
Successful Digital Transformation Starts With the Customer



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Customer-centricity made it possible for a telco firm to revolutionise the banking industry in Serbia.

I've noticed that many companies are using the trendy term “digital transformation” without fully understanding what it means. Leveraging digital technology to make organisational processes and offerings more efficient may increase profit margins in the short term. But a true digital transformation confers lasting advantage by revolutionising the entire customer experience across all digital touchpoints.

No company better illustrates this than [Telenor Banka](#), Serbia's first purely mobile bank, which opened in September 2014. Its name alone presents a uniquely 21-century paradox: The Telenor Group, as you may know, is not an established finance player but a telecoms firm majority-owned by the Norwegian government. This wasn't Telenor's first mobile banking endeavor — in Pakistan, the company introduced the [widely touted Easypaisa](#) service in partnership with Tameer Microfinance Bank — but no one predicted how quickly and decisively Telenor Banka would succeed. It took

Telenor just 9 months to build its mobile bank and by the end of its first year in the market, the service had welcomed almost 140,000 customers in a country of just seven million people.

My forthcoming case study, “Telenor: Reinventing Retail Banking in Serbia”, describes how Telenor Banka’s triumph was only partly to do with technology. The same service, executed and marketed differently, could easily have failed in Serbia. Telenor deserves credit for a series of shrewd yet nervy marketing decisions, all crafted with the customer journey top of mind.

Serbian banks

For starters, there was the decision to launch in Serbia at all. Telenor perceived that the country’s banking sector was ripe for a shakeup. The top five Serbian banks absorbed only 48 percent of market share. Customer loyalty was lacking for good reason: Banking in Serbia was infamously inconvenient, marked by out-of-the-way branches, hours-long queues, and mountains of paperwork. Though galling to everyone, this was especially out of step with Serbia’s rising urban professional class, who were growing increasingly accustomed to living life at iPhone speed.

Three lessons

Telenor Banka’s story offers three chief takeaways for other digital players:

1. **Niche trumps average.** Telenor knew from the outset that not all Serbians were ready for mobile banking. In a country so small, aiming for mass appeal would seem to be the common-sense approach. This would have entailed a more compromised service, e.g. a conventional retail bank augmented by a strong mobile presence rather than a “pure mobile” bank with no physical branches. Instead, Telenor targeted a small slice of the population, those who would be most likely to love the service: the most tech-savvy, urbane, and leisure-loving Serbians rather than more family- and tradition-oriented rural dwellers. As Telenor predicted, these customers also made ideal brand ambassadors, quickly spreading the word on social media to their peers. Had the service been less innovative, it probably wouldn’t have resonated as strongly with this core group. – The takeaway: **Segment your customers, sell to fans, and let the fans do the talking**

I often tell students that technological developments such as e-commerce and mobile apps have created a space of “infinite niches”. There are endless opportunities to woo even tiny market segments with a “best-ever” product designed just for them. Deep-but-narrow has often become a more viable strategy than shallow-but-broad, especially when engaging with online communities.

For Telenor, concentrating on isolated segments of a diverse population also made some crucial decisions a lot simpler. For example, the company knew its target audience had positive brand associations with Telenor as a safe and reliable service provider—so it branded the mobile bank as a Telenor service. And by keeping the target audience fairly small, Telenor minimised the likelihood of negative brand transfer if the initiative failed.

2. Market lifestyle, not technology. Telenor Banka’s first round of TV commercials did not emphasise the app; rather, they showcased customers enjoying leisure time made possible by mobile banking. “Visit friends, not branches”, enthused one ad. The tagline “Simple. Safe. Anywhere.” crystallised the message that opening an account at Telenor Banka would help one lead a freer, more enjoyable life. The ads left it up to customers to find out more about the logistics and material benefits of doing so.

With well-executed emotion-based marketing, Telenor Banka built strong brand equity in a very short time, with a **Net Promoter Score** topping 67 percent four months post-launch. The company understood that brands are even more important in the digital world, because customers (a) expect more, (b) are well-informed, (c) trust their peers, (d) have more choices (e) have a voice and (f) co-build brands.

3. Simplify the approach. Telenor took pains to make its product as simple and transparent as possible. A two-tiered pricing structure made the process of opening a bank account as easy as subscribing to Spotify. Emphasising ease-of-use offered Serbians an unprecedented banking experience, prompting consumer comments such as: “I opened an account at Telenor Banka in seven minutes while running on a track” and “Smells like a revolution”.

If you are leading a digital transformation of the customer experience you have to simplify the business. For example, the core purpose of traditional retail banks is to make it easier for customers to manage their financial lives. Instead, many banks still sit behind regulatory walls and make their

processes complex for their customers. In today's digital world, customers want a consistent and seamless experience across all touchpoints. The moment complexity arises, they start looking for alternatives.

The truth about digitisation

It wasn't technological superiority alone that facilitated Telenor Banka's blockbuster entrance into the Serbian market. Everything about the service was carefully designed to provide an experience diametrically opposed to the headaches of dealing with Serbian banks. Knowing what customers needed was the first step. Focusing on **earned media rather than paid media** as the main driver of brand loyalty, and targeting exactly the right customer segment to make that happen, made Telenor Banka a disruptive innovator.

This supports my contention that steering the digital transformation by transforming organisation,

processes, and technology, devising new business models, etc. without putting the customer at the centre of your digital strategy simply does not work. If you don't make providing for your customers your top priority, you're inviting competition from anywhere and everywhere.

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