The power of AI-enabled empathy for 1:1 brand engagement

Five Design Principles for Always-On Contextual Customer Engagement

Robin Collyer | May 2018

PEGA®

80% of CEOs

believe they're delivering a superior customer experience.

but only **8%** of Customers

agree with that.

Source: Bain & Co, 2016

Most people wouldn’t care if…

93% of Brands didn’t exist.

Source: Havas Meaningful Brand Research for Western Europe (2015)

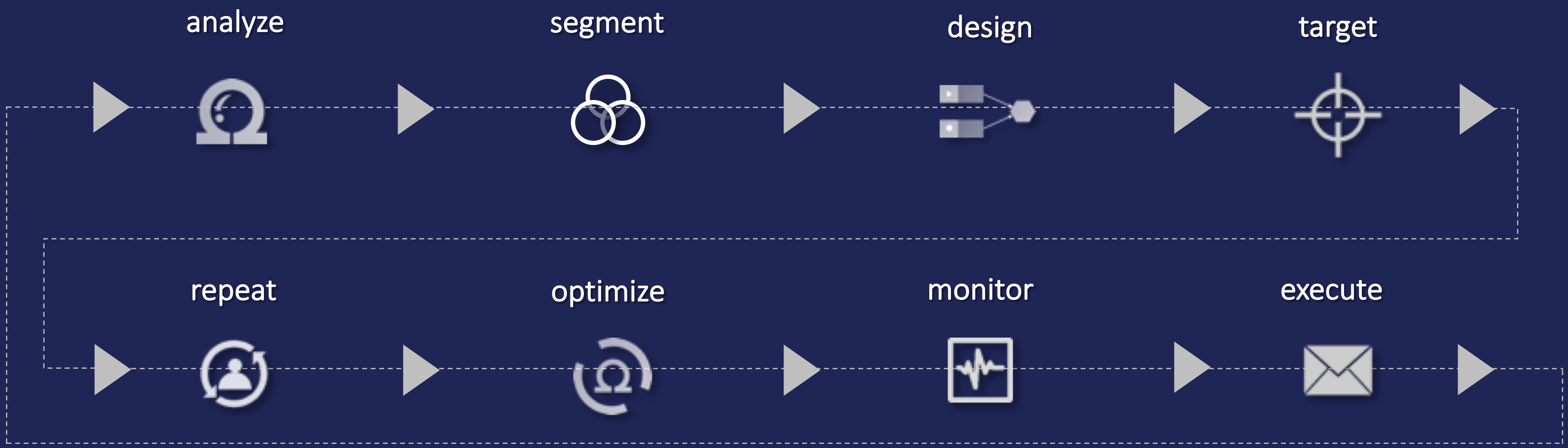
Today’s consumer

Everyone has a mobile phone – and they can access your brand from any channel, wherever and whenever they want.

Your typical customer is…

- **Always-On**, and constantly connected
- Doing **self-guided research**
- Driven by **short-term gratification**
- **Intolerant** of awkward experiences
- **Distracted** by data overload

Marketing has deep roots in segmentation and campaigns



analyze

segment

design

target

repeat

optimize

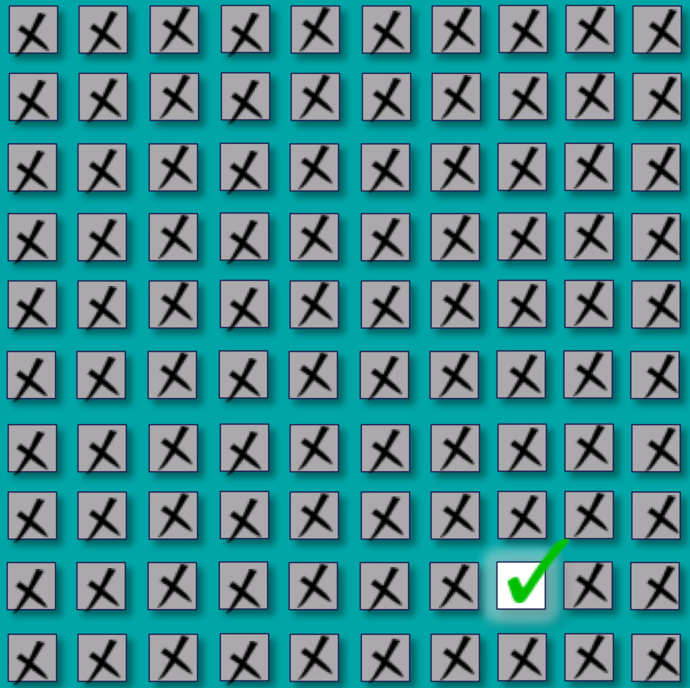
monitor

execute

= Linear, inefficient, and company-out, vs. customer-in

But the average marketing campaign generates…

<1% response rates



Direct Marketing Association (2015)

This is not the answer

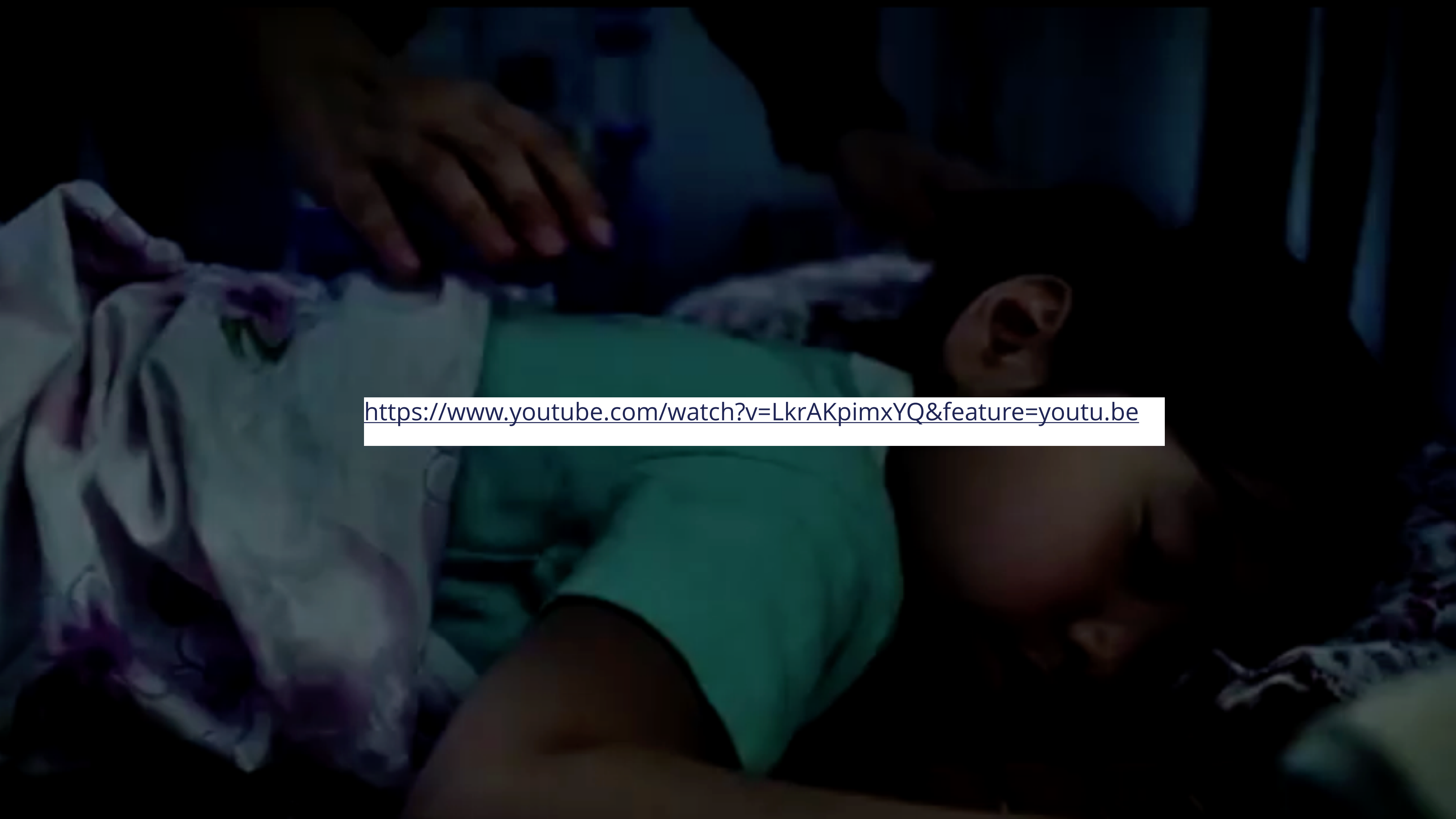
Let’s hit the reset button.

**Customers – *not* products –
drive revenue.**

Empathy?

"In contrast to *being* something – **empathy is something that is offered**. And unlike sympathy, which is the third-party emotion of feeling compassion, empathy means **putting yourself in another's shoes and truly identifying with their situation**"

Nikki Gilliland @ Econsultancy 2017



https://www.youtube.com/watch?v=LkrAKpimxYQ&feature=youtu.be

I’ve learned that
people will forget what you *said*.
people will forget what you *did*.
but people will never forget
how you made them feel.

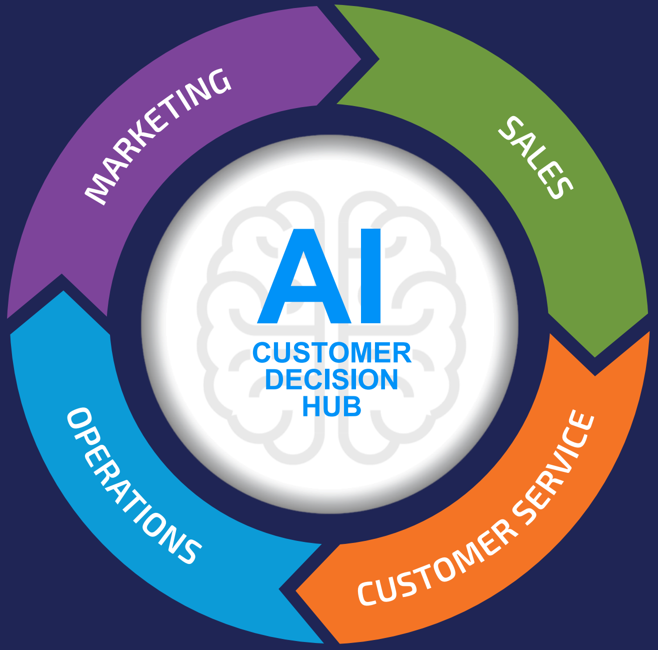
-Maya Angelou

Can you see the real me?

Channels

HTTP

CUSTOMER NEEDS



MARKETING

SALES

CUSTOMER SERVICE

OPERATIONS

AI

CUSTOMER DECISION HUB

BUSINESS GOALS

Data & Existing Systems

00

biscuit

Transparent AI:
manifesting the essence of a brand, safely.

Opaque AI

Why Did It Do That?
Why Didn't It Do Something Else?
Did it Succeed Or Fail?
Can I Trust The Results?
May exhibit unintended biases
Unconstrained

Transparent AI

I Know What It Did
I Know Why it Did That
I Know That It Succeeded
I Can Trust These Results
Constrained

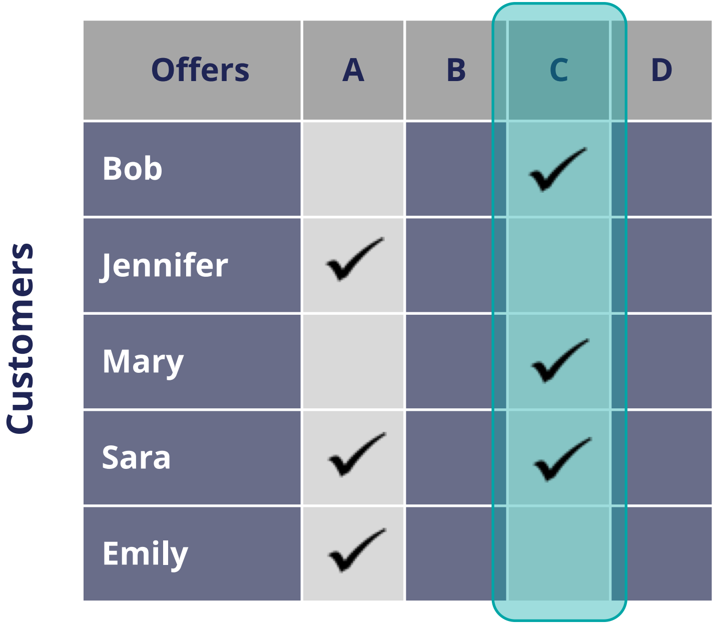
Five Design Principles
for Always-on Contextual Customer Engagement

5

Design Principle #1

It's Either *Customer-Centric*, or it's Not… There's No Middle Ground

Segment Approach
(product-first)

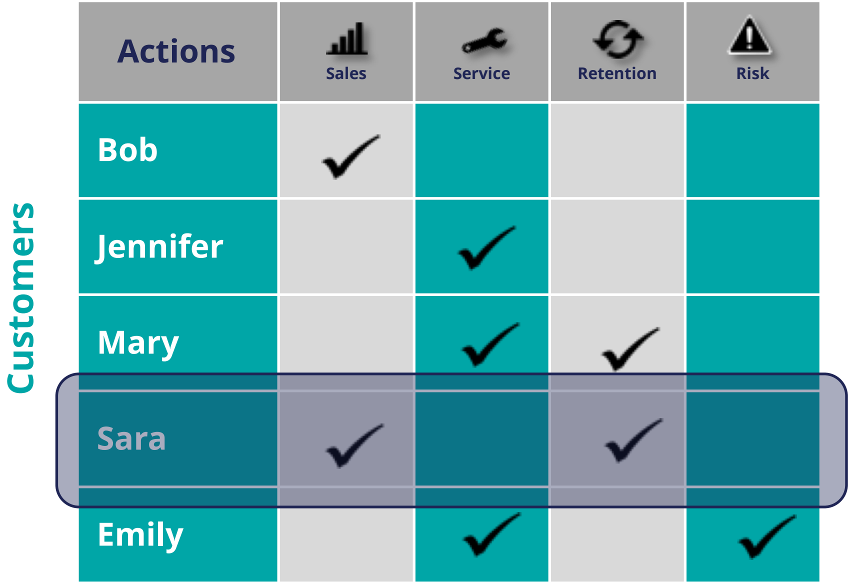


Customers

Offers	A	B	C	D
Bob			✓	
Jennifer	✓			
Mary			✓	
Sara	✓		✓	
Emily	✓			

Push **Offer C to Customers**

Next Best Action Approach
(customer-first)



Customers

Actions	Sales	Service	Retention	Risk
Bob	✓			
Jennifer		✓		
Mary		✓	✓	
Sara	✓		✓	
Emily		✓		✓

Optimize **Sara's Value To Company**

Royal Bank of Scotland

"I believe that with how we use data and decisioning, we can truly get back to the way banking was done in the 1970's… Every time we're talking to you, it's about what's right for you, based on everything we know about you."

- Christian Nelissen
"The Data Guy", Head of Analytics, RBS

RBS is constantly mining their data from across channels, to identify *moments that matter* for each customer – then engage if they can provide value.

- 18 Channels Integrated in 4 Years
- 4 Billion Customer Interactions Per Year
- 35% Less Impressions (Waste)
- 6X Increase In Response Rate
- 8X Increase In Credit Card Applications
- 20% Improvement In Balance Retention
- 18 Point Increase In NPS
- 10-1Return On Investment

RBS
The Royal Bank of Scotland

real time, contextual decisions

Next-Best-Action Video

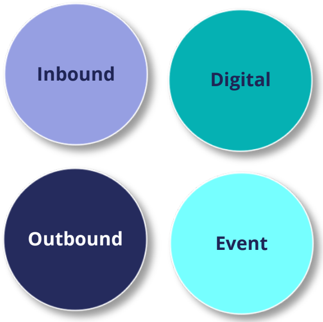
https://www.pega.com/insights/resources/build-change-next-best-action

Design Principle #2

Everything Becomes An *Omni-Channel Conversation*

Silo Marketing

(Transactional)

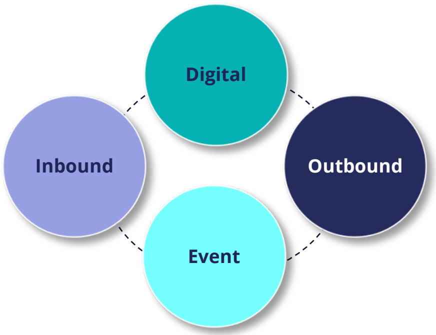

Inbound
Digital
Outbound
Event

Channels Operate Independently

- No Shared Data, Analytics, or Learning
- No Insight Across Customers / Channels
- No Awareness of Context
- Major Messaging / Strategy Conflicts

Integrated Marketing

(Informed Transactional)

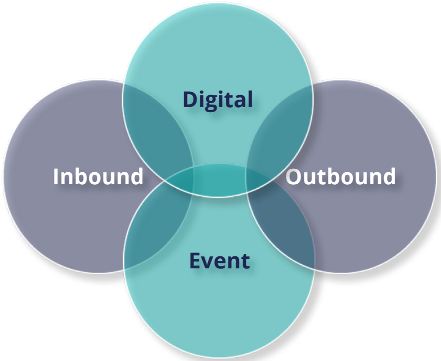

Digital
Inbound
Outbound
Event

Independent But Informed

- Data & Analytics Shared In Batch
- Latency in Data Updates & Learning
- No Awareness of Context (Color)
- Reduced Messaging / Strategy Conflicts

Unified Marketing

(Conversational)


Digital
Inbound
Outbound
Event

Centralized Decision-Making

- Real-Time Data & Analytics
- No Latency In Learning
- Shared Contextual Awareness
- Consistent Messaging & Orchestration

British Gas

“Other vendors believed that inbound and outbound capabilities were totally different, and couldn't exist together in one tool… With Pega, there is no inbound and outbound - it's customers first, channels second.”

- **Jo Allen**

Next Generation Decisioning, British Gas

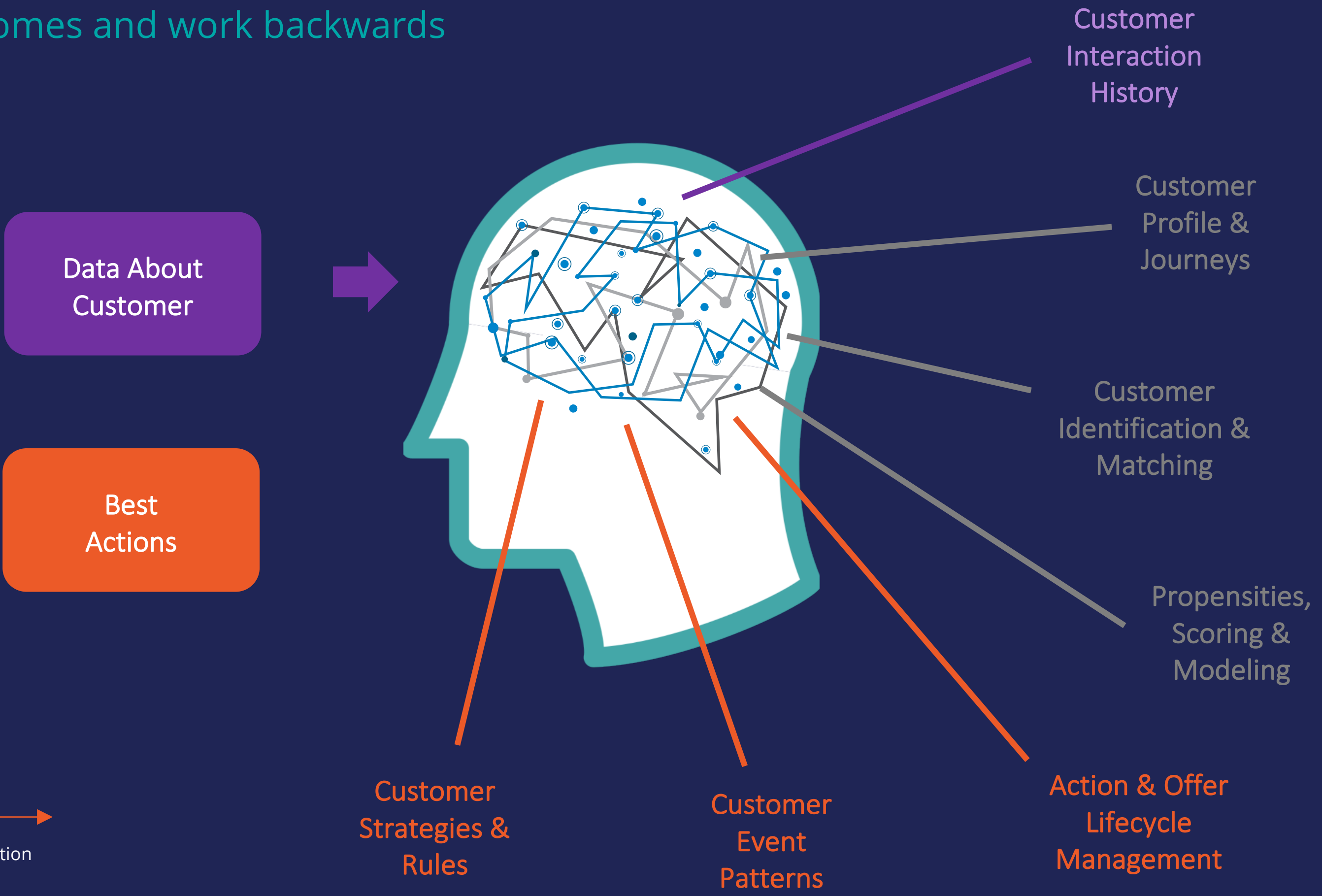
British Gas is an iconic UK brand with a 200+ year history as the 1st public utility established worldwide, in 1812. They use Pega Marketing to make relevant and timely decisions about each customer; every channel constantly learns from the others, and they work in synch to support the customer.

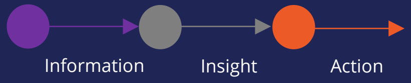
- Implemented Inbound Channels < 6 Months
- Reduced Data Lag-Time by 85%
- Increased Offer Conversion Rates by 20%
- Simulated Performance of 1 Billion Offers < 3 Hours

British Gas
Looking after your world
I'm a Nissan electric vehicle

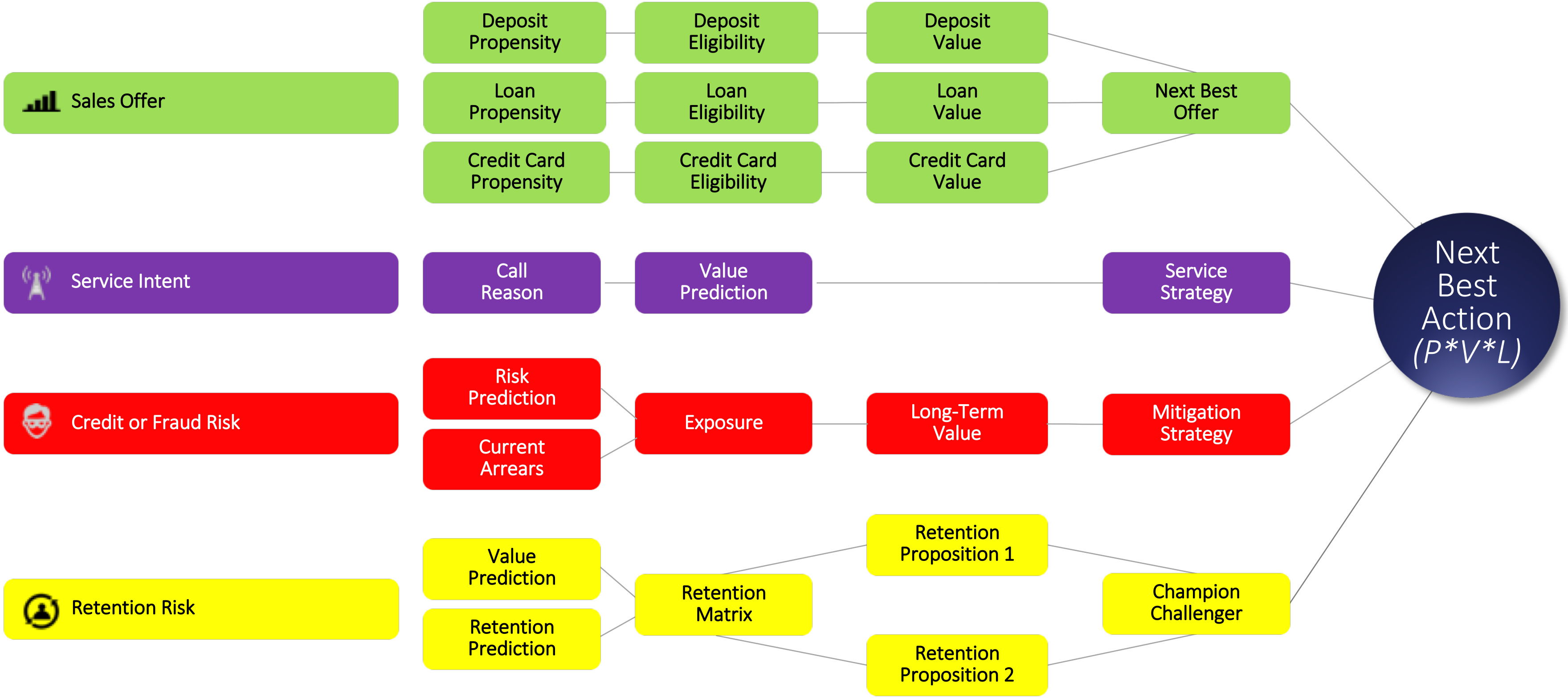
Design Principle #3

Re-imagine the outcomes and work backwards


Data About Customer
Best Actions
Customer Interaction History
Customer Profile & Journeys
Customer Identification & Matching
Propensities, Scoring & Modeling
Customer Strategies & Rules
Customer Event Patterns
Action & Offer Lifecycle Management


Information
Insight
Action

Empathise with each and every Customer & Customer-facing employee



Sales Offer
Deposit Propensity
Deposit Eligibility
Deposit Value
Loan Propensity
Loan Eligibility
Loan Value
Next Best Offer
Credit Card Propensity
Credit Card Eligibility
Credit Card Value
Service Intent
Call Reason
Value Prediction
Service Strategy
Credit or Fraud Risk
Risk Prediction
Current Arrears
Exposure
Long-Term Value
Mitigation Strategy
Retention Risk
Value Prediction
Retention Prediction
Retention Matrix
Retention Proposition 1
Retention Proposition 2
Champion Challenger
Next Best Action (P*V*L)

Sprint Wireless

“We’re seeing more than double the acceptance of retention offers… That is a big deal.“

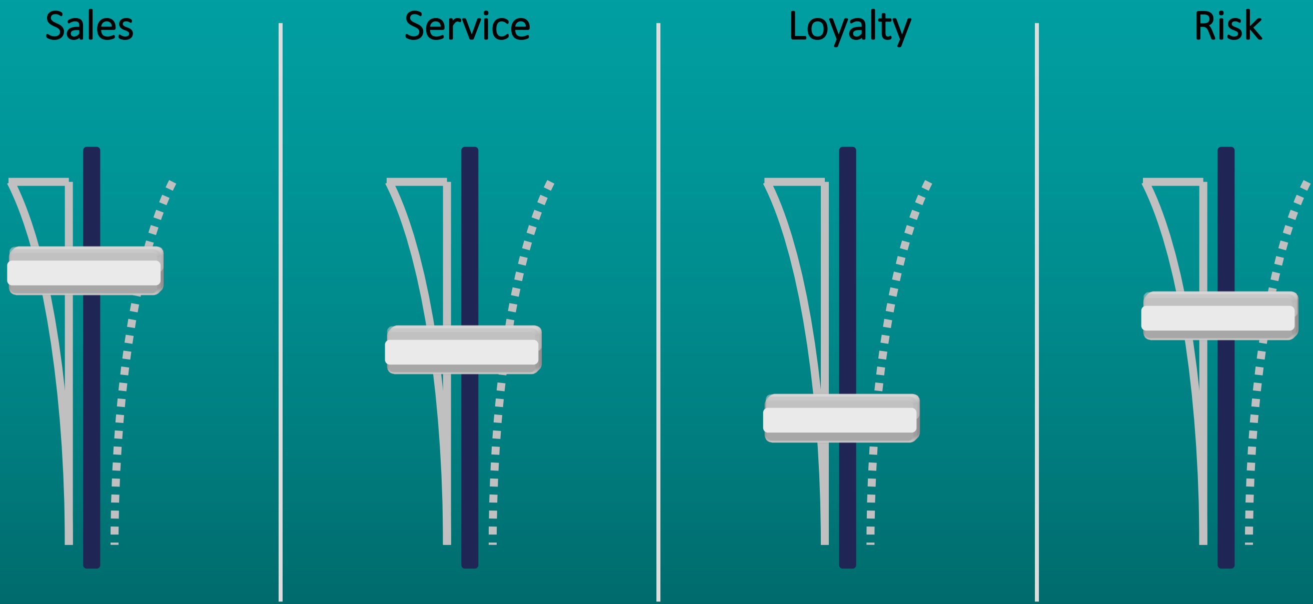
- Marcelo Claure
CEO, Sprint

Sprint customers don’t know about Next-Best-Action, just that the CX has been personalized in a unique and compelling way.

- 50% increase in net promoter score (nps)
- 800% increase in customer upgrades
- 14% reduction in post-paid churn rate (lowest level in company history)
- increased yearly net-adds by 2.5 million

Design Principle #4

Manifest and govern your brand values


Sales
Service
Loyalty
Risk

NBA Governing Board

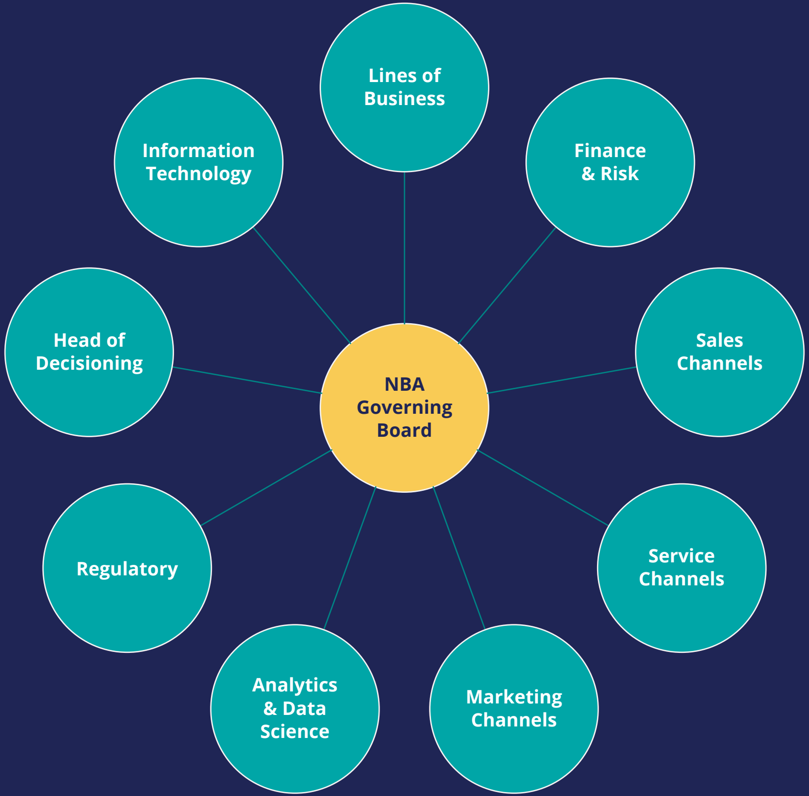
Key Stakeholder Alignment

This board provides **high-level governance** of Next-Best-Action customer strategy - which is translated into the tactics that are developed and managed by the execution team.

Governance spans traditional org structures and domains, consisting of stakeholders across:

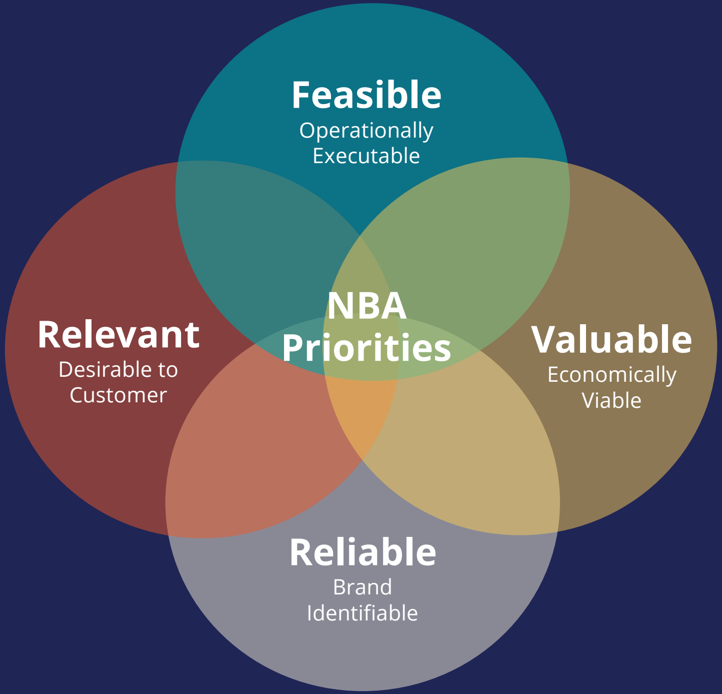
- **Lines of Business**
- **Marketing Operations**
- **Analytics & Data Science**
- **Sales, Service & Marketing Channels**
- **Information Technology**
- **Risk & Regulatory Functions**

Strategy Governance meets regularly to review performance, define priorities and goals, propose strategic initiatives, resolve conflicting objectives, and balance the mix of competing business KPI.


Lines of Business
Information Technology
Finance & Risk
Head of Decisioning
NBA Governing Board
Sales Channels
Regulatory
Service Channels
Analytics & Data Science
Marketing Channels

Monthly Governance Forum

Key Questions Answered



Feasible
Operationally Executable
Relevant
Desirable to Customer
NBA Priorities
Valuable
Economically Viable
Reliable
Brand Identifiable

Stakeholders within the governance group will need to collaborate regularly inside and outside of monthly meetings, to make key decisions such as:

- Which **KPI** are most critical to the business?
- How should those KPI be **balanced & arbitrated**?
- How will strategies **adapt** to changing conditions?
- Are strategic **course corrections** required?
- Which **new projects** deserve approval / funding?
- Which investments should be **discontinued**?
- What level of **autonomy** does the execution team require, to stay agile & customer-focused?
- How do stakeholders ensure **business readiness**?
- What **level of risk** is acceptable?

Commonwealth Bank

“We want to have high-quality, personal interactions, but make them convenient for the customer… for us, it’s all about deepening those customer relationships.”

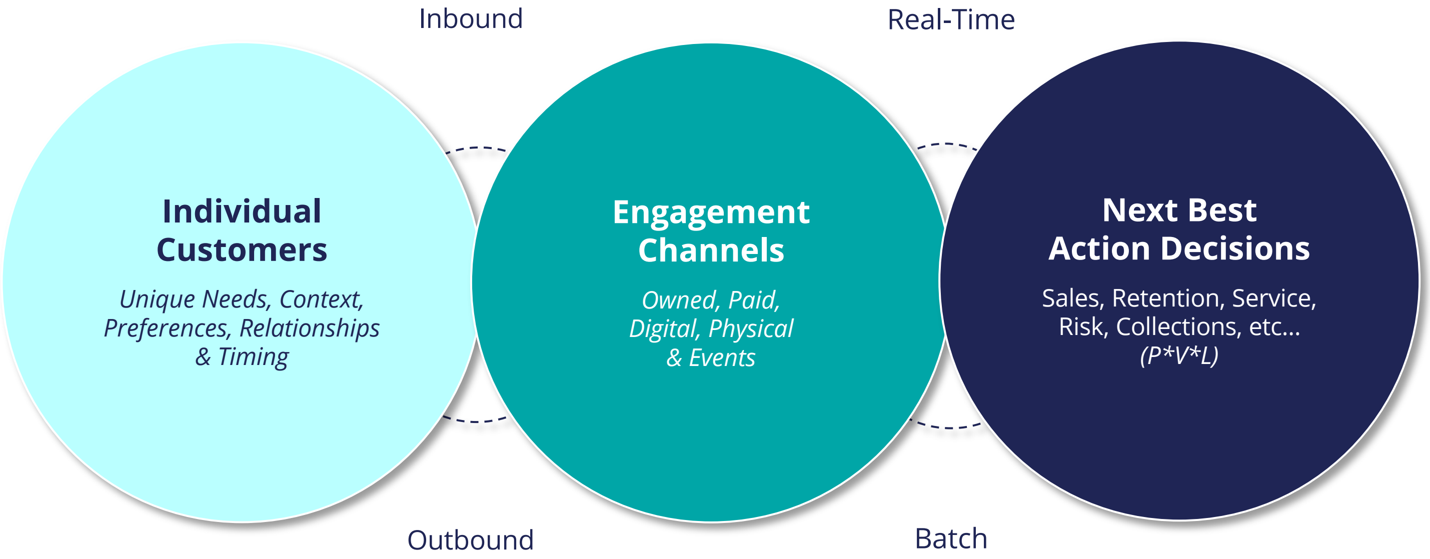
- Martin Granell
Customer Engagement Product Owner,
Commonwealth Bank of Australia

- Connected Conversations Across 8 Channels
- 15 Million Next-Best-Conversations / Day
- 5 Billion Next-Best-Conversations / Year
- 10X Increase in Lead Volume
- 3X Increase in Lead Conversion Rates
- #1 In Customer Satisfaction for Business, Wealth, Internet Banking

ATM
CommonwealthBank

Design Principle #5

Great Marketing Never Starts or Stops… It's *Always-On*



Inbound

Real-Time

Individual Customers

Unique Needs, Context, Preferences, Relationships & Timing

Engagement Channels

Owned, Paid, Digital, Physical & Events

Next Best Action Decisions

Sales, Retention, Service, Risk, Collections, etc…
*(P*V*L)*

Outbound

Batch

Elisa

"We had siloes between channels & product lines. We needed to knock down the barriers… the customer experience is built off the back of every single interaction, no matter how small it seems to be."

- Juha Halikas
Development Manager, Elisa

The wireless market leader in Finland, Elisa has been a Pega customer since 2009 – utilizing Pega Marketing to consolidate their marketing data and strategies, and provide an omni-channel CX.

- banner ctr increased by 150x
- tele-sales conversion increased by 5x
- email ctr increased by 6x
- sales opportunities increased by 20x

TARE
PAYLO
CUBE
Red Bull
elisa
elisa

Summary

Five Design Principles

1) It’s either customer-centric or it’s not – there’s no middle ground
2) Everything becomes an omni-channel conversation
3) Re-imagine the outcomes and work backwards
4) Manifest and govern your brand values
5) Great marketing never starts or stops – it’s always-on

5

Crossing the Chasm

From Campaigns to Always-On Marketing

Download this paper to learn why “product-push” engagement is broken – and how large enterprises are changing their approach in order to fix it:

- Centralizing intelligence across channels & LOBs
- Moving from segments to a 1-1 approach
- Moving from batch campaigns, to real-time outreach

This paper breaks down:

- How Next-Best-Action *really* works
- How to model the data, and prioritize decisions (P*V*L)
- Which real-time events & triggers drive value
- Best-practice roadmaps, with real world case studies

https://www.Pega.com/always-on-marketing

Crossing the chasm:

From campaigns to always-on marketing

A PEGA WHITEPAPER

By Rob Walker
and Matt Nolan

PEGA

Build
for
Change

Always-on customer engagement, orchestrated with NBA

Customer Engagement Demonstration Video

https://www.pega.com/insights/resources/go-beyond-campaign-pega-marketing

Thank you