



Customer Contact eBulletin

A quarterly eBulletin from the people who bring you the
Customer Contact Executive MindXchange series.

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“Tell me and I forget. Teach me and I may remember. Involve me and I learn.” — Benjamin Franklin

Proactive Customer Contact: Beyond collections and telemarketing – a powerful customer service strategy

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You may be wondering what is new here - haven't automated dialing programs been around for years? Yes, outbound calling, auto dialers, and telemarketing have been with us for some time. And, despite the obvious value of outbound contact for some businesses and the maturity of the technologies, most companies still don't employ service-related proactive customer contact (PCC). Instead, most rely entirely on their customers to contact them for questions, problems, and even sales, in the case of many Internet-based businesses. So, calling customers is not new.

What is new is that leading companies are discovering the strategic business value of comprehensive approaches to proactive customer contact. They are leveraging customer and product information from across the enterprise to reach out to their customers with personalized service messages and sales offers to cement and grow profitable relationships. For the real leading-edge companies, their PCC initiatives are an integral part of their unified communications visions and strategies.

A brief PCC definition: Proactive customer contacts are sales and service-related contacts initiated by a company to their customers. Breaking that down, contacts - can be communicated using a broad variety of media – i.e. telephone calls, email, text messages, and even postal mail. The customers I am referring to are current or recent customers. By sales and service-related I mean these contacts can be sales or customer-service related, but at this point for most companies the messages would be service-related. PCC, again at this point and for most companies, is not meant to include the traditional sales and marketing programs for acquiring new customers. Nor would PCC include "up-sell and cross-sell" activities which can be initiated on inbound customer calls, since these are inherently reactive not proactive.

PCC Business Drivers

Proactive customer contact programs can positively impact a company's customer retention rates and revenues as well as its operational expenses for customer service. Proactively contacting customers with service information useful to them or with personalized sales offers is generally viewed by customers as positive and brand reinforcing. These positive effects have been shown to contribute to customer loyalty and increased purchases from the proactive company over time. Frederick Reicheld, author of *The Loyalty Effect*, in researching successful companies, discovered the longer they retained a customer the more profitable that customer become for them. Reicheld also found that positive customers remain customers longer, they buy more, and they tend to recommend the company and its products and services to others more often.

Proactively contacting customers should have as a minimum goals to reduce your expenses and increase your customers' positive attitudes toward your company and its products. Increasingly, enterprises are adding revenue goals for their call centers and proactive contact is becoming the leading way to achieve these. Call centers with new revenue goals quickly discover that customers calling with problems and complaints are not as likely to respond positively to sales offers as proactively contacted customers.

PCC can bring competitive differentiation. The key messages here are that: reactive-only customer contact is not good enough anymore. Depending upon the industry your company operates in, you may already be feeling the competitive pressures to be more proactive with your customers. Historically, the more commoditized industries have relied disproportionately on services for differentiation to create and maintain competitive advantage. The current economic conditions are an additional driver for proactivity.

Proactive customer contact can improve contact center operations. You know the conventional wisdom "Improving the efficiency of the customer contact for most companies means the doing more with less in their customer service group and call centers". Due to the inherent peaks and valleys in most company's inbound call traffic, making proactive outbound calls during the lulls can make better use of agents' time and system capacity. Other benefits include:

- reductions in inbound calls -- for example, shipping notifications can eliminate shipment status calls from customers
- reduction of customer complaints -- again, proactive notification of known problems can eliminate many complaint calls



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- improved agent retention - studies have shown that for many agents job diversity (that is: working on inbound vs. outbound, sales vs. customer service, proactive vs. reactive...) is generally viewed to be job enriching

Proactive Customer Contact Strategies

One PCC strategy is to focus on its capability to reduce customer service's operational costs. With this approach PCC is used primarily to increase the utilization of contact center resources. That is, to increase the overall center's productivity, perhaps defer additions to staff, reduce personnel turnover, and the accompanying recruitment and training costs. Companies with this strategy should also consider hosted PCC services, which could reduce the associated capital expenditures.

Another PCC strategy is to focus on its capability to strengthen customer loyalty and grow revenues. In this approach companies mine customer interaction data to identify value-added product usage information as well as new and related products of interest which can be proactively delivered to customers. An example of this loyalty-based use of PCC -- months before a show comes to town, Cirque du Soleil offers pre-public and discounted tickets to its website-registered customers in that town. Another part of this approach can be to mine customer interaction and profile data to identify the "best" resource or resources for pro-active service follow-ups or to present sales offers. This strategy, however, does present some challenges:

- primarily inbound service-focused centers will need to apply different agent performance metrics for outbound and blended work
- they will need to provide sales training for their agents making outbound contacts
- they will need to add sales and blended skill sets to their workforce management and routing applications

Pro-Active Technologies and Applications

Just as there are many uses for proactive customer contact, there are many technologies and applications being applied to support these customer contact programs. The primary proactive customer contact technologies are:

- automated dialing applications, which can be operated in various states of automation, such as power, preview, and predictive
- outbound voice portal- and IVR-based applications
- notification and alerting applications, which can be scheduled or event-driven
- proactive survey and customer feedback collection and analysis applications

Proactive customer contact applications can be to address a point problem or opportunity, such as for department or a single business within a company or they can be more comprehensive, such as in support of an enterprise-wide customer loyalty campaign. While there are some common application types which span industries, such as appointment reminders and shipping notifications, increasingly companies are developing custom applications which are industry- and company-specific. Examples, of industry-specific applications, include:

- a healthcare application to help newly diagnosed diabetes patients with monitoring their blood sugar and managing their treatments
- commercial flight status updates, with options to speak with a live agent to re-book
- potential credit card fraud alerts
- insurance claims process status notifications and requests for additional information as needed at various process stages
- automotive product recalls

Summary and Recommendations

Two key take-aways about proactive customer contact are: 1) leading companies are moving from point solutions to more strategic and comprehensive proactive customer contact programs, and 2) proactive customer contact can deliver both operational efficiencies and revenue growth.

My PCC recommendations include:

- start with a PCC vision for your organization
- develop a strategy and tactics to achieve your vision
- once you have a vision, strategy, and tactics you are ready to determine your application/technology, staffing, training requirements to enable them, and
- lastly, as with other potentially large enterprise programs, start small and iterate toward your vision using a quality cycle approach.

Let your customer know you are thinking about them. Reach out to help them make the most of your products and services.