

White paper



Customer Engagement

# Improving customer relationships

How top companies maximize lifetime value through effective customer engagement



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## Customer experiences help drive long-term profits. So, what drives the most profitable customer experiences?

Leading organizations focus on personalized customer engagement and omnichannel execution. Enterprises have whole departments devoted to customer experience.

They've launched new channels, deployed new software and mapped customer journeys. Yet, for all of their efforts, most still come up short when it comes to maximizing customer value.

You know that consumers can multi-task anytime and anywhere. They can connect via any device or channel. Their expectations for speed, personalization and relevance are growing rapidly. Yet, the enterprises that serve them are often constrained by business silos, manual processes, and the conflicting pressures of customer experience vs. expense.



### How do leading companies meet these challenges?

Instead of merely striving to create a better customer experience, they're taking a longer term view of customer value and an approach that operationalizes more effective customer engagement.

*“Customers who are fully engaged represent an average 23% premium in terms of share of wallet, profitability, revenue and relationship growth compared with the average customer.”*

—Gallup State of the American Consumer 2014

### Customer engagement matters.

Effective customer engagement goes far beyond mere satisfaction. Full engagement is based on the customer’s belief that a company consistently delivers on its promises and is an ideal supplier for people like themselves. That makes them proud to identify with the brand as a loyal customer.

According to Gallup, when customers are “fully engaged,” they’re both emotionally attached and rationally loyal. They’re also considerably more valuable, both as buyers and brand advocates. Improve customer engagement, and you can expect powerful returns.

### The time to act is now.

Customer expectations are rising and profit margins are getting squeezed. So, delivering experiences that boost customer engagement and value is no longer an option—it’s an imperative. With more channels, more content and more connections than ever, coordination is also critical in creating a compelling customer experience.

In today’s marketplace, the balance of power has shifted. Customers have unprecedented access to information about a company’s products, pricing, service and reputation. In what Forrester calls the “Age of the Customer,” empowered customers can, and often do change vendors at the drop of a hat.

Rapid advances in consumer technology drive major changes in customer experience. Companies like Amazon have revolutionized online shopping by using analytics to present additional products that a buyer may like. Apple has changed the way we buy music. Retailers can use Location Intelligence to send personalized offers in real time to customers near a store. What’s more, insurance companies are helping new members understand their benefits through interactive personalized video experiences.

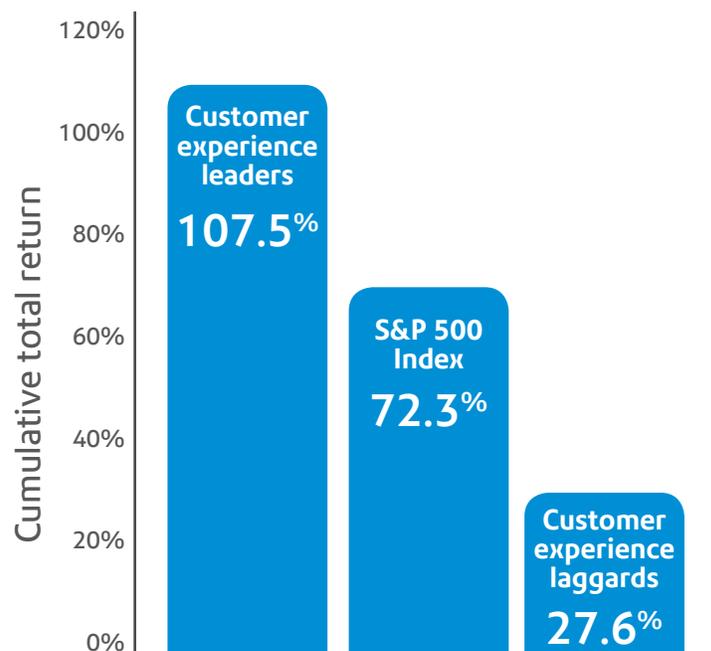
Now, more than ever, engagement needs to be more timely, personalized, relevant, and consistent. Organizations that fail to create more satisfying customer experiences put their relationships and revenues at risk.

Proof positive: Customer experience leaders outperform the market. Organizations that lag the market in customer experience also lag significantly in financial performance. Over the eight years that Watermark has been charting these metrics, these gaps have widened: the cumulative difference in total return is now 90 points<sup>1</sup>.

<sup>1</sup> Watermark Consulting, 2015

### Customer experience leaders outperform the market<sup>1</sup>

8-year stock performance 2007-2014



Watermark defines Customer Experience Leaders and Laggards as the top ten and bottom ten rated public companies in Forrester Research’s 2007-2015 Customer Experience Index studies. Comparison is based on performance of equally-weighted, annually readjusted stock portfolios of Customer Experience Leaders and Laggards relative to the S&P 500 Index.

With effective customer engagement, organizations can improve acquisition, retention, upsell and cross-sell, while efficiently providing superior customer experiences.

**Effective engagement requires a long-term view.**

Emotional attachment and rational loyalty develop over time. So, it's critical to think beyond transactions and touchpoints by focusing in on relationships, journeys and customer lifetime value.

**Proactive organizations are taking valuable steps.**

Customer centricity is no longer just a buzzword. Most organizations have invested in Customer Relationship Management (CRM) systems to help centralize customer data. Plus, Customer Journey Mapping, a process that charts the touchpoints, interactions and critical crossroads that drive customer lifetime value, is on the rise.

Yet, in order to increase customer lifetime value, insight needs to inform action. Organizations need to move beyond understanding. They must consistently deliver the experiences customers expect and demand.

**Take the path to better engagement.**

Leading organizations make the customer the focal point for everything they do. They begin by increasing the quality, accuracy and timeliness of their customer data. Then, taking an "outside-in" perspective, they assess experiences from the customers' point of view. This helps them to choose and deploy new capabilities that will make engagements simpler and more convenient and enable them to learn from each interaction.

Instituting these changes doesn't require a wholesale rip-and-replace. Organizations rife with silos can take these steps. It is important to ensure that each new capability capitalizes on existing systems and data, easily integrates with future systems and capabilities and will drive customer lifetime value.

*"Performance on journeys is 30% to 40% more strongly correlated with customer satisfaction than performance on touchpoints is—and 20% to 30% more strongly correlated with business outcomes, such as high revenue, repeat purchase, low customer churn, and positive word of mouth."*

—Harvard Business Review, September 2013

## Four essentials for engagement excellence.

### 01. See the customer in context.



The more complete, consistent and timely the view of the customer, the more effectively organizations can engage. CRM is a just the beginning. When you seamlessly tap into and integrate customer-related data on billing, service interactions and more, you can uncover actionable insights into customer's needs, behaviors and intent. The best solutions go beyond data integration to improve and enrich data enterprise-wide. They access data where it lives—regardless of format—and apply advanced matching and standardization to ensure a more consistent, complete customer view.

### 02. Analyze, predict and learn.



Today's top solutions help predict and define ideal target segments. They can also help to uncover needs, add context and offer insight. In this world of digital instant gratification, today's market leaders use analytics to identify and apply the best-next engagement for each customer in real time.

### 03. Deliver "Wow" right now.



Leading organizations show their customers that they recognize and understand them. They engage each customer as an individual. Real-time automation provides the power to efficiently execute the appropriate action each time, across every channel. With integrated analytics, organizations can instantly personalize engagements in real time, applying their own specific business rules to maximize engagement and outcomes.

### 04. Keep it all in sync.



With the correct solutions, organizations can provide a consistent experience, across print, digital, video, phone and mobile. Content can be updated instantly to reflect real-time, relevant needs and preferences, synchronized both inbound and outbound and personalized for each customer.

## Prioritize capabilities that make an impact.

Creating continuous, ongoing conversations across every touchpoint requires organizational commitment at every level. Start with the engagements that can make the biggest difference and it will be easiest to gain the buy-in and support you require.

Here are three areas where improvements to customer engagement management are helping organizations drive significant improvements in customer lifetime value.

### 01. Customer engagement center transformation

With customer engagement center transformation, a multi-national brokerage realized a 26 percent increase in customer retention, and a 14 percent improvement in agent productivity.

*“62% of organizations view customer experience provided through contact centers as a competitive differentiator.”*

—Deloitte: Contact Center Survey

Turn contact centers from cost centers into revenue generating customer engagement centers. With real-time access to customer information and analytics, every interaction becomes more effective and engaging.

- Provide instant access to documents. When customer service reps can see just what the customer sees, conversations will be quicker and more inquiries will be resolved on the first call.
- Deploy real-time analytics, so that reps can consistently identify and take the best-next engagement, informed by customer data, history and even insights gleaned during the current call.
- Add an intuitive and agile communication capability that makes it easy for reps to create real-time interactive communications.

### 02. Customer-engaged billing

With customer-engaged billing, a global telecom company increased revenue by \$45 million, while reducing call center volume by 10 percent.

*Bills are the single most-read customer communications.*

Organizations that provide clear, personalized, easy-to-read bills can reduce customer inquiries, expedite cash flow, and boost cross-sell and upsell.

- When customers can quickly find answers to the specific questions they are most likely to ask, they'll call less and pay faster.
- Adding personalized content and highly relevant offers helps to drive sales.
- When you enable billing and payments through the channels each customer prefers, you add convenience that can reduce paper and expedite response.



### 03. Digital self service

Digital self-service enabled a global leader in automotive financing to reduce payment delinquencies by \$2 million.

*“Web self-service was the most widely used communication channel for customer service, surpassing use of the voice channel for the first time.”*

—Forrester, 2015

Offer 24/7 digital access to expanded benefits and capabilities and let more customers help themselves. With personalized customer experiences and highly relevant content, organizations can add to customer convenience and accelerate digital adoption.

- Customers increasingly appreciate and expect quality self-service.
- It's important to synchronize self-service with other channels in order share the most up-to-date offers and information.

### Pave the way for new opportunities.

Organizations that take a holistic approach to customer engagement find themselves better positioned to capitalize on new channels and technologies.

From social media to interactive personalized video to the next new thing, organizations that retain a strong customer focus and operational engagement gain the insight they need to assess opportunities and the agility to integrate innovations that drive customer lifetime value.

### We'll help you find the ideal solution.

Pitney Bowes is a leading innovator in customer engagement management, serving more than 900 brands globally including 90 percent of the Fortune 500. To learn more about our customer engagement management solutions and how we can help you grow customer lifetime value, visit us online at [pitneybowes.com](http://pitneybowes.com).

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