Digitally Enabling Customer Loyalty

Empowering the front lines with digital tools enables organisations to capture the hearts of diverse consumer groups.

Digital transformation doesn't touch only companies in the United States or Western Europe. Many Russian firms have made efforts to incorporate digital into their business models. Take Sberbank, for example. This is the largest universal bank in the country with approximately 330,000 employees, US$39.2 billion market cap and close to 17,000 branch offices. It now has more than 30 million active users of its online banking system, Sberbank Online; 18 million active users of Sberbank Online App for smartphones; and over 90,000 ATMs and self-service kiosks.

Being a universal bank in Russia means that you have to serve very diverse customer groups – from senior citizens who want interaction with a human customer service representative and are not comfortable with technology to digital natives who prefer mobile banking without much human interaction.

Elderly customers (i.e. 60 and over) represent a large proportion of the bank's clients. These customers don't use Internet banking and even have trouble using self-service terminals in the branch offices to pay utility bills. How can the bank make sure that the staff is always willing to help the elderly to navigate the terminals? One can run customer satisfaction surveys or develop KPIs for serving elderly clients and reprimand employees

who are not helpful. Alternatively, one can work on improving the staff's empathy with the elderly so that associates are willing to assist without specific KPIs or a fear of reprimand from the top management.

Electronic empathy

To address this issue, Sberbank has developed a powerful virtual reality tool called Empathy for its staff. With headphones and Samsung VR headset, a young branch associate can actually "become" an elderly client of her own bank. The bank worked with a team of psychologists and doctors to understand how a 70-year-old may perceive the world, given his (or her) poor health and declining motor skills. The tool gives a young associate the visual and sensory experience of an elderly person. They must orient themselves inside the bank's branch office, seeking advice from a not-very-friendly Sberbank associate in order to figure out how to enter numbers on the self-service payment kiosk. At the same time, the young worker battles blurry vision (due to virtual eye disease), noise in the ears (due to high blood pressure), hands that have lost their dexterity (due to arthritis) and occasionally bumping into younger customers who don't understand why there is this person standing in the middle of the branch looking for help.

The experience is extremely powerful and helps branch office employees to develop empathy towards seniors' frequent inability to understand the technology and they become more willing to help. A positive side effect of the VR experience is that young bank associates feel more empathy for their own elderly relatives as well.

Using Pokémon for loyalty

What about younger customers who tend to think of Sberbank as a boring place where their grandparents go to open savings accounts and pay their bills? Russia now has a few branch-less banks targeting digital natives and Sberbank needs to change its image as a traditional bank in the eyes of this customer group.

2016 was the year of Pokémon Go and a small team of Sberbank's executives decided to use the game to attract millennials to its branch offices. Over three days, the team created a new insurance product called "Sberbank Go". Every Russian citizen who hunted for Pokémon could sign up for insurance that covers medical costs in case of an accident. That is, if you walk into a street lamp while looking for Pikachu and hurt your leg, Sberbank insurance will help you pay your medical bill. In addition, Sberbank put PokéStops inside some of its branch offices to attract virtual eggs and PokéBalls. This helped the game's fans to capture more Pokémon if they visited Sberbank.

While this initiative sounds a bit silly, the objectives were very serious: increase awareness among the younger customers about the bank's insurance products, its loyalty program and mobile payment solutions. The project was run in 27 branch offices across Russia with very good results. There was a huge buzz on Russian social media about the campaign and TV channels featured stories about it too. This was free publicity. At the end, 130 million individuals heard about the initiative; journalists and bloggers wrote about 10,000 articles, the dedicated website received 70,000 visits and the bank issued 6,500 insurance policies to customers who had an average age of 24. In addition, 12 out of the 27 branch offices with PokéStops experienced a visible increase in physical traffic during the month of July, i.e. the period when traffic normally decreases due to the vacation lull.

How to make your company more open to digital transformation? Sberbank's answer lies in raising awareness of opportunities among senior executives and empowering lower level employees. The bank's CEO Herman Gref and his top management team became aware of the VR's potential to teach empathy while visiting the **Virtual Human Interaction Lab** at Stanford University. The CEO and his team realised the importance of an agile

approach in developing new products. They created an organisational culture inside Sberbank that allows for small scale experimentation. This helped the emergence of SberbankGo and many similar digital initiatives. Ultimately, the embrace of digital technologies helps the bank to better service the elderly while appearing hip to the young.

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