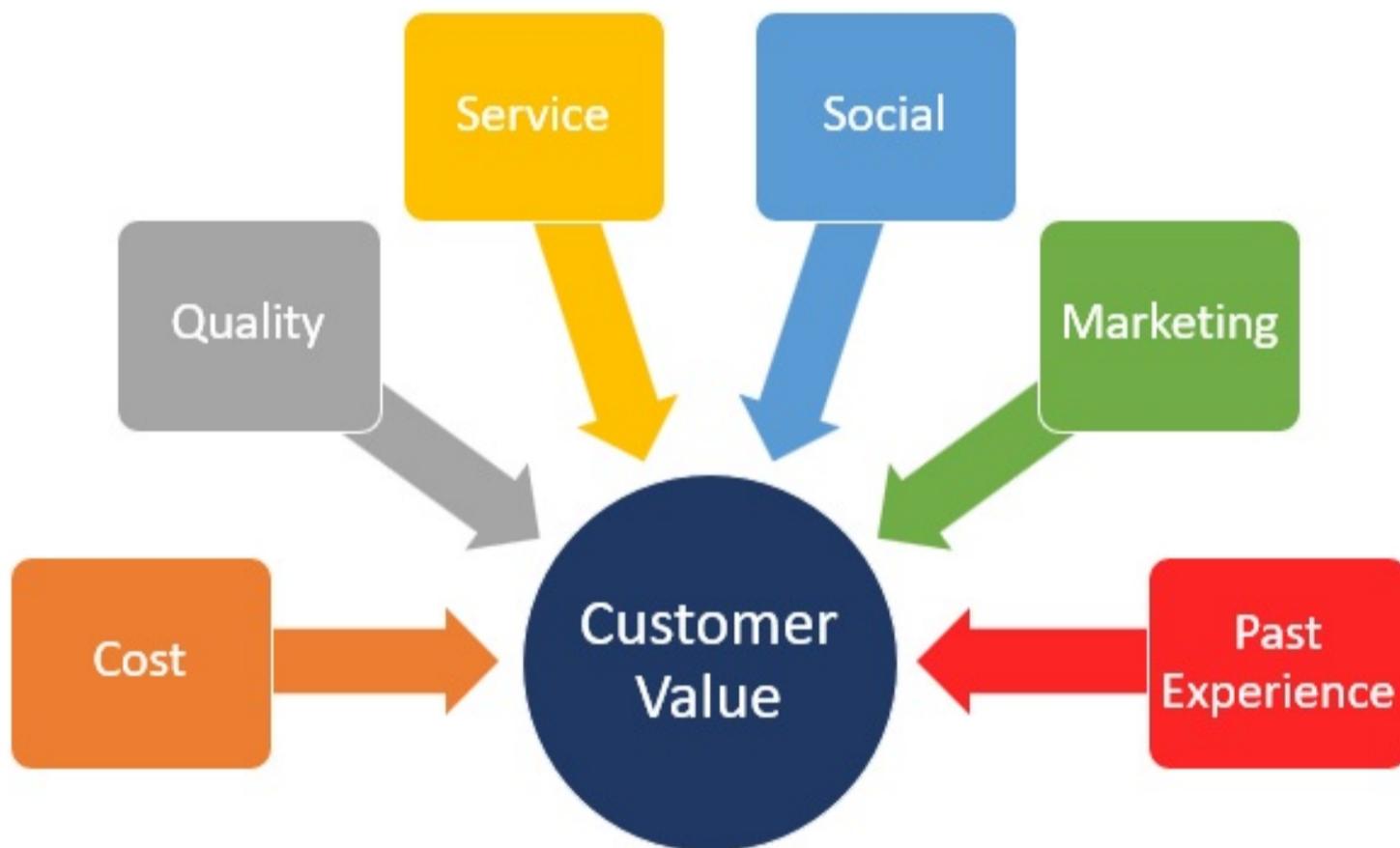
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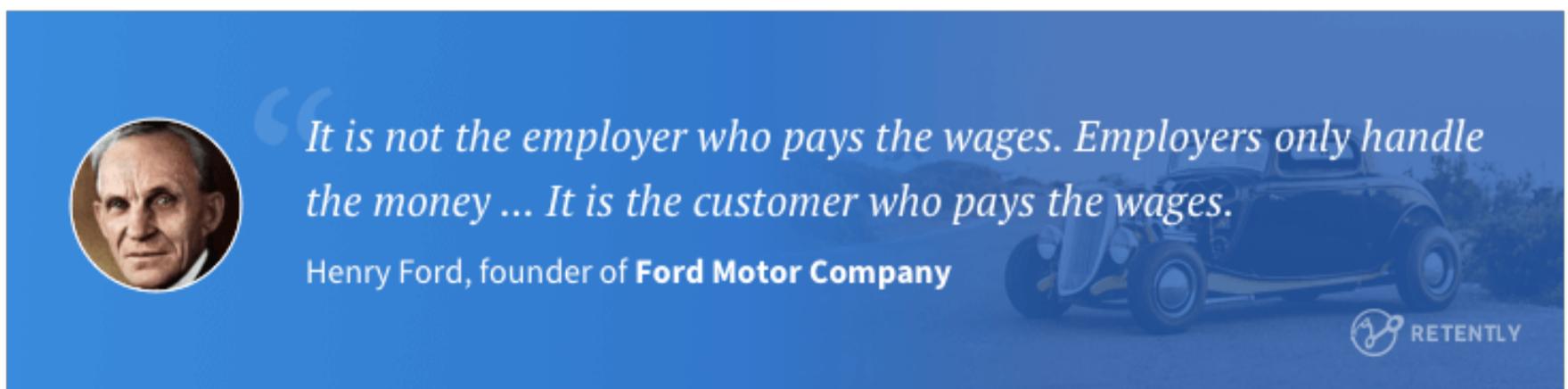
Figure 1	Customer Value perimeters	("Customer Value Definition Marketing Dictionary MBA Skool-Study.Learn.Share.", 2019)
Figure 2	Henry Ford quote	(Tim, 2018)

INTRODUCTION

“It is not the employer who pays the wages. Employers only handle the money ... It is the customer who pays the wages.” – Henry Ford (Tim, 2018). Customer value creation is vital, if they value you as a company, they will invest in you as a company. The following document will discuss the customer lifetime of a client at Standard bank, based on the authors own purchasing and life time experience of taking out a student loan. After introducing the customer lifetime and value, diminishing ROC (return on customer) will be identified and prevention or elimination of the diminishing ROC’s will be discussed. Furthermore an effective on boarding process will be identified and indicated on the time line. Continuing the brief, the differences between a first- generation customer centric marketing practice and one that employs automated customer relevancy will be discussed and elaboration will be conducted on how automated customer relevancy can be achieved within the organisation, being Standard bank. Finally part one will conclude by defining attrition risk detection and how it could be prevented. Part two will highlight the purchasing journey of the customer, specifically that of obtaining a student loan through the services offered by Standard bank. Further indicating three points where right channeling is required and how to navigate customers to the correct channels.



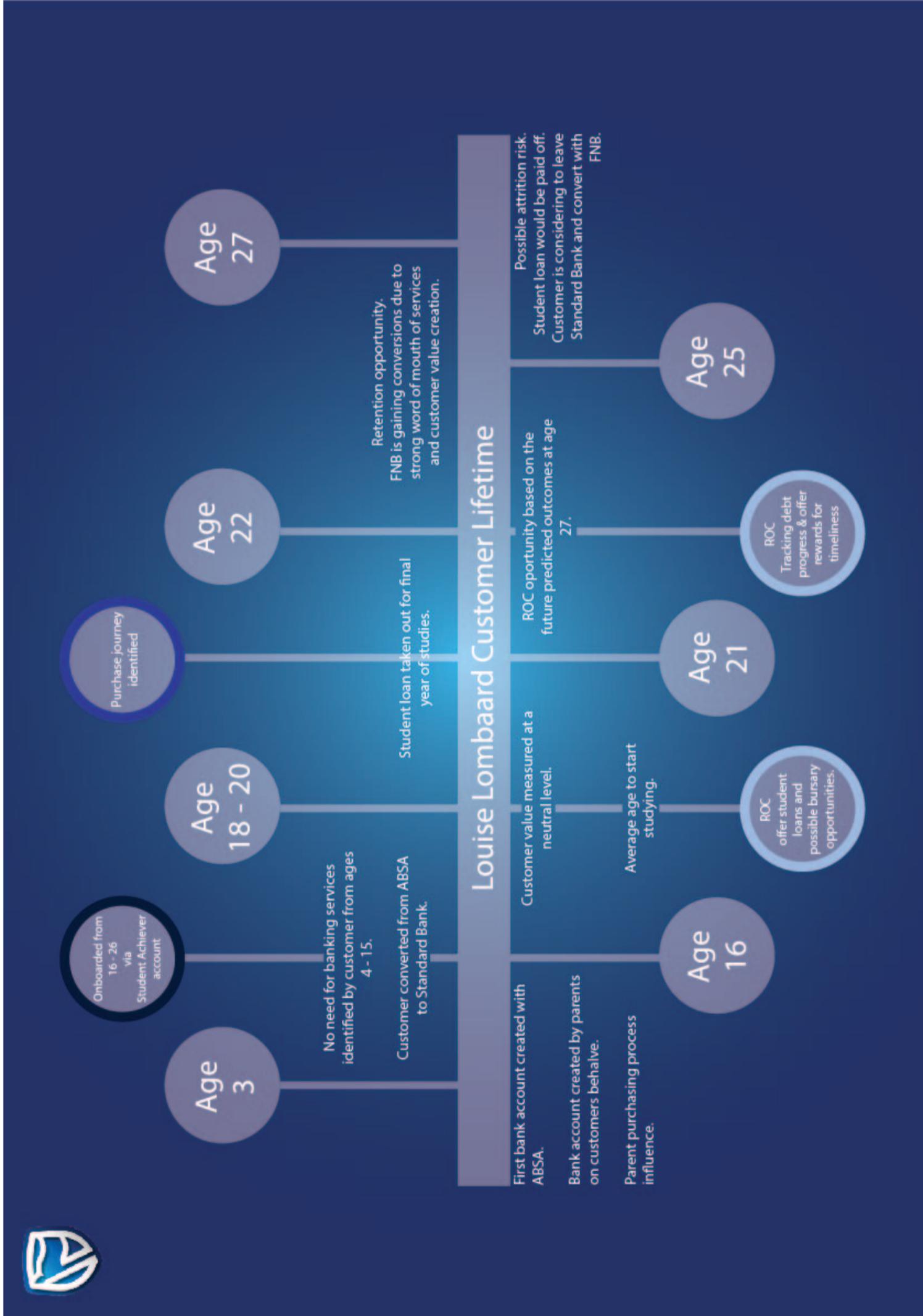
Fig, 1, Customer value perimeters



Fig, 2, Henry Ford quote.

PART 1

CUSTOMER LIFETIME



CUSTOMER PROFILE



Segment : Student Customer profile

Louisa Lombaard

22 Years old

Marketing student 3rd year

Student Achiever card holder

Minimal engagement

Minimal reaction to current customer value creation tactics



Status

Single / 3rd Year student / transition stage from student to working class

Class

Middle class

Barriers

Time constraints
Lack in budgeting knowledge
Limited personal time

Characteristics

Patient
Inquisitive
Diligent
minimal financial self control

Geographics

Pretoria East, Gauteng.

Family structure

Nuclear family household. Parental influencers (financial specific)

Customer lifetime

Converted at age 16
Onboarded at age 21
Attrition risk at age 27

DIMINISHING ROC IDENTIFIED

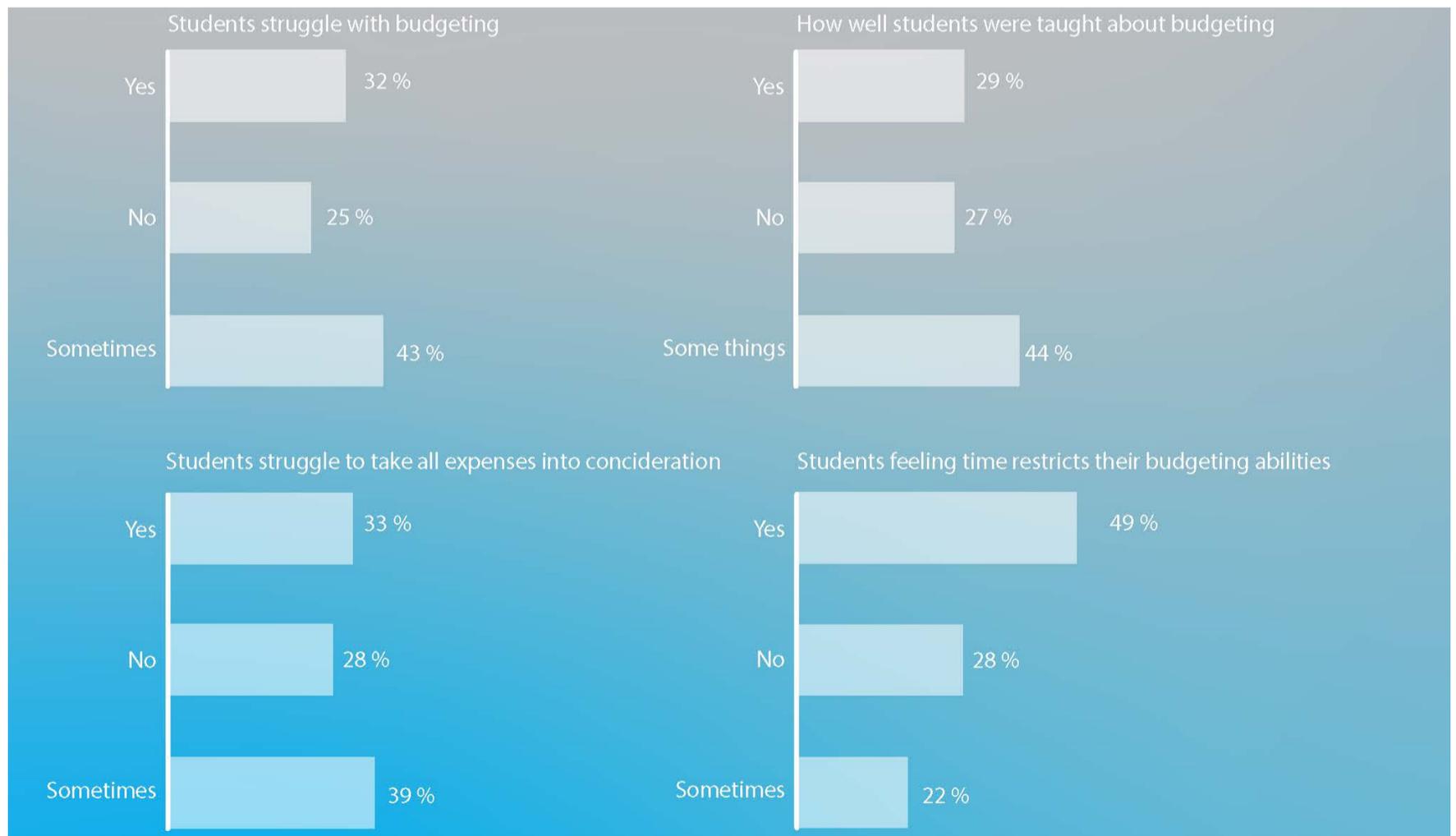


Colour key for Diminishing ROC

The first ROC diminishing point aligns with the customers age range of 18 - 20. The diminishing ROC is identified through reviewing the customers engagement data, the customer is at a neutral level. This meaning that the customer is using Standard Bank but is not engaging further. The customers uses the application and their bank card but the client is not querying any other services. This diminishing ROC could be a possible indicator of the client churning.

The age the client is in, 18 - 20 are the average ages at which young adults start studying. This is a potential motivator to improve the return on customer by offering student loan packages and possible bursaries supported by Standard Bank. Young adults struggle with finances and working with budgets (Reporter, 2019). By implementing this value creation strategy, Standard bank can increase their reach with the youth which is a segment that is viewing a high churn rate.

Bellow are the results of a survey conducted with a 100 young adults from the ages of 18 to 22 to research how well the youth can budget and how much they know about it.





Colour key for Diminishing ROC

The second point of a diminishing ROC is identified at the age of 22 of the customer. The data predicts a churn of the customer at 27 after the customer has paid off their student loan. The first ROC and the second ROC will have to be addressed together to attempt preventing the clients churn at 27. The student took out a loan at Standard bank for her final year of studies. However the client did this because it is more convenient to take out a loan with the bank she is with than to convert in this time, which is further covered in the purchasing journey. The student loan is a perfect opportunity to provide customer value to retain the client. However; the whole was only dug deeper, Standard bank did not send the student a copy of the contract as promised, also effecting the ROC.

The ROC strategy that can be taken here is to provide a platform or additional feature to the existing application where the student can track the progress if their loan, receive rewards for paying back in a timely manner and provide direct communication with the bank for any possible questions along with direct access to the contract. This will improve the value provided as the current service is not engaging with the student.

EFFECTIVE ON BOARDING APPROACH

ChartMogul defines on boarding as “Customer Onboarding’ is an umbrella term that’s often used to describe the entire process that users go through when they start their journey as a customer of your product or service. The onboarding experience can define the ongoing relationship your customer has with the product. In other words: It’s critical” (Shelley, 2019). Strong on boarding includes implementing web analytics and automation, further elaborated on in the next section. Following are the different on boarding approaches that could have been taken and there after the on boarding approach implemented for the identified area in the customer lifetime.

RULE BASED

Rule & Event based is implemented in the on boarding process to monitor the overall engagement, rule based is having a specific response or result in place for specific actions done by the client. Rule based analytics are implemented throughout the customer lifetime and will play out according to the different actions that occur. If a bank account has been opened, a rule based action will send an email welcoming the client with additional information they may want to refer to again at a later stage. Every time a transaction or payment has been made or if an account has been logged into a notification SMS or email is sent to notify the client, even if it was the client it creates value because if it is not the client logging in to their account then they will see the event is not inline with their actions and can notify the bank.

DETECTING SERVICE USAGE EVENTS

Standard bank provides multiple platforms for clients to make use of self service options. In the set up stages of the clients accounts their usage rates will be high as they have to be active on the platforms such as the online banking application or website because they are setting up. Furthermore, activity on the platforms need to be recorded. An example of the client Louise, She is generally active on the Standard Bank application, however it has occurred twice in the year of 2019 that her activity went completely dormant. This should alert Standard bank that there could be a problem and that they possibly need to retain the client to continue the on boarding process. The actual case for the low activity is that the clients phone broke twice and had no access to the application. However if Standard bank reacted to this to ask how they may assist and what the cause is off the low usage they could have recorded that the client does not have access to a phone and provided alternative options becoming a cross selling opportunity.

TAKEN APPROACH



Colour key for on boarding approach

The on boarding approach is identified at the clients age of 16. Research shows that teenagers prefer to get information and news online rather than going inshore, phoning or emailing (Lenhart, Hitlin & Madden, 2019). Standard bank has an application to access account details and to conduct different payments along with other bank services provided. To onboard a 16 year old that does not know much about finances and who does not have the desire to ask questions via telephone call or email who would ask the parents for help needs to be accommodated for these traits.

The on boarding strategy will therefor run as follow:

The account is set up in store with the parents to assist. In the same session the customer will be assisted in downloading the application. The application will have a new chat feature. On this feature, the client will receive their welcome message with links to more information that is communicated in a manner that is appealing to their age group. The chat feature will have all symbols that are found on the application, so that when clicked on it will notify the agent who the client is talking to under which section the client is struggling with. This is because the youth don't know much about budgeting and finances, therefor accommodating with symbols will eliminate miss-communication due to lack of knowledge in terminology from the clients side.

Any future notifications need to be prompted from the application so that the customer can view these updates and notifications directly on the application rather than prompting them from an email or SMS. This will make the application come across as a type of social media application, making it more approachable by the customer who is part of a young age group. By implementing this Standard bank will not only improve their ROC but also have better data on service usage events for this age group where it is easier to track service usage across the traditional online platforms used for the older generation.

FIRST GENERATION CUSTOMER CENTRIC MARKETING VS AUTOMATED CUSTOMER RELEVANCY

First generation customer centric marketing is conducting the marketing process by hand. This includes the way campaign research is conducted, executed and evaluated (Arikan,2008). First generation customer centric marketing concerning newly established business's would go hand in hand with Ad hoc marketing. Ad hoc is testing a never tried before concept on your audience. If a business is new, the chances of them having the necessary software and data are low. Thus research will have to be done manually based on other data collected from different sources, this would then be recorded manually and then evaluated manually. The accuracy of this data handling will need precision and have multiple people review all findings to ensure that the data and trend occurrences are accurate.

Manual marketing has its cons as all things do, one of these is that it takes up time to analyse and compile the data manually where the time could be spent to compile complex campaign strategies (Tjepkema, 2019).

Automated customer relevancy is when technology is introduced to improve service and execution levels in house and for customer centric purposes. Customer automation requires constant research to stay up to date with new technologies (Arikan,2008).

Bringing in automation allows for maximising many aspects in the business other than just improving data analytics. Automation improves staff satisfaction when technological tools are at their disposal to improve the flow and accuracy of their performance, which ripples down to the clients because they will receive better service this improving ROC (Davis, 2019).

Automated customer relevancy also allows for the business to handle more at a time, such as managing platforms, communicating to more than one client at a time which results in more sales because you can address multiple requests and concerns at the same time, once again improving ROC (Davis, 2019).

A final point is the testing in the market, or your Ad Hoc campaigns. Automation allows for fast distribution of a campaign and a fast retention on data. Automation helps keep the business up to date and to make real time adjustments instead of testing campaigns over a long period of time as you would have when conducting the campaigns manually (Davis, 2019).

AUTOMATED CUSTOMER RELEVANCY IMPLEMENTATION

Standard bank has introduced automation over the years such as telephonic automated services, online banking and an application amongst many more elements. As mentioned before in the ROC segment, there are automations to introduce to specifically improve the ROC for the target audience segment that have similar customer profiles to Louise.

As mentioned before, Standard bank can provide a platform or additional feature to the existing application where the student can track the progress of their loan, receive rewards for paying back in a timely manner and provide direct communication with the bank for any possible questions along with direct access to the contract.

Another element to automate in store could be the Kiosk where you inquire on where to go for the specific assistance you need. If the application can have a booking segment, then the client can make an appointment for that specific inquiry they have, and when the client arrives, a greeting box will greet the client as they walk in based on it registering that the application on their phone has entered and thus being able to greet them by name and telling them where to go. This eliminates the need for manual assistance in store and improving ROC because the client knows when and by who they will be helped.

ATTRITION RISK DETECTION & PREVENTION

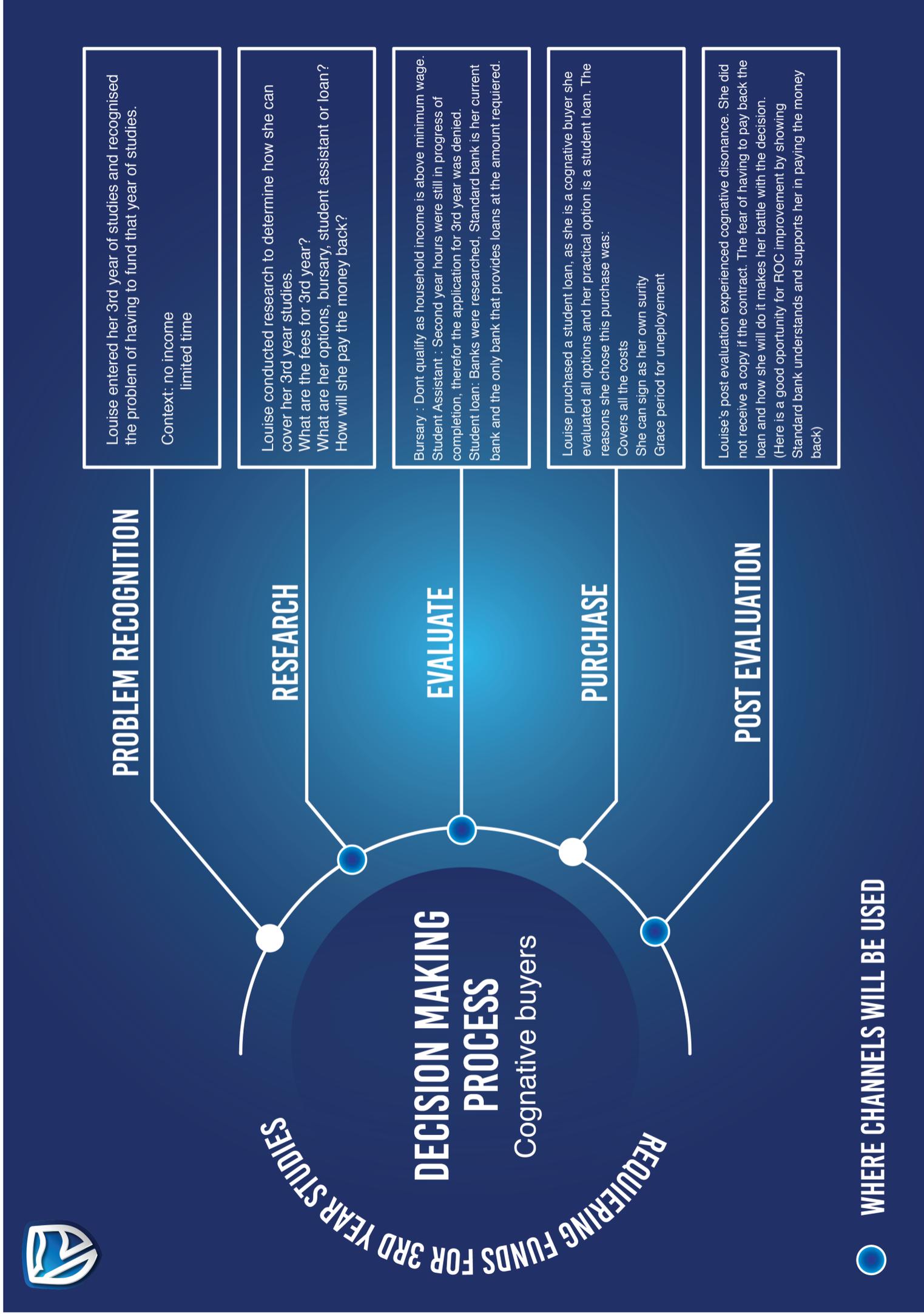
Attrition risk detection, according to NGData is defined as “ attrition rate is a calculation of the number of individuals or items that vacate or move out of a larger, collective group over a specified time frame “(Galletto, 2015). So how do we detect if this is going to happen and how to prevent losing clients to a competitor?

Attrition risks can be caused by multiple facets. Service failure is one of them (Arikan,2008), if a platform crashes or if anything is not working as effectively as it should it should be the business's priority to be aware of it happening and how to fix it. As seen in the customer life time, there is an indication of the client showcasing signals that they will churn. One of these reasons are that the online service is not up to standard for them, they have been comparing Standard banks online service with FNB's. A clear indication of this is that there are no events happening on the platforms provided by Standard bank, as mentioned in the service usage section, Louise has been inactive with reason but her general usage is also nothing above just stable. To prevent this, special attention could be given to her and other individuals sharing the same trait while updating the online services provided to eliminate the comparison.

Another indication is a specific telltale event (Arikan,2008), Louise has unsubscribed to all newsletters and does not engage with any form of outreach towards her from standard bank as she is planning on finishing paying her loan and moving to FNB. This retention risk should have been correctly prevented in the on boarding process. To prevent losing her, the direct communication lines need to improve along with their content as it is clearly not appealing to the client. Realistically the changes cannot be made over night, therefore a recommended solution is to implement a plan to improve the content and offer her something worth while to obtain her current customer value until the problem can be solved.

PART 2

PURCHASING JOURNEY



RIGHT CHANNELING

The following platforms interlink to form the channels in the purchasing journey. The 3 steps in the purchasing journey were specifically chosen as they share similarities in user engagement and work together to lead the lead to the final stages to establish their status as “on boarded”. The three stages are the research stage, the evaluation stage and the post evaluation stage.

The first stage is the research stage. In a survey conducted to determine what bothers users when researching bank related topics, the results were unanimous, everyone responded that they dislike that the research information is not compiled together ("Survey results", 2019). The users were also asked what platforms they prefer using, only two users said Facebook, the rest said a website ("Survey results", 2019). According to research, banks prefer using Facebook as a source of sharing information, although the banking industry has only been making use of social media for 3 to 5 years ("The State of Social Media in Banking", 2017).

Research

For researching, the platforms that will be used are Facebook, Instagram and the website with a specific micro site will be used to formulate the channel. Banks prefer to use Facebook as a form of reaching the public, although users say they prefer the website, Facebook can still be used along side Instagram to generate leads to the micro site.

The micro site will have a combination of all the topics one could possibly research regarding banking. Multiple posts will be posted in Instagram and Facebook in the hopes of generating leads to the site by making it easier to find the topic they want to learn more about. Each post will take them directly to the article or information page on the website regarding the specific topic promoted on that post.

Evaluation

The evaluation stage links in right after the research stage. Each topic or subtopic in the research page will have a tick box. This will allow the user to compare the research topics ticked to the same information of other banks. This will allow for user friendly comparison, literally bringing all the research and evaluation to one microsite. Afterwards a direct email will be sent the the user to offer the contact details of the different departments they can contact including multiple consultants if they would like to ask anything they might not find on the page.

Post evaluation

The third stage is the post evaluation stage, There will be a direct email sent to the user after the contracts have been signed, this email will include a copy of the contract, more specific contact details to the agents who assisted them directly so there can be a more stable relational aspect as the consultant will be familiar with the clients history. Finally the client will be informed of a new feature to the application, a phone button, linked to the phones please call me services. This button will notify your consultant that you would like to be phoned. This will create customer value because there isn't always airtime or data to contact the bank.

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GRAMMARLY REPORT

DOCUMENT

SCORE

100 of 100

ISSUES FOUND IN THIS TEXT

1

PLAGIARISM

0%

Contextual Spelling

✓ No errors

Grammar

✓ No errors

Punctuation

✓ No errors

Sentence Structure

✓ No errors

Style

✓ No errors

Vocabulary enhancement

1

Word Choice

1 