Making every contact count

By Tom Van Horn and Robert E. Wollan

A differentiated, branded customer experience—one that varies according to the value of each customer segment—can deliver sustained cost savings, higher satisfaction levels and better margins.

In the communications industry, the typical company loses one-quarter of its customers each year. Only half of car buyers are repeat customers, and that's just for the industry's best performers. Airlines routinely lose about 40 percent of their customers; insurance companies know that 30 percent of their clients "won't be coming back."

It's clear from the numbers that for most industries, the traditional approach to managing customer contacts in a way that balances cost and satisfaction is not working.

How can companies simultaneously achieve high levels of customer satisfaction and hold down costs? It's an elusive goal but a critical one. Accenture's ongoing research into high-performance businesses has shown that delivering a differentiated, branded customer experience plays a major role in improving customer satisfaction—a key component of customer loyalty. And customer loyalty usually leads to better margins, revenue growth and shareholder value.

So what's with all the unhappy customers? Companies are implementing self-service capabilities that cut costs but that also alienate consumers. They do not effectively identify the high-potential customers, those who often must be handled with special care. They develop desktop tools for their agents but fail to give those agents the skills they need to actually deliver value to customers. These problems are exacerbated when one end of the business isn't talking to the other end—when, say, marketing is going in one direction, operations in another.

What companies need is an overall customer experience blueprint, one that details the optimal customer experience through the entire spectrum of customer segments and value. Whether for a low-value customer or a platinum account, the blueprint designs the right customer experience for each customer segment, makes the design truly actionable and provides an underlying financial model to track operational improvements and bottom-line impact. The blueprint makes sure companies achieve the best possible balance between customer satisfaction and customer cost-to-serve.

Successfully balancing the drive to achieve higher customer satisfaction levels against the cost needed to attain them depends on leveraging specific value points in the overall design of the customer experience.

Consider as an example the methods a mining company uses to sift through excavated rock in search of more valuable materials. First it uses heavy machinery to remove the biggest rocks, and then subsequent processes allow it to find the pieces that need to be handled individually. Similarly, the customer experience blueprint enables companies to sift through and deal most effectively with different customer segments in ways most appropriate to their value, handling each in a manner that maximizes customer satisfaction and loyalty as well as cost-effectiveness (see chart, page 63). Like mining, achieving the ideal customer experience proceeds through integrated stages.

1. Reduce unnecessary customer interactions

The first step in the customer-mining process is to eliminate the "big rocks"—the customer interactions that are unnecessary because they are the result of poorly designed processes or misleading customer communications.

Advanced business intelligence and analytics capabilities support the kinds of root-cause analysis that can identify problematic customers. These intelligence tools can gather large volumes of data from multiple sources—from all customer touchpoints and enterprise data sources—and integrate that information into a meaningful framework for analysis. Companies can then look for statistical correlations and deviations to identify causes, and then also develop careful, cost-based plans for taking corrective action.

For example, when one leading US bank was considering a marketing campaign to expand its customer base, executives were concerned that already-high call center volumes would be pushed beyond capacity. Using a root-cause analysis tool, the bank found that customers who had established accounts online were calling the contact centers seven times more often than other customers. This insight helped the company realize it needed to refine the Web channel as well as better educate Web customers about how to use that channel. In a matter of days, the bank was able to produce insights that might have previously taken it six months.

2. Take an intelligent approach to customer self-service

The second stage of the customer value mining process is to focus on interactions that are better handled through a self-service channel—"better," that is, not just for the company but for the customer. Indeed, not every customer, nor every kind of interaction or inquiry, should be directed to a self-service channel.

Successful companies are able to distinguish between the customers who generate the most profits and those who actually cost the company money. These industry leaders then focus their resources on further cultivating relationships with the profit generators while redirecting other customers to less costly interaction options.

The key is to take a customer-centric approach—tailoring the self-service option to customer need and customer segment, and speeding customers through the process with user-friendly interfaces or interactive voice-response capabilities that do not turn people away in frustration.

Investments in contact center desktop tools will pay off only if they are accompanied by better training and performance support for service agents.

One impediment to delivering a branded customer experience has been unsuccessful use of integrated voice-response systems. Most people have experienced the limitations of these systems ("Press 9 to tell us how frustrated you are right now"). In addition to damaging the customer experience, the ineffective use of IVR can actually add cost, since up to 80 percent of customers using IVR systems end up talking to a live agent anyway.

For example, when US-based Liberty Wireless—a leading independent provider of prepaid cell phone service—examined the performance of its IVR-enabled customer self-service, it decided to take action: It added speech-recognition capabilities that help automate customer care while also projecting its desired image as a high-tech company. A customer activates these capabilities when using the phone on the Liberty Wireless network for the first time. The application provides a speech-based tutorial that informs the caller about service features.

Though the new customer still finishes the call with a live agent, the first call application saves time by automatically providing essential information to the customer. As a result of these initiatives, the company decreased the

The customer experience blueprint

Companies are pressured to improve customer satisfaction and loyalty while also keeping costs low. Successfully maintaining that essential balance begins with a customer experience blueprint, which plans for optimal customer experiences along the entire spectrum of customer segments and value. Costs are kept as low as possible by leveraging key value points through advanced analytics, smart self-service strategies and improved agent effectiveness.

Plan for the optimal customer experience along the entire spectrum of customer segments and value

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Eliminate unnecessary interactions through operational intelligence and root-cause analysis

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Divert appropriate customers and inquiries to self-service channels

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Improve call center agent effectiveness and improve efficiency through better sourcing number of calls going to live agents by 40 percent, reduced operating costs by 30 percent and lowered calls per subscriber by more than 60 percent. Customer satisfaction scores have increased accordingly.

Web-based self-service capabilities have become increasingly sophisticated as well, and companies are discovering that many of their customers—generally those who are younger and more comfortable in the online world—actually prefer self-service functions for basic information requests and purchasing. Bank of America's award-winning online banking site has improved customer satisfaction—measured by customers who rate the bank a 9 or 10 on a 10-point scale—from 41 percent to more than 50 percent.

3. Make contact center agents more effective

At the contact center itself, leading companies are discovering that investments in desktop tools will pay off in increased customer loyalty and lower costs only if they are accompanied by better training and performance support for the service agents. A focus on both workforce performance and enabling technology can have a dramatic effect on the effectiveness, quality and efficiency of the contact center.

Learning programs based on simulation techniques (where agents practice customer interactions in a risk-free environment) and more focused training (where agents can review a short multimedia segment, for example, about a new product or service) are two areas being explored today by companies in search of high performance. For example, BT, Britain's leading telecommunications carrier, achieved stunning results using simulation-based training for its customer service agents. In one instance, BT was able to raise the rate of sales conversions on a new offering by 102 percent and increase customer satisfaction by 16 percentage points.

New desktop applications and workflow management tools are also having a dramatic effect on the productivity of agents. Not only do they automate the workflow among the workers themselves; they also provide rapid access to information needed to serve customers by integrating multiple channels, desktop applications, business intelligence and customer data sources.

When New York City, for example, implemented its 311 Citizen Service Center in 2003, content management tools allowed the city to transform the service into a "one-stop" resource center where its 8 million residents could have 24-hour access to nonemergency municipal services and information in more than 170 different languages.

The retail bank ING DIRECT—the US subsidiary of the Dutch financial services company—wanted to build rich customer relationships without building expensive bricks-and-mortar branches. To do this, the company needed to combine customer intelligence with real-time analytics to maximize interactions across channels and product lines. By infusing the agent desktop environment with customer insight, the company improved its ability to deliver the most relevant products and messages to individual customers when appropriate during inbound interactions.

The company has had call center offer-response rates as high as 42 percent, and its average offer-to-acceptance rate rose to 9.2 percent, far higher than the channel average of 7.4 percent. As a result of these and other benefits, ING DIRECT began to recover the cost of its investment in three months, and saw a 400 percent ROI in the first year of use.

4. Leverage a flexible sourcing model with global reach and the advantages of competition

Through 15 years of trial and error, the conventional approach to outsourcing customer contact has definitely produced results: specifically, many customers dissatisfied with their service experience, and many companies unhappy that they never realized the promised cost savings.

To a large degree, these outcomes resulted from companies ceding control of too many elements—innovation, flexibility and scalability—in the process of lowering labor costs. Now they have the opportunity to re-exert control and reintroduce these factors into their sourcing model.

The next generation of customer contact outsourcing will leverage the best mix of options available globally, both for services provided in-house as well as those outsourced. For example, to continuously enhance service levels, the Professional Education Institute—an education and training organization focused on real estate investing and financial management—uses multiple outsourcers. According to Chief Marketing Officer Roger Sinnes, this approach helps the company "create an environment of healthy competition between multiple outsourcers where each vendor has an equal opportunity to earn the lion's share of your call volume. It not only increases overall performance but also gives you that backup if a vendor runs into an issue where they can't handle your calls."

When companies are not locked into a sole-provider arrangement or bound by the constraints of one provider's infrastructure, they retain the ability to respond quickly to new opportunities and competitive threats.

In addition to offering more flexibility, this approach will also introduce more competition into the outsourcing model. With multiple providers vying to set the best benchmark of both cost and satisfaction, companies will have far more options for delivering the best customer experience at the best possible cost.

With growth back on the strategic agenda, companies are increasingly focusing on attracting and keeping customers, while fending off competitors trying to take those customers away. Responding to market threats while holding down costs means companies must move away from piecemeal CRM investments. Instead, they need to turn to more holistic and transformational programs that touch all customer channels and treat the optimal customer experience as the paramount measure of success.

Today, a combination of new strategies for handling customers, more flexible investment options, and creative operating models makes it possible to achieve high performance by aligning customer treatment with customer profitability.

About the authors

Tom Van Horn leads the Accenture Communications & High Tech Customer Contact Transformation business. With extensive experience in both inbound and outbound large-scale customer contact initiatives, Mr. Van Horn has worked in the call center industry as well as with telecommunications, technology and media companies. He is based in Denver.

tom.van.horn@accenture.com

Robert E. Wollan is the global managing partner for the Accenture Customer Contact Transformation practice, which helps clients transform multi-channel performance of their customer contact operations. Based in Minneapolis, Mr. Wollan focuses on large-scale transformational sales and customer service initiatives. His client work includes companies in the telecommunications, financial services, direct marketing, consumer products and utilities industries.

robert.e.wollan@accenture.com