The Power of Personalization:

Optimizing Customer Self-Service for Increased Loyalty and Cost Savings

voxeo

TONY THE WAITER

After a warm welcome, Tony shows Karen to her usual table by the window. He comes back with a glass of sweet iced tea with extra lemons on the side — because that's exactly the way she likes it. "The soup of the day is tomato bisque, Karen," he says. "How does soup and salad sound?" It sounded perfect of course. Thirty-five minutes later Karen heads for the door a happy customer — picking up a few take out menus to share at the office on her way out. "See you Wednesday she says."

"You want to go where everybody knows your name."

We all like to be treated as individuals, and that is why personalized service builds loyalty. We know the names of our favorite bank teller, auto mechanic, barista, and hair stylist, while few of us can name anyone at our cable company, wireless provider, credit card issuer, electric utility, or online travel site. When we call the toll-free numbers all they seem to know about us is our account number — or maybe not even that. And if we have to call a second time about the same subject, it's like starting all over again. In its *February 2012 Contact Center Benchmark report*, ForeSee found that the satisfaction benchmark for contact centers is at 70 on the company's 100-point scale. Readers of a certain age will remember the popular sitcom *Cheers*, about a neighborhood bar where Ted Danson starred as the proprietor. The refrain of the popular theme song was "You want to go where everybody knows your name." That's the power of personalization. It's what keeps us happy and loyal customers.

PERSONALIZATION AND THE CUSTOMER EXPERIENCE

Customers who feel they are treated as individuals are more satisfied with their experience and more inclined to remain loyal. Loyal customers buy more, purchase more often, cost less to serve, and have higher retention rates. Loyal customers are very good for business.

In the contact center, how do we recapture that same feeling a customer gets when their barista remembers their drink or their hairstylist becomes their confidante? The answer is to utilize the wealth of customer data we have available to tailor the contact center experience to the known needs and habits of the customer. Every enterprise has or should have information about their customers. At a minimum this should include the customer's name, address, account number and purchase or subscription history. More advanced organizations will have loyalty cards or other mechanisms that provide a history of past interactions, purchase behaviors, recent transactions or other indicators of relative value to the enterprise. Best in class enterprises will offer consumers alternative communication channels that mirror the preferences and lifestyles of their customers, such as web portals that provide a similar customer experience from both desktop and mobile devices. Consumers should be able to communicate in the channel of their choice or even a mix of channels.

#1 CUSTOMER LOYALTY

As an example of a retailer that effectively uses personalization to create a better customer experience, Amazon.com knows enough about you from previous contacts, purchase history, and other sources to structure special offers and purchase recommendations well suited to your tastes. Amazon uses collaborative filtering to determine what music or books to recommend. The rental-car industry is no stranger to frustrated customers — and in order to differentiate itself from the pack and provide more personalized service, Hertz centrally stores all customer and payment data for the members of its #1 Gold Club program so that customers don't have to fill out repetitive forms every time they rent cars. In this way, Hertz encourages frequent travelers to base their rental car decisions not only on price but also on the ability to save valuable time. Companies like Amazon, Hertz, and others that understand the value of loyalty strive to identify customer needs and present a customer experience that leaves them delighted, not just satisfied.

While it may be easy to provide a one-to-one experience in small businesses like Cheers, businesses with thousands or even millions of customers strive to achieve personalization through the contact center, using both human agents and automation. Direct communication with consumer representatives remains the most preferred channel by consumers. However, personal service, whether provided by telephone, e-mail, or chat, is costly and not always immediately available. The good news is that many customer queries and transactions can be efficiently handled through automation. The challenge for organizations seeking to cut costs while maintaining customer loyalty is to personalize the customer experience through self-service. Advances in dynamic scripting and natural language understanding (NLU) speech make it possible to provide a customer experience that has many of the attributes of personal interactions while at the same time providing the speed and cost benefits of self-service. In this paper we will explain how personalization through automation improves the customer experience and how modern technology makes it possible and profitable today.

SIGNIFICANT TRENDS

Figure 1 lists seven significant trends that are driving demand for real-time, personalized self-service:

Trends Driving Demand for Real-Time, Personalized Customer Service

1. I need it now
2. Information everywhere
3. The mobile society
4. Interactive speech goes mainstream
5. Growth of Social Media
6. Competitive pressures
7. Economics

Figure 1

I need it now. In our always-on society, we're used to getting what we want, when we want it — and if we can't get what we want from one company, a reasonable substitute is often just a click or call away. Properly deployed self-service automation can answer many questions and resolve issues faster than live agents and is accessible from multiple devices and channels. Implementations based on inflexible proprietary architectures with poorly designed interfaces, create the consumer frustration that has produced a cottage industry of websites directing consumers to ways to get around automated response systems.

Information everywhere. The Internet makes it possible for consumers to research answers via a variety of sources, and perform transactions on their own without having to consult contact center agents. Self-service provided via interactive web sites helps contain contacts within the self-service sphere and reduces costs.

The mobile society. With the possible exception of the Internet it is hard to think of any technology advance in the last 50 years that has affected as many people as quickly as the mobile phone, particularly smartphones. It seems that everyone over the age of ten either has a mobile communications device or has access to one. CTIA-The Wireless

Association® reported that in 2011 over 331 million wireless subscriber connections in the U.S. alone. According to Morgan Stanley, by 2014 mobile Internet should surpass desktop Internet usage. Millions of consumers have discontinued wireline service altogether. While many customers will continue to utilize interactive voice response systems, the ability to design a self-service application once and deploy it not only on the voice channel but also via mobile web, smartphone apps and SMS channels best leverages the intelligence of today's full-featured smartphones.

Interactive speech goes mainstream. Perhaps no event has done more to drive mainstream acceptance of interactive speech than Apple's top selling iPhone 4S with its interactive voice assistant, Siri. Early iterations of speech had very limited vocabularies, were expensive to acquire and maintain, and exhibited very poor accuracy leading to widespread consumer rejection. Siri demonstrates to millions of new users that interactive speech based on Natural Language Understanding (NLU) can seem almost as normal as speaking to a real person.

Social media. The good news is that the popularity of social media channels such as Facebook, Twitter and LinkedIn give consumers more ways to communicate with the enterprise, seek information, and instantly share their opinions with hundreds or thousands of followers. The bad news is many companies aren't listening. STELLAService tested twenty retailers on their response to customer questions on Facebook, finding that only one-fourth of retailers responded to customer questions within 48 hours, and several actually deleted the questions from their Facebook wall. From their *2011 Social Media Services Trends in Customer Care Outsourcing*, IDC says: "Given the sheer volume of conversations happening in social media forums, it is essentially impossible for any large company to effectively monitor, filter, and make sense of this information using manual efforts alone." This is when strategic automation comes to the rescue. Social media monitoring for mentions of your brand and automatic responses to common customer questions directed to a company Twitter account, combined with personal responses to more specific queries or concerns, can and should be part of every social media customer service strategy.

Competitive pressures. With new services easily duplicated by competitors and the convenience of the Internet for price shopping, service organizations are challenged to reduce churn rates while at the same time maintain price stability. Delivering superior service is a major point of competitive differentiation and it makes sound economic sense. In 2010, Forrester Research released an in-depth study that showed very significant revenue growth could be achieved by improving the customer experience. Examples from that study include:

- *Wireless carriers as a group could add up to $1.7 billion in additional revenue.*

- *The hotel industry could add $1.2 billion.*

- *For many under other industries the impact was much smaller, but was consistently positive. The most significant source for revenue growth came from a reduction in customer churn rates.*

Economics. Operating a large contact center is expensive. A 150 agent contact center operating 7 x 24 typically carries labor costs of $21 to $25 million annually. According to the International Customer Management Institute (ICMI) a typical transaction completed via IVR self-service costs about $.50 versus $5.00 - $6.00 dollars for a typical call handled by a live agent. The international research firm, ContactBabel, reports that about 12% of inbound interactions are completed through telephone self-service. Increasing the ratio of self-service to live service will have a dramatic impact on cutting costs, and if done using state-of-the-art technology and best practices, will not negatively impact customer satisfaction.

THE INTERSECTION OF PERSONAL SERVICE AND AUTOMATED SELF-SERVICE

Social and economic forces, and advances in technology, are driving demand for personalized customer service that can be delivered more quickly and over the customer's channel of choice. Improving the level of customer care is now

a top priority with many businesses, as exemplified by the appointment of executives with titles such as Chief Customer Officer. While businesses understand the need to improve the customer experience in order to increase customer satisfaction and retention, they seek to balance the cost of providing quality service with the persistent business objective of controlling costs.

Figure 2 summarizes the key attributes of the consumer interaction with a personal agent.

Qualities of Human Agent

	USUALLY	SOMETIMES	RARELY
Immediate answer			✔
Dialogue in language			✔
Clear and precise dialogue		✔	
Courteous manner	✔		
Empathy		✔	
Confidentiality		✔	
Access to complete contact history			✔
Access to customer databases		✔	
Structured interaction focused on problem solving	✔		
Unstructured interaction focused on problem solving		✔	
Ability to control interaction to stay on point		✔	
Ability to present offers based on known preferences		✔	
Ability to complete basic transactions	✔		
Ability to complete complex transactions		✔	
Insure compliance with applicable laws and regulations	✔		
Determine if purpose of call has been completely resolved	✔		

Figure 2

As social animals we naturally enjoy speaking with other people. However, the voice channel is not without problems. Typically, the first contact is with an interactive voice response system that is rarely updated and is incapable of adjusting the dialogue to parallel the reason for the customer inquiry. The device presents a menu of choices from which to make a selection, which are the same regardless of the purpose of the call or value of the caller. After listening through these generic options and finding them unhelpful, customers then have to wait before reaching a live agent. For people in a hurry, even a few minutes can seem like a very long time. Once the connection is made all too often the first experience is to repeat the account code and other information that was already entered at the voice response unit. This gets things off to a bad start from which the agent has to recover. While most agents have adequate communications skills and are able to direct the conversation to a rapid and complete resolution, this is certainly not always the case. With the persistently high level of turnover in contact centers, the caller's odds are about one in five that they will connect with someone who is still learning the job. For these reasons and others, public satisfaction with customer service, according to a recent study by Accenture, declined in each of 11 characteristics from 2009 to 2010. One of the sharpest declines was in the category "having employees who are polite and friendly." Another common consumer complaint about live customer service, particularly with outsourced contact centers, is the inability to communicate due to language, accents, and cultural differences.

It is possible today to design a self-service interface that closely replicates and in some ways even exceeds the quality of a personal interaction. Inflexible touchtone voice response units are being replaced with modern interactive voice response systems (IVRs). The IVRs of today are very different from those of even five years ago. Based on open standards, these highly configurable systems are able to interact via touchtone entries or natural language speech. The designs are software-only, deployed over industry-standard servers that use standard interfaces to extract valuable information about customer preferences from previous multi-channel contacts and incorporate this knowledge into the dialogue to help assure that the interaction is focused on problem solving. The best implementations always offer easy access to a live operator. And of course, automated self-service is always immediately available, never gets sick, loves its job, and costs a fraction of what companies must pay personal agents.

> It is possible today to design a self-service interface that closely replicates and in some ways even exceeds the quality of a personal interaction

Figure 3 compares personalization qualities for both live and automated agents.

Qualities of Live Agent vs. Voxeo Automated Agent

	LIVE AGENT			VOXEO AUTOMATED AGENT		
	USUALLY	SOMETIMES	RARELY	USUALLY	SOMETIMES	RARELY
Immediate answer			✔	✔		
Dialogue in language			✔	✔		
Clear and precise dialogue		✔		✔		
Courteous manner	✔			✔		
Empathy		✔				✔
Confidentiality		✔		✔		
Access to complete contact history			✔	✔		
Access to customer databases		✔		✔		
Structured interaction focused on problem solving	✔			✔		
Unstructured interaction focused on problem solving		✔			✔	
Ability to control interaction to stay on point		✔		✔		
Ability to present offers based on known preferences		✔		✔		
Ability to complete basic transactions	✔			✔		
Ability to complete complex transactions		✔				✔
Insure compliance with applicable laws and regulations	✔			✔		
Determine if purpose of call has been completely resolved	✔			✔		

Figure 3

By breaking down the interaction into discrete attributes it is clear that an advanced and well-engineered automated self-service solution provides all but a few of the attributes of a live agent and in some ways does a better job:

Immediate answers. The customer is generally less concerned with whether their question is answered by an IVR or a live agent, and more concerned with getting the information they need. A sophisticated, multi-channel self-service solution allows that customer to interact via the medium of their choice (voice, text, SMS, mobile web, app, social media) versus the traditional approach of muddling through a legacy IVR's outdated menus and holding for a live agent.

Language of choice. Today about one out of five US citizens speaks another language besides English and in many cases English is their second language. Some nations are officially bi-lingual and there are hundreds of metropolitan areas around the globe where multiple languages are spoken. In the United States most IVRs, if they offer language choices at all, offer only the choice of engaging in English or Spanish, and as all live agents are generally not bilingual, non-English speaking callers may incur longer hold times. Intelligent automated systems can interact fluently in multiple languages. They can even be designed to "learn" the preferred language of frequent callers and initiate the interaction in that language, eliminating the need for the caller to select a language preference.

Interaction quality. Live agents will always have the edge in the ability to listen attentively and courteously and work with the customer to resolve queries on the first contact. This may involve researching databases, contacting subject matter experts, or escalating the issue to a supervisor. Intelligent interactive self-service cannot completely replace top quality live agents, but it can be programmed with logic that allows it to address and resolve the most common queries systematically and consistently. Automated speech is always clear and precise. There are no accents, grammatical errors, low-volume, rapid speaking, abusive language, or other common communications problems people complain about when dealing with personal agents. The voice interfaces provided by Voxeo can even go a step further, presenting a "persona" appropriate to the caller.

Confidentiality. Given widespread concern over identity theft, many consumers today are reluctant to recite credit card information to live agents. These consumers much prefer the security of an automated system. Additionally, enhancements such as voice biometrics can further put customers at ease when completing financial or health transactions, for example.

Access to complete contact history. An already-frustrated customer will not appreciate having to recite the details of their problem multiple times. In other situations, customers with long contact histories may be more likely to have a query about a recent transaction, or commonly perform the same task (checking order status, making electronic payments, etc.) Up-to-date contact center technology will incorporate all of the customer's history, across all channels of contact, allowing IVR menus to dynamically adapt to recent interactions, live agents to be informed of any recent issues, and any functions such as outbound notifications to be disseminated according to the customer's communication preferences.

Ability to leverage databases. Most contact centers have customer relationship management (CRM) systems which are integrated with the telephony system so that individual agents have basic data about the consumer when the call arrives. However, CRM systems are not consistent, and in many cases the agent does not have access to any other customer databases. In one extreme case, now-defunct electronics retailer contact center agents had to juggle 35 databases and applications. Effectively designed systems seamlessly integrate all of the available customer information.

Problem solving. Automated systems have not yet mastered powers of persuasion or the ability to come up with

creative solutions to difficult problems. However, the decision-making authority of contact center agents is usually highly constrained which limits their ability to be creative. Business rules and policies define what offers can be made or concessions granted without need to secure further approvals. Automated decisioning systems can be designed with logic that parallels these business rules and can be executed without human intervention.

Call control. Maintaining control of the interaction while at the same time exhibiting courtesy and empathy is one of the tougher challenges for live agents. Callers may be highly emotional or go off on tangents. Automated self-service helps to keep interactions linear, focusing on helping the customer solve the problem at hand.

Ability to complete transactions. Intelligent self-service that leverages advanced Web and speech technologies is capable of completing complex as well as basic transactions such as airline reservations and the purchase and sale of securities. Furthermore, the automated system remembers your most recent transactions and anticipates the reason for your call. For example, the system will be able to recognize that a call originating from the cell phone of an airline passenger during a time when their airplane would be on the ground at a hub airport is very likely to be in regard to a schedule change. Similarly, a call from a student during the peak admissions season is very likely to be in regard to the status of an application. With this prior knowledge the system can present a decision tree built around that particular event.

Compliance with applicable laws and regulations. In an automated self-service environment there is never any doubt as to whether or not mandatory disclosures were accurately recited. Nor is there any question that the interaction was handled with complete honesty and integrity. Solutions built around the hosted Voxeo platform provide PCI-compliant datacenters which ensure integrity of cardholder data for compliant hosted IVR applications, and have built-in mechanisms for developing compliant applications.

TECHNOLOGY ENABLERS

We opened this paper with the example of Karen's pleasant visit to her favorite restaurant. Tony, her waiter, understood her preferences and demonstrated that personal touch which makes customer experiences memorable. Let's consider now how a completely automated interaction can also provide a highly satisfactory, personalized customer experience. In this case Mr. Swanson needs to make a change to his rental car reservations with Universal Rental Car. In the spirit of personalization, let's give Universal's IVR the name "Sarah."

> **Sarah:** *Hello, you have reached Universal Rental Car. If you are a member of our loyalty program please speak or enter your account number now. If not, please stay on the line to hear your other options.*

> **Mr. Swanson:** [Enters number on loyalty card]

> **Sarah:** *Hello, Mr. Swanson. Is this regarding your scheduled pickup at the Phoenix Sky Harbor International Airport at 2 PM local time? If yes, how can I help you? If no, please hold for other options.*

> **Mr. Swanson:** *Yes, it is about my arrival in Phoenix. That flight has been canceled and I won't be arriving until this evening around 6 PM on WonderAir 718."*

> **Sarah:** *That's fine Mr. Swanson. I can cancel that reservation and reserve a four-door midsize sedan*

for you now, or, because you're a Gold Level member of our loyalty program I can upgrade you to a Lincoln Town car for half of our normal fee or only an additional five dollars per day. Which would you prefer?

Mr. Swanson: *Let's go with the upgrade.*

Sarah: *I assume you will waive the extra insurance as you have in the past. If you prefer to purchase the extra protection please say yes or press one.*

Mr. Swanson: *Let's waive the insurance, as I have in the past.*

Sarah: *Okay, I have you with a Lincoln Town Car and your confirmation number is 123456. Shall we guarantee this with your credit card ending in 1212?*

Mr. Swanson: *That will be fine.*

Sarah: *Thank you Mr. Swanson. I will text the new arrangements and your confirmation number to you momentarily. Can I help you with rental car reservations for your next trip?*

Sarah, our intelligent automated agent, was able to identify Mr. Swanson as the caller because computer telephony integration (CTI) software automatically matched his cell phone number and loyalty card number to confirm his identity. Sarah's software made the reasonable assumption based on prior contacts and transaction history that the call was related to the reservation in Phoenix. Pattern recognition software "taught" Mr. Swanson's preferences regarding car model, insurance, payment practices, and communication channels.

Today companies can leverage affordable platforms based on open standards to implement and control highly developed, automated dialog and mobile systems. All leading providers of interactive voice response systems support VoiceXML and other XML-based markup languages which have become industry standard for the development of voice dialogs. These standards enjoy widespread adoption and have made it possible to operate personalized, automated customer service, similar to what customers experience online or through direct telephone conversations. Voxeo goes further by providing a fully unified self-service platform that extends IVR capabilities to mobile devices with the same ease of access as web or telephone-based communications. The software can access data in real-time and dynamically adapt the menu to the individual caller. Your customers are not locked into a one-size-fits-all interface.

Organizations can personalize their phone portals in the same way they've personalized their Web portals using a customer-centered, personalized dialog. Below are some examples:

- **Relevant selection of menu options.** For example, a DSL-only customer calling into a telecommunications provider's voice portal gets just DSL menu options, not the mobile phone menu option.

- **Tailored dialog length.** New customers are often frustrated when a dialog system presents explanatory texts unclear or insufficiently detailed to novice users; at the same time, dialogs of use to new customers might be irritating and interminable to expert users. A sophisticated voice portal can remedy this by managing and supplying two different versions of all prompts (recorded messages) — one short, one detailed — which are deployed depending on the customer's contact history and successful voice recognition.

- ***Support for both voice and keypad input.*** Voice recognition can support effective, intuitive dialogs. Customers will still have the option to use the keypad in instances where it is more convenient, such as when a customer executes a bank transaction and doesn't want to be overheard by colleagues at work.

- ***Recognition of user patterns.*** Some customers use telephone banking mainly to check their account balance. Others just want to transfer money, while yet another group only uses portfolio management. The ideal personalized automated self-service system will recognize such user patterns, remember the transaction history, and adapt accordingly.

- ***Support for multiple communication channels.*** When customers are contacting a company through multiple channels, it is optimal for phone self-service system to be aware of the entire customer transaction history over the Web or through SMS. For example, if a customer sends a text to customer support and makes a phone call to customer service while awaiting a reply to that text, the dialog system should answer, "Hello. Are you calling about the same issue from your earlier message?" After confirmation, the customer is put through to an agent, who already has the message on his or her computer screen.

The implementation of personalization improvements can lead to a clear rise in the success rate of the automated dialog and a reduction in dialog length.

CIRCLE OF SUCCESS
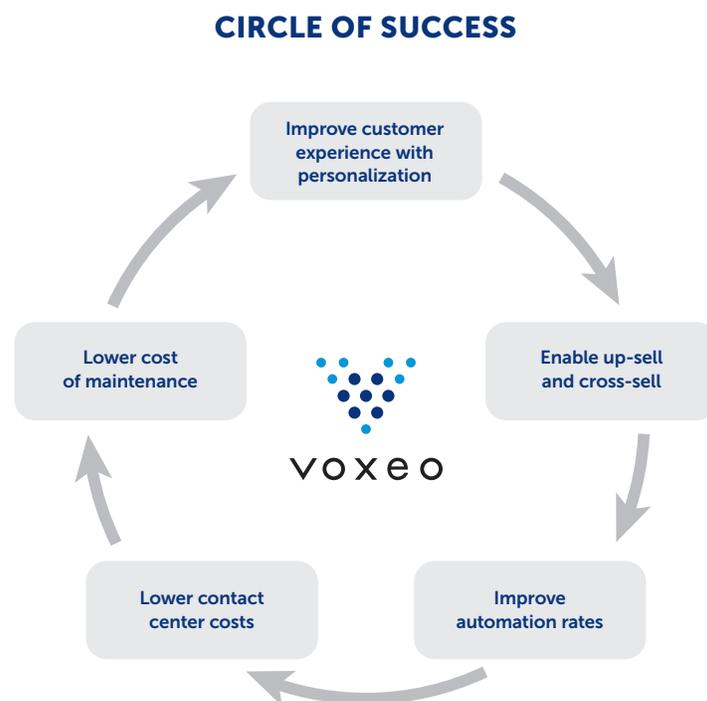
The diagram shows the business value of driving a personalized caller experience. The delighted customer is more amenable to an up-sell and cross-sell, and is more likely to utilize the automated system versus live agents in the future, thus driving contact center costs down.

To implement personalized phone self-service in an efficient and cost-effective way, businesses need a platform that supports individualized voice and mobile applications from design, development, testing, integration and operation to reporting and analysis. In addition, it must integrate seamlessly into the existing IT infrastructure. Voxeo self-service platforms, both on-premise or hosted, offer just such a solution. The Voxeo platform uses a design once, deploy anywhere architecture that supports not only IVR but mobile web, text, smart phone apps and social media seamlessly without duplicate effort and with consistency of the user experience. Businesses can get a step ahead of their competition by providing mobile apps that use location-based services to direct consumers to their nearest location. Integration with CRM systems enables self-service interactions to be dynamically adapted in real time. The system goes where the customer wants to go, not the other way around.

VOXEO   Research by TechValidate

Telco Services Company Enhances Customer Service with Voxeo

A Global 500 telecommunications services company improved its personalization of self-service interactions, improved first call resolution, and increased satisfaction with self-service channels using Voxeo.

Source: IT Director, Global 500 Telecommunications Services Company

www.techvalidate.com/product-research/voxeo   TVID: 278-798-B57

EXECUTIVE SUMMARY

It is getting more and more difficult for organizations, particularly service providers, to carve out significant points of differentiation from their competitors. Prices, locations, and service innovations are easily copied. The one point of differentiation that is extremely important to customers and difficult for competitors to replicate is service quality. Service means different things to different people. It encompasses contacts at all levels and through all channels, from the technician that comes to your home to the individual who answers the line when you call the toll-free number. There is no substitute for courteous, well-trained and highly competent customer-facing employees. But businesses today must operate in a fiercely competitive, slow-growth global economy where shaving operating costs is essential to achieving profitability targets. The cost of personal service is high, and very often the lowest value consumers have the highest demand for company services.

Self-service is not new. The first vending machine in the U.S. was built in 1888 by the Thomas Adams Gum Company, selling gum on New York City train platforms. In the 1970s and 80s we began to see giant steps forward in automated self-service including the first automatic teller machines and interactive voice response units. There is no question that early implementations of voice self-service left significant room for improvement. Now, we have overcome the technology limitations and developed a rich knowledge base of best practices for self-service implementation. It is now possible to provide personalized self-service that parallels the level of human assistance. Consumers today want quick and accurate answers, provided via their communication channel of choice. Businesses today can save hundreds of thousands of dollars annually with high quality automated self-service while maintaining customer loyalty.

ABOUT THE AUTHOR

Dick Bucci is Principal of Pelorus Associates where he specializes in contact center technologies. He has authored eleven in-depth reports on workforce optimization applications and numerous articles and white papers. Prior to founding Pelorus Associates Dick was a senior sales and marketing executive with leading telecommunications vendors and value added resellers. He has over 30 years of experience in the telecommunications industry and is one of the most widely quoted analysts in the contact center industry.

ABOUT VOXEO

Since 1999, Voxeo has continuously unlocked communications in all its forms — voice, SMS, instant messaging, Twitter and more — and we do so for more than 250,000 developers, 45,000 companies and half of the Fortune 100. Headquartered in Orlando with offices in Beijing, Cologne and London, we've torn down barriers to entry using open standards, disruptive innovation and a passion for problem solving that's fueled by a company-wide obsession with customer success. Join our conversations: www.voxeo.com, blogs.voxeo.com, or twitter.com/voxeo.

Do you have an outdated or inflexible IVR that doesn't efficiently support features like personalization and Unified Self-Service™?

Learn how easy migration can be at www.zombie-ivr.com

Contact Voxeo solutions@voxeo.com
or call us at 1.407.418.1800