

CRM Forum Resources

<http://www.crm-forum.com>



INTEGRATING THE CALL-CENTRE WITH CUSTOMER INFORMATION

Michael Meltzer

Copyright © Michael Meltzer, 2000

Abstract

In the Age of the Consumer and the need to manage customer relationships the marketing dilemma that many financial institution face is how to get closer their target market without investing in bricks and mortar. This article looks at how a call-centre can be integrated as part of a multi-channel contact and touch-point management within a Customer Relationship Management (CRM) solution based on a Scaleable Data Warehouse (SDW) as the infrastructure for competitive advantage.

This paper explores how the CRM philosophy coupled with a clear vision of how a Scaleable Data Warehouse (SDW) can be effectively integrated and implemented can lead to success. There is also a need for clear marketing strategies that can be applied to web enabled call centres. This is to support customer retention, cross-selling and up-selling opportunities, improve direct/continuous marketing campaigns, marketing to that segment of one and to put the organisation on the road to marketing one to one!

Aren't all customers fickle? They seem to move their business to another financial service provider even though your financial services provider (FSP) has the best services and prices available. Yet there are at least two questions you have to ask yourself: have you really, really communicated with your customer recently and are you that certain you have the best deal? Whereas we may leave the second question at this time for Competitive Intelligence Analysis, the first question is based on the need for relationship management and a true dialogue, and that's the basis of this article. This time, I look at Call Centres, and although Call-centres are often used as customer service touch points and as a means of tele-selling to non customers many banks, telecommunication companies and retailers use them to retain and increase their share of their current customers wallet rather than just acquire new customers. The call centre has become part of the CRM (customer relationship management mythology). What was part of providing quality customer service and a means of creating dialogue with the customer has now been re-badged as being CRM spelt in bold loud letters. Although CRM does include customer call and contact management many of the call centre/contact management software vendors have managed to convince many unwary purchasers that all they need do is install their 'solution' and all their prayers will be answered well.....? This article will look at the evolution of the call centre and its integration with the data warehouse (information on customer contact, billing, segmentation and so on) to serve as a focal point for the customer centric approach to CRM. We will also consider the reasons for this new approach that responds to customers' needs by providing high quality support, a dynamic marketing channel and a means of gathering soft data. "Organisations are frankly frantic about providing more customer service", says Carter Leshner, VP and research director at Gartner Group. "In many cases, it's what they're competing on: Products have become commoditised, and customer service is one way to differentiate themselves"

CUSTOMER
RELATIONSHIP MANAGEMENT

RETENTION

Customers are more expensive to replace than to retain; some put the cost of acquiring a customer as high as 5 - 10 times more than to retain one. Customers have been educated to expect a high level of service and a wide range of competitive products. Some non-banks that offer a narrow range of products specifically targeting consumer segments that have special service requirements have been successful (credit cards, insurance, home loans etc..) but it all depends on what your customers expect from you. Failure to live up to their value expectations increase the risk of defection to a bank that meets their perceived value needs. Studies by Reichheld and Sasser (HBR 1990) demonstrated that: "As a customer relationship with a company lengthens, profits rise. And not just a little. Companies can boost profits by 100% by retaining just 5% more of their customers." Call Centres have become a critical element in a company's armoury to retain customers by providing high quality service, creating a dialogue with their customers and providing an opportunity to initiate proactive marketing. Yet their evolution into a mission critical financial services tool has been far quicker in the US than anywhere else, as has the move to integrate the data warehouse to better target and respond to customer needs, which is still in its infancy elsewhere. The call centre enables a personal touch to be reintroduced if handled carefully. It is an opportunity to introduce high technology balanced by information and humanity. For a reiteration of the differences between acquisition and retention look at fig.1.

COMPANIES CAN
BOOST PROFITS BY
100% BY
RETAINING JUST
5% MORE OF THEIR
CUSTOMERS

FOCUS ON CALL-CENTRE INTEGRATION

<i>Retention</i>	<i>Acquisition</i>	CUSTOMER RELATIONSHIPMANAGEMENT
Nurturing Relationships	Acquiring potential relationships	
Internal analysis	External research	
Demographics and transactional history	Demographic profiles	
Actual needs driven	Projected needs driven	
Contacts must be personal	Contacts can be less personal	
Accuracy required	Inaccuracy tolerated	
Offer relationship driven	Offer driven	
Offers must be integrated	Offers can be events	
Supports reactivating	Supports assimilation	
Synergistic with acquisition	Synergistic with retention	

Figure 1.

Source: J M McIntyre

***Did you ‘merely’
replace humans
with technology?***

VOICE RESPONSE IS NOT ENOUGH

Okay, so the ‘enquirer’ got through to your fully automated ‘help desk’ that has the latest integrated voice response (IVR) system, which in itself was seven levels deep, but they gave up after the fourth level having been annoyed or frustrated and then tried unsuccessfully to get through several times before giving up! Were you aware who they were or even that anyone had tried to get through at all? When you upgraded from the complaints desk did you move to a customer focused approach or was it an exercise in cost reduction moving the customer away from the teller to some form of automaton? Did you ‘merely’ replace humans with technology?

A number of major company’s made this initial error when moving over to what we now know as ‘call centres’, but the move today is to use technology to support integrated marketing and provide quality customer services efforts. The call centre is now viewed as one of the channels available to interact directly with the customer. Oh! and many companys’ have gone back to using ‘humans’ as part of the equation to better serve the customer’s and the company’s needs.

The call centre has gained in importance as the use of telephones has spread and is set to gain momentum as countries deregulate their telecommunications industry and competition flourishes. The US, where deregulation occurred some time ago and where the telephone is ubiquitous, is believed to be some 12- 24 months ahead of Europe in its use of the telephone for: call centres, computer telephonic integration and of course the Internet. A simple definition of a call centre is any grouping of operatives and or automated voice response units(VRUs) that support customer contact functions over a telephone. We can add today that the addition of computer support is also a prerequisite for any support unit to function adequately. Another definition of the call centre is a physical location (although there are some implementations of virtual call centres) where calls are placed or received in volume to

enable sales, marketing, customer service, telemarketing, technical support or other specialised business activity.

CUSTOMER
RELATIONSHIP MANAGEMENT

HISTORY

Although helpdesks and call centres have been with us for a long time, historically their only connection between the voice processing systems (PBX/ACD) and the data processing systems used by the services support operatives were the operative themselves! It was in the late 80s when CTI (computer telephonic integration) became commercially available, enabling linkage of the PBX/ACD to a mainframe. Screen popups and the ability to pass information and commands across this link became the latest technology boon to call centres. With the introduction of open systems, the client server environments adoption rate has quickened. But adoption rates have not been uniform, and this is so even in the US where it is estimated that there are some 60,000 call centres in total, with banks alone accounting for over 1,300 (Metis). Culture, geographies and available technologies have affected adoption rates:

1. The need for an ISDN (Integrated Switched Digital Network) network facilities to pass needed originating and dialled number information.
2. The complexity of implementing the needed systems to create an integrated customer interaction site.
3. The cultural differences in doing business over the telephone and
4. Simply the number and robustness of telephones and infrastructure available to the general populace.

SERVICE LEADERSHIP

Providing quality services to your customers is prerequisite to stay in the game today. Bad or inappropriate service in a highly competitive environment where the customer demands high quality anytime, anyplace support, will see your customers move to a competitor. The base line for enhanced customer relationships rests on timely and accurate responses to inquiries and requests. Many customers also expect personal attention and often dislike voice response alone. The whole point of any call-centre today is to help retain the customer, and where appropriate expand the relationship. Before you can get into all the other opportunities a fully integrated call centre offers you must provide the customer with the support and care they believe they deserve. ", advises Joe O'Leary of Arthur Andersen. "Together, these drive satisfaction--which drive loyalty, which drives profits. When customers wield the power of choice, providers respond". Although price-based marketing is a short-term method to attract customers, over the long haul customer care will build the loyalty necessary to ongoing success. Service alone can be a differentiator but as so many banks are striving to provide world class services it is difficult to see how this will be achieved. To illustrate: since Sanwa Bank of California put in branch call centres, calls to its toll-free 800 number have shot up, from 6 million in 1995 to 18 million. Sanwa is tying

FOCUS ON CALL-CENTRE INTEGRATION

together databases on mortgage loans, credit cards, and regular accounts, enabling one call-centre teller to handle most of a customer's inquiries and "making him feel like the only person in the world," says David Minor, a VP at Sanwa bank.

CUSTOMER
RELATIONSHIPMANAGEMENT

Further, a study by the Strategic Planning Institute has found that:

**YOU CAN CHARGE MORE
IF THE CUSTOMER
VALUES WHAT YOU
HAVE TO OFFER!**

Service Leaders.....

- Charge on average 9 to 10 percent more for their basic products and services.
- Grow twice as fast as their low-service competition.
- Improve market share on average by 6 percent per year. By contrast, low flyers lose market share by as much as 2 percent annually.
- Have an average return on sales of 12 percent compared to 1 percent for bottom feeders.

SALES AND CHANNELS

From service support and care the call centre has grown into a cost effective sales and distribution channel. This has led to the need for more sophisticated applications and even tighter integration between telephony and the organisation's computing systems. However, the latest findings from the Henley Centre (UK) would indicate a wholesale decline in customers' perceptions of service by the telephone. In centralising operations and closing branches, many banks have lost that local, friendly feel that is all-important when developing relationships with customers. The actionable information the SDW provides, integrated with the latest computer integrated telephony (CIT) can make the difference between success and failure when centralising support call centres. The data warehouse supports this tight coupling and goes on to supply much of the needed information to support the call centre. At the same time, it also provides a means to take in the soft data (potential complaints and potential leads etc.) that the call centre accumulates on an on-going basis.

The information to provide operational support is customer based and must be available real-time. This is achieved by using a Data Mart (The DM being a subset of the data warehouse). The data mart is particularly tuned to work as part of a real time operational environment, but the reason there is a need for the DM and SDW is based on the need to understand who your customers are. All customers are not equal and a simple understanding of their value to a bank proves this. Should you therefore treat all customers equally when some are more valuable than others? By knowing the value and potential value of customers to a bank enables the bank (to be perceived) to sell and provide services one customer at a time. Even in countries where organisations are not allowed by privacy initiatives to use some of the data in their SDW they can look at customer profitability. To look seriously at the way the data warehouse is now essential for the success of a proactive customer centric call centre lets peek at a current scenario that incorporates use of the Internet.

A SCENARIO

CUSTOMER
RELATIONSHIPMANAGEMENT

This scenario focuses on a bank but could easily be extended to any other organisation that are willing to invest in the vision, technology and cultural changes needed.

You call your bank from home to initiate some simple payments and to enquire about your balance. The bank's telephone system identifies you by the number you dialled in from, and your call is directed to a specific operative (you are in a particular segment and are treated accordingly) who answers the call and greets you by name. Your usage profile and account balance has popped up on the workstation (you normally ask for your balance) plus a flashing prompt to inform the operative that there is a potential sales message to deliver. The operative has a single comprehensive view of you as an important customer of the bank. You proceed to make your payments and get your account balance. The operative puts their cursor on the prompt key and a dialogue appears. Your car loan will expire in three months and there is a special pre-approved loan on offer if you wanted to consider another. You would like some details quickly and you ask if they can be E-Mailed or faxed. The operative says which would you like -you answer e-mail as that would be quicker tonight. You are about to tell the operative your e-mail address, but you are informed they already have it and the information is on its way to you. You are also informed that you could have someone call you to talk you through the information or you could elicit a phone call by responding to the e-mail or even look further at the various summer offers on the bank's web site. If there is anything further of interest on the web site all you have to do is type in your phone number and a specialist tele-consultant will call back.

***Add a dose of the
Internet and.....***

THE FOCUS IS THE CUSTOMER

The information held in the SDW can help identify the right customers to provide special services to and can profile customers' particular needs. Without this information drawn from the SDW and placed in the operational data mart (DM) for real time on-line support, much of the above would be difficult to accomplish. Without the customer there is no business and it is this focus on the customer that drives the need for detailed information. The information the organisation has on its customers is its unique advantage in the marketplace. Information that can be bought in, can be purchased by any organisation, its value only becomes apparent when you integrate it with your own information. This integration of external data with the company's own creates a unique differentiated set of information to be queried and mined. However, your ability to understand your own customers is hidden in that data you accumulate about their activities, and their likes and dislikes - not external inputs.

TORONTO DOMINION

To get at this data and turn it into actionable information and deliver it to the points of customer contact, many banks rely on their SDW. They also use it to make customer

information available bank-wide for both branch and call-centre customer contact and for future detailed marketing analysis. An example of the need for different types of information can be gauged from the work Toronto Dominion (TD) is doing in Canada: "The telephone's emergence and rising popularity as a primary banking tool is a progressive result of the move towards greater convenience and increasing automation in every facet of our lives," says Mr. Baillie of TD. "Our customers have expressed their need for easy-to-use telephone banking services," adds Frank Van Nie, Director of Telephone Banking, at TD. "We are answering their call with an expert team of Banking Agents who can now help them arrange mortgages and loans, contribute to RRSPs, (savings plans) buy GICs, (Guaranteed Investment Certificates) open an account, answer their financial questions, in addition to paying bills, transferring funds, and checking their account balance. Service is available in English, French, Cantonese and Mandarin."

US WEST

Described by Drury Jenkins as a closed loop CRM system US West enhances its marketing effectiveness and cross-selling by integrating data from many sources and then supporting their outbound channel with scripts and offers that are pertinent to their customer base. John Barac (Marketing Decision Support Systems Director) said that in this SDW "..... we have all kinds of data from all our different lines of business. We know the customers' behaviour and history. We also have external data, demographics, what kind of area they live in and the average income in that area. We have all the contact information....." yet one of the most important uses of this integrated approach is in the area of inbound calls. Many have found that if you can satisfy customer problems on the inbound call you are more likely to sell more to a very receptive customer! "On an inbound channel, if we get information, we try to capture that information for future use and we try to adjust our offer". They use the information they capture as part of their knowledge base so they can learn their customers needs and alter their future responses based on their understanding of the customer.

THE CHALLENGE

The challenge that faces all organisations is how do you get all the required information together to support the customer centric approach? In the early days some talked about clever middleware (interfacing and extraction software). This was only a small part of the answer. Information about the customer comes from many systems, divisions and channels. The information has to be available and trusted by its users. The SDW and the real-time operational DM enables the banker to gain a holistic view of the customer. As the SDW is the one version of the truth that can be trusted it is the resource that can unleash the power of the call-centre to create new higher levels of service. It also enables the organisations to create the perception of unique segment of one relationships. However the reasons why a SDW is an important part of an integrated and effective call-centre becomes obvious when the banks tries to answer a range of questions:

FOCUS ON CALL-CENTRE INTEGRATION

- What is the real value of my customer base - what is the difference between profitable and unprofitable customers?
- How do I segment my customers appropriately?
- How do I increase my share of their wallet and what are the best ways to cross-sell?
- What are their preferences and can I use this knowledge to create unique segment-of-one offerings?
- Can I make predictions regarding their future purchases and then use that information to drive customer dialogue?
- How can I retain the right customers?
- What is the most effective delivery channel by particular service/product?
- Who is amenable to tele-consultative selling?

CUSTOMER
RELATIONSHIPMANAGEMENT

THE REAL VALUE OF CUSTOMERS

If you know the value of a customer you can decide the sort of customer care and sort of relationship you need to have with them to maintain or grow their profitability. This decision will impact their treatment as a customer in the call centre. To do this you need to look to at least at two measures of customer value: their actual long-term value to the bank and the potential value the bank could capture. To begin this process of understanding the real value of a customer you need to look at estimated customer lifetime value (LTV). To start you must identify the sales of each product or service by some or all of the following: customer or number of accounts held or tenure. Finding out the frequency of customer defection and likelihood of switching will enable you to better understand the cost to you in future revenue streams. By analysing the information you have about the customer tenure you will be able to predict the length of time a customer is likely to stay with you (this equates to the lifetime in the equation). You would then measure the future incomes, net of transaction costs and discounted by a rate you choose to get at their net present value. The equation can of course get more complex as more factors such as propensity to defect are introduced at a macro level, or as cost models are altered over time. You could of course decide to assign a rank order to your customer base, based on the LTV as an approximation of true value. The idea is to identify those tiers of customers that are worth allocating resources to support and those that require different treatments. For example, by being able to identify those tiers that are marginal (borderline profitability) you can allocate those specific resources to move them into profit. Note that without a good measure of real customer profitability LTV remains merely another approximation of customer value.

HOW CUSTOMERS CAN SEGMENT THEMSELVES

Customers and prospects tend to look for different things in any relationship they have with a vendor of any services or products. They also buy in different ways dependent on their knowledge, lifestyles and education. The idea is to understand your customers and what

does and does not work for them. Much of the information about customer preferences can be gathered from the SDW and enriched from external sources. Once you know the way they like to be treated and their value to the bank you can provide the right level of quality services based on solid business reasoning. A good summary of how customers can be split in to buying segments appeared in 'Customer-Centred Growth' by R. Whiteley and D. Hessian:

CUSTOMER
RELATIONSHIPMANAGEMENT

1. The Transactional Buy: Little need for information or relationship (use of Automated banking machines PC based services are a boon to these customers).
2. The Relational Buy: High relationship needs based on their need for personal emotional support throughout the purchase. (Purchase of complex insurance products and investments).
3. The Information Buy: They want information but no relationship as they know what they want but want information and an education (buying a mortgage, or discount brokerage services).
4. The Partnership Buy: They want a relationship and they want information as they have high affiliation needs and the desire to trust and partner with whoever they buy from (The purchase of Personal Equity Plan, Mutual Funds and Endowment policies).

USAGE PROFILES

By knowing what products a customer takes, by default you know what products they don't have. By modelling the ideal customer portfolio you can identify the range of products that would bring you the most profit. You can also identify the ideal service and product usage pattern and once again profile customers against this. Are some more amenable to using telephone banking or billing enquiries rather than branches or shop fronts- who are they and what are they worth? You will then have a profile to test your customer base against and you also have the basis on which to plan marketing campaigns. The campaigns will be designed to improve the company's share of wallet and each customer's profitability (including LTV). This technique, coupled with demographic and psychographic data, can also form the basis of your segmentation rules. By using knowledge discovery (see Data Mining Dispelling The Myths another white paper in this series) you can begin to predict behaviours and make use of life triggers as part of your sales messages and outbound tele-marketing campaigns.

CHANNEL MANAGEMENT

An integrated multi-channel SDW provides the means of knowing what channels your customers use and prefer. The SDW collects all the transactional data from all the delivery channels and touchpoints. Once you know what channels your customers are using, you can look at their usage patterns. The patterns will quickly show whether a customer prefers certain channels to others. For a bank some may want to use the bank branch, some use only the call centre's telephone banking service and ATMs or even their new WAP Portable. Yet another transacts all their business at a branch or set of ATMs in another part of the country, away from the branch that holds her current or chequeing account. You could also collect information about the frequency of use by channel, by product, by value and so on. An

understanding of preferences will also help you when considering structural changes to your network, larger and more centralised call centres new self service terminals, Internet portals, refurbishment, or a radical alteration or closure of a branch, etc. By choosing certain channels rather than others (e.g. Internet broking, home banking and ATMs) customers themselves will map directly to a bank's desire to lower the cost of delivery by their use of these channels. The whole process of understanding the customer is in pursuit of managing the customer relationship for greater profit.

RELATIONSHIP MANAGEMENT

But customer relationship management is not dependent on just understanding the customer better but is about providing effective services and products that meet their perceived values. The delivery channels that meet their needs have to be fast, convenient, flexible and cost-effective. A significant subset of the customer information that is available to your knowledge workers must be available for use by customer facing staff, call centre workstations, voice response Units, ATMs, screen phones, decision support systems, WAP, the internet portals and home banking applications for PCs or interactive television. Your understanding of the customer's value to an organisation and their preferences enables you to devise treatments that will meet the customer's needs as well as the firm's need for continued profitable growth. Organisations rich in transactional data (telcos, banks and retailers) must capitalise on their unique informational advantage quickly. The faster they can get new services up and running to attract new customers, or cross-sell products to retain customers, whether through store fronts or in the E-Space the better their competitive advantage. This means the customer information and the technology infrastructure needed for product and service delivery have to be available today.

A SUMMARY

In summary the reasons that the SDW, call-centre and E-Business are being integrated rests on the needs of an organisations need to:

Increase revenue generation - by having customer insight and understanding of dynamics of the cross-sell/up-sell opportunities. The idea is to increase revenue per customer contact by selling higher margin products through the call centre. Then to further leverage the call centre capabilities as a direct sales channel using where appropriate consultative sales personnel. Each marketing campaign can be carried out at many levels, utilising direct mail, customer response advertisements, web site offers, WAP and direct tele-selling. Each element however can be tied back to call-centre, touch point, Internet support and usage. The SDW has for many years been used as the base (trusted view of the customer) to guide and manage such marketing efforts. It is the SDW's integrative capabilities that make it the ideal support mechanism for a dynamic multi-channel management that includes that customer centric call-centre. Many believed the cost of building integrated an effective call-centre can be a barrier to entry. The potential benefits and profits easily outweigh the costs.

FOCUS ON CALL-CENTRE INTEGRATION

Increase customer satisfaction - by improving the ability of the organisation to provide quick and accurate answers with the personalised attention customers have come to expect. The SDW enables the call-centre operatives to recognise the high value customers and provide them with a set of associated service levels. By better understanding the customers changing needs the call-centre can build a relationship perception with each individual customer. When interacting with each customer, new customer information can be gathered that will enrich the underlying base data and improve the next interaction with that customer. This enrichment is useful in helping the bank respond to customer needs/values/motivations and thereby develop the new products and services the customers will want.

CUSTOMER
RELATIONSHIPMANAGEMENT

Strengthen competitive advantage - by unlocking the power of detailed customer information and applying that power directly to the points of customer contact. This means providing the team players that come into contact with the customers the same kind of information that the call-centre, the web, stores or branches uses so that customers perceive an enterprise wide approach to their relationship with the firm. The idea is to increase the company's share of the customer's wallet and the only way to do that is to know enough about the customers to provide them with the right services/products at the right time. By gathering information whenever there is a customer interaction, the company has the opportunity to gauge the success of its service levels and benchmark customer satisfaction.

The competitive environment is heating up for all types of company - now is not the time to do little and hope the waves of change will pass you by. In every country where the telephonic infrastructure is improving, the use of the Internet and call-centres grow up. Additionally the financial, telecommunication and retail services community cannot ignore the need for improved service levels and the need to retain/develop and acquire the right customers. The holistic approach to this is the use of the SDW to fully integrate the disparate information systems that exist and the multiplicity of channels to and from the market. The call-centre is one of those channels as is the Internet that benefits from a tight coupling with the firms' knowledge repository the data warehouse.