Case Study

Turning customer service cost center into a value center

A global subscription media company improves customer retention and growth in a crowded market

Solution Overview

Value-centric mindset, right-shore model, digital deflection, sales through service, analytics

Results

$55Mn incremental revenue	$51 Mn cost savings	30% IVR-to-digital deflection	24% Increase in sales conversions

Challenges Summary

- Aggressive competition made retention harder
- Billing and subscription complexity

Business Challenges

The client is a leading entertainment company with over $18 Bn revenue. They employ over 30,000 people and serve 20 million customers across Europe.

The client sought to provide industry-leading digital customer service in the UK and Ireland, while improving customer acquisition, cross-selling, and subscriber retention. Operational goals included promoting self-service and digital channels as well as improving associate performance.

The main challenge faced by this client was aggressive competition from well-funded market entrants such as Netflix and Amazon Prime. The company also had a complicated range of subscription and billing options, leading to high volumes of customer queries that took extra time to resolve. All this inflated customer support costs.

From cost centric to a value centric customer service

The client shifted from a cost center to a value center mindset for managing customer service operations. The main components of this were:

- Clearly defining what value means and changing measurement and key performance indicators (KPIs) to reflect this
- Right-shore operations for immediate cost savings to fund investment in digital
- Right-channel approach to nudge low-value interactions to self-serve and digital
- Adopting a 'sales through service' model

For the client, the contact center's business value comes from increasing customer loyalty while lowering multi-product spend. Our team helped the company evolve KPIs to ensure greater weightage to delivering relevant customer outcomes and financial value through digital deflection, first call resolution (FCR), customer satisfaction and cross-sell/upsell. We still measure things like average handling time, but there's rarely a conversation about them.

Solution Synopsis

- Transition from cost centric to value centric mindset
- Right-shore support model
- Right-channel digital deflection
- Sales through service, supported by analytics

Right-shore support model

The client applied a right-shore approach to a majority of its customer operations for TV and broadband. Firstsource became an outsourcing partner across all stages of the customer lifecycle across channels. Simpler waiting lines (sales and TV service) were moved offshore, while more complex waiting lines (customer retention and broadband service) are handled onshore. This right-shore approach delivered an immediate cost saving, while freeing up funds for investment in self-service, digital deflection, automation, and analytics.

Right-channel digital deflection

Offering customers a choice of channels while nudging them to channels where technology handles routine, transactional matters, freeing up associates for issues that require human judgement and touch.

We'd already introduced chat and email support for this client, but many customers were still habitually calling, even for simple requests. We analyzed inbound calls to identify queries that were good candidates for messaging channels. For instance, requests for password resets, account activation, account balance, bill disputes, and signing up for automated bill payment or alerts can easily be switched to messaging channels.

The solution involved reconfiguring the IVR to offer customers the option to switch to SMS or Facebook Messenger. We also included a verification process that allowed customers to authenticate themselves over these channels and create a secure connection.

The result: 30% of calls on IVR were diverted to SMS or Facebook Messenger. In addition to saving the client money, this also increased CSAT and freed up associates.

Sales through service

'Sales through service' involves taking advantage of non-sales interactions such as service calls to cross-sell and upsell to the customer. It's an area where analytics can make a huge difference to performance.

In one of many different analytics initiatives, we analyzed 20,000 calls to understand the root causes of effective cross-selling. The aim was to identify associate behaviors that correlate with customer outcomes, and those that don't. This particular project found that:

- Associates tended to propose packages they were most familiar with, rather than asking the customers questions to understand their needs and then propose a specific bundle to meet their needs.
- Associates were poor at objection handling, particularly those that involved comparisons with competitor packages and price offers.
- Associates often allowed conversations to end without asking for the sale.

We then trained and coached associates on:

- Asking targeted questions to understand customer needs better
- Creating targeted bundles that would meet different customers' specific needs
- Understanding competitor products and handling objections, especially those involving competitor products
- Closing sales effectively by asking questions like 'is there anything stopping you from taking this package'

Next, we updated policies, scripts, training, coaching and incentives to align with these behaviors. An example of how incentives are now better used is - the team runs internal competitions and league tables based on associate behaviors – and behaviors that analytics identified as most valued by the customers are rewarded. Three years later, results were $55Mn higher than they would have been at prior performance levels.

Results

- Marked increase in incremental revenue
- Substantial cost savings through IVR to digital deflection
- Improved sales conversions

High impact outcomes

In summary, the shift from a cost centric to a value centric mindset, moving several activities offshore, promoting the right digital channel, and focusing on sales through service achieved:

- $55m incremental revenue generated over three years
- $51m cost savings over three years
- 30% IVR-to-digital conversion
- 24% increase in sales conversions

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