InMoment White Paper

Unleash the Power of Prediction

Anticipating financial services needs to recover detractors, boost loyalty, and drive growth

Use Predictive Analytics to Hear, Understand, and Proactively Engage Who May Never Provide Feedback

Surveys and other traditional customer feedback tools have always served a valuable business function, and they probably always will. Surveys provide an important baseline of customer opinions and information you can use to identity problems and opportunities. They allow you to track the overall impact of your business policies and decisions. And together with good closed-loop recovery processes, they make it possible to reach out and respond quickly to customers who express dissatisfaction.

But this type of direct customer data is also inherently limited, especially in a world where “survey fatigue” and other factors are driving response rates steadily downward. Even organizations with efficient, well-funded feedback programs in place typically only hear from around 5 to 10 percent of their total customer base. And some of that feedback only comes because the respondents are either very happy or extremely upset.

This limitation ultimately creates a dynamic where the vast majority of the direct feedback you receive comes from a small (and possibly shrinking) slice of your overall customer base. As useful as those responses may be in identifying key drivers for top-down CX strategy today, success in the long run will hinge on knowing what the rest of your customers think—and even further, knowing how they'll behave as a result.

Without data on all of your customers, at the individual level, you can't confidently prioritize your limited resources to drive customer retention, relationship growth and advocacy. This all encompassing customer knowledge is the holy grail of any CX program, and will enable the transition from reactive to proactive CX by uncovering the biggest opportunities within the silent, enigmatic majority. Predictive analytics helps you make accurate predictions about customers who may never give you the benefit of a survey response.

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Predictive analytics enables precisely this transition by uncovering critical information about the 90 to 95 percent of your customers whom you never hear from directly. How? By taking the data from the few customers who do share their opinions, combining it with the wealth of customer information you collect from other systems and sources, and using it to make accurate predictions about customers who may never give you the benefit of a survey response.

This idea of combining direct survey data with other forms of customer information to actually predict the concerns and behaviors of all your customers holds tremendous potential—not only for identifying silent customers who may be dissatisfied or upset, but more importantly, for executing dynamic offers, personalized incentives, and customer-focused policies that build loyalty and drive new business.In the same way that Amazon pioneered "You may also like" recommendations, every organization serving customers today can tap into the power of predicting and proactively meeting its customers' needs.

To understand the complex concept of predictive analytics—and to highlight its potential impact on your business—it's useful to explore specific examples. What follows is a story that shows how predictive analytics, combined with sound Voice of the Customer programs, can transform an organization's ability to hear, understand, and engage with all customers in important new ways. This story is fictional, but it represents realistic scenarios that businesses in the financial services industry might encounter as they work to build stronger, more productive relationships with their customers.

Often, the rollout of new products or service offerings introduces wrinkles and complications that can lead to dissatisfied customers. Traditional surveys can help identify these types of issues, but actively finding all of the customers who are affected and quickly repairing the damage requires a much more proactive approach.

For example, Midwestern Financial, a large national bank, just completed the launch of a new portfolio of checking and savings account offerings that allow customers to choose from a flexible list of options. One of these options waives all of the bank's monthly service fees if customers maintain a combined balance of $10,000 across all of their deposit and investment accounts. It's an attractive benefit that resonates with customers, but the balance requirements don't take into account loans or credit card accounts that customers have with Midwestern Financial. As a result, hundreds of customers have been charged $35 monthly service fees, although these customers believe that their account balances—including loans and credit cards—are well above the $10,000 threshold.

Financial Services: Seeing the Forest and the Trees

$10,000 COMBINED BALANCE

$35 MONTHLY FEE

UNPOPULAR POLICY

According to survey data, this situation has created a significant spike in detractors among customers who have opted for the $10,000 minimum balance option. Perhaps even more important, these same customers tend to have high credit scores, large incomes, and multiple accounts with significant balances—including a large number of home equity loans. In other words, this confusion about account balances and service fees has put some of the bank's best, most profitable customers at risk—either by motivating them to take their business elsewhere or by causing them to choose other institutions for future loans and investments.

Once again, predictive analytics makes it possible to identify with very high accuracy those customers who are unhappy that the full value of their accounts is not being recognized—even if they have never completed a survey or provided the bank with any direct feedback. By combining survey results with organic data about their customers at large, the bank generated targeted dashboards that can drive executive-level conversations about modifying deposit account requirements to include loan and investment accounts. In addition, the bank can use its CX platform to identify likely detractors, automatically create cases for those who match specific profiles, and proactively offer them a special remediation package that refunds past service fees and waives future fees.

Without a precise and accurate prediction model, Midwestern Financial would have to resort to an expensive and much less effective shotgun approach to address this type of problem. Once again, predictive analytics gives this large, complex business the ability to accurately identify customers who are directly affected by a specific problem and not only quickly initiate corrective actions, but make institutional changes to its policies to avoid similar problems in the future.

Making Predictive Analytics Part of Your Mature CX Program

This story highlights the unique value that predictive analytics, working together with a capable CX platform, can add to any organization. By using traditional survey data to identify important profiles and patterns and leveraging patented technology, proven predictive models, and the vast stores of customer data residing in your enterprise systems, you can extend those insights to your customer base as a whole. Better yet, you can feed that information back into your CX platform for remediation and management—and thus multiply your ability to proactively recover customers on the edge and take advantage of new business opportunities.

But what does it actually take to make predictive analytics an effective, integrated part of your business? First, you need a CX technology platform that can leverage data from virtually any source and then apply it back to your core set of customer experience data—and not just at the category level, but all the way down to individual customers. Then, you need experts who can build detailed predictive models that are accurate and trustworthy enough to inspire action. Finally, those two elements—the complete CX platform and the accurate predictive models—have to work seamlessly together to deliver concrete, CX-specific outcomes.

InMoment is ready to offer you this kind of complete predictive analytics solution today. Our XI platform works to accurately predict the sentiments of all your customers, allowing you to take action while positive and negative experiences are still fresh and act on risks and opportunities you didn't even know existed. In other words, InMoment can make the kinds of predictive analytics stories outlined above—and thousands more—practical realities for your business.

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