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The CX Journey to Customer Lifetime Value

The game-changing magic of a holistic, behavior-based CX strategy



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Harvard Business Review defines customer experience (CX) as “... the cumulative impact of your customers’ end-to-end journey with you, the multiple touchpoints over time, which create a true competitive advantage to companies that get it right.”

While that is a commonly accepted definition for retail, CX has an interesting evolution and somewhat different interpretation for financial institutions. Historically, financial institutions considered the customer experience from the post-sale or transactional perspective, i.e., after the account is opened. This practice created the problem of a one-sided, linear customer experience that is not so much about an institution learning their customers’ needs, but rather telling them what they can provide.

Pre-Purchase Strategies Are Now the Norm

The developing world of CX pushes financial institutions to adopt a broader view of engagement, one that focuses on being there for customers – analyzing every part of the customer journey – beginning the moment consumers first encounters their brand.

This holistic approach to CX gets customers and prospects to experience the strength of an institution’s brand promise from every stage of the journey and at every touchpoint. **In the new world of CX, “being there” for customers means getting there and staying there for attaining top-of-wallet status.**

Consumers Want to Be Heard and Understood

Legacy financial systems have been designed and built around data processing. Initially, that was the most important function that a financial industry player

needed to do. But customer expectations have changed. **Now customers expect their institutions to know enough about them to answer the questions that create happiness and improve their lives: “What do I need now?” and “What will I need in the future?”** Financial institutions that can quickly respond to these needs control the profitability of the entire future relationship with their customers.

Simply Infusing Technology Is Not the Answer

Financial institutions are making their biggest strides in technology investments that deliver a modern customer experience. But there are consequences to treating technology and the digital experience as a check-the-box task.

Customer experience is not a technology problem — it’s a culture problem. Tech is simply one piece of the puzzle for an effective holistic CX program designed to deliver a complete omnichannel customer experience.

Delivering quality customer experiences involves every area of an organization — not just the CX or marketing officer. Even IT groups need to be aligned on market activity and expectations in order to make informed technology investment decisions that address CX goals.

The bigger issue facing institutions is the way digital innovation has changed customer expectations. Because, as consumer IQ quickly rises, so must the financial industry’s ability to adapt to their demand for real-time, one-to-one quality engagement where, when, and how they want it.

The Colossal Challenge of Building Trust and Credibility

Consumers engage companies in so many different ways. We call them channels, but consumers don’t. Ask any of your customers about their channels, and they’ll probably respond with a blank stare. Because they don’t think about channels. They think about the easiest way to get what they want at that moment.

Every institution needs to be up to that enormous challenge, because delivering a seamless cross-channel brand experience that is compelling and consistent is critical to building trust, confidence, brand and credibility.

Up to **95%**
of new account
applications *are*
abandoned before
completion.¹

¹ Montez, Tiffani; Fitzsimmons, Sarah, “AI: Transforming the Digital Account-Opening and Onboarding Experience,” Aite, October 2018

A powerful pre-sale influencer is delivering on the brand promise, both online and off. The importance of continuously monitoring, improving and maintaining an accurate and quality online experience should never be underestimated. Making it easy for consumers to find their way to your digital or physical front door is a significant touchpoint for delivering on core values and building brand authenticity. **A true customer experience strategy seamlessly connects those digital and physical moments of truth across their journey.**

Ramping Up Analytics Brings You Closer to Your Customers

Customer information is coming harder and faster than ever before, leading to many institutions experiencing a data challenge. Without the means to extract valuable insight from customer data, and learn everything there is to know about their customers, a startling number of institutions are learning it's virtually impossible to deliver the relevance and understanding customers now demand.

Less than 50% of banking providers *are using data* to better understand customers and create more relevant experiences²

institutions today. Knowing what to do and where to do it is so powerful for changing and improving culture and service. The capability to analyze data along the entire process and determine how it impacts KPIs is necessary to achieving business objectives. The deep insight afforded by data lets you break down a seemingly limitless customer journey into smaller bite-size action items.

Try visually mapping out the customer journey and applying metrics to it along the way. This method is highly useful for helping identify friction points to prioritize where investments and process improvements should take place.

Response to Seasonal Campaigns Is Growing Colder

Financial institutions are making great strides in personalization and understanding where the customer is in their journey. It's more than just understanding the lifecycle, it is knowing where the customer is in the lifecycle and engaging them at the right time and in the right place.

Now, marketers have to know so much more, not just about how the customers are transacting today but what services they might need tomorrow or in the near future. The ability to suggest appropriate products and services for what customers need right now is personalization in action.

² Forrester, January 2019, How to Become Your Customer's Favorite Bank (Even If You Can't Be Their Only One)

This requires both a lot of consumer behavior understanding as well as the technology to engage customers — when, where, and how it matters — and to drive conversions. Seasonal campaigns are becoming a thing of the past. Now, we're looking to new technologies and resources to drive one-to-one, personalized, always-on engagement.

The Value of CX Is In the Long Haul

CX is unlike everything else you measure. It's not a short-term or line-item metric — it's longer. The ultimate long-term goal of CX is to meet the needs and goals of customers, enriching their lives, not only now, but for years to come, resulting in higher lifetime customer value.

On average, brands
that improve CX
increase revenue
10-15%³

³ McKinsey & Company, "Customer Experience: New Capabilities, New Audiences, New Opportunities," June 2017

Try considering the impact of engaging consumers lower in the funnel at the point of sale. The opportunity at that point is to compete on price. **But by taking a personalized, always-on engagement strategy, institutions can get customers to stay longer and increase their lifetime value.**

I think you'll find that, over time, a holistic, behavior-based CX strategy is a game-changer in becoming the trusted resource your customers turn to again and again.

At Harland Clarke, we've helped thousands of organizations deepen customer relationships by creating better engagement and delivering superior customer experiences that drive their bottom line.

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