

Continuous Customer Dialogues

STRATEGIES FOR GROWTH AND
LOYALTY IN MULTI-CHANNEL
CUSTOMER-ORIENTED ORGANIZATIONS

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OVERVIEW

Enterprising companies around the world are increasingly developing and implementing customer-centric growth strategies, based on deepening relationships with their customers to emphasize long-term satisfaction over short-term sales conversions. With these strategies, the key indicator of success is customer lifetime value, a measurement of the customer's value over the life of the relationship. Other key metrics include share of wallet, products per customer, average revenue per user (ARPU), loyalty, retention, and on-boarding conversion rates.

The challenges of implementing a customer-centric strategy can be addressed along two dimensions: do you have the right insight into the customer and do you have the ability to respond to the needs and interests of the customer based on that insight? An organizational self-assessment will identify the key challenges and opportunities for any organization:

- (1) **Customer-specific offers.** Rather than pushing products, does your organization have enough insight about the customer to create offers based on the individual needs of those specific customers at the moment of interaction?
- (2) **Consistent customer experience.** Does your company provide a consistent experience for each customer-initiated contact across multi-channel touchpoints, defined as the web, call center, kiosk, or retail outlet? Does your company take advantage of this opportunity to understand the geographic, demographic, and psychographic characteristics of customers and build trust and strengthen their emotional ties to the company?

Leading customer-oriented companies see every customer interaction as an opportunity to retain a valued customer, increase revenue, build loyalty, or strengthen a brand. These enterprises look to customer relationship management solutions to help them connect with customers, anticipate their needs, and deliver the products and services they want when they want them.

The need for customer insight and responsiveness to that insight is the foundation and driving rationale for the emerging CRM concept of **continuous customer dialogue** through multi-channel touchpoints. This concept is discussed further in the rest of this whitepaper.

THE CONTINUOUS CUSTOMER DIALOGUE VISION

The continuous customer dialogue vision brings together strategic issues such as customer profiling, Customer Data Integration (CDI), and multi-channel, closed-loop, and real-time marketing into a single comprehensive framework. The following outlines how organizations can implement this vision, adapt it quickly to their dynamic business needs, and deliver measurable business results.

1. Create a single view of the customer. Companies across the globe have commented that this is the most challenging data aspect of their IT initiatives due to disparate, legacy, external, and non-integrated systems. The term Customer Data Integration (CDI) refers to the creation of a single view of the customer. Today's reality is that most companies must unify customer data from numerous systems and databases, and will need to continue this practice because of compliance regulations and other requirements. New technology approaches, such as web-services and service-oriented architectures, are making this process easier and more efficient than in the past. The additional complexity with building customer profiles is to incorporate both the individual unit and the aggregate unit (family-member versus family, procurement manager versus company, legal business unit versus global entity) needed to deliver a consistent customer experience across influencers and buyers in the same unit. Building a comprehensive profile also includes historical, personal, and contextual data on the basic purchasing unit as the foundation on which you can take the next step in enhancing your customers' experiences with your company.

Continuous Customer Dialogues in Action: Single View of the Customer

One communications company has adopted a continuous customer dialogue strategy that integrates all of its customer contact channels—the Internet, call center, email, direct mail, and retail store—and creates a profile based on both the individual as well as the entire household. These profiles are enhanced following every interaction any member of the household has with the company. The result is a customer view that is more comprehensive and a set of business processes that facilitate a seamless ongoing customer dialogue where every interaction—whether in a shop, online, through direct mail, or call center—becomes an opportunity to give the customer an even better experience. This, in turn, increases the lifetime value of the customer for the company by creating opportunities to present additional services to that customer.

2. Deploy analytics to gain customer insight. Gaining customer insight requires analytical capabilities as a first step for developing predictable customer behavior based on a set of criteria. Depending on the volume and complexity of customers, products, and services, organizations may deploy various data mining, data analysis, or optimization technologies. Market leaders are deploying

self-learning analytics which readjust continuously as customers accept and decline offers. A self-learning analytic system can output relevant feedback including which characteristics are most predictive of customer acceptance and adjust targeting for all subsequent interactions. Results from this kind of self-learning analytics enable organizations to receive significant “lift” in the channel that was deployed with this strategy.

Continuous Customer Dialogues in Action: Using Analytics to Create Customer-Specific Offers

A leading online bank has designed a Customer Information File (CIF) fed by multiple legacy processing systems to enable a 360-degree view of the customer. This CRM data mart helps analyze and transform the information from the CIF to give a value proposition for each channel on which customer interactions could take place. As a result, the retail bank has been able to develop marketing campaigns based on attitudinal, transactional, and demographic profiles from a customer value index, as well as consistent branding experiences across targeted campaigns and selective channels including the contact center. When customers call service agents, the solution helps highlight the top three offers to present based on previous interactions, transactions, and the current context of their interactions. In addition, service agents are provided with an interface that displays customer segmentation (age, tenure, value index, number of children, ages of children, automobile loans, hobbies, etc.), product profile sets (open, funded, dates, and balances), and a promotion history for clients. Benefits have been significant, including a 48% increase in number of products per household, a 43.6% conversion rate for new products for new customers during onboarding, and a 46% conversion rate for new products sold in call centers.

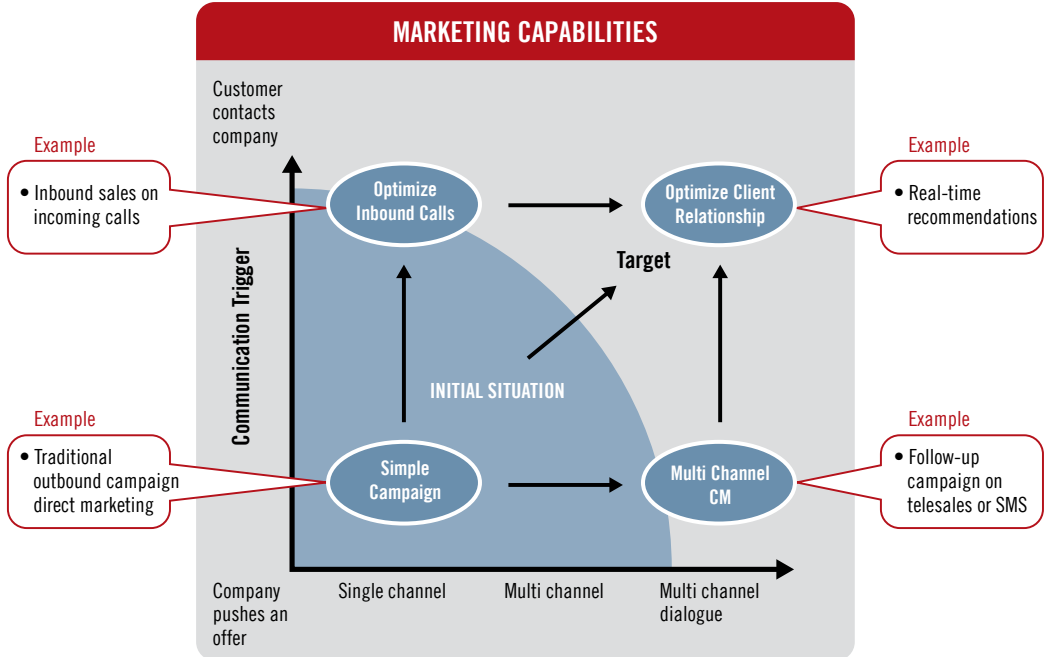
3. Make every customer interaction count. Each customer-initiated contact—whether it is through the web, call center, kiosk, or retail outlet—is more than an opportunity to address a specific transactional need. It is an opportunity to strengthen the overall emotional ties with the customer. Customer-initiated interactions are proven to be several times more effective and efficient than seller-initiated interactions. Though customer contact through a call center may be focused on a specific problem, the knowledge and attitude of the call center employee and the efficiency with which the problem is resolved contribute to the customer’s overall impression. Because of this, it is vital to make a concerted effort to use all inbound interactions as opportunities to build trust with the customer. This, in turn, supports the continuous customer dialogue strategy and serves the company’s long-term financial interests.

Continuous Customer Dialogues in Action: Optimizing Customer-Initiated Interactions

For one communications company, the only way to generate new revenue through existing customers has been to cross-sell features and up-sell new rate plans. With disparate business applications and databases, and no formalized process for cross-selling or up-selling, the company's Customer Service Representatives (CSRs) were not able to easily recommend newer or more competitive products to inbound callers. To achieve the company's ultimate goal of maximizing the value of each incoming call, it created a single view of the customer by integrating data from multiple sources—including the context of an inbound call—to generate the most appropriate offer for the specific customer in real time. The new tool has enabled CSRs to improve overall sales and enabled the company to “become one company” in the eyes of the customer by selling integrated communications services. The bundles allow customers to save money and gain convenience by combining their phone, Internet, and TV services, and billing.

4. Deliver consistent multi-channel customer service. As customers become more sophisticated, they want to trust the companies they buy from and build a lasting relationship with them. At the same time, brand loyalty is eroding through the commoditization of products and services, a process that is being accelerated by multi-channel sales and marketing through the web, call center, kiosks, direct mail, advertising, agents, and retail outlets. As a result, there is a need for more innovative and creative approaches to gaining customer trust and enhancing the customer experience. Dialogue with the customer has always been the most successful way to build this customer loyalty, and now newer processes and technologies are available to organizations seeking to engage their customers in consistent and continuous dialogues across all channels. Multi-channel dialogue must provide value to both parties and requires organizations to change their processes. Not all organizations are ready for this; however, it is the only way to differentiate in today's market and realize a lift in revenue.

Making Every Customer Interaction Count Across All Channels



Continuous Customer Dialogues in Action: Reaching Out to the Most Profitable Customers

The growth strategy of one retail bank included two goals: to retain its most valuable customers and to grow profitability of customers who are not highly profitable at the moment, but have the potential to become so. To do this, the company implemented a solution to analyze which customers are the most profitable and reach out to them with excellent service and targeted, intelligent offers across all channels: email, ATM, web, and branch office. Commenting on the overall success of the initiative, one executive was quoted as saying: "One of the most valuable lessons we learned is that every customer is an individual."

5. Closing the loop. The previously discussed techniques and technologies do not displace “traditional” outbound marketing. However, they do report campaign results in real time, enabling marketers to understand which customer attributes most influence offer acceptance. For example, a report produced as a result of inbound marketing activities may indicate what characteristics (number of children, income, zip code, etc.) will most likely lead a customer to accepting or rejecting an offer made in outbound marketing. Using this insight, marketers can identify the ideal customer for each offer and execute outbound campaigns to those customers within hours. They can also initiate event-driven campaigns, targeting customers who meet certain criteria during interaction with the company—for example, exceeding defined service levels or a change in spending levels that are characteristic for their profile. With more extensive customer profiles, it is possible to segment customers to a greater degree and offer products and services that address specific needs. Targeting specific needs in outbound offers increases both customer loyalty and response rates. The result can be unprecedented campaign velocity.

Continuous Customer Dialogues in Action: Transforming Inbound Customer Contacts to Outbound Opportunities.

One company that receives more than 50 million calls at its call center each year provides real-time analysis of each caller’s profile to determine the right offer to present during the interaction. In essence, this company is deploying real-time analytics to transform an inbound customer contact into an outbound marketing opportunity. The success or failure of the offer is then fed back into the analytics engine for increasing customer insight and enhancing the prediction potential in future interactions.

6. Continuous customer dialogues. The more you know about your customers, the more your marketing and sales initiatives can be structured to keep a continuous dialogue with them. Mastering inbound and outbound communications across multiple channels is a process that perpetuates itself. The more you maintain a seamless conversation with customers, the more opportunities you have to learn their wants and needs. In turn, you now have more chances to propose products and services that address these wants and needs. Continuous dialogue improves your decision making while affording you more opportunities to be part of the customer’s decision-making process. Customers who have a positive experience with your company want to buy more products. The key takeaway is making them feel comfortable doing business with you by proving that you know who they are and what they desire from your organization.

Continuous Customer Dialogues in Action: Increasing Partner and Customer Loyalty

One manufacturer increased the loyalty of more than 1,000 independent channel partners by partnering with them on a solution that helped acquire and retain new customers. By being innovative and aligning with its B2B customers' critical success factors, the company increased its market share by 27% and revenue per partner by 14%. In addition, its channel partners increased customer lifetime value by 28% and average sales order size by 8%.

CONCLUSION

Maintaining a continuous dialogue with customers is the key to a customer-centric growth strategy. Customers have choice. In order to win their loyalty, the company must win their trust. Delivering a consistently positive experience to the customer through an ongoing, multi-channel dialogue enhances value for both parties over the lifetime of the relationship.

At the end of the work day, it's all about your customers, your research, your product development, your marketing efforts, and the investment you've made in your operations—all of which come down to capturing the customer at the point of interaction. You want more customers to buy more products so it's important to make them feel comfortable doing business with you. It's also important to find a way to keep your channels highly productive and focused and to have the ability to interact with each customer at the most opportune time to increase your share of wallet, products per customer, ARPU, cross-sell, and up-sell, while stimulating the emotions for loyalty and retention.

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www.infor.com

13560 Morris Road
Suite 4100
Alpharetta, GA 30004

678 393 5000 IPhone
678 393 5001 IFax

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