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Using analytics to drive better communications

Link customer preferences and behavior with business solutions and document requirements to deliver messaging that fits

WHITE PAPER:

COMMUNICATION MANAGEMENT

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ABSTRACT

TODAY'S CONSUMERS ARE SHORT ON TIME AND FOREVER MULTI-TASKING. A VARIETY OF COMMUNICATION CHANNELS PROVIDES THEM WITH MORE CHOICE IN HOW THEY RUN THEIR LIVES. NEW CHANNELS HAVE SPARKED A DRAMATIC INCREASE IN VELOCITY OF BUSINESS AND PURCHASE DECISIONS AND HEIGHTENED CONSUMER EXPECTATIONS FOR CUSTOMER SERVICE.

AS A RESULT, THE COMMUNICATIONS THAT RESONATE BEST WITH CONSUMERS TODAY ARE PERSONALISED, RELEVANT, AND DESIGNED AND DISTRIBUTED IN WAYS THAT WILL STAND OUT FROM THE HUGE VOLUMES ENCOUNTERED EVERY DAY. THESE COMMUNICATIONS ARE ALSO CONSISTENT ACROSS CHANNELS, BASED ON REAL-TIME INSIGHTS, AND SUPPORT TWO-WAY DIALOGUES BETWEEN BUSINESSES AND THEIR CUSTOMERS. THIS SOUNDS STRAIGHT-FORWARD, BUT CONSISTENTLY PROVIDING COMMUNICATIONS THAT FIT THIS DESCRIPTION CONTINUES TO BE ASPIRATIONAL FOR MANY ENTERPRISES.

THIS WHITE PAPER EXPLORES THE POTENTIAL FOR ANALYTICS TO BE USED TO DRIVE BETTER COMMUNICATIONS. IT BEGINS BY CONSIDERING THE STATE OF COMMUNICATIONS TODAY AND ITS INHERENT CHALLENGES: ADDRESSING THESE IS ESSENTIAL TO ESTABLISHING THE NIMBLE, MULTICHANNEL EXPERIENCE THAT CUSTOMERS EXPECT. IT THEN DELVES INTO THE OPPORTUNITIES FOR MARKETERS TO CONNECT MORE EFFECTIVELY WITH CONSUMERS BY USING ANALYTICS TO GAIN BETTER INSIGHTS INTO THEIR NEEDS, PREFERENCES, AND LIKELY BEHAVIORS. AND IT PROVIDES CONCRETE EXAMPLES OF THE BENEFITS (OPERATIONAL, FINANCIAL AND CUSTOMER) OF ANALYTICS IN ACTION.

THERE IS A REAL AND GROWING APPETITE AMONG CONSUMERS FOR REAL-TIME RESPONSE.

Touchpoints: The context for today's communications

When customers think of a company, they don't typically think of it as a sum of its parts—they consider it as a whole. Every "touchpoint," every instance in which a business interacts with a customer, reflects on the business overall.

Touchpoints encompass the full range of inbound and outbound customer interactions:
• Marketing messages
• Transactional documents
• Sales and service interactions
• Informational documents
• Service documents

Touchpoints also occur across the spectrum of different available channels. Businesses benefit as they shift from structured communications to interactive and on-demand formats. These are more personalised, customised and time-sensitive, and there is a real and growing appetite among consumers for real-time response.

Organisational challenges for effective implementation

Most businesses have compartmentalised their communication processes and interactions, creating what Forrester Senior Analyst Craig Le Clair refers to as "islands of information." These separate information islands are isolated from one another by organisational silos that separate business functions and communications by channel. As a result, many enterprises are riddled with organisational redundancies, inconsistencies that limit their ability to gain a complete customer view and present a unified face to the customer.

Older systems and practices, including aging structured output systems, an overabundance of correspondence management systems, poorly integrated transaction systems and archaic fulfillment processes also limit nimbleness and coordination across the enterprise. The speed with which new regulations arise and the need for increased interactive and on-demand communications both further strain enterprise resources.

Systemic changes for better interactions

Changes in how businesses approach customer communication management (CCM) can help address these challenges and provide the increased agility and cross-organisational coordination that today's communication environments demand. These changes call for a shift in roles and responsibilities and an increased use of e-capabilities to expedite processes.

A New Approach to CCM

In the past, virtually all CCM activities have fallen on the shoulders of IT and the business has served to provide direction. Today, greater efficiencies can be achieved by shifting management of certain changes to applications and content out to the business. Technology makes this possible, and both customer expectations and economics make it advisable. Consider the following:

• The more IT can focus its efforts on connecting core systems and maintaining appropriate infrastructure, the faster businesses can evolve to address the multichannel, cross-business communications that consumers require

• By transferring execution of manageable responsibilities back to the business where it started, process steps can be eliminated, efficiencies can be increased and substantial savings can be redirected to further expedite IT improvements to connectivity and infrastructure

Cross-Business Content Management

As interactive applications evolve, it becomes possible to work more effectively across silos with multiple authors contributing to a single document. At the same time, more advanced document output for customer communications management (DOCCM) applications enable businesses to create content and disseminate it via a range of different communication media. This transition shifts many communications from batch print to on-demand creation and serves three important purposes:

• Content can easily be contributed and managed by multiple authors from different parts of the business as needed (e.g., a trans-promotional or "transpromo" message can be easily integrated into a statement or bill)

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- Channel dissemination can reflect customer preference and communication needs

- Increasing use of interactive channels enables interactive dialogue with consumers rather than just one-way communication

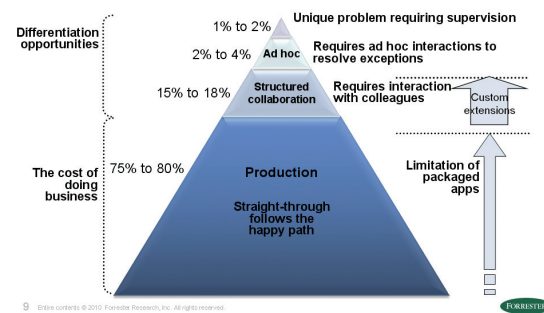### e-Signatures and e-Forms

Replacing old, manual, form and signature management with e-versions enables businesses to provide end-to-end e-processing for functions like on-boarding and claims processing that can be some of today's most cumbersome tasks. Automation of these steps also adds greater speed and efficiency to customer service response. And compliance and archiving can be built in to further streamline interactions and later access as required.

Enter analytics: improving communications in myriad ways

The first part of this paper has focused on the necessary changes to CCM to make businesses more nimble and versatile in communicating with customers. All of this sets the stage for more effective use of analytics to guide and enrich the communications process. Better CCM, coupled with insightful consumer analytics, enables the creation of cohesive, compelling communications that fit the needs of today's consumers.

Consider a simple promotional example: a business that markets vacation packages to consumers can use analytics to tailor messaging and design to customer specifics, creating far more relevant and appealing communications. In this case, personalisation can reflect the customer's situation, circumstances, typical behaviour, attitudes and hence customer values:

- Situation: Where are they in life…getting started? developing their career? retired?

- Circumstances: What do they typically book…a travel package? just a flight? just a hotel?

- Behaviour: How do they travel…as a single, a couple, or a family?

- Attitude: What do they value most…value pricing? exclusivity? the simplicity of all amenities included?

The Majority of High-Value Work Involves Handling Exceptions

The cost of untamed processes

Across organisations, 75 to 80% of communications follow what Forrester refers to as the "happy path" (i.e., production is simple and straight-forward). However, 25% of communications require specialised handling. Consider, for example, customer on-boarding and claims processing. Today, when these step outside the happy path, for most organisations the number of additional process steps and the additional time and resource commitment required is extraordinary. While these untamed processes impact the minority of communications, they command the majority of time and energy invested in these processes overall.

Systemic changes to interactions enable businesses to address many of these exceptions more efficiently:

- Cross-business connectivity enables more rapid access to necessary parties

- Business can manage the process, taking IT out of the loop and expediting response

- Joint authorship facilitates the multiple reviews that may be required

- Using e-forms and e-signatures streamlines information transfer

The results include time and cost savings, as well as improved responsiveness to customer needs.

COMBINING ANALYTICS WITH EFFECTIVE, INTERACTIVE CCM CAN GET BUSINESSES OUT IN FRONT OF UNTAMED PROCESSES.

The resulting communication can reflect all of these components, targeting, for example, a retired couple who looks for value flights to specific designations or an affluent young single who looks for exclusive getaways that can be booked at a moment's notice. Specificity helps to ensure that these communications capture the consumer's attention and in turn improves both response and ROI for the campaign.

Analytics can similarly be used for all types of communications, matching up consumer preferences and customer needs with business solutions and document requirements to craft messaging that fits. Important functions can include:

- Determining the best timing and vehicles for communication to establish a mix of multichannel messaging that aligns with consumer preferences

- Assembling a mix-and-match of transactional and promotional messaging that reflects customer activities and most likely next actions

- Determining when communicating is not the best action – only a segment of consumers are likely to take positive action in response to any given communication, and analytics can enable businesses to hone in on that positively-inclined segment for better communications performance

Combining analytics with effective, interactive CCM can get businesses out in front of untamed processes to anticipate exceptions, assess the cost-benefit of issuing communications where exceptions are likely to occur, and better target for an improved overall ROI.

The building blocks of analytical success

Effective analytics for CCM incorporate four essential components: data, insight, strategy, and implementation.

Data

Data is the foundation upon which analyses rest. The better the data, the more robust and accurate the analyses can be. To establish rich data sets that reflect a true

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single view of each customer and prospect requires data-quality measures, integration and enrichment. Customer addresses need to be cleansed and de-duped. Customer information needs to be integrated across the organisation. Adding in location intelligence, demographic and psychographic information helps to create a fuller profile from which to draw insights.

Building analyses on incomplete and/or erroneous data is like building on sand. The analyses will not hold up and in fact can be very damaging to those who rely on them.

Insight

With good data in hand, analyses can help businesses identify important customer behavior patterns: where they shop, how they research, what they want, how they buy, and how likely they are to buy/buy more from the business. The vacation package example outlines some of the many types of insights that can be derived. Insights can also include how best to communicate with customers via mail, email, mobile and/or social media.

Strategy

Insight enables strategy. It helps the business to determine its best next actions: whether to engage, or not engage – and, if it chooses to engage, how to maximise its effectiveness. One of the key values of insight today is

Essential componenets for analytical success to support customer communication management

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that it can be shared in real time so that businesses can make immediate strategic assessments and take immediate action. With cross-channel and cross-organisational connectivity, a service representative can see right away that a customer is a VIP, a newly engaged shopper or even a constant complainer. The representative can understand the propensy of that customer to engage and respond, and the opportunities for strengthening the relationship and/or initiating an additional sale.

Communications

Insight and strategy can guide the development of highly specific campaigns and enable businesses to launch those campaigns with customer segments through which they have the highest potential for success. Sales and service interactions and marketing communications can be coordinated. Communications can even be generated on an on-demand basis during the sales and service engagement, supporting a true dialogue with the customer. Relevant content can be delivered to the right customers, through the right channels, at the right times to increase the value of every campaign.

One step at a time

For businesses that are transitioning through systemic changes for more agile CCM, the prospect of enhancing communications with analytics seems daunting. However, analytics are not an all-or-nothing proposition. The following example illustrates how a general insurance carrier in Europe that wanted to increase sales, renewals and customer satisfaction was able to start with some simple steps and evolve to an integrated solution over time.

The company began by using segmentation to define multiple experiments. Customers who were up for a motor policy renewal were split into four segments:

- Control group that received the company's standard renewal notice via email

- Test group that received two waves of email notices

- Test group that received one email notice followed by an SMS reminder

- Group that was left untouched, receiving no reminder communication

Each of these segments was also identified by age group so that it could be segmented further.

Tracking responses to these experiments, the company was able to determine which channel/combination of channels worked most effectively in prompting customer renewals across each age group.

Because the company, in essence, established its own data using only age from source data and then augmenting with group designs for segmentation, it was able to work around issues it otherwise would encounter with data quality and silos across its organisation. This provided a valuable analytical first step that increased renewal rates even as the company worked to institute the other changes necessary to enable more robust analytics and customer-centric communication activities.

This insurance company moved in four phases to improve communications:

- **Phase 1:** Included the experiment described above, which took approximately three months.

- **Phase 2:** Used Phase 1 insights to improve retention rates by aligning channels and timing of renewal notifications, with positive results to show for their actions achieved six months into the process.

- **Phase 3:** Applied insight gained about channels and timing for renewals across all outbound customer-journey interactions. This required tighter integration of analytics into background processes and adoption of real-time communications. However, with the parallel improvements to the company's CCM approach well underway, twelve months out, they were able to complete this phase and address all interactions on customer journey from acquisition, on-boarding and in-life service communications to up-sell, cross-sell and retention.

- **Phase 4:** After 18 months, transitioned to central decisioning for all customer interactions. They were

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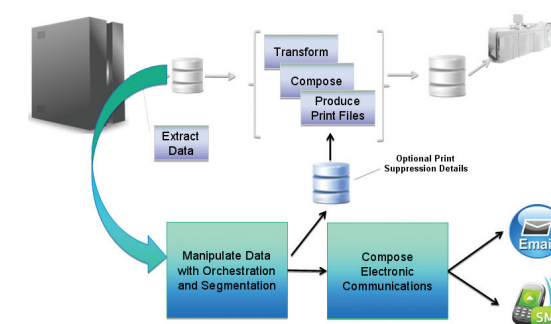
able to support bi-directional communication in the infrastructure and had refined real-time processes across all parts of the business wherever there were touchpoints with the customer.

Results worth the effort

The insurance company just described experienced outstanding results:

- Deeper customer engagement across all inbound and outbound interactions

- Uplift in customer lifetime value

- Improved customer satisfaction scores

- Improved employee satisfaction in its contact center

- Positive service differentiation relative to competitors

These powerful results are common when businesses take the steps to effectively utilise CCM and analytics in today's fast-paced, multichannel, messaging-intensive environment. By addressing consumers as they wish to be addressed, providing relevant and engaging messaging and shifting from one-way communications to two-way dialogues, businesses can empower their employees, improve their customer relations and produce a substantial positive ROI for their efforts.

Utilising ccm and analytics involves manipulating data with orchestration and segmentation through preferred communication channels

CCM solutions from Pitney Bowes

Now you can speak to customers as individuals, in any channel, with one voice. Thanks to accurate, timely customer insights, your communications will be more relevant—improving response, cross-sell and up-sell. Suddenly, new-found efficiency and agility can fuel profitable growth. That's customer communication management.

Find out how Pitney Bowes can help you:

- Deliver a consistent experience across all channels

- Create more relevant, more targeted communications

- Migrate to digital communications—and say goodbye to paper

- Automate your marketing operations

- Standardise platforms across departments

- Gain capabilities in mobile and electronic billing

- Optimise your call center interactions

- Create exceptional customer experiences

TO LEARN MORE ABOUT THE POWER OF CCM, CONTACT PITNEY BOWES SOFTWARE AT 800.327.8672 OR VISIT WWW.PB.COM/CCMSOFTWARE.

Source
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