Reinventing the Customer Service Experience to Capture Loyalty

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Executive Overview

Customers connecting with each other through social channels have become emboldened about sharing their experiences with products and brands—both good and bad. Today, a customer can broadcast her experience to thousands if not millions of other consumers. Consider musician Dave Carroll, whose video “United Breaks Guitars” has generated more than 11 million views on YouTube. That kind of exposure can have a dramatic effect on a company’s reputation, and its business.

At the same time, customers’ expectations are rising. When consumers have awesome experiences with companies such as Amazon.com or Apple, this sets the bar for all of their other brand experiences, regardless of the industry or channel. Consequently, it’s become essential for companies to deliver top-notch experiences across all touchpoints that customers use.

Clearly, some customers are more influential than others. According to Forrester Research, of the 500 billion online “influence impressions” that people make about products or services every year, 16 percent of the people generate 80 percent of the influence.

But, at the end of the day, every customer has the same powerful voice, and it is their prerogative to use it. That’s why it is critical for companies to deliver consistent experiences to each of their customers across all of the channels they use. Companies that fail to create a sense-and-respond type of environment around customer experiences run the risk of losing vital customers to churn, but more importantly, run the risk of damaging their overall brand value.

“The new, empowered customer is forcing every company to reexamine how it can deliver memorable and consistent customer experiences, time after time, and across all touchpoints that customers use,” says Don Peppers, Founding Partner of Peppers & Rogers Group.

Companies can leverage opportunities created by the emboldened customer by building trust equity with their customers, delivering more proactive outreach, and exceeding customer expectations before any need arises.

The contact center: A moment of truth

Despite the myriad channels customers use to interact with companies, the contact center is often the primary touchpoint for resolving complex or emotionally charged issues. This makes contact center interactions a critical component in the customer-company relationship. Typically, customers reach out to a contact center as a last resort when self-service has not resolved a product issue, questions around a bill, or shipping. As such, these customers are often frustrated or upset.

These types of contact center experiences represent a moment-of-truth for many customers, especially those who are looking to resolve an issue quickly and easily. A positive or negative customer support experience can make or break a customer’s...
relationship with a company, as well as increase or destroy that customer’s potential future value. This includes the future revenue—or the loss thereof—from prospects who are influenced by customers’ glowing recommendations or derogatory remarks regarding their experiences.

This means that contact center interactions are still the most vital component of any customer service experience.

“Contact center interactions often represent the sole opportunity a company might have to either enhance a positive impression that a customer already has with a company or to rectify a negative feeling,” says Dan Burkland, Senior Vice President, Enterprise Sales and Business Development, at Five9.

“A company that is able to step in and resolve a customer’s issues quickly and effectively has the potential to be viewed as a hero,” adds Ken Osborn, Vice President, Marketing, at Five9. Companies have an opportunity to relieve some of this pressure by building more trust with their customers and demonstrating that they will always do the right thing.

For companies that aim to meet or even exceed customer expectations and build lasting customer relationships in today’s high-expectation, socially connected environment, it’s critical to deliver differentiated service experiences. For most companies, this means reinventing customer service.

Offering premier support through proactive service
One effective way to reinvent the customer service experience is by reaching out to customers proactively, especially through person-to-person voice interactions with live agents. This represents a sea change for most contact centers, whose operations have traditionally been designed for efficiency (e.g., average handle time). Plus, most contact centers are reactive by nature and typically address customer issues when customers are frustrated or upset and least receptive. A reactive approach to customer support can backfire if a customer’s issue isn’t resolved satisfactorily, potentially resulting in churn and lost revenue.

By comparison, proactive service represents an opportunity to provide customers with relevant and meaningful support based on an understanding of their interests and anticipated needs through the use of analytics and other technologies, such as customer databases and CRM systems. “Proactive service enables companies to engage more deeply with customers, forge more lasting relationships with them, and establish a currency of trust, especially by providing customers with personalized conversations with a knowledgeable agent,” says Five9’s Osborn.

Supported by insights from Peppers & Rogers Group and Five9, this white paper will examine how companies can use proactive customer outreach to strengthen customer engagement and boost business results.

Readers of this white paper will also learn how:

- **Delivering proactive service to the right customer at the right time** can help establish company credibility, build customer trust, and increase customer lifetime value.

- **Developing a sustainable proactive service model** can facilitate customer delight during each interaction.

- **Using a cloud-based contact center platform** will increase flexibility and allow organizations to establish a proactive service model from a proven group.

- **Employing a blended contact center** enables companies to drive higher productivity and cost efficiencies, creating greater availability to design a new proactive model.

- **Assimilating proactive service best practices from industry leaders** can guide businesses on ways to generate solid business results themselves.
Proactive Service: Right Customer, Right Time

The still-turbulent global economy is making it difficult for companies to retain and attract high-value customers. High-speed networks make it possible for consumers to research and purchase products from virtually anywhere in just a few clicks. As a result, companies are finding it increasingly difficult to use their products as a way to differentiate themselves from competitors. However, research reveals that companies that place an emphasis on customer experience, and demonstrate superior operational capabilities, are creating that competitive advantage, compensating for the loss of differentiation from product functionality.

For example, according to the 2011 Customer Experience in Retail Banking study conducted by Peppers & Rogers Group and the European Financial Management Association (EFMA), the top 10 global retail banks—as rated in the study’s customer experience index—all report that they have commitment from senior management to deliver a superior customer experience. Moreover, 90 percent of the top 10 have a formal definition of customer experience in place and 70 percent have a dedicated budget to improve the quality of their customers’ experiences.

Still, even the top banks admit they have room for improvement. While 60 percent of the study’s top performers say that they’ve made progress, the majority of these banks rate their overall customer experiences as “good”—not excellent. These leaders recognize that to truly differentiate their organizations they must continually innovate in delivering exceptional experiences to their customers. True differentiation starts with being different and improving constantly.

One proven method for differentiating the customer experience is by providing customers with personalized proactive service that’s based on their needs, preferences, and behaviors. Reaching out to customers to help with an anticipated issue, or discussing incremental benefits, can strengthen loyalty—and build long-term customer value, as a result—by demonstrating that the company cares about them and is acting in their best interest.

“Proactive service is a trust-inspiring action; that’s how a friend would treat a friend,” says Peppers. But it’s even more than that, he adds. As customer experience increasingly becomes a critical differentiator, proactive service may well become a means of survival in today’s hyper-competitive market. Proactive service represents the kind of sense-and-respond approach that companies will need to use in their customer interactions to be successful going forward.

“This is the kind of behavior every business will have to deliver to be trustworthy and to compete in the future,” says Peppers.

Drawing on customer intelligence

Proactive service is most effective when companies provide it to the right customer at the right time. This starts with obtaining detailed insight into a customer. To do so, decision-makers need to make use of available customer intelligence. This includes transactional information, channel usage, demographic data, and customer lifecycle insights (e.g., an affluent single parent with two college-age children).

Business leaders can further develop and tailor proactive service by analyzing customer insights about product usage, including how customers use products, the benefits they derive from their use of products, as well as the types of issues that arise from product usage that lead customers to reach out to the contact center for resolution. By developing a deeper understanding into product usage, decision-makers can devise more relevant and targeted outreach that will resonate with customers and help keep them loyal.

Companies can develop proactive customer support even further by analyzing recorded contact center discussions that occur between customers and agents to help decipher the types of proactive services customers would prefer. These insights can enable companies to anticipate the right time to reach out to a customer proactively, and develop a personalized...
interaction. For example, a retailer may pop up a chat request offering more detailed product information to a customer because she’s lingering on a specific product page while visiting the retailer’s website.

By leveraging this insight into customers, companies can develop a new overall experience that can have a lasting impact on customers’ perception of the company. “What we have found is that by providing proactive customer care, many of our clients are experiencing a whole different mind-set when they reach out to a customer and pleasantly surprise them with information or guidance that can reinforce positive sentiments about the company,” says Five9’s Burkland.

In the event that a customer does have a negative experience with a company, the cumulative effect of previous positive experiences often serves as a shield. “It’s much easier to keep customers in a more positive frame of mind because of that prior relationship that’s been built,” Burkland says.

Proactive service can also change the whole dynamic of the customer-company relationship. Historically, when a company reaches out to customers, it’s trying to sell them something. By reaching out to a customer with an offer of assistance, or guidance, without a sales pitch attached to the interaction, “It positively changes the conversation between the customer and the company,” says Osborn.

The business benefits of proactive service

Top performing companies focus on customer experience, but even they still need to continually improve that experience. Proactive service is a way to become creative in defining a new level in customer experience, delivering a means for continuous innovation. When handled properly, proactive service can generate many other benefits for an organization. This starts with the customers’ perception of the value they receive from their interactions with the company. By reaching out to customers with an offer to assist—with no strings attached—a company is reminding customers of the value the company delivers to them.

Through proactive service, companies are demonstrating that they have an understanding of a customer’s history with them, and are responding in a customer’s best interest. When companies demonstrate this “memory” through personalized proactive interactions, it signals to customers that they care about them. These actions build a currency of customer trust and loyalty, Peppers says. The use of live agents for this outreach humanizes the experience for the customer, prevents anonymity, and differentiates a company from its competitors, says Osborn.

Reaching out to a customer with an offer to provide assistance is an action that will leave a lasting positive impression on a customer. As we discussed earlier, when customers call into a contact center to resolve a product or billing issue, they’re usually in an agitated state of mind. However, customers who have been the beneficiaries of proactive service are far less likely to react in a fit of anger if and when an issue does arise, thus leading to a more rational response that’s unlikely to result in churn.

Over the longer term, customers will validate trust by continuing or even expanding the amount of business they do with that company—and by referring family and friends, says Peppers. This leads to higher customer lifetime value, increased revenue, and new revenue generation spurred by referrals.

A J.D. Power & Associates study of 9,500-plus wireless communications customers bears out the business benefits of proactive support. The study found that wireless carriers that have proactively contacted customers to alert them about potential issues with their accounts before the issues spiraled out of control were ranked 13 points higher in customer care ratings than carriers that didn’t offer similar notifications.
One company that has differentiated itself in the market through its use of proactive service is USAA, the financial services company that serves military personnel, veterans, and their families. Before soldiers are sent out on extended overseas deployments, USAA reaches out to them via proactive service. Information provided includes notifying soldiers about the benefits and resources available to them and their families while the soldier is overseas. This is an example of a “right customer, right time” approach since predeployment is a stressful time for soldiers and their families, and knowledge about the benefits and services available can help to reduce that stress.

This type of customer-centric approach has helped to establish USAA as a leader in financial services. Not only is USAA consistently rated among the top companies in customer advocacy by firms such as J.D. Power & Associates and Forrester Research, the company also ranks among the Fortune 100 in both net worth (67th) and assets (59th).

It takes time and careful planning to become a proactively customer-centric company like USAA. Business leaders must first develop a solid understanding of their firm’s overall customer experience, and then identify the most effective touchpoints for reaching out to customers with proactive service.

In the next section of the paper, we’ll examine best practices for creating a sustainable proactive service model that delights customers in each interaction.

Channel Choice, Agent Option
Customers not only want a variety of channels for customer support, they also want the option to speak with a live agent when needed. Consider the findings of a recent survey conducted by headset equipment maker Jabra:

- I want to have a choice of methods to contact brands with a customer service query
- I always want the option to contact brands by phone if I have a customer service query


“Proactive service is the kind of behavior every business will have to deliver to be trustworthy and to compete in the future.”
— Don Peppers, Founding Partner, Peppers & Rogers Group
Building a Sustainable Model

Most companies provide customers with reactive support only, because they consider service purely as a cost center. As Bill Price and David Jaffe point out in their acclaimed customer service book *The Best Service is No Service*, reactive service is necessary because something goes wrong; avoid issues in the first place and lessen the need for reactive service. “The fastest way to reduce your reactive customer service costs is to fix your product or service,” says Peppers, adding that proactive service is not a cost center, but an opportunity to build business performance.

While reactive service is important to customer satisfaction, offering proactive service takes service to the next level, leading to customer delight and loyalty. But providing customers with proactive service isn’t an action that a company can simply flip a switch to turn on. A senior-level executive who is the proactive service champion must first convince top management of the merits and business value associated with proactive service. Proactive service champions can do this by making a business case for the approach, conducting small pilot projects that demonstrate value, generate excitement within the organization, and generate momentum for proactive service initiatives.

The contact center is a great starting point for cultivating a sustainable proactive service model. Agents understand the customer and they’re adept at managing a conversation. But they’re also acclimated to providing customer assistance in a reactive fashion. Any transition that a company attempts to make from a purely reactive stance to more proactive positioning must take root within the contact center. This includes changing the mindset and the actual behaviors and processes within the contact center that agents are so long accustomed to. It is vital to include agents in the decision-making process by tapping the valuable knowledge that they’ve gained from hundreds if not thousands of conversations with customers. “Agents are accustomed to listening to customers and responding to customer questions,” says Five9’s Osborn. “Look to agents for ideas on how to initiate conversations with customers and useful ways to reach out to them proactively.”

Optimizing agent resources

Although agents want to help, they’re often stretched for time. An effective way to provide agents with greater availability is through the use of a cloud-based contact center platform which can help companies to adjust easily to shifting demand for resources and customer requirements. A cloud-based contact center platform can help companies to apportion one set of blended contact center agents to help develop proactive service models while another set of agents are assigned to addressing customer issues, particularly when call center activity has temporarily ebbed.

These approaches can help make the contact center more productive. Historically, decision-makers have used workforce management tools and analytics in their attempts to decipher patterns of inbound customer traffic and help predict how and when to staff the contact center effectively. The problem is, “there’s no business whose contact center traffic is predictable and consistent,” says Five9’s Burkland.

Proactive service represents an opportunity for companies to use a practicable mix of inbound and outbound agents so that when there is a lull with inbound contact center traffic, inbound agents can be assigned to reach out to preselected customers with proactive service and related offers.

By using a blended contact center approach to proactive service, “companies don’t have to be as precise with their inbound workforce management model for call traffic,” Burkland says. “You’re always going to have those peaks and valleys with call traffic throughout the day. Proactive service offers contact centers an opportunity to take advantage of those quieter intervals in a productive way that can help to strengthen relationships with customers.”

Another component of establishing an enduring proactive service model is analyzing the key touchpoints of agent interactions that customers use for service (e.g., voice, chat, email). This includes evaluating how and why customers use each of those touchpoints. Business leaders can
then use that information to help develop a proactive service strategy specific to each of those channels. “It’s about applying what you know about customers, their use of different touchpoints and then determining ways that you can potentially provide outreach,” says Osborn.

From there, decision-makers can evaluate the best delivery model for the new proactive customer experience. Start with the agents’ skills using each of those channels and then match agents and channels with customer needs and preferences. Many companies already make use of sophisticated skills-based routing tools and techniques to try to match the right inbound agent to each customer when a customer calls into the contact center. Rarely do organizations do this in reverse for outbound customer interactions, but it’s something they should consider. The proactive outreach has to be meaningful, and well managed. “We believe it’s even more critical to match an outbound agent with a specific customer in order to put them in the hands of an agent who will be the most effective at handling that interaction,” Burkland says.

Contact centers can start down this path by testing a proactive service campaign with a handful of agents and then tracking the results (e.g., increases in engagement/loyalty, improvements in customer service satisfaction ratings). As companies gain more experience with proactive service, a cloud-based blended contact center platform can enable them to scale the service up or down easily without having to make a huge upfront capital investment. This flexibility, coupled with the results of these pilot efforts, can help arm proactive service champions with the business case necessary to convince senior management to fund an expanded and ongoing program, says Burkland.

Like any other organizational effort that’s aimed at delivering continuous business value, a proactive service initiative requires carefully establishing the building blocks for a sustainable program. In the next section of the paper, we’ll examine the benefits of using a cloud-based, blended contact center platform and how it can help companies drive higher productivity and cost efficiencies, leverage inbound and outbound agent resources more effectively, and offer the flexibility to add functionality to meet customer preferences on the fly.

The Six Levels of Proactive Support

Proactive service is not a singular action. It’s based on a spectrum of proactiveness, as illustrated in this chart from Temkin Group, a customer experience and research consulting firm.

Source: Temkin Group

“"The fastest way to reduce your reactive customer service costs is to fix your product or service.””

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Attaining Higher Productivity via the Cloud

As discussed, companies need to develop a more proactive customer experience to meet customer expectations and drive continued loyalty. But in order to be effective, companies must continually evaluate their successes, and develop new processes. In order to maintain pace with today’s customers, companies require a much more responsive technology. Companies that offer their customers proactive service need an underlying support mechanism themselves to manage and monitor these efforts successfully. One proven and cost-effective approach is the use of a cloud-based blended contact center platform. Cloud-based services can enable contact centers to go live with proactive services quickly, while providing the scalability and flexibility to optimize resources and add functionality to address changing market conditions and customer requirements on the fly.

“As business leaders look to proactive service and developing an ability to respond to the customer’s voice, it’s requiring companies to have an adaptability that a cloud-based contact center platform can provide them,” says Five9’s Osborn.

Plus, a cloud-based contact center platform provides decision-makers with the freedom to experiment with approaches to proactive service, and then make rapid adjustments as the contact center gathers customer feedback and gains experience in its practices. For example, an electronics retailer may discover that it’s most effective to send website visitors an invitation to chat after a customer has spent 15 or more seconds visiting a particular web page. Contact center supervisors can then enter these changes into the cloud platform immediately once a decision to do so has been reached.

By contrast, it could take weeks or longer for a similar request made by the contact center to an enterprise IT department to make these types of changes to a premise-based software system. Such bottlenecks just aren’t acceptable for companies that aim to compete in today’s real-time business environment.

Balancing inbound and outbound resources effectively

Cloud-based, blended contact center platforms also provide companies with the ability to manage their inbound and outbound agent resources more nimbly. Most contact center applications are focused on forecast planning, including workforce optimization, e-learning, and agent productivity. But as we mentioned earlier, it’s difficult to predict when there will be peaks and valleys in contact center traffic.17

By comparison, cloud-based contact center platforms provide decision-makers with greater flexibility and creativity around optimizing processes—including those that support proactive customer outreach—that are better designed for meeting the demands of a real-time contact center environment. In addition, a cloud-based approach provides companies the flexibility of using geographically dispersed agents who can place and receive customer calls from anywhere in the world.

This kind of flexibility has been beneficial for many of Five9’s healthcare insurance clients that need to ramp up their inbound and outbound agent resources during open enrollment periods when contact center traffic spikes. A cloud-based, blended contact center platform enables these health insurers to provide outreach to their customers, inform them about changes in coverage, and offer assistance for enrollment, says Osborn. Plus, it enables the insurers—and other companies that use cloud-based tools—to pay for the service based on actual usage. That’s a more cost-effective model than that of underutilized premise-based software that can sit dormant while licensing fees continue to ring up.

In fact, cloud-based, blended contact center platforms have generated cost savings of 30 to 60 percent for several Five9 customers, says Burkland. The cost savings and productivity increases...
achieved by different companies vary by industry and the types of services offered to customers.

Cloud-based contact center platforms provide additional business benefits for healthcare insurers and other companies, Osborn notes. As a growing number of health insurers provide proactive services to help educate their customers about healthcare reform and policy changes that may affect them, decision-makers within health insurance companies can analyze customer feedback gathered during those interactions. These customer insights have helped decision-makers make changes to business processes and introduce new products and services that are based, in part, on that feedback.

Cloud-based contact center platforms also provide supervisors with flexibility in managing resources more effectively. By placing inbound and outbound agents on a single platform, supervisors can transfer agents from one work queue to another in real time to accommodate a sudden spike in call volume regarding specific products or customer issues.

This kind of flexibility not only enables companies to increase the occupancy rates of their inbound and outbound agents, it also allows agents to spend more time having conversations with customers and build stronger relationships with them. The companies benefit as a result. “By strengthening the customer-company relationship, businesses are rewarded with higher customer loyalty and expanded customer value,” says Peppers.

Conclusion

Clearly, a blended, proactive contact center can deliver multiple benefits to companies, including increased flexibility and scalability of resources. “The advantage for contact center leaders is that they’re pushing work to their agents—they’re not relying on agents to figure out how to be more productive during idle time,” says Burkland.

As we’ve discussed, proactive service also helps to strengthen the customer-company bond and generate business benefits as a result. “When you can anticipate a customer’s need, you can build a tremendous amount of trust and loyalty,” Peppers says. In today’s tumultuous business environment, customer loyalty is sacred. The best way for companies to retain and attract the best customers is by delivering exceptional, differentiated experiences to them. This is accomplished by understanding your customer, leveraging your internal expertise and skills, and using a supportive technology that’s designed with the responsiveness to adapt to ever-changing market conditions.

Although proactive service represents a sea change for many organizations, the transition to a blended, proactive contact center can be accomplished fairly easily once companies have put the basic building blocks in place. This applies not only to B2C companies, but also to B2B firms, which are increasingly engaging their customers with outreach based on insights available through CRM systems, such as transaction histories and product needs, says Osborn. Decision-makers who ignore the market changes that are occurring as a result of customer empowerment are placing their businesses in jeopardy. “Business leaders who stand pat and leave the same methodologies in place for delivering customer experience risk the future of their businesses while competitors vault ahead,” says Peppers. Customers lack the patience to wait for companies to respond to their needs. The time to become proactive is now.
About Five9

Five9 is the leading global provider of cloud-based call center software for sales, marketing and support. The award-winning Five9 Virtual Call Center and Predictive Dialer serve customers of all sizes on five continents. Customers profit from Five9’s reliable, robust functionality that provides the best technology, improves agent productivity, and delivers business flexibility.

For more information, visit www.Five9.com
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Peppers & Rogers Group

Peppers & Rogers Group is dedicated to helping its clients improve business performance by acquiring, retaining, and growing profitable customers. As products become commodities and globalization picks up speed, customers have become the scarcest resource in business. They hold the keys to higher profit today and stronger enterprise value tomorrow. We help clients achieve these goals by building the right relationships with the right customers over the right channels.

We earn our keep by solving the business problems of our clients. By delivering a superior 1to1 Strategy, we remove the operational and organizational barriers that stand in the way of profitable customer relationships. We show clients where to focus customer-facing resources to improve the performance of their marketing, sales, and service initiatives.

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Endnotes