

e COMMERCE STRATEGIC PLAN: B2B and B2C – \$49 Billion Regional Bank

The Challenge

A \$49 billion West-Coast-based commercial Bank was considerably behind its key competitors online banking and bill payment offerings and, as a result, the company was perceived among its most profitable, technology-savvy customers as an “old-fashioned bank”. As a result, the Bank’s attrition rate was escalating at an alarming rate especially among the youngest, most affluent customers.

The Key Management Issues

- “How do we stop the outflow of our most profitable customers?”
- What level of investment is appropriate and what improvements should be made to the Bank’s on-line offering to regain the patronage of the most profitable groups?”

BGS Group Approach

BGS Group consultants conducted a thorough review of the current web site, the Bank’s technologies and organizational competencies. A thorough review of the on-line banking sites of the institution’s major competitors, and those known to BGS Group consultants to have best-in-class offerings were studied in detail.

Three alternative strategies (*status-quo, conservative and aggressive*) were identified based on increasing levels of enhancements to the underlying technologies, as well as to the web site’s transaction and marketing functionality. Likewise, BGS Group consultants forecast the respective customer acquisition, activation and retention rates, costs and risks and overall ROI associated with each investment scenario. BGS Group consultants recommended that the Bank pursue the moderate E-Commerce strategy.

The focus of this strategy was on meeting (*or exceeding*) targeted customer E-Commerce financial services delivery preferences, activities, and needs. The Bank would seek competitive market parity with 2nd Tier financial institutions and preemptive differentiation in identifiable niche markets. The team determined that lagging behind 1st Tier competitors was acceptable as there remained significant market potential and opportunity for a focused strategy at this level.

BGS Group consultants developed a comprehensive cross-functional execution plan covering content alliance partnerships, technology outsourced solutions, marketing, IT, operations and finance; they managed all aspects of the Plan’s development, implementation and launch.

The Results

The Plan redefined the Bank as a preferred e-Commerce provider for specific customer segments, and forecast an uplift of over 130,000 retail and 10,000 commercial customers over three years, resulting in an NPV of \$18 Million over three years.

AVERAGE ONLINE CUSTOMERS (PER YEAR)

