

Four Reasons Why Proactive Customer Care Means Customer Loyalty

Too often contact centers are seen purely as cost centers. When companies bring down contact resolution time they push up agent productivity and save money, but as a profitability driver this practice has limits. A far more reliable approach is to transform contact centers into customer loyalty centers – through proactive customer care.

While at first it might seem more costly for customer service representatives (CSRs) to interact in new ways with customers, the differentiated service they provide can pay real dividends. Proactive customer outreach helps increase immediate incremental revenue through activities such as cross-selling and up-selling, but that's just a fraction of its upside potential. The real value of proactive care is in building a healthy bottom line over the long term through an ongoing, elevated focus on the customer experience. By anticipating and addressing customer needs before they can become inbound contact center expenses, proactive contact increases customer retention and loyalty and boosts agent retention and job satisfaction.

Proactive customer care is more than a "feel good" benefit. Here are four reasons why this strategy makes good business sense, along with some basic tips on how to start a proactive customer care campaign.

1. Customers Repay Anticipatory Service with Greater Loyalty and Long-Term Value

Forward-looking companies are measuring their customers' long-term value or profitability. Lifetime value is based on the profit earned from a customer over the total lifespan of an active account. Meeting or exceeding customers' support expectations maximizes their longevity and, as a result, increases their value.

The science of customer relationships is simple – the value you get is proportionate to the value you give. To achieve and maintain this harmony, today's companies must establish a dialogue with customers that shows an awareness of their information needs and respect for their communication preferences. The more contacts made with a customer, the "stickier" that customer becomes. When customers are consistently given valuable information, this stickiness can form a durable bond of loyalty.

There's no doubt that one-way proactive communications are welcome conveniences for customers. For example:

- A major airline proactively texts customers or leaves passengers an automated voice message to advise them of flight delays and severe weather warnings before they head out to the airport.

- A corporate billing department alerts customers when an invoice is nearly due. Rather than waiting until an account is delinquent, a reminder call or email gets bills paid sooner, saving the company money on write-offs and lost interest income. It also provides a better customer experience by diminishing the ill will of finance charges, penalties and collections agencies.

Simple proactive notifications like these often make customers' lives better – at a surface level. What these courtesies lack, though, is the intelligence to delve into a deeper level of need. Instead of just pushing out information that customers eventually come to expect, anticipatory service leverages more specific, personalized data that defines and addresses a more problematic issue.

For instance in the airline example, if a high-value customer's delayed flight is cancelled, information about the customer could allow the airline to proactively contact this passenger with rebooking information. The customer's profile and check-in data allows the airline to factor preferences like seat location and the method for communicating about the rebooking. With the right technology in place, it's even possible to verify that the customer's bags have been transferred to the right plane.

It may take 30 seconds to reach out to a customer to satisfy a need with differentiated service. If that time costs \$1 million a year, it can yield twice that amount in new or continued business, as well as word-of-mouth referrals to new customers.



For today's consumers, advance notices about payment due dates, prescription refills and low balances, although appreciated, are becoming fairly routine. Companies can differentiate by mining data to identify and proactively deliver personalized information that their customers will find uniquely relevant, timely and valuable.

2. Increased Customer Retention Costs Less than Winning New Customers

What is the cost of adding a new customer or replacing lost business? Consider the highly competitive telecommunications industry. Wireless carriers calculate their gross cost per subscriber addition to be anywhere from \$275 to \$425. On average, it takes 12-16 months to recoup that initial investment, according to the Yankee Group. As a result, carriers don't start profiting from a new customer until the last few months of a typical two-year contract commitment.

Here's where proactive customer care can put a real dent in customer churn. What if wireless carrier agents proactively engaged customers to advise them in advance that their prepaid accounts are nearly depleted? Or even better, to inform them about more appropriate calling plans based on their mobile phone usage patterns? Although customers might switch to lower cost plans, the value of locking customers into new two-year contracts is easy to measure.

3. Contact Center Efficiency Improves with Reduced Call Volume and Automated Outreach

Evaluate your current business processes for customer service patterns. Are customers calling in for more informational type transactions? Do they go through a workflow process such as mortgage financing approval? Many times when customers who are transitioning through a phased process contact a business they're just looking for a status update.

You can preempt these interactions and reduce inbound contact volume by proactively reaching out to customers to report on progress. If delays occur you can immediately make them aware, inform them of the reason and reset their expectations. The convenience you deliver creates a more positive customer experience that helps build loyalty, and with fully automated transactions you can also save costs.

4. Agent Job Satisfaction and Retention Increase, and Turnover Costs Decline

Just as customer replacement is costly, so is employee replacement. The CSR's job is traditionally marked by rapid burnout and high turnover. According to the international recruitment firm Spherion, the turnover of one job costs a company an average of 1.5 times the employee's annual salary when separation costs, overtime payments to temporary workers, loss of productivity and replacement costs are factored.

Consider how customer-centric companies are humanizing the customer experience through personalized, live interactions with proactive care agents. When they spend time providing useful information to preempt or resolve issues, agents often have more meaningful interactions with customers. This type of exchange is a win-win dialogue that provides a more satisfying work experience and influences agents to stay in their jobs longer. The burden of costly employee turnover becomes lighter while customer relationships grow stronger.

The Difference is Relevant Value

Financier Warren Buffett has noted, "Price is what you pay; value is what you get." Unfortunately, amid the cost-cutting fervor of recent times many companies have lost sight of delivering meaningful value. Yet customers have shown time and time again that they are willing to pay more for higher perceived value in any economy.

Unified proactive contact is about anticipating needs and intelligently planning outreach strategies. Proactively delivered, customer care allows a company to provide greatly differentiated, high-touch services that reinforce the company's brand identity and customer value proposition. Even if these services cost the customer more, companies will attract a loyal following of buyers who appreciate being consistently treated like valued customers.



How to Get Started

These tips will help you frame an effective proactive customer care strategy:

- Leverage your customers' buying patterns as well as trends to uncover needs and outreach opportunities. Don't rely on customer surveys alone for this data; observe what customers do, which is much more telling.
- When data mining, target the social media activity of customers as groups and individuals. Develop and implement a listening strategy across all channels to spot and resolve issues before they balloon.
- Think creatively – innovate new proactive services that set you apart from your competitors.
- Develop a proactive care strategy that fits your unique business, and pick the tools that best meet your customers' preferences and needs.
- Assess your inbound calls to determine the best candidates for applying a proactive contact strategy.
- Consider the lifetime value of customers; don't measure the value of customer service in overhead costs alone.
- Segment customers by long-term value and reserve the most personal interactions for the most profitable and potentially profitable customers.

- Evaluate how your customers want to be contacted – through email, voice or SMS – and when they're most receptive. Use the optimal mix of automated, self-service contact and live agent interactions.
- Measure your proactive outreach strategies and if needed modify them for continuous improvement.
- Use inbound and outbound contact blending to minimize agent downtime, match customers with the most appropriate agents, streamline interactions and provide consistently high-quality customer experiences.
- Consider a unified solution that offers the breadth and depth needed for multichannel contact.

Summary

The goal of proactive customer care is to delight customers with convenient, useful information at their moment of greatest need. The challenge is to find the perfect balance between containing costs and delivering value through a highly differentiated customer experience. Ultimately, squeezing more productivity out of CSRs by systematically minimizing customer interactions reaches a point of no more return value. If customer intimacy fades so does customer loyalty and the ROI calculations become less and less compelling. As the economic climate improves and consumer spending rises, companies with the greatest market share of customer loyalty will be best positioned for growth and success.

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