

Customer Tactics

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CALL CENTERS

FROM COST CENTER TO REVENUE DRIVER

Once seen as merely an expense, call centers are evolving into revenue generators thanks to new technologies and the demands of customers

BY MICHAEL SISK

For decades the call center was considered a cost center, and the most important performance measurement was how fast you could get the customer off the phone. Times have changed. Now virtually all banks are trying to turn call centers into profit centers.

Several factors are driving this change. First is the growing need to compensate for the declining revenue at branches and elsewhere. Second, better technology is available, equipping banks to cross-sell and up-sell. Third, customers are increasingly difficult to reach through conventional marketing, which means banks must take full advantage when customers call in. And, finally, banks see excellent customer service at the call center as a competitive differentiator.

Bob Meara, a senior analyst at Celent, says he's "bullish on the idea of looking at call centers as important customer touch points and a place to increase customer service and sales efforts." But he cautions that banks must avoid becoming too channel focused and setting individual channel goals that could be at cross-purposes with a strong multi-channel offering.

Meara says call centers are critical to achieving overall revenue goals given declining traffic and revenue at branches. "Banks have got to figure out how to make branches more effective, and also how to make other channels more effective. Banks can't meet sales goals by relying on branches." Banks such as USAA and Ally Bank (the former GMAC Bank) have very effective call center operations, he says.

Sandip Sen, president, Americas, and global CMO at the Aegis Communications Group, which offers call center services to banks, goes one step further. He argues that call centers are becoming a substitute for branch banking. Banks are turning more to call centers in a time of tighter regulations and lower profits. They are doing so, he says, because bricks-and-mortar branches are so expensive and CSRs can do the cross selling traditionally done at branches. Bank of America, Citigroup, JPMorgan Chase and American Express are all among Aegis's clients.

However, this revenue potential would not be possible without recent technology advancements. For instance, real-time decisioning (RTD) allows banks to cross-sell and up-sell on the fly when customers call in. Portrait Software, a provider of customer interaction optimization software and now a part of Pitney Bowes Business Insight, recently commissioned a cross-industry survey by Loudhouse Research which found that 75 percent of businesses

with advanced RTD believe they are "good at identifying customers who can be persuaded to consider new offers." This compares to just 35 percent of organizations that don't have this type of technology, says Jeff Nicholson, vp of product marketing.

Kevin Reilly, global managing director for financial services at Avaya, says "call centers are a revenue generating gold mine." Avaya's IVR solution can tap into a customer database, view all a customer's products and services with the bank and flag the top two sales opportunities. The system then routes the call to the CSR best equipped to handle the customer's request and make that cross sell. One financial services client determined that a technology upgrade to its call center would pay for itself in less than a year. Another saw a 50 percent jump in cross-sell revenue at its call center after upgrading. That call center's 2,000 CSRs handle 2.5 million inbound calls per year and now generate \$100 million in revenue.

Also on the technology front, Angel Inc., a cloud-based solution provider to call centers, just released a new application called Angel Mobile. With Angel Mobile, call center supervisors can walk the floor or remotely manage clients, look at which customers are in the queue, monitor phone calls, and coach agents. Beta testing of the product started in the fourth quarter and the company hopes to go live in the first quarter.

Another factor driving banks to rethink the call center's revenue potential is that many traditional outbound marketing efforts are becoming less effective. As more consumers opt out of outbound marketing (mail, email and telephone), banks are looking to maximize all inbound customer calls. One financial services client told Nicholson that 50 percent of its customers were on a "don't call" list, had otherwise opted out of marketing material, or had incomplete data. "But all these issues can be overcome when the customer comes to you." ■

The Avaya logo is rendered in a bold, red, sans-serif typeface. The letters are thick and closely spaced, with a distinctive design where the vertical strokes of the 'V' and 'Y' are slightly offset from the rest of the letters, giving it a dynamic, modern feel.