How to boost customer retention with world-class contact center operations

Earning customer loyalty through automation, analysis and employee satisfaction

An EXL whitepaper

Written by
Pratap Rao  Hitesh Sakhrani
Vice President  Senior Manager
lookdeeper@exlservice.com
Customers leave one P&C insurance company for another for uncomplicated reasons: 1) the new company is offering a lower premium, or 2) they experienced bad service at their original insurer.

Retaining customers is much more complicated, and much more important. Because P&C companies are unlikely to gain enough new-to-market customers to make a big difference in their revenue, retention of current customers is key. One major U.S. insurer found that increasing customer retention just 1% led to a $1 million increase in premiums.²

Unfortunately, low premiums and good service don’t hold equal value in the customer’s eyes. A good customer service experience is important, but customers will only stay for good service if it is worth more to them than a competitor’s offer and the annoyance of switching providers.

To complicate matters, the definition of “good service” has changed over the years as customers have become increasingly mobile and tech-savvy, and less tolerant of slow or outdated service. While speaking with a polite and competent person on the other end of the phone is still important for a good customer experience, what the customer really wants is good service fast.

P&C insurance companies struggle to create a balance between speed, quality, great service and competitive premiums.
How to boost P&C customer retention with world-class contact center operations

The 2016 customer

- Chooses insurance based on price
- Needs mobile options — prefers calling, but wants options to chat or email

Connoisseur of the “instant age”

- Won’t wait a day for a quote
- Won’t wait on hold for 30 minutes

The right customer contact center helps find that balance. Because 74% of P&C insurance customers call a contact center as their first means of communicating with their company, these centers are a key touchpoint for customer interactions.

Because of their ability to collect data and integrate it into business processes, contact centers offer a valuable partnership to P&C insurance companies. A world class contact center can use data to help develop new automated approaches to boost customer loyalty and retention. This can even translate to upselling, as satisfied customers are 50% more likely to listen to a sales offer.

To provide good service and retain customers, it’s important to retain contact center employees and enhance their work experience as well. A world class contact center fully integrates employee happiness into their customer service initiative.

Tools for customer retention

More than 80% of consumers say that getting their issue resolved quickly is the key to good customer service. This statistic can be broken down into two important pieces for any contact center:

- Resolving the customer’s issue before they get off the phone (first-call resolution)
- Doing so efficiently

Unfortunately, one benchmark survey revealed that only 29% of contact center employees have the tools to help solve customers’ problems, which means there’s little to no chance of employees resolving the issue quickly and on the first call.

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First-call resolution is especially important in P&C because the industry deals with serious life matters. The customer might be sitting on the side of the highway calling for roadside assistance or standing in the middle of their flooded living room, calling to make a claim. They might be calling to add their 16-year-old child to the auto policy, worried about both his personal safety and their monthly bill.

When it comes to policies associated with big risks and big expenses, the customer wants to hang up with a sense of finality, knowing that the rep had the skills to resolve their situation correctly before they got off the phone. Failure to provide this resolution directly correlates with cancellations.

### Case study: Managing disparate data

A contact center tracked calls that did not involve any material change to insurance policies or premiums, such as calls to change an address or add a family member. The data showed that customers whose problems were resolved during their first call rated their insurance provider higher on a survey.

Using the number of calls on specific issues, the contact center was able to identify areas that needed improvement. They focused on finding solutions for these pain points.

### Approach

1. The contact center identified the following areas needing improvement:
   a. The customer did not receive previously faxed or emailed policy documents.
   b. Customers repeatedly called to check on when they were going to receive their insurance cards.
   c. Calls to roadside service were sometimes incorrectly routed, leading to repeat calls.
2. The contact center implemented several company policies to help fix the issues:
   a. They began asking for an alternative fax or email address when the customer called to request documents.
   b. They began offering ID cards before the customer asked.
   c. They began verifying coverage for roadside service before transferring the call.

### Business impact

Full implementation of the strategy resulted in:
- Reducing repeat callers by 2.8%.
- Improving CSAT by 2.6%.
- Costs associated with repeat callers was reduced, resulting in savings of over $100k.
- Customer retention improved, resulting in $4.98 million in revenue.
Automation tools help reps achieve first-call resolution as quickly as possible. Some contact centers use automated programs that include a decision tree to guide reps through solving a customer's issues. In a decision tree program, reps with customers on the phone can enter a query into a search tool. The program then presents them with a decision tree, and they click the link corresponding with the customer’s problem at each step of the tree until they reach the solution. Each step comes with an accompanying script to guide the rep through communication with the customer.

The decision tree method is especially helpful for P&C contact centers because answering each customer query correctly is critical, but there can be many variations in products and services. For example, a customer might have a question about an auto insurance premium increase. The answer to their question will depend on what state they live in, specifics about the auto, and additional policies the customer may have with the insurance company.

While being guided by a decision tree program, the rep can ask questions about whether or not they have a homeowners policy (might qualify for multi-policy discount) or if their son/daughter turned 16 this year (added automatically to their policy) or if they had any claims in the last 6 months. The rep clicks through these choices in the program until they come to the right answer to the customer’s premium question.

One contact center used a decision tree program and found that it resulted in solving the customer issue in almost any case. Plus, the program reduced the average handling time for the call by 6%, and the likelihood of the customer renewing their policy went up by 13.5%.
Taking the guesswork out of billing

Providing exact quotes and explaining the billing process are not always easy to do for P&C insurance reps. These contact center reps are typically unlicensed, left to do their best when calculating a quote and explaining billing before transferring the customer to a licensed employee who will create the actual policy. The actual premiums often differ from the initial quote, sometimes over $100 more per month. This discrepancy creates a negative customer experience and lowers retention.

Automating the calculation of P&C quotes takes out the guess work and enhances customer experience. Some contact centers use tools that automate operational data by calculating exactly what an insurance premium should be based on the rules and regulations of a particular state – items that can change at a moment’s notice. These tools allow the rep to accurately explain all billing aspects to the customer before transferring them to a licensed employee for their policy.

“Some of these tools increase efficiency on a billing call by up to 40%...”

Handling call volumes using predictive analytics

Tracking and analyzing call data can help contact center managers make informed decisions about staffing during times of peak call volumes, which keeps hold times to a minimum.

Analyzing call volume data can reveal trends such as high volumes during the days leading up to a winter storm, or the day after a long weekend. Customers call during these times because they want to make sure their insurance is in place, or they wish to make a claim. Data might also reveal trends like lower call volumes for roadside assistance during winter storm warnings because people tend to stay
inside during warnings and higher volumes during inclement weather when no warning is present.

Not all call volumes are predictable. When an unexpected spike in call volume occurs, contact center managers can turn to unstructured data, such as the voice entry in the interactive voice response (IVR). For example, using a program to sift through the customer IVR input might reveal that the word “password” comes up again and again. That might signal that the password link on the website is broken. Fixing that link will bring the call volume back down.

Using customer data to enhance service

Another tool that helps contact centers provide an efficient customer experience is a type of automated management system for pushing customer information to rep work stations. This type of system runs on a huge amount of customer data and analytics, incorporating as many as 100,000 data points to push relevant information to a rep’s work station such as membership plans, general demographics, propensity to save, and family members.

These automated management systems are triggered at the beginning of the call when the customer punches their account number into the IVR. That number connects to the system, and preps the rep before the call. The call will be faster and more efficient from the second the rep gets the account information.

A contact center can continue to automate processes from there. These systems can often be calibrated to recommend the best products for different customers. For example, if the P&C insurance company offers ten types of roadside assistance memberships, the system can recommend the one or two that a particular customer is most likely to buy. The system takes product information such as cost and
coverage type into consideration with customer demographics. If a customer lives on a farm in Iowa, they won’t need the same type of auto coverage as someone who lives by the ocean and deals with more rust and corrosion. If the customer has already purchased a premium insurance product, they might be more likely to buy a more expensive roadside assistance plan.

Automation translates to value
Some automated management systems can help the system predict whether or not a customer is likely to complain, but the most important metric is if the customer has complained in the past, or if the customer has asked for a discount. This information lets the rep know how to guide the call. The rep can then offer the customer a discount before they ask for one, making them feel valued.

Finding the right discount is a science. A world class contact center uses customer data to figure out the best discount for both customer retention and cost effectiveness. Many automated management systems help by plugging customer data points into an algorithm, and recommending something like a 10% or 20% discount. The goal is to find the lowest discount that still effectively retains customers.

In addition to aiding in retention, automation can also aid in upselling. Pulling a customer’s demographic data, such as their age, profession, and family, helps target specific insurance products to them. For example, a rep can offer car insurance to a customer if they have a family member who just turned sixteen, or offer more home insurance coverage if they live in an area that recently experienced a natural disaster.

Leveraging employee skills for better service
Some contact centers use their customer data to not only provide complaining customers with a discount, but to direct those customers to reps who are specially
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Case study: Right call, right skill

A P&C insurance company experienced 21% of customers canceling within a year. They reached out to their contact center partner for help with loyalty and retention. The contact center developed and implemented the following approach:

1. The contact center used a scoring matrix to identify the reps with the best skills for cancellation calls.
2. They improved the IVR system to ensure that cancellation calls were identified, then sent to the reps.
3. They created a predictive model to determine the probability of retention through various discounts.
4. They implemented an automated management system with forecasting capabilities to track changing trends, enabling contact center supervisors to make proactive adjustments to achieve desired targets.

For example, if an agent’s scores start to drop, or if a drop is observed for a particular product type, supervisors can proactively investigate the reason.

Business impact

Full implementation of the strategy resulted in:

- 10.4% increase in short-term retention (less than one year).
- 1.6% increase in retention of over a year
- Phase 1: $2.9 million in saved revenue
- Phase 2: $3.9 million in saved revenue

Note: Phase 1 was implemented in 2014 for a particular product brand. In Phase 2, the solution was deployed for additional brands with a few tweaks.

Quick tip

To determine which reps are the best at retaining customers who call to cancel, measure the retention rate after one week of the initial retention. If a rep is especially aggressive, many customers will agree not to cancel, only to hang up and call again hoping to get another rep. If the customer stays a week after calling, they will probably stay longer.

To see how one contact center combined their IVR, employee skills, and discount algorithm to save almost $4 million, read the “Right call, right skill” case study on the left.
Driving customer experience through effective human capital management

A contact center using multiple automation tools still won’t retain customers without happy, well-equipped employees. Employees need a positive work atmosphere, as well as opportunities for training and skills development.

Employee morale not only helps retain customers – it helps retain employees as well. The contact center industry has an average annual turnover rate of 30%. Replacing and training just one new person can cost the contact center between $10k and $15k.

One survey shows that 79% of respondents said that lack of appreciation was one of the main reasons they left their last job. This statistic ties directly to morale. To increase morale and retain employees, contact centers should show appreciation by focusing on employee strengths and developing their skills through positive feedback and training.

In-house skill development

Due to unpredictable call volumes, it can be difficult for call centers to schedule formalized classroom training. Contact centers can’t provide quick resolution to their customers if half the employees are out at a training session during an unexpected blizzard. E-learning is a good way to develop skills, as contact center employees can easily do it at their desks between calls.

For the most effective calls, training programs should incorporate hands-on skill development as well as collaborative learning. A traditional approach to hands-on learning is to match a mentor with a rep who is struggling, having the trainee listen in on the ‘superior’ approach of their colleague. However, this strategy can foster resentment among team members working in close quarters on a daily basis. Some of the most successful call centers pair reps with different styles versus different abilities. This tactic allows the reps to learn customer service techniques they are unfamiliar with while maintaining a healthy workplace environment.
Well-received feedback

About 70% of contact centers monitor employee calls for quality on a weekly basis. To help reps view call monitoring as helpful for their development instead of an intrusion, contact center managers should focus on what reps are doing right, rather than being critical and focusing exclusively on what needs to improve.

A study published in the Harvard Business Review revealed that the highest performing teams in a workplace received the most positive feedback, with employees receiving almost six positive comments for every one negative comment. The lowest performing teams received only 0.36 positive comments for every one negative comment.

Positive feedback can reverse poor performance. When the managers of the lowest-performing group in the study switched to focusing on strengths, 62% of the individuals in the group significantly improved their work performance.

The best feedback is positive, helpful and provides specific examples of high performance. Contact center managers can use different methods for providing feedback to reps, depending on which method works best for a particular employee. Industry best practices for feedback methods include:

- **One touch point**: One unintentionally destructive type of feedback is contradicting messages. This happens commonly when separate managers give reps unaligned or conflicting feedback over time. A better method is for managers to meet and discuss the rep’s performance together. After they are on the same page, one manager calls in the rep and delivers feedback in a coherent statement, allowing time for discussion.

- **Self-feedback**: It is hard for many employees to listen to feedback, as they often feel criticized. An exercise that can overcome this common reaction is to ask reps to score their own calls. The manager listens to the same calls
and keeps their own scores without revealing them. After several calls, the manager and rep share and discuss their feedback. Self-feedback makes reps more reflective on their own actions. Interestingly, reps often score themselves several points lower than the manager.

**One-line feedback:** Frequent, informal feedback and encouragement can make a large impact on day-to-day mood in the workplace. If someone is having a bad day, a manager can walk by and say something like, “Tough day, huh? I really appreciate how you aren’t letting it affect your calls.” Quick, positive statements can help improve morale and get the employee back on track for the day.

**Creating and tracking morale**
Imagine a group of auditors or managers silently listening to calls at random, moving from team to team. One of the reps hangs up the phone, and the managers suddenly break out into applause. That rep just demonstrated excellent customer service, and is recognized and rewarded immediately.

Now, the room is filled with energy. The reps know that their hard work is appreciated, and work to go above and beyond as well. It’s the “butterfly effect” in action.

This butterfly effect method helps develop the skills of every rep in the room. The rewarded employee receives positive feedback on their skills, and the other reps are given an example of customer service to incorporate into their own calls. Perhaps more importantly, the event creates positive morale through a public display of appreciation for an employee.

Sixty-five percent of managers don’t recognize employee competence. This represents a missed opportunity, as 94.4% of survey respondents who reported enthusiasm for their jobs said that managers recognized their competence. This is exactly what the butterfly effect does.
The most effective contact center managers understand the need to recognize employees and work hard to retain them (and therefore, customers) by keeping morale high. They might do so through fun events like dress-up days, pizza parties, or providing incentives related to skill development. Regardless of the method, they all actively track employee satisfaction and morale.

Employee feedback is a good way to track satisfaction, especially if it’s anonymous. Some contact centers use a third-party survey, given at least once a year.

For real-time insight, an automated feedback system coming straight from employee work stations allows employees to make comments without using their valuable breaks to visit Human Resources. These systems can assign each rep their own unique, anonymous identification and allow them to send quick notes to their supervisor, or to schedule an appointment with them if needed. The employee feedback could be positive or negative, saying things like, “I’m so busy taking calls today that I haven’t been able to use the restroom,” or, “I really like having a TV in the break room.” This gives the supervisor a better gauge of the day-to-day satisfaction levels inside the contact center.

Happy employees are 12% more productive on average. Retaining happy employees saves money on hiring and training.

However, do happy employees result in happy customers? Judging by the profits, the answer is yes. Publicly traded companies that have made the Fortune 100 Best Companies to Work For list have seen an average 10.8% increase since 1998.

Increasing morale and giving employees the right skills and tools will increase their effectiveness in customer service. Automating key processes will make call times more efficient. The combination will result in world class contact center operations, and in customer loyalty and retention.
Reference


12. Wei 2014


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