

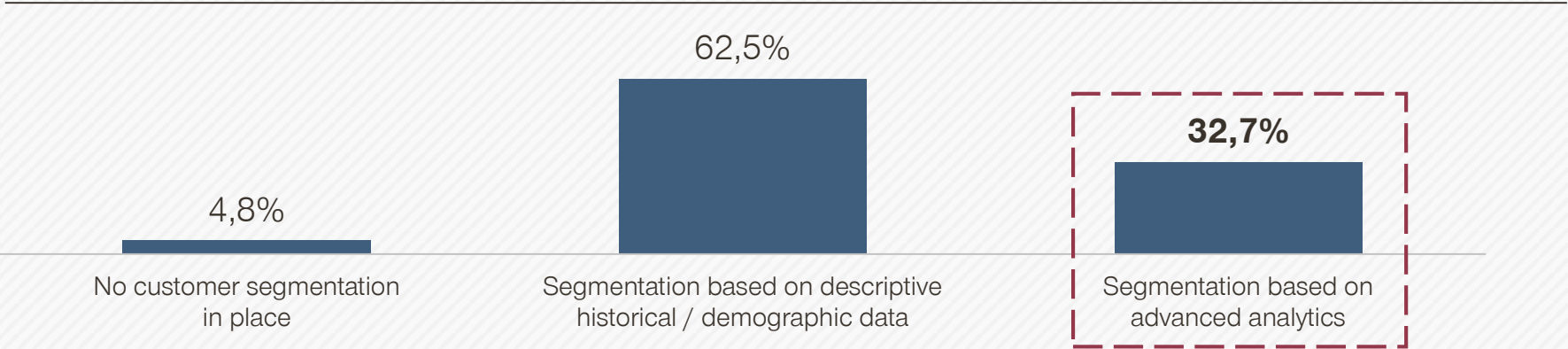
# Simon-Kucher Global Sales Study – Banking & Financial Institutions

Part 2: Leverage analytics to reach customers

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- **Segmenting and targeting clients effectively** is a key step to **meeting their needs more effectively** and **earning more from relationships** while ensuring that accelerating digital channel usage does not eliminate personal touchpoints and de-personalize the customer experience
  - Currently, the banking industry recognizes the need to develop advanced segmentation techniques based on analytics, but still **relies mostly on descriptive historical/demographic data**
  - Key **obstacles** to a more effective segmentation are the **lack of behavioral data, IT or compliance constraints**, weak **organizational or technological infrastructures** and **insufficient skills**
  - Banks need to better **leverage all available information** and to **enrich the data** to identify new possible **cross-selling, up-selling and acquisition opportunities** in all customer segments

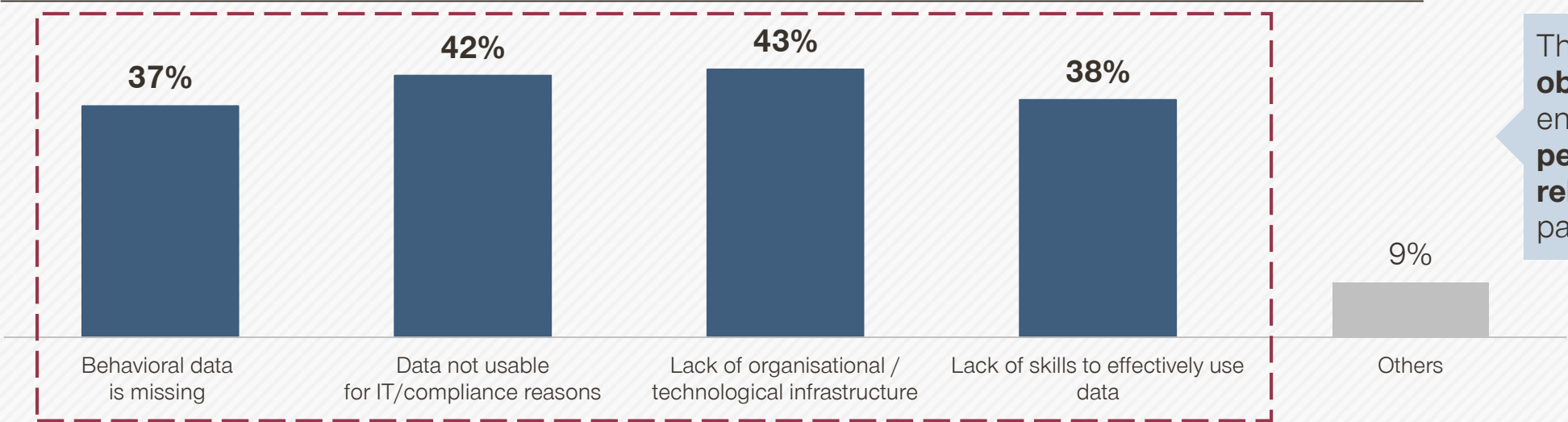
# Customer segmentation is outdated and fails to provide meaningful commercial leads

How does your bank segment customers?<sup>1</sup>



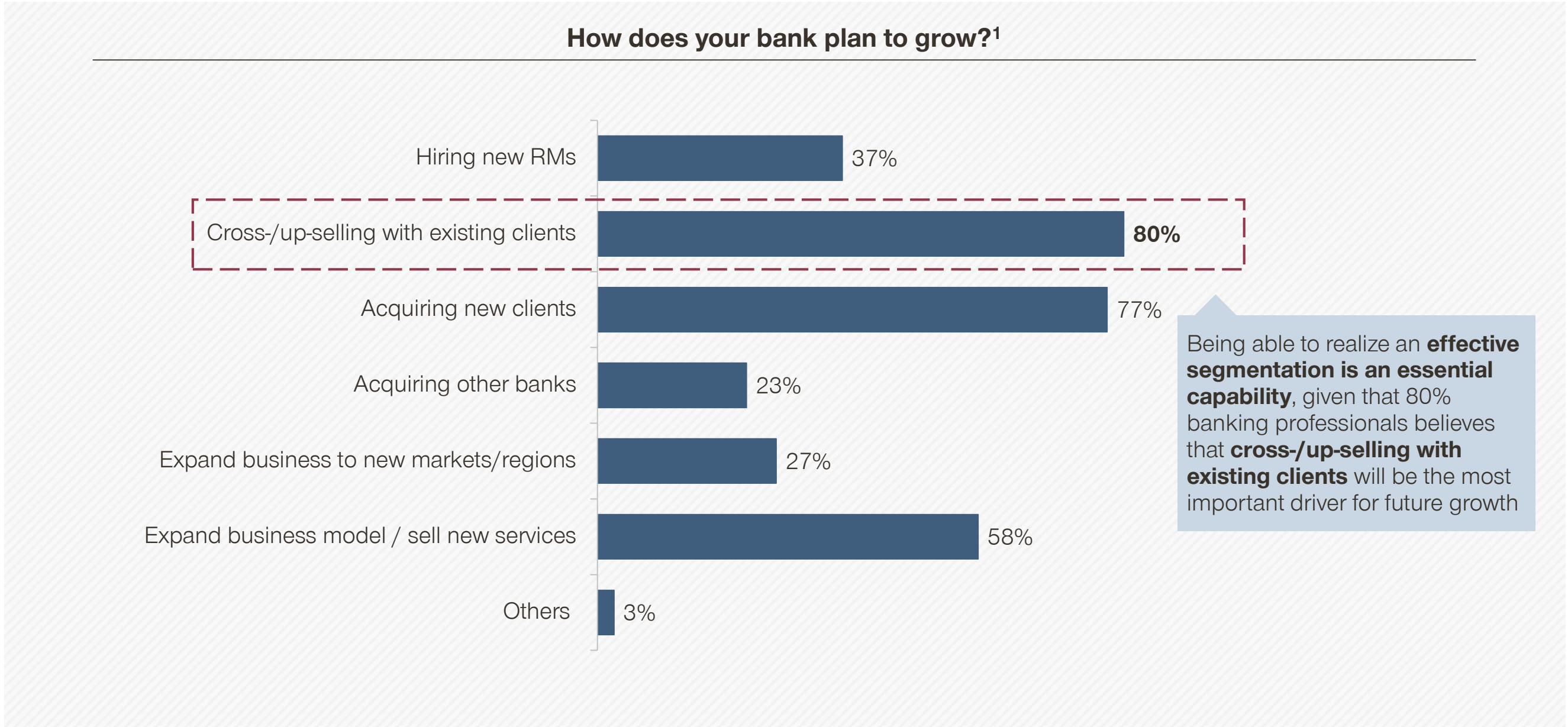
Only 1/3 of participants bases the segmentation of their customers on **advanced analytics**, showing that there is **significant space for improvement**

What do you consider to be the biggest obstacles to more effective segmentation?<sup>2</sup>



The factors listed as possible **obstacles to segmentation** enhancements are **all perceived as equally relevant hurdles** from participants

# Improving segmentation capabilities is fundamental to growth strategies focusing on leveraging client relationships



## To support more effective customer targeting, we focus on three key areas

1

### **Enrich the information set to be used for segmentation**

Supplement currently available demographic, historical and transaction data with additional sources including internal and external flow of funds, web and mobile usage, and purchase behavior

2

### **Refine the segmentation process**

Adopt more advanced segmentation techniques by applying advanced analytics, machine learning and AI algorithms and by developing internal skills and capabilities in how to effectively handle and interpret data

3

### **Differentiate commercial actions for the identified segments**

Develop tailored actions (e.g. commercial campaigns, dedicated marketing initiatives, ...) differentiated for each of the segments that have been identified, to increase sales effectiveness



# Enrich the information set to be used for segmentation

## Initial measures

### How to enlarge the information set on customers



Enhance the descriptive informative background provided by historical and demographic data by constantly registering customers' behaviors in order to get new insights of their response to specific events or triggers



Evaluate the opportunities related to extending the data points available for each client through the acquisition from external providers or intermediaries of new data sources



Integrate the enriched data points on clients to create more efficient segmentation models in terms of hypothesis generation and subsequent testing

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## Refine the segmentation process

### Initial measures

#### How to enhance segmentation with analytics



Develop a model of analysis built on solid hypothesis that builds better segments

01100  
10110  
11110

Fine-tune the insight generation power through constant learning and AI algorithms



Strengthen the organizational and technological infrastructure

...

...

#### How to develop data management skills



Increase the ability to interpret huge amount of data with constant training and learning



Define clearly ownership and rules related to data processing



Dialogue with Legal & Compliance to enable new and faster uses of the available data

...

...

## Differentiate commercial actions for the identified segments

### Initial measures

How to leverage segment specificities in the commercial space



Differentiate the initiatives between segments based on timing (“right product offered at the right time to the right customer”) and sales channels (mailing, SMS, call, ...)



Check in a timely manner if and how the different segments respond to the commercial initiatives designed, by testing their effectiveness in the market (e.g. A/B testing, if possible in a continuous and automatic way)



Measure the realized success of the commercial initiatives and fine-tune them to implement corrective actions (contents, timing, channels) in order to maximize conversion / action for each segment

...

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# Study overview

## Type & scope

- Online study by Simon-Kucher & Partners
- 15 questions on the effects of COVID-19 on the sales process in the banking sector

## Timing

- October 2020

## Participants

- Worldwide professionals in the banking industry
- Executives of all functions and areas were interviewed

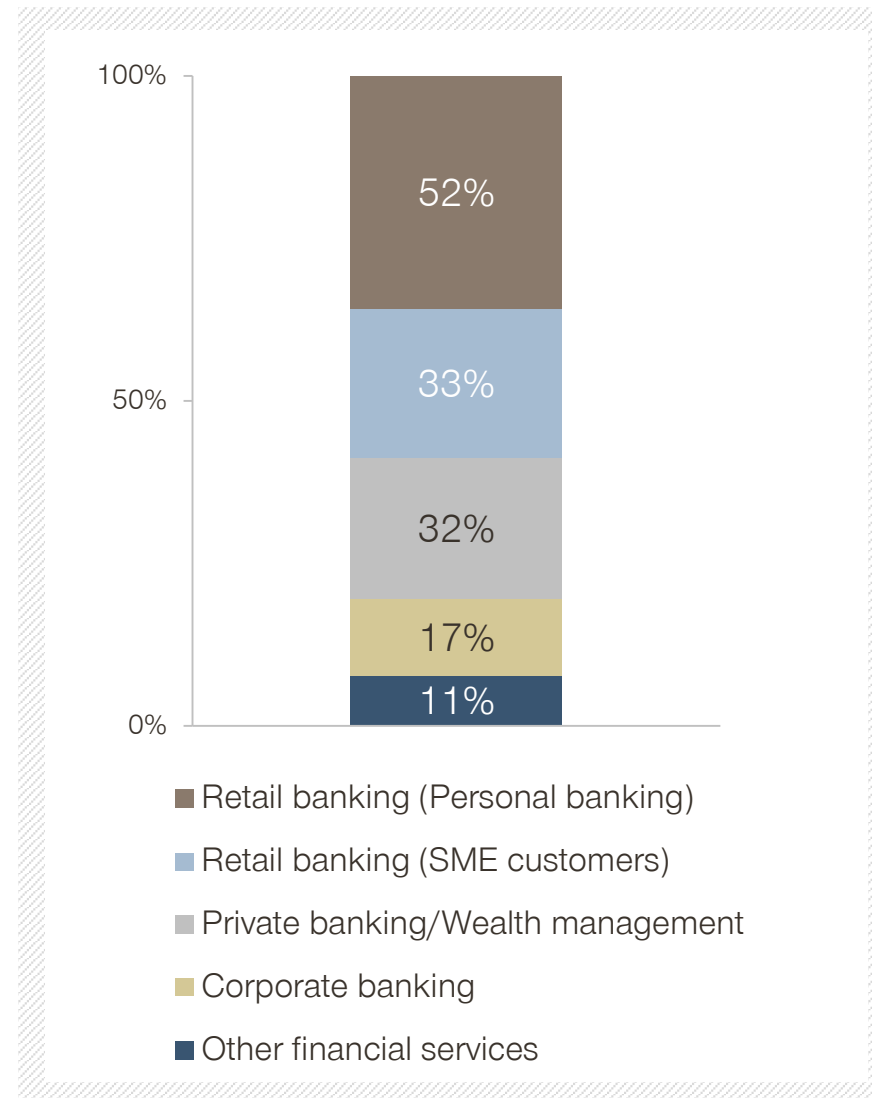
## Countries

- Austria, Belgium, Canada, France, Germany, Italy, Switzerland, Spain, USA

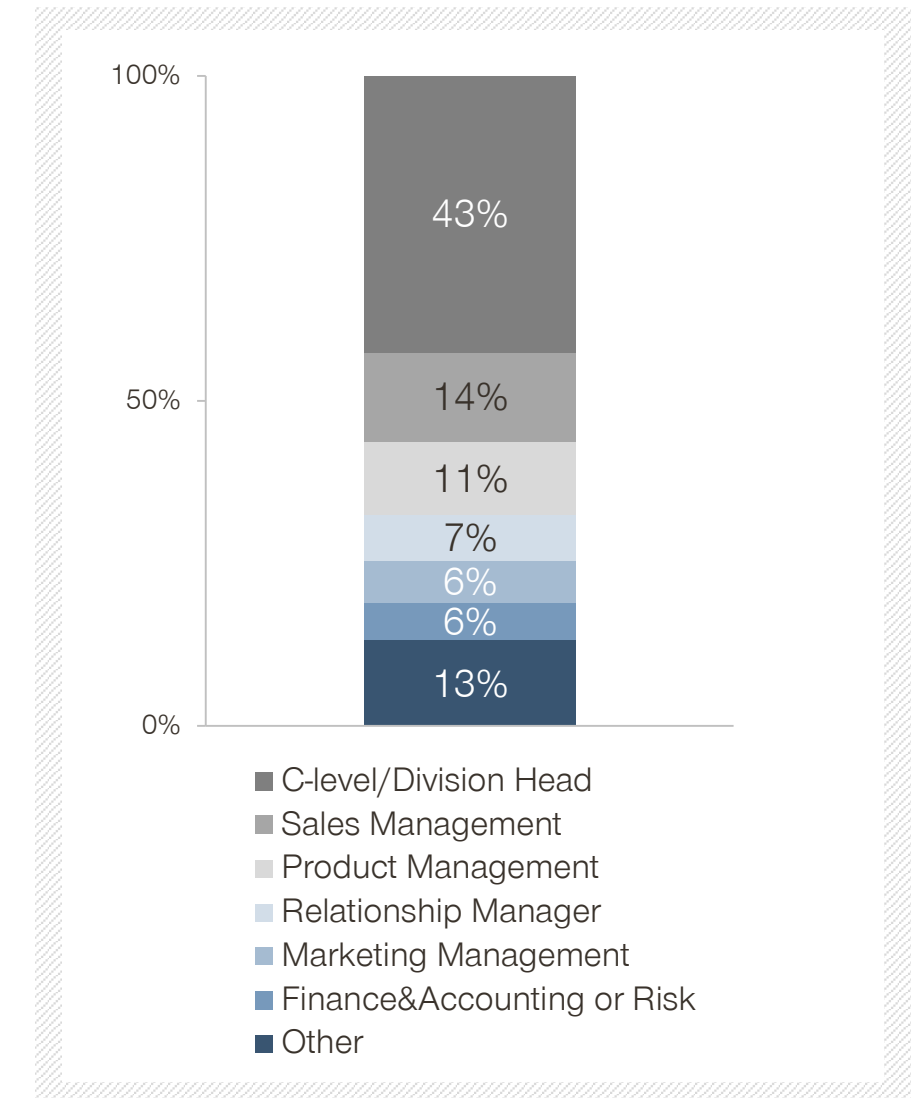
## Sample

- 329 participants participated in the survey

## Expertise<sup>1</sup>



## Function



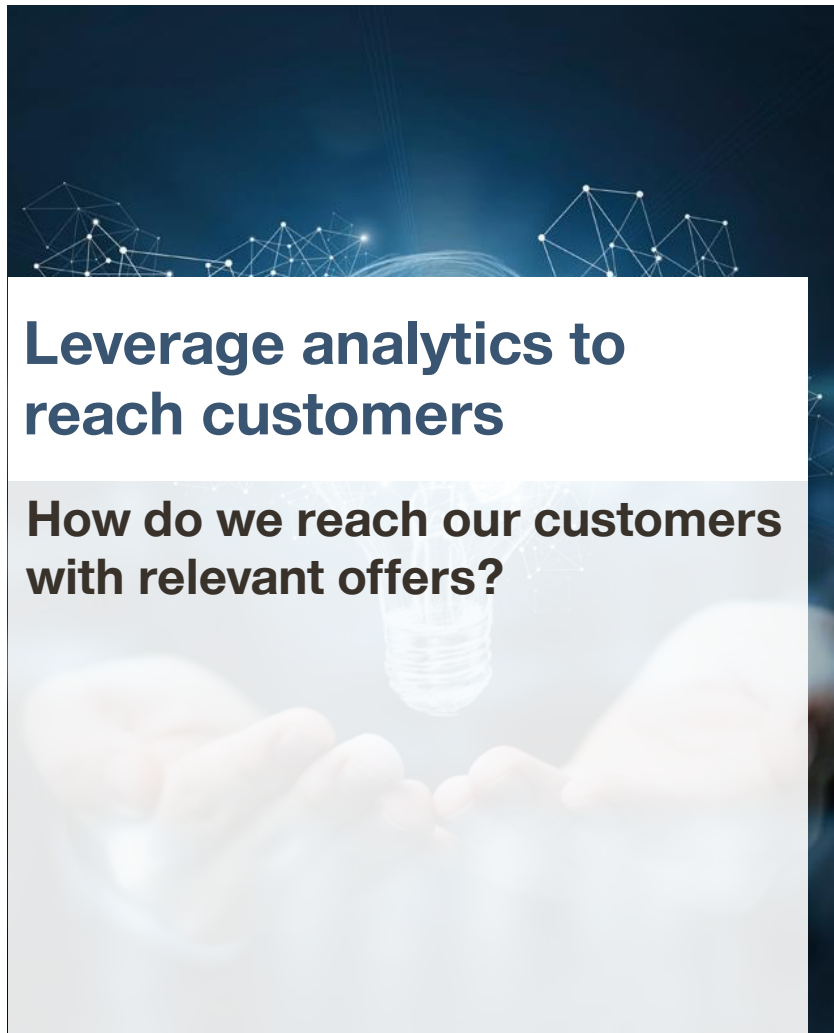
1) Multiple entries possible

# Chapters of our Global Sales Study



## Complete the digital transformation

How can banks transition toward more digital sales models?



## Leverage analytics to reach customers

How do we reach our customers with relevant offers?



## Define platform strategies

How can we react to the growing importance of third party platforms?

**We are happy to share results along those 3 topics**



**We are happy to discuss our  
findings and solutions with you –  
feel free to reach out!**

**SIMON ♦ KUCHER & PARTNERS**

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