

# [Customer relationship management practices in hsbc plc](https://assignbuster.com/customer-relationship-management-practices-in-hsbc-plc/)

## INTRODUCTION

Nowadays, quality service is the main goal for most of the business organizations in this challenging and fast changing commercial world. Customer satisfaction is one of the main concerns for them. An

effective Customer Relationship Management could be able to help a company to compete in the

market, acquire potential customers, retain profitable customers, lower operational costs, and

finally bring in a profit.

As the largest domestic bank in Hong Kong, HSBC adopted the Customer Relationship Management

system in order to maximize customer convenience and provide anytime, anywhere and anyhow

banking. Moreover, it is revolutionizing customer empowerment and beating its competitors in the

market place.

Company Background

The HSBC Group, one of the world’s largest banking and financial services organizations, had its

beginnings in Hong Kong more than 130 years ago. Today, the HSBC Group has some 10, 000 offices

in 76 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East, and

Africa.

Globally speaking, at the Group’s core lies domestic commercial banking and financial services,

which fund themselves locally and do business locally. Highly efficient technology links these

operations to deliver a wide range of international products and services, adapted to local

customers’ needs.

The Hong Kong and Shanghai Banking Corporation (HSBC) is the founding member of the HSBC

Group. It is the Group’s flagship in the Asia-Pacific region and the largest bank incorporated in Hong

Kong. Known in Chinese as Wayfoong (which translates as “ focus of wealth” or “ abundance of

remittances”), the bank is also one of the SAR’s three note-issuing banks, accounting for more than

63. 6% of its banknotes.

HSBC provides a full range of personal financial and wealth management services in Hong Kong.

These include HKD/USD currency and RMB/multicurrency savings accounts, integrated accounts,

mortgage finance, personal credit services, hire purchase and leasing for motor vehicles, term

deposits and credit/debit cards, financial planning, investment services such as unit trusts, bonds

and certificates of deposit, local and overseas securities, broking services, Mandatory Provident

Fund investment options, and insurance. Services are distributed through channels such as HSBC’s

ATM network, internet banking service, 24-hour phone banking centre, more than 20 Mortgage

Advice Centers providing customized advice seven days a week, and a network of over 180

branches and offices. At the end of April 2004, online@hsbc, HSBC’s internet banking service, was

being used by over 700, 000 customers. CRM PRACTICESCLEARWATER AND CRM.

Implementation: CLEARWATER AND E- CRM

BENEFITS OF CRM INITIATIVES TO CUSTOMERDefine the Best Experience

A loyal customer is a good customer. There are two Customer Relationship Management principles

about customer loyalty, customer satisfaction and customer experience:

. Only very satisfied customers will be very loyal to a company .

. Customer Satisfaction equals Customer Experience minus Customer Expectations .

From the above two principles, customers can become very loyal if they are very satisfied. And,

customer satisfaction can be achieved if they offer a better (i. e. higher level of) customer experience or

meet with low customer expectations. As customer expectations are more or less uncontrollable,

increasing customer satisfaction by increasing the quality of customer experiences is a big topic in

Customer Relationship Management.

By performing the Customer Experience Management (CEM), the company can find out the critical

needs of and decisive stages in dealing with the customers make resource planning, marketing, as well

as company strategies effectively and efficiently. Under CEM, customer critical moments are defined

accordingly under each part of the customer process cycle, which are the PRE-purchase/consumption,

AT-purchase/consumption, and POST-purchase/consumption. Each customer process cycle will have its

own customer multi-channel touch points, and for simplification, they are grouped into “ Physical

Touch”, “ Call”, “ Internet” and “ Others”.

Here is the CEM critical moment spreadsheet which lists the critical moments of HSBC Personal Banking customers in their customer process cycle of Pre-Purchase, At-Purchase and Post-Purchase:

CUSTOMER EXPERIENCE MANAGEMENT & CRITICAL MOMENTS (TOUCH POINTS)

1. In the Pre-purchase Phase, there are eight customer touch-points, which include:

Customer Service Center – Financial Analysis .

On-site service – Financial Analysis .

Events – Exhibition .

Inbound Calls – Call for Enquiries .

Outbound Calls – Tele-Marketing .

Inbound Email – Email for Enquiries .

Outbound Email – e-Marketing .

Portal – FAQ session .

Advertising – Image Building .

2. In the At-purchase Phase, there are ten customer touch-points, which include:

Branch – Make Transaction .

Customer Service Center – Customer Package Upgrading .

On-site service – Contract Signing .

Events – Sales Road Show .

Inbound Calls – Place Order by Phone .

Outbound Calls – Tele-Sales .

Inbound Email – Make Transaction by Email .

Outbound Email – e-Sales .

Portal – e-Banking .

Advertising – Invitation to Use the Service .

3. In the Post-purchase Phase, there are nine customer touch-points, which include:

Branch – Customer Enquiries .

Customer Service Center – Customer Enquires .

On-site service – Financial Review .

Events – VIP Gathering .

Inbound Calls – Call for Complaints .

Outbound Calls – Follow-up by Phone . Inbound Email – Email for Complaints .

Outbound Email – e-Follow-up .

. Portal – DIY services, e. g. customer information update .

Due to the different needs of customers in their Pre-purchase, At-purchase and Post-purchase,

customer critical moment will be different in every customer process cycle. For HSBC Personal

Banking, the critical customer moments are Financial Analysis for Pre-purchase, Making

Transaction for At-purchase and Customer Enquires for Post-purchase.

PRE-Purchase

Financial analysis in a customer service centre or as an on-site service – The most important

mission in the customer PRE-purchase process is to attract new customers. In HSBC Personal

Banking, financial analysis is an effective way for asking customers to buy the bank’s product.

So, it is regarded as the critical moment for the potential customers, which are still only a

prospective ones at this stage.

In order to serve the potential customers, HSBC Personal Banking employs many professional

financial planers. Together with the internal training in customer service, banking service and

investment knowledge, they are all well equipped in their own position.

AT- Purchase

Making transactions at the branch – Among all of the banking services, making a transaction is always

the most critical service from the point of view of the customers. Customers expect that they can make

and complete their transactions within a short period of time and in a convenient way.

Once identified as a critical customer interaction point, the customer satisfaction levels in this specific

area should be analyzed. With a network of over 180 branches and offices throughout Hong Kong, HSBC

believes that the location of their branches are convenient enough for every single personal banking

customer to reach within a short journey.

However, due to the large numbers of its customer base, HSBC’s Personal Banking service cannot meet

the customers’ need for “ fast” service all the time: there are always long queues at HSBC branches that

keep customers waiting for over 30 minutes. After considering the costs and effectiveness factors

against the customer satisfaction factors, instead of opening more branches HSBC decided to improve

this critical customer interaction moment in the following ways:

1. Dividing customers into customer groups, serving them separately according to their needs and value

to the bank (similar to the customer segmentation of the previous section). 2. Changing general service branches into service centers for specific functions, for example, HP Centers,

Mortgage Advice Centers, Day and Night Centres, etc.

3. Enhancing the automated channels which include the ATM network, internet banking service, 24-hour

phone banking centre, etc.

POST-Purchase

Customer enquiries to the customer service centre or from inbound calls – It is understandable that

customers need professional advice and assistance in their banking/financial service. So, at HSBC

Personal Banking, customer enquiries are considered the critical service moment for customers in the

Post-purchase customer process.

For customer enquiries to the customer service centre, as mentioned in the At-purchase process, there

are dozens of Day and Night Centers in Hong Kong to specially deal with customer enquiries.

For the inbound customer enquiry calls, once again by considering the costs and effectiveness factors

against the customer satisfaction factors, HSBC is moving its customer call center to a lower cost city,

such as Genzheng, China.

Rollout

After finding out about the best customers, and about their customer experience (critical moments),

Customer Relationship Management is ready to undergo implementation by working together with the

other four Customer Relationship Management factors, which are strategy, people, process and

technology, a company-wide kick-off should be made by the top management of HSBC.

Feedback Mechanism

Having a tailor-made version of the CRM 3C Method that is best suited to the latest company conditions

is essential as it will directly affect how successful the Customer Relationship Management can be.

Therefore, adopting a good feedback mechanism, repeating cycles of running the implementation, and

making adjustments, are all essential steps. HSBC PREMIER

STATIONS OF EXPERIENCE

IN BRANCH EXPERIENCE:

Drive In: There is a separate parking space for the Premier customers and as soon as the

customer reaches the palace, there is a person standing there at the parking entrance who takes up the

duty of Parking your car and driving it back to the customer as soon as he is done with his work. This

valet parking service is not available at all banks which makes it a unique experience for the customer

and makes the customer feel very important. It comes as a delight to most of the bank’s premier

customer.

Entrance: The entrance for the Premier customers is segregated from the normal entrance of

the Bank. As soon as a Premier customer reaches the Bank, there is a person standing at the entrance

who escorts and guides the Premier customers towards a separate entrance which is specially for the

Premier customers. There is literally a red carpet welcome for the Premier customers and the customers

are guided to a plush waiting and transaction room meant only for the Premier customers.

Lobby : The Lobby to which the Premier customers are escorted is completely different from the

normal lobby of a bank. It is delighting, having plush lounge with leather sofas, LCD panels, reading

materials, and choice of snacks and beverages for the customer. There is always a relationship manager

who is waiting for the customer and he is responsible to handle each and every query of the customer in

a efficient manner. As soon as the Premier customer enters the lobby a relationship manager is assigned

to him who acts a investment consultant for the Customer.

Private dealing area – Inside the Premier Bank space there are empty cabins which are not

assigned to any Relationship manager as such and a Relationship manger can take his customer to any

of the empty cabins and discuss about the issues that concerns the customer. The customer may even

get the special service of a Portfolio Manager to handle his investments and Portfolio efficiently. The

Private Cabins to which the customers are taken are also very Plush in nature with comfortable sofas,

LCD screens and very intriguing decor.

OUT OF BRANCH EXPERIENCE

- Mobile Banking – A Premier Customer is assigned a Relationship Manager & a Portfolio

Manager by the Bank and at any point of time the Customer can personally call them whenever

it is needed. HSBC has taken the customer service level to so far that facilities like making a

draft, depositing money and several other services are provided to the customers at their

doorstep. The only thing that the customer has to do is to call up the bank and a bank executive

is sent to customers doorstep for providing convenient service.- Internet Banking – The Bank provides state of the art security & extremely

personalized website keeping the convenience of the customers in mind. In order to encourage

internet banking among the customers who are not so well versed with internet and computers,

HSBC Bank also provides customer web education. These steps are taken by the bank only

keeping the customers convenience in mind.

DELIGHTING THE CUSTOMER

- Cheque bounce protection: One very delighting service that HSBC provides is that

whenever there is a case that a customers cheque is going to bounce due to insufficiency of

funds in the customers account, the Bank calls up the customer and if needed the bank clears

the cheque if the customer is a loyal one and promises to deposit the amount with the bank in

some later date. By providing this service the Bank makes sure that its customers do not get a

bad name in the market and helps its customers to meet the short term crisis.

- Overdraft on savings account (interest free): The bank also provides a

overdraft facility on the saving account up to some limit which is interest fee up to a particular

time period.

- Personalized cheque books and cards.

- Access to ‘ PREMIER lounges’ all across the globe.

- Access to ‘ PREMIER lounges’ at major airports across the

globe.

- 24\*7 banking.

- Cash/cheque/draft at your doorstep facility.

- Tickets to premier shows, concerts, fund launches.

- Cheque pro facility: The Cheque Pro facility is a new thing that has been introduced by

HSBC for the convenience of its customers. According to this facility a database is maintained by

the bank on how many cheques a customer is using , and as soon as the cheques in the cheque

book of a customer is going to finish the Bank itself sends a new cheque book to the customer without even having the customer to ask for the cheque book.

- Chauffer driven test drives (Audi, Mercedes, BMW): The bank from

time to time provides its Premier customers with passes for free test drive and chauffer driven

test drives which serves the purpose of both delighting the customer as well as luring the

customer to buy the expensive product through the Bank at easy finance.

- Cheques payable at par across all branches.