

Seven ways to boost customer loyalty and profitability through an empowered contact center

Is your bank using today's communications technology to its full potential?



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The financial services industry as a whole and retail banking specifically are still struggling to adjust to the post-recession world. Forty-six percent of retail banks saw average customer profitability drop 5 percent to 15 percent since the global financial crisis.¹ An additional 11 percent experienced a greater than 15 percent decline in per-customer profitability.

This somber scenario is exacerbated by increased business volatility. Two of three retail financial services executives said their customers were actively “shopping around” to change institutions.² Consumers surveyed confirmed these perceptions. Nine percent of them had switched financial services firms in the past 12 months, and 13 percent more said they planned to switch in the next year. An additional 26 percent had partially switched—doing business with other institutions

while still using some services from their original one.³ Consumers own on average nine financial products but obtain only 2.5 of them from any one institution.⁴

What’s causing this high churn rate? In two words: sub-par service. Thirty-seven percent of retail bank customers who jumped ship in 2010 said that was their No. 1 reason for leaving.⁵ Customers today are empowered with more information and communication choices than

ever before. Nearly 60 percent of the 177 million U.S. adults who use the Internet have two or more different types of devices connected to the Internet, and a third of them have at least four.⁶ As consumer adoption and integration of touch points multiplies, challenges intensify for financial organizations seeking to service these customers. When it comes to service, companies create loyal customers primarily by helping them solve their problems quickly and easily.

¹“Customer 2012: Time for a new contract between banks and their customers?” Accenture, 2010.

²Ibid.

³Ibid.

⁴“Solving The Cross-Sell Imperative In Financial Services: Moving Beyond Desire To Actually Get Customers To Buy More,” Brad Strothkamp, Forrester, September 25, 2009.

⁵“2010 U.S. Retail Banking Satisfaction Study,” J.D. Power and Associates, April 22, 2010.

⁶“Welcome To The Multidevice, Multiconnection World,” Forrester Research, January 25, 2011.

There's a lot at stake. Financial institutions with high loyalty rates enjoy 10 percent greater growth than those with low ones. They also achieve a cost of funds that is 80 basis points lower than banks that are price leaders.⁷ Moreover, consumers will spend an average of 9 percent more at financial institutions they perceive as providing excellent service.⁸

Banks are acutely aware of what they need to do. And the contact center is by necessity the centerpiece of their future plans. As the primary interface with customers, contact center agents are on the front line of the fight to minimize churn. A large ecosystem of software solutions has slowly grown up around the contact center over the past decade to automate, monitor and measure contact center performance. The Internet, along with integrated voice response (IVR) and voice recognition technologies, in particular, has allowed enterprises to transform customer service into a largely self-service function by empowering customers to access information,

such as account balances, cleared checks, and branch hours and locations, without talking to a human.

Yet this is old news. Today, emerging communications technologies have moved beyond simple automation—they now have the ability to elevate contact center agents to more strategic roles. Freed from answering routine questions, agents can focus on higher value-added activities, such as answering more complicated questions; connecting customers with experts in the back office to deal with really complex issues; and upselling and cross-selling customers on additional products and services that directly contribute to the institution's bottom line.

To get to this point, however, financial institutions need to recognize top trends in the retail financial services industry and take steps to seize the opportunities enabled by them. Here are seven ways financial services contact centers can use new capabilities to maximize customer loyalty and profitability.

Differentiate the initial point of contact

The customer experience begins before any live agent is reached. Today's technologies enable you to greet every customer personally and offer a tailored set of service options by identifying and determining caller intent through simple, intelligent customer conversations using speech and self-service combined with business insight. Customers have the opportunity to address many of their needs at their own pace and then, when needed, connect with the optimal resource from your organization.

When callers want to speak with an agent, you can elevate the customer experience beyond expectations by providing dynamic, enhanced wait treatments based on context, customer profile, business rules, and existing marketing or sales campaigns. For example, you can let callers know how long they will be holding and then fill that time by gathering pertinent information and offering information about other products and services tailored to their needs based on their

⁷"Customer Loyalty in Retail Banking: North America 2010," Bain & Company, October 6, 2010. http://www.bain.com/bainweb/publications/publications_detail.asp?id=27983.

⁸"American Express Global Customer Service Barometer," July 2010. <http://about.americanexpress.com/news/pr/2010/barometer.aspx>.



Adjusting to the new normal

Addressing the seven strategies outlined in this white paper can help financial institutions:

- Reduce complexity and cost of contact center operations
- Improve customer and employee satisfaction
- Increase revenue from existing customers
- Build trust and increase customer loyalty
- Adjust to the post-recession world

history with your institution. Then, when agents actually come on the line, they are presented with the full context of the customers' experience so the customers can be serviced without repeating any information previously provided.

This approach helps improve the customer experience from the moment they contact your business. It also centralizes management and application control to provide a single point at which customer segmentation policies and call treatment strategies can be executed and monitored.

Offer incentives to encourage agents to upsell and cross-sell

After being freed of the burden of routine calls, contact center agents can perform other, higher-value tasks. One of these is leveraging each and every customer interaction as an opportunity to sell additional products and services. Doing this requires changing how agents are rewarded for their work. Instead of traditional hourly pay, you can add commission for sales made. Your performance measurements should also focus on a broader set of metrics that include call conversion rates, sales achieved and customer satisfaction.

This approach offers financial institutions other benefits than the obvious one of improved customer satisfaction and increased revenues. One is improved *employee* satisfaction. Contact centers have historically suffered from high worker attrition, a profit drain because on average across industries it takes contact centers six weeks or more to onboard new agents. Combine this with high turnover rates, and the costs of attracting and training new agents directly impacts the bottom line.

By expanding agent responsibilities and corresponding rewards programs, agents will have more interesting work plus the opportunity to earn more money for working the same amount of time. This can have an immediate, and dramatic, positive impact on employee turnover.

Equip agents to offer support “in context”

It would be very difficult for agents to sell additional products or services to customers unless they had visibility into individual customers' purchase and service histories. The best cross-selling and upselling strategies are supported by detailed, integrated customer knowledge bases that transcend simple “look-up” or search capabilities to identify specific sales opportunities and prompt agents with which products to promote.

All customer-touching databases and, ultimately, customer touch points in general need to be integrated for this to work. After all, a sure way to alienate customers is to subject them to repeated identical sales pitches from different representatives, none of whom know what the others are doing. By providing your contact center agents with customer and contextual information that brings them up to speed immediately about each customer they communicate with, you will create a differentiated and consistent customer experience.

Invest more in agent training

Precisely because today's customers are more sophisticated about doing their own Internet research and taking advantage of self-service opportunities, they are more demanding by the time they reach a live agent. This has two ramifications: First, agents need to be trained to handle more difficult calls; and second, those calls are naturally going to be longer in duration, thus rendering moot one of the most important traditional measurements of contact center efficiency.

Yet training can only do so much. Enterprises have to be realistic about agent capabilities.

Not all contact center workers will make the transition from a servicing to a sales-oriented role. However, the answer is not to fire agents who don't make this transition. Many of them possess superb servicing skills and can still play a valuable role within the contact center. For example, banks don't want to sell more services to customers who are delinquent on existing accounts. Intelligent call routing technologies can shuttle such customers to agents who excel at dealing with difficult customers but who might not have the most advanced selling techniques. By using IVR, intelligent call routing and context technologies, enterprises can make the most of the entire spectrum of talent that contact center personnel possess.

Use proactive outreach technology more

Today's most successful financial institutions are proactive, not reactive, when it comes to customer service. New technologies that automatically reach out to customers can simultaneously reduce inbound call traffic volume and, as a result, agent workload while generating more revenue and improving call center metrics such as average speed of answer and abandonment rates.

Proactive outreach can be as simple as sending a text or e-mail message when a customer payment is overdue to facilitate payment by phone, using an automated agent for such early-stage collections activities. Or it can involve programming automated outbound phone calls that inform customers of reduced mortgage rates. When used judiciously in conjunction with context tools, such outreach sends a clear message to customers that the financial institution considers them important.

The prevalence of mergers and acquisition (M&A) activity in today's financial services markets makes outreach technologies particularly attractive. Institutions seeking a more personal way than a form letter to inform customers that their accounts have been moved or that their servicing rights have changed can use outreach technology to especially good effect. Although most firms still use agents to do these calls, they usually have to make multiple attempts before they reach a customer in person. With the latest outreaching solutions, an automated agent keeps trying until it gets a customer on the phone before networking in a live agent.

Let customers choose how to contact you

All customers have preferred ways to interact with their financial institutions. Some prefer Web-based self-service or IVR interactions, while others insist on speaking directly with agents. Understanding this, and setting up mechanisms for consistently serving customers no matter which channels they feel most comfortable using, financial institutions can enhance customer loyalty and increase the probability that customers will purchase additional products and services. By combining context technology, such as a customer knowledge base, with processes that ensure customers receive a consistent quality of service no matter which channel they use, enterprises improve their ability to make customers feel valued, triggering higher loyalty rates and increased sales. One of the drivers of M&A in the financial services industry is the potential for cross-selling products and services between the merging entities. Yet there's a significant barrier to effectively mining this rich trove of potential new customers: a chaotic mash-up of multivendor and multichannel systems and platforms that prevents one part of the new



business entity from knowing what other parts are doing. Controlling the consistency and quality of the customer experience becomes very difficult indeed. However, new communications standards and technology solutions, coupled with integrated knowledge bases, enable financial services firms to bring together all these disparate systems, platforms and data so the newly merged organizations can think and act in a unified manner.

Use “presence” to link agents with experts

In the past, when agents couldn't adequately answer customers' inquiries, they'd simply tell them that an expert would call them back. This tended to rankle customers who were impatient to resolve their issues quickly. Today, “presence” technology that gives agents

visibility into roles, responsibilities and skill sets within the enterprise, along with information on whether a particular employee is available at any given time, makes it easy to immediately connect customers with subject matter experts. Because presence solutions effectively break down organizational barriers to collaboration and problem solving, financial institutions can leverage all organizational knowledge when servicing customers, no matter where that organizational knowledge resides.

Where to start

Simply identifying the right steps—and right technologies—to seize new contact center opportunities isn't enough. The strategies outlined above aren't available at the flip of a switch.

Ultimately, financial institutions should consider approaching this expansion and empowerment of the contact center in three ways:

- First, they should team with the right organization that understands and has strong experience in all aspects of the challenge—from the supporting IT and communications technologies needed, to the specific business problem they are trying to solve and how to deploy the technologies efficiently toward that end.
- Next, they need to analyze where they're at on the maturity curve for each aspect of contact center empowerment described above.
- Finally, they need to understand the profit or revenue generation potential in each area.

By taking these actions, financial institutions can significantly reduce the complexity and cost of contact center operations; improve customer and employee satisfaction and loyalty; increase revenue from existing customers; and build trust and increase customer loyalty that will help them adjust to the “new normal” post-recession world.

Contact center consulting services for financial institutions

Avaya has developed a portfolio of communications solutions and services for financial institutions to attract and retain customers, drive efficiencies, and reduce overall costs. In fact, 15 of the top 20 global banks⁹ trust Avaya to provide their financial services communications solutions.

Our portfolio includes the opportunity to engage the Avaya Global Services team and benefit from the expertise of more than 1,300 consultants, network architects and project managers— experts who understand technology and financial services business issues. Avaya Global Services offers a range of end-to-end services that enable communications success by providing consulting expertise, extensive Avaya and multivendor product knowledge, and demonstrated integration experience in deploying next-generation communications solutions. Avaya Contact Center Performance Benchmarking experts apply proven methods and best practices to design contact center solutions that can help you gain a competitive advantage.

Avaya supports numerous global and complex customer environments and ensures communications solutions are running effectively and efficiently. For two years in a row, Avaya has been recognized by J.D. Power and Associates for providing “An Outstanding Customer Service Experience”¹⁰ and was awarded the Technology Services Industry Associates (TSIA) 2010 Hall of Fame Award in Recognition for Lifetime Achievement for Outstanding Service.

We have built our financial services solutions based on industry experience and solving our customers' business issues.

Avaya consistently is recognized as a global communications leader by industry and technology experts and has achieved the following rankings:

- No. 1 in worldwide unified communications and telephony systems
- No. 1 in worldwide contact center
- No. 1 in worldwide enterprise messaging
- No. 1 in worldwide audio conferencing
- No. 1 in worldwide maintenance services

⁹Fortune Global 500, 2009.

¹⁰J.D. Power and Associates 2010 Certified Technology Service & Support ProgramSM, developed in conjunction with Technology Services Industry Associates (TSIA). For more information, visit www.jdpower.com or www.tsia.com.



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