Whitepaper

Customer Contact Analytics
in the
"Age of the Customer"

The need for Analytics in the Relationship Economy

VANAD Insights

The shift to a Relationship Economy

Economists agree that there is a shift occurring, moving from years of a so-called "transactional economy" to a "relationship economy". This change has been driven by the enormous technological and societal changes that resulted from the advent of the Internet.

This huge shift has ensured that, across all sectors, organizations are increasingly benefiting from providing services and products that are based subscription-based, there-by elongating the time of the relationship with the customer. Organizations are recognizing that long-term relationships with clients are important for survival. This brand loyalty is even more important given that competitors are often a few clicks away.

The shift in the economy towards long-term, subscription relationships means that customers now require an ongoing support system from the company. This means that companies can no longer focus solely on the transaction as an isolated data point, but must think of themselves as ongoing providers of products and/or services. In short, regardless of whether a company sells insurance plans or cups of coffee, the goal must be to build a long term relationship and loyalty with the client. To enable this, companies must provide their customers with many different digital "channels" through which a customer can reach and communicate with a company.

"Analytics is not an option. It is a necessity."

We live in The Age of the Customer, however customers seem to be getting busier. Interactions with customers should be focused with the goal of achieving correct resolution during the first contact. Organizations cannot afford errors or failures in the eyes of their customers because they result in negative reactions that are published on directly on social media. Ultimately, the way in which an organization handles this challenge determines their future success or failure. Customer Contact Analytics is not an option, but a necessity to ensure customers are given the correct and timely attention they both deserve and demand.

Contact Center trends in a Relationship Economy

The Age of the Customer has considerable implications on contact centers. For years, we have seen a trend where customers are communicating with organizations through multiple channels (omni channel). In the coming years, organizations will be under pressure the incorporate even more new and emerging communication technologies. This demand by customers to interact with brands through increasingly varied channels will only continue intensify in the future, and organization who fail to respond to this demand will find themselves falling behind as organizations fill that void.

"Customers are demanding increasingly varied interaction channels with brands."

The customers demand for 24x7 service and answers can no longer be handled solely by human interaction due to the sheer volume of interactions. Artificial intelligence must then enter in to an organization customer contact strategy to play an important role. Within a few years, the difference between interacting with a human agent or computer agent will no longer be recognizable. Successful organizations will see that a large part of their customer contact will be handled via chat bots and artificial intelligence.

There is also a trend in which customers require that the digital interface is becoming more conversational. As the support technology continues to advance, it will become less relevant whether the agent addressing a customer issue is a human or a computer. Messaging in a conversational manner will be therefore be more and more important in communication with organizations.

"The difference between human agents and computer agents will blur."

Does this mean that the traditional contact center will disappear and everything will be handled via social media? Not at all- verbal communication will continue, but the breadth and volume of communication will widen to also create more digital communication. This change isn't only for the millennials and young people- older generations are increasingly turning towards contact via online channels. It is therefore necessary to be accessible via all channels, and also to respond to the popularity of new emerging channels.

"It is important to be reachable from all channels."

Data, Data, and more Data

This widened customer contact environment produces significantly more data round customer relationship management than has existed in the past. Data be collected, stored and analyzed from the combination of traditional contact center platforms, social media, live chat and messaging platforms. All of these data sources fall under the domain of Customer Contact Analytics. The ultimate goal of Customer Contact Analytics to analyze and predict customer behavior and deliver it as input to the larger Customer Analytics realm.

Customer Analytics is a marketing process that provides information to various departments across an organization. For example, Customer Analytics provides insights on:

Segmentation
Uses a set of business rules to categorize customers in to groups with shared characteristics. This grouping, often called ABC segmentations, enables more targeted marketing campaigns resulting in an increase in turnover.

Customer Value
Creates a rubric for determining the potential value of the customer to be included in a customer profile in a CRM system. Customer value is determined by a combination of Recency (when was the last time the customer placed an order), Frequency (how often the customer has ordered over a given period), and Monetary Value (the total revenue of orders over a certain period). The combination of these values creates the RFM value for a particular customer which can serve as an additional segmentation strategy.

Customer Potential
Various customer characteristics determine the customer potential. A customer who is not currently in a targeted customer group may be a highly desirable customer at a later time. For example, think of the value of medical students for an investment bank.

Obviously there are many more values and indicators that can be determined from Customer Analytics. As technology advances, Customer Analytics will be one of the inputs to artificial intelligence support systems so that customers can be treated promptly and effectively.

"Customer Analytics provides insight in to Customer Behavior."

Contact Center Analytics

Contact Center Analytics is primarily concerned with the performance and management of the customer contact center. This includes collecting and analyzing data on the use of different channels and the different types of interactions the customer wants to have (register a complaint, solve a problem, or ask a question). This information provides insight into the way customers interact with organizations and gives a more clear picture of how products and services can be improved. Analyzing customer contact is also an important source for an organization to discover innovation and improvement opportunities.

Another important subject within Contact Center Analytics is the management and optimization of the customer contact process itself. By analyzing the data from all operational systems and platforms, organizations can use data-driven decision making to improve productivity of campaigns, teams and agents. The need to measure the productivity and effectiveness of artificial intelligence is perhaps a leading edge vision, but will shortly become necessary.

"Contact Center Analytics enables increased productivity."

Financial management and monitoring of the customer contact process is crucial to the success of an organization. The customer contact center has always been considered as a cost, but can actually be a profit center with the right insights and control. Contact Center analytics can be combined with data from finance, HR and account management to combine revenues, costs, margins, and opportunities in real time.

Conclusion

Customer Contact Analytics provides essential holistic insight into the entire Customer Relationship Management process. This is much more powerful than the traditional approach of creating reports or analysis specific to a particular CRM metric. A report showing an increased AHT (Average Handling Time) in isolation might indicate that agents require more training, or that agents are successfully cross-selling additional products; it is impossible to tell without additional context. Customer Contact Analytics, however, provides an overview of the process/customer behavior/sentiment analysis and can then immediately provide for actionable insights.

"Customer Contact Analytics provides immediate and essential added value to the CRM process."

In a relationship economy, managing customer contact is a critical business process. This is not a vision to strive for in the future, but already a reality that requires attention and resources. In the recent period of rapid technological developments and advancements, many organizations have fallen behind and are struggling to keep up with developments in their industry.

Customer contact will continue to produce exponentially more and more data in the coming years with an increased growth. This is partly due to the increasing online sales. Organizations will have to adapt continuously to the discerning customer. Competition online is indeed always close and should be an incentive to respond proactively to customer needs.

Customer Contact Analytics is the key to identifying and targeting a customer correctly and providing the strategic information that will allow your organization to excel.

About VANAD Insights
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