

## Unlocking client advocacy in Canadian retail banking

*The client focused enterprise*

*Canadian banks may find new opportunities to gain market share, attract new clients and improve client retention by focusing on creating advocates. When banks can identify which clients are advocates, apathetics and antagonists, they can more precisely target client experience improvement initiatives toward client preferences and future value. Leveraging advocacy and a cross-functional, cross-channel discipline to act upon clients' perspectives of their banking experience can improve profitability.*

Clients, by and large are not favorable about their banks. To create a better, more receptive relationship between a bank and its clients, bank executives need to adopt a new view of client attitude. We define clients who have a positive attitude toward the bank as advocates, while those whose experiences shape negative opinions are antagonists. As such, a bank's ability to effectively manage and influence client attitude becomes paramount to achieving its sales and profitability objectives.

### A new metric – Customer Focused Insight Quotient

The IBM Institute for Business Value surveyed over 1,400 banking clients to analyze perceptions of their bank's capabilities and, as a result, created an advocacy measure that includes key client relationship attributes. Termed the "Customer Focused Insight Quotient"

or CFiq™. This measure integrates key relationship attributes by asking clients their level of agreement with these three statements:

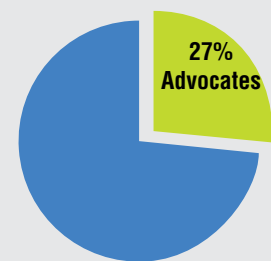
- I would recommend my bank to friends and family.
- I would go to my bank first for future financial services needs.
- I would stick with my bank if offered a competitively priced product.

According to the CFiq measure, only 27 percent of Canadian banking consumers are advocates of their bank. Client answers often reveal shortcomings in terms of how well banks understand their clients. Importantly, the smaller players have a 34 percent advocacy score. Thus, credit unions and non-traditional banks are approximately 36 percent higher in client

**Banks are disadvantaged in achieving client-by-client growth.**

**A little over a quarter of Canadian bank clients are "advocates" of their bank...**

Percent of all Canadian bank clients

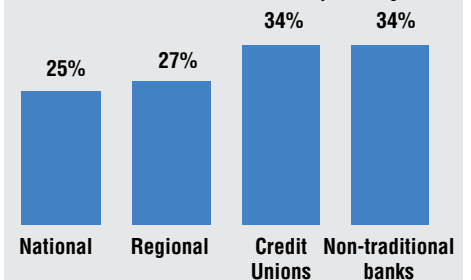


Advocates = customers who would:

1. Recommend their bank to others
2. Look to their bank for future financial services products
3. Stay with their bank if offered competitive products.

**...the national players face the most difficult organic growth challenge related to advocacy**

Percent of client base who are advocates by bank segment



note: =1415 customers

Source: IBM Customer Focused Enterprise Retail Banking Study 2006 (Canada).



advocacy than national banks, who have only 25 percent advocacy. Understanding what attributes motivate advocacy behavior can help banks drive organic, advocacy-focused growth.

## Becoming a client focused enterprise

Creating meaningful and profitable client experiences is challenging given the volume of client interactions. IBM's study, "Advocacy in the customer focused enterprise: The next generation of CRM Done Right," provides a new approach for delivering client experiences that enhance perceptions and build a competitively superior experience, while prioritizing resources and investments. This framework – in combination with CFiq advocacy scores – is critical in structuring client relationship management improvements.

## How can banks capture the opportunity?

Canadian banks should carefully evaluate their responses to following questions:

1. Are our clients our advocates?
2. What should we be doing to increase our advocacy share?
3. What do we get from improving our advocacy share?
4. How should we be doing it?
5. How do we rally the organization for sustained action?
6. When should we be implementing critical capabilities?

## Conclusion

An advocacy-focused program and metrics enables the organization a new view of client experiences and their value. We strongly believe that firms that create a compelling client experience can have a distinct and more sustainable competitive advantage.

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## How can IBM help?

- **CRM Practice:** 5,000 global professionals that deliver Marketing, Sales and Service Solutions
- **Customer Focused Enterprise:** A Capabilities Framework for assessing, prioritizing and delivering improved customer value, experiences and advocacy
- **Selected CRM Solutions:** Advisory services include: Customer Focused Strategy and Roadmap, Sales Transformation Diagnostic, Service Transformation Diagnostic, Customer Intelligence Diagnostic, Business Process Management Strategy and Roadmap and Digital Channel Transformation

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