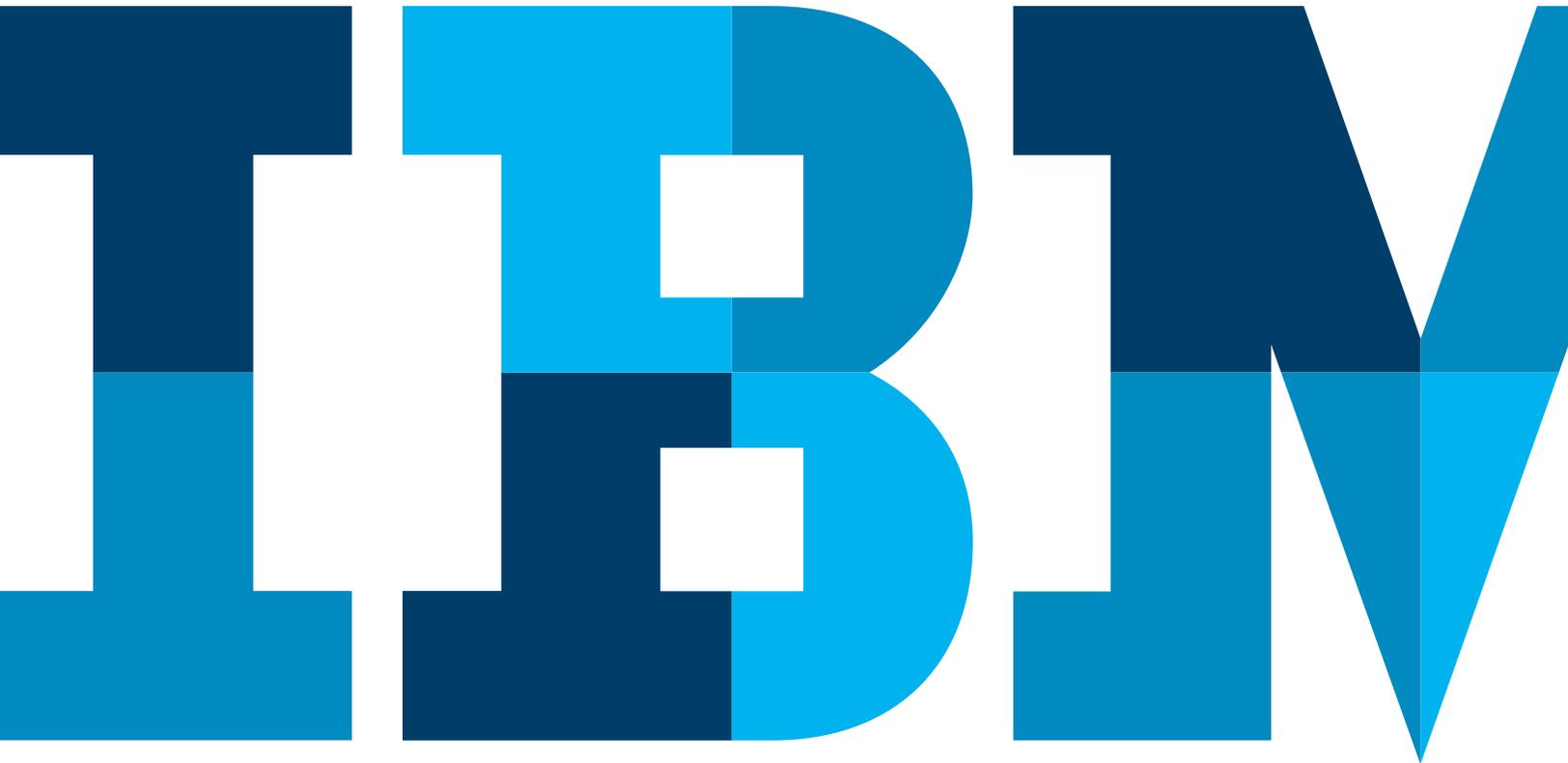


Transforming customer service with business analytics



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Overview

Attracting a new customer costs five times as much as keeping an existing one.¹ Many companies spend months on demographic research, product testing and marketing analysis before initiating big advertising and marketing campaigns designed to acquire new customers. Yet, on average, customer service makes up 75 percent of all customer interactions with their companies.² This percentage indicates that, although significant time and expenditures are being spent on reaching new customers, the majority of customer interactions are with customer service. Customer service departments, therefore, are key to customer retention, along with growing long-term and profitable customer relationships.

Because of their importance to customer retention, customer service departments cannot just handle complaints from dissatisfied customers. They must engage customers consistently, assisting with researching the best product and understanding features and functions.

Business analytics can help customer service departments acquire the information and capabilities to move from being centers that solely field complaints to being a competitive resource that enhances each individual customer experience. This paper describes how. It then introduces the IBM Business Analytics Solution for customer service, which is designed to:

- Capture and analyze isolated and disconnected sources of relevant data, such as survey research and social media, to understand customer sentiment.
- Conduct affinity analysis and anomaly detection to uncover patterns in the data that can help your company understand customer needs, preferences and propensity to buy or leave.
- Help you create personalized real-time up-sell, cross-sell and retention offers, along with targeted assistance to guide you through service issues.
- Continually track, measure, report and share customer attitudes and respond to emerging problems and new opportunities.

Customer service is key to loyalty and retention

Businesses know that it is more cost-effective to retain a customer than to attract a new one, and to do that customer service departments need to ensure that customers are satisfied. Loyal customers create a strong competitive advantage because retaining those customers increases the potential of recurring revenue. Customers can share their experiences with a product or service immediately to a wide, receptive audience. Therefore, organizations need a proactive approach to engaging customers and addressing issues. They not only provide you with valuable business, but they also often share their enthusiasm with their peers online.

Customer retention and loyalty are not easily won these days, however. Today's customers are more empowered, better informed and more likely to switch to a competitor at a moment's notice. In fact, in 2011, two-thirds of 10,000 consumers in 27 countries changed brands because of dissatisfaction with customer service.³

Customers' concept of customer service has expanded and now includes the expectation that your company will provide them with care from the moment they research a product or service until long after a sale. Reacting to dissatisfied customers is no longer sufficient; rather, organizations should think of customer service departments as part of their engagement strategies, whereby providing care to customers earns their loyalty and grows business.

A complete view of customers is needed

Internet-enabled mobile devices and social media have enabled billions of interconnections between consumers and businesses. Customers can share their experiences with a product or service immediately to a wide, receptive audience. Therefore, organizations need a proactive approach to engaging customers and addressing issues.

A complete view of customers, their needs, behaviors and attitudes is imperative, as is support for information searches, targeted cross-sell and up-sell offers and intervention at early signs of defection.

Companies with customer service departments and representatives that know their customers, act on insights systematically and take a broader view of the customer experience are outperforming other companies financially. Their three-year profit growth is 1.8 times higher, their three-year net income gross is 3.4 times higher and their three-year stock price growth is 2.4 times higher.⁴ They have loyal customers and higher retention because they:

- Use metrics that provide a complete view of the customer relationship and interactions.
- Contact customers to gauge their satisfaction.
- Monitor and track customer care promotions and initiatives.
- Identify the best cross-sell and up-sell opportunities for each customer.
- Ensure that anyone interacting with customers is trained on product and service lines.

At the core of these activities are analytics software and technology. These successful companies use statistical and predictive techniques to access call center notes, demographics, social media and other siloes of data to uncover predictive insights that enable the delivery of the best offers at the point of impact. They use reporting, dashboards, scorecards and real-time monitoring to measure and track call center performance, to identify problems that might affect customer satisfaction and to determine the effectiveness of cross-sell and up-sell initiatives.

Using business analytics to transform customer service

Providing an exceptional customer experience requires companies to engage with their customers, so they can build long-lasting profitable relationships with each individual. Business analytics solutions can help customer service departments become exceptional customer care centers. This kind of care can:

- Gain customer loyalty.
 - Increase customer retention.
 - Increase return on investment (ROI) for customer care efforts.
-

Telenet transforms its call center into a sales outlet

In addition to answering customers' questions correctly, Telenet, the largest provider of broadband cable services in Belgium, wanted its call center operatives to make relevant and interesting offers. They chose IBM Business Analytics software and worked with IBM consultants to create seven models, three for cross-selling and four for up-selling. The models were then implemented and rolled out in the customer care environment.

Telenet can now identify its customers much more efficiently. When a customer calls, the software provides useful information as a starting point for the call center worker. Following each call, the customer's details are updated. Telenet's Customer Care Call Center is now a key part of the company, and sales following a customer call doubled within six months.

Gaining customer loyalty and customer lifetime value

Business analytics for customer service includes predictive analytics, local rules, scoring and optimization that can help your customer service department predict and act on customer behavior in real time to gain customer loyalty and drive business value. With these analytics capabilities, your customer service professionals can determine which inbound interactions are the best candidates for an up-sell, cross-sell or retention offer. They can then provide personalized recommendations that have the greatest likelihood of acceptance by the customer.

In addition, customer service personnel can adjust priorities and refine offers and processes when necessary without having to rely on IT and other related departments. This means they can adapt interactions immediately to market pressures or operational needs and see these changes implemented as quickly as the next interaction. They can use reports, dashboards, scorecards and analysis to track, measure, report and share the results of customer care efforts and to forecast and plan for future efforts with what-if analysis. The result is a better customer experience, no matter what the channel, and improved customer satisfaction.

A UK energy supplier uses business analytics to analyze customer feedback

Powergen, now E.ON UK, is one of the UK's leading energy suppliers. They chose an IBM Business Analytics solution to identify behavioral patterns in calls, emails and letters from its customers. With this solution, the company was able to identify patterns in how customers were behaving on calls and analyze the reasons for this behavior. This information was used to improve the design and tone of power bills, reduce the calls to call centers and help the company be more sensitive to customer needs.

Increasing customer retention

Not only can business analytics help your customer service department provide a consistent experience to each customer that maximizes satisfaction and creates loyalty, but it can also act as an “early warning system” by helping customer service departments uncover patterns of defection and deliver the best retention offer. Applying text analytics on unstructured data, such as social media and open-ended survey responses, can help foster the understanding of customer sentiment. Data mining and predictive modeling techniques can identify the key indicators of defection and score individual customers on their propensity to leave for a competitor.

In addition, business analytics can be used to determine the personalized offers and strategies that are most likely to be successful in keeping customers in danger of defecting. Business analytics solutions can prompt people or systems to proactively address issues of customer satisfaction during customer interactions. By accessing a graphical user interface at the time of interaction, customer service personnel can view the individual customer's lifetime value, satisfaction level and propensity to defect, along with optimal retention offer to get them back on track. With social media analytics, organizations can identify key topics that people are talking about with regard to their customer service efforts, products or brand. Drilling down deeper, customer service personnel can uncover what particular customer segments are talking about, where they are talking (individual websites and geographic locations), and what the sentiment behind these conversations is, along with highlighting the sentiment of key influencers.

Telerox uses social media analytics to create proactive customer care strategies

A subsidiary of Merck and Company, Telerox provides customer care services for corporations in the consumer packaged goods; technology; luxury goods; pharmaceutical and healthcare; retail; hospitality; publishing; utilities; nonprofit agency and consumer durables industries. Telerox needed to move beyond a commoditized customer contact center to address increasing competition. In addition, the company wanted to offer consumer behavior and trend analysis as a value-added service to its business customers.

With an advanced analytics solution from IBM, Telerox can closely monitor the voice of the consumer by gathering and analyzing streams of unstructured data from social media sites. With insights into consumer opinions, preferences and intent, the company identifies developing issues, creates proactive customer care strategies, better estimates call volumes and prepares contact center agents before the phones start to ring.

Increasing ROI on customer care efforts

Many companies incur significant waste on customer service activities, such as reacting to complaints that could have been prevented with earlier intervention. These companies often have an abundance of data that could help them understand individual customer behavior and responses and devise optimized customer experience strategies based on that understanding. Business analytics can help organizations combine information about the needs of customer segments with profit and loss data to focus on the customer experience and service programs that result in the highest ROI.

Business analytics can also help companies with the process of matching customer service agents directly with the needs and personalities of customers. The result is a more productive conversation and a better outcome. The connection that your company develops with your customers is worth a great deal in customer retention and experience. It also leads to an increase in average sales revenue and other financial metrics.

The right solution for customer service: IBM Business Analytics

The IBM Business Analytics for Customer Service Solution combines predictive analytics, business intelligence and social media analytics techniques to help organizations gain a comprehensive view of each customer that includes behavior, preferences and sentiment. Equipped with this information, your customer service personnel can identify what each customer might do next and offer a targeted promotion, product or service to increase their value and enhance their relationship with your company. Tools for collaboration and visibility in and between departments, integrated reporting and analysis and self-service business intelligence capabilities help drive smarter customer service decisions.

The solution enables the transformation of structured (such as customer data) and unstructured (such as call center notes) data into predictive insight, thereby empowering customer service to provide an optimized experience, from answering a question to offering an incentive, in real time to each customer. In addition, business intelligence software measures and reports on loyalty campaigns, retention efforts and key performance indicators related to customer satisfaction. The result is a positive customer experience at all points of interaction that transforms your customer service department into a complete customer care center.

Conclusion

Losing customers is costly, and reacting to complaints is no longer enough to keep them satisfied. Customer service needs to go beyond handling dissatisfied customers and build relationships with customers so they are profitable, loyal advocates. Business analytics can help you transform customer service into a complete customer care center that provides an exceptional experience no matter where customer interaction occurs. The IBM Business Analytics for Customer Service Solution combines predictive analytics, business intelligence and social media analytics techniques to help you gain a comprehensive view of each customer. The result is a positive customer experience that spans channels and occurs at all points of interaction.

About IBM Business Analytics

IBM Business Analytics software delivers data-driven insights that help organizations work smarter and outperform their peers. This comprehensive portfolio includes solutions for business intelligence, predictive analytics and decision management, performance management, and risk management. Business Analytics solutions enable companies to identify and visualize trends and patterns in areas, such as customer analytics, that can have a profound effect on business performance. They can compare scenarios, anticipate potential threats and opportunities, better plan, budget and forecast resources, balance risks against expected returns and work to meet regulatory requirements. By making analytics widely available, organizations can align tactical and strategic decision-making to achieve business goals. For further information please visit ibm.com/business-analytics.

Request a call

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Route 100
Somers, NY 10589

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