Contact centres

BUILDING A NEW REPUTATION

Marian Hatfield outlines why customer-centricity is key to unlocking the marketing and operational power of contact centres.

'One swallow doesn't make a summer,' might be a proverb uttered of late by observers of the financial services industry. A few high profile cases may not constitute a trend, but recent media coverage about poor customer service, controversial customer charging practices and a retreat from offshore contact centres clearly makes unpleasant reading for the industry. For financial services company directors and their marketing teams, however, there is a need to cut through the headlines and engage with the very real challenges they face around customer service and satisfaction.

As the need to differentiate services and products in competitive markets grows, so financial services providers have to evolve new ways in which they serve their customers. The historical benefits achieved through customer inertia are being eroded and customers are becoming more demanding. This is increasing pressure to adopt a truly customer-centric approach to reduce customer attrition and increase the value generated from existing customers. Contact centres can help support this strategy by delivering the right level of customer service.

This represents a fundamental shift in thinking, as contact centres are increasingly seen as revenue generators rather than purely cost centres. The key to this transition is good customer satisfaction, which is driven by the quality of service delivery. Companies need to ensure that they have efficient operations and excellent customer service, irrespective of whether it is delivered via in-house, outsourced, onshore or offshore channels.

This is sound business logic, and many financial services companies are reviewing their call centre outsourcing strategies to provide the right balance of service delivery and cost control to keep their customers happy, maximise profits, and maintain a good reputation in the market place.

A diverse customer management landscape

New research carried out by Mintel (2006) within the financial services industry highlights the diversity of customer management solutions adopted by UK financial service providers. More than half the senior executives interviewed stated that their companies have developed complex strategies for customer contact functions and use a mix of in-house and outsourced resources, often in tandem. It confirms that contact centres require the right mix of technology, people skills and customer strategies to drive value. The issue of quality and relevance of service continues to be at the fore.

The Mintel research shows that in 2005 there were around 5,700 contact centres in the UK, employing 582,000 agents. The financial services contact centre market is now worth in the region of £5 billion. These firms have made substantial investments in contact centre technologies, accounting for around 20% of the total contact centre technology spend.

Coping with increasing operational complexity

Running contact centres is becoming an increasingly complex business. Deploying new technology effectively often requires enhancing agent skills, which is not straightforward to achieve. As technology spending continues to rise, and delivering tangible benefits becomes more business critical, companies often find it difficult to measure the business payback from IT investment. In a climate of tight cost controls agent training is often curtailed, reducing the benefits delivered by IT innovations.

Cost considerations have also driven the decisions to offshore contact centres. While some offshore operations can claim to have achieved their objectives, many are still struggling to achieve the anticipated business benefits.

John Twitchen, who runs an offshore contact centre training organisation specialising in techniques such as accent neutralisation, illustrates some of the challenges organisations face when considering offshoring. "It is naïve and wishful thinking" he states, "for UK executives to assume that UK contact centre operations can simply be transplanted overseas. Different cultures bring different approaches to customer service, to staff motivation, to content and methods of training, to measuring performance, and perhaps most challengingly, to change management."

Simon Roncoroni, a contact centre consultant with many years experience in the industry, echoes this point, adding that companies often fail to deliver expected benefits from change initiatives because they are so focused on controlling costs, rather than creating value. "Right now contact centres manage transactions. That is the wrong job! We need to manage transactions and customers. We have failed to deliver to the desktop simple customer information that allows someone to interact with the customer about customer issues. Relationships are based upon trust and mutual respect. To contact a customer is not a right, it is a privilege – and privileges have to be earned."

Driving quality

With proper customer consultation, however, things can improve. Mintel's research indicates that over half the financial services providers they interviewed expect to have more dialogue with customers in the future. Clearly the techniques they employ to do this are vital to their continued success and profitability.

Contact centres contain a wealth of data on their customers, which can be analysed and used to inform product strategy, channel strategy, and help companies become better placed to keep customers satisfied. This helps capitalise on further opportunities to sell higher-value services. The experience of Convergys, a company renowned for the application of customer-centric systems and processes in its own contact centres, bears this out.

In reality most companies need a much clearer, more accurate and integrated view of their relationship with customers. The successful contact centre of the future will need to focus on applying customer intelligence to customer management strategies. Given that customer satisfaction is often the only metric used by companies to reflect their customers' view of a company's service quality, it should also therefore be a key metric used to drive operational and service improvements.

Major challenges for companies include how they capture customer feedback in a timely fashion, how they analyse this to identify the real operational drivers of customer satisfaction and loyalty, and how they then drive operational change. When used well, the voice of the customer can provide focus for service improvements, delivering high customer satisfaction and improved customer loyalty at a lower cost to serve.

Many companies also still struggle to achieve a holistic picture of their contact centre operations, often measuring the easy to gather information such as call handle times, rather than the more difficult to measure 'one and done'. This results in difficulty in monitoring the value of service, rather than just the cost of service.

> The historical benefits achieved through customer inertia are being eroded and customers are becoming more demanding.

When trying to measure quality of service many contact centers have a company-driven, prescriptive view of what customers' value, often at odds with what customers truly want. This results in poorly designed customer satisfaction programmes and ultimately poor measurement processes and distorted analysis of results.

Figure 1 illustrates how in future the application of calibration techniques and intelligent approaches to monitoring performance can be used to avoid such misunderstandings.

FIGURE 1: CALIBRATE QUALITY MONITORING PROCESSES WITH CSAT

A comparison of Customer Satisfaction scores and Quality Monitoring (QM) pass rates demonstrates form line items and scoring do not accurately reflect customer perceptions

CSAT SCORES

	Site A	Site B
CSAT Overall Agent Score	74%	70%
CSAT Agent Knowledge	75%	68%
CSAT Ability to Understand Question or Concern	79%	74%

QM SCORES

	Site A	Site B
QM: Overall Evaluation Score	88%	86%
QM: Provided Accurate Information	96%	93%
QM: Effective Listening Asking Probing Questions	98% 95%	96% 92%

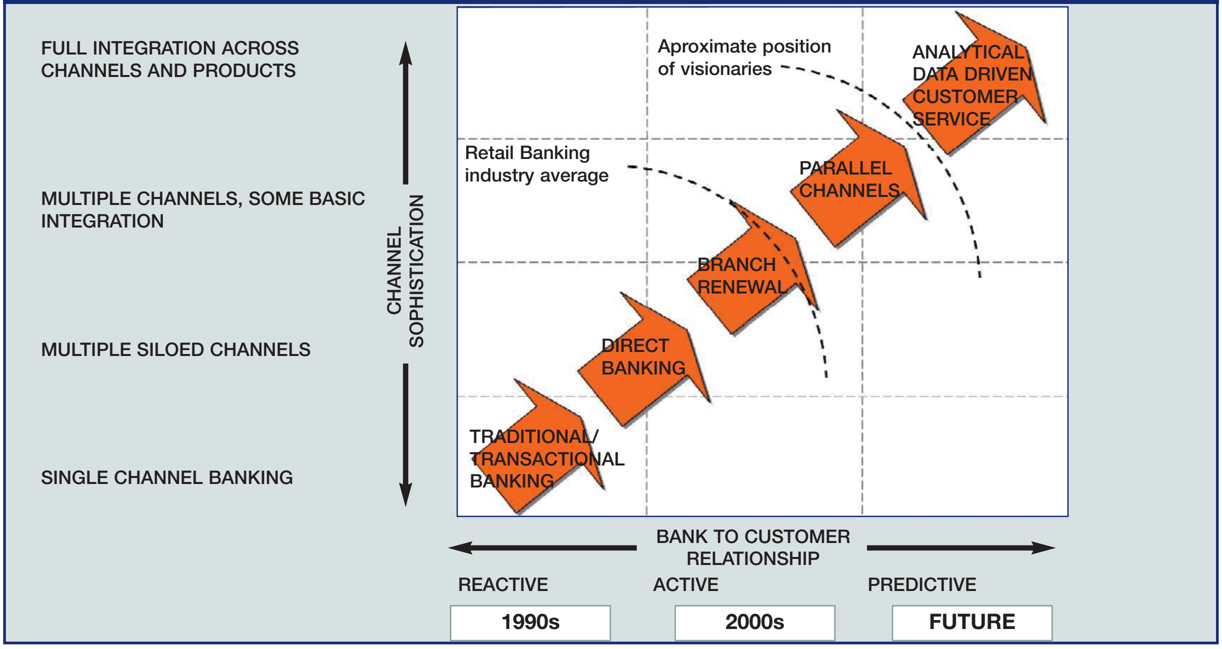
14-point gap between customer perceptions and QM scores in Site A, and 16-point gap in Site B

Making the most of advanced technologies

Contact centres that handle more complex queries from more demanding customers require technologies capable of enhancing both agent efficiency and performance. These technologies include workforce optimisation technologies (WOTs), which combine call recording, agent eLearning, performance analytics and resource scheduling. Datamonitor expects the market for such technologies to grow by $56 million from 2004 to 2009.

Financial services companies are investigating the use of voice-enabled self-service applications to process simple transactions and to route calls which do need a live interaction using natural speech IVR

FIGURE 2: RETAIL BANKS PROGRESSION TOWARDS A PREDICTIVE APPROACH TO CUSTOMER SERVICE



technologies. Fully integrated multi-channel capabilities will become a necessity. However, these create new challenges, including how to combat increased customer churn – as customers who buy from e-channels tend to have lower loyalty than those who buy from other channels.

> When used well, the voice of the customer can provide focus for service improvements, delivering high customer satisfaction and improved customer loyalty at a lower cost to serve.

Customers are now also becoming increasingly concerned about transaction security. Recent high profile frauds, for example, those including credit card offshore fraud, have added to this concern. New technologies such as voice authentication can help balance the need for increased transaction security with minimum process overheads and many financial services providers are assessing their use.

Breaking down the silos

With customers using more informed methods to secure the best deals, it is essential that financial services institutions form a consistent, smart, multi-channel strategy that also provides improved security. Retrieving information and customer data held in databases in different parts of the business will be necessary to provide a holistic view of the customer.

This will help financial institutions break down existing distribution silos. Datamonitor identifies the need for financial institutions to develop a clear distribution strategy that identifies the purposes of each channel. Channels need to be developed as complementary elements to a cohesive, multi-channel offering. This approach will be critical to enable financial institutions to reach the next stage of a predictive customer service model, as illustrated in Figure 2.

Conclusion

Delivering excellent customer satisfaction is not an end in itself. It's a route to optimising the value of customers and driving revenues over the long term. This is a principle that applies to all businesses operating in competitive markets. As competition increases in the financial services industry, companies are looking to adopt efficient, customer-centric contact centre operations as part of their strategy to provide competitive, secure customer-responsive products and services. This is a prerequisite for delivering consistently outstanding customer service. ☐

Marian Hatfield is Director Financial Services at Convergys.

Event

Call Centres, the new weapon in the fight against fraud

12 June 2007 – London venue TBC

The days of call centres just managing customer service are long gone. Today, call centres are at the forefront of debt management and fraud prevention activities. This requires different agent skills and new technologies. This event explores the use of leading edge technologies such as voice authentication and fraud propensity modelling tools and how these can be effectively embedded in call centre operations to help companies in their fight against fraud.

Please visit www.thefsforum.co.uk/events to register your place.