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Proactive Outbound Notification Saves Money
And Provides A New Level Of Personalized Services To Customers

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EXECUTIVE SUMMARY

Proactive customer communications reduce costs for incoming calls by sending outbound messages of interest to customers to the device of their choice. Unlike automated robo messages that intrude rather than inform, proactive notification messages identify areas of importance or interest to customers, such as account changes, alerts, or time-sensitive offers. Customers receive voice messages, text/SMS, or email messages and can respond to companies over the same device if needed. Customer service managers find that interactive proactive communications improve customer satisfaction and add value with personalized messages to individual recipients. While these services are typically applied to collections and emergency notifications services, newer customer support and sales and marketing notifications offer greater potential for differentiating services and engaging customers. Anticipating customers' needs before they have to make a call not only saves money in handling customer calls but also creates interest in special marketing offers and services that your customers find valuable.

THE MARKET FOR PROACTIVE MESSAGING IS CHANGING

Traditional outbound services send calls to home phones for one-way delivery of information. However, these prerecorded voice messages often fall short in many ways and don't fully serve customers who no longer consider the home phone their primary communication channel. Limitations to messages delivered solely to home phones include:

- **One-way communication.** Customers can't respond easily, question the message, or make changes as needed. The person receiving the message may need to place a call to the company for clarification, which results in an increase in inbound calls.

- **Confusion and miscommunication.** Unclear messages may result in an increase in customer dissatisfaction and concern when they can't easily respond to the sender.

- **Single-channel use.** Many customers use multiple channels today — such as email, Web, smartphones, and mobile phones — and don't use their home phone as their prime communication tool.

- **Lack of personalization.** Messages that are not individualized and linked to customer data are often considered spam and ignored. Effective communications direct messages to areas of customers' interests and identify by name the person who receives the message.

• **Message received by wrong party.** Home phone messages are not secure and may be listened to by anyone in the vicinity unless security screening is in place.

Interactive Multichannel Communications Are More Effective In Reaching Customers

Email text and mobile messaging have become preferred communication channels for many customers. Interactive multichannel communications provide several benefits for customer service managers who want to build strong customer relationships while also reducing costs. Unlike messages delivered to the home phone, outbound multichannel communications send automated messages to customers on the device of their choice, which results in:

• **Messages reaching customers quickly.** Customers receive messages in the form that they prefer, such as text messages or SMS, email messages, mobile phones, smartphones, or landline phones. This increases customer satisfaction due to the timely receipt of the message.

• **Proactive contact with customers on matters of interest.** Customers opt in to receive messages on topics considered important. Customers react positively to companies that take a special interest in them and anticipate their needs. This results in better brand recognition and increased loyalty.

• **Anticipating customer needs.** Companies eliminate repetitive inbound calls on common topics by proactively providing customer information on changes or account updates. This decreases support calls and opportunities for customer information to be mishandled. Customers appreciate receiving timely information that indicates the company is looking out for their best interests.

• **Alerting customers to special events.** This helps predict a customer's interest and targets promotions to generate new revenues. This supports marketing campaigns without the expense of other forms of expensive advertising.

Proactive Notification Automates Customer Support Interactions

Good customer service predicts events that generate calls and reaches out to customers before they call for information. This generates a positive view of the company by the customer because customers clearly appreciate a few of the more routine types of automated messages, including:

• **Appointment reminders.** Automated calls from doctors, dentists, or other professional service providers reduce the time administrative staff spend making calls and reduce costs incurred from missed appointments.

• **Change notification.** This applies to any business that makes changes that affect its customers, such as rate changes, office hours, and billing procedures. Proactive notification gives customers information when needed.

- **Customer status and information.** Customer service managers can use these reminders for making payments, account changes, travel updates, or order information. These messages are usually time-sensitive and provide customers with timely updates.

- **Services updates.** Organizations that offer services to customers or a community can reach a broad population regarding critical information such as a planned power outage or road closures and significantly reduce the number of incoming calls.

- **Sales and marketing.** Proactive services inform and engage customers on new products, special promotions, and services that lead to increased sales and revenues.

OUTBOUND NOTIFICATION SERVICES ADDRESS FOUR MAJOR BUSINESS SERVICES

There are four major categories where customer service managers use proactive communications: emergency response, collections, customer support, and marketing. Emergency notification and collection services represent the larger market segments, but customer support and marketing services offer the potential for faster growth. When building your proactive outbound communication strategy, build your business case on one or more of these areas:

- **Emergency notification services.** These services are essential if you need to quickly notify emergency response teams, employees, or others of a critical situation. Your outbound notifications must support multiple devices such as phones, smartphones, PCs, and pagers and must enable the recipient to acknowledge receipt of the message. Users can sign up for these services on a standby basis as insurance against a sudden disaster. The catch? You'll need to continually monitor employee contact information and update as needed.[1]

- **Collection services.** Traditional collection services required a live agent who would speak to a delinquent customer. Automated proactive communications provide a cost-effective alternative to traditional predictive dialing software applications and contact customers with either a voice or text message and support automatic payments through an IVR system without requiring an agent. If the situation requires further assistance, the caller can connect directly to a human agent. Companies using automated collection services report they have a higher success rate compared with live agents and promote a better customer experience.

- **Customer support services.** Proactively notifying customers of events prevents unnecessary customer calls to your company. Customer service managers anticipate situations that trigger calls and send customers messages over the device of choice to reduce the number of incoming calls. Automated notifications help you better manage their service levels and prevent customers from experiencing delays or missing expiration dates. Customers appreciate a company that takes a special interest in servicing their account.

- **Sales and marketing services.** Proactive marketing campaigns identify potential buyers and promote increased revenues, as customers opt in to receive messages of special interest. This allows organizations to identify customers' special interests and introduce new products and services. It also supports sales by giving potential buyers a way to respond immediately to an offer. Because sales offers target specific customer segments, they are more likely to generate a higher response. For example, a company may address premier customers with a special offer or discount in appreciation of their support.

New Regulations Attempt To Stop Unwanted Solicitations

Most consumers dislike robo calls that deliver unwanted messages and disturb rather than inform. The Federal Trade Commission (FTC) recently added two amendments to the Telemarketing Sales Rule (TSR) that let callers sign up for the no call list. The new amendments restrict prerecorded messages to customers unless the customer has previously agreed to accept such calls from the seller. This will not limit calls that are purely informational prerecorded messages, such as appointments or flight schedule changes. They are meant to prevent calls that intentionally try to sell goods and services either directly to a person or through answering machines. This puts the burden on vendors to get customers' permission upfront and ensure that they only send information of interest to their customers and not blanket them with unwanted sales offers. The FTC also requires vendors at the onset of a call or prerecorded message to offer a bypass or opt-out mechanism for the caller. However, before you launch an outbound marketing sales campaign, you need to get your customers' agreement. This often can be done at the same time they become customers and agree to the channel through which they want to receive relevant sales offers.

IDENTIFY WHICH OF THE THREE TYPES OF VENDORS BEST SUPPORTS YOUR BUSINESS GOALS

There are several types of vendors that offer proactive outbound notification services, and it's important to identify the company with experience in the type of services your organization requires. Not all vendors offer multiple channel support today, but many plan to do so in the future. In addition to supporting multiple channels, proactive customer communications also require campaign management software that routes messaging to the appropriate device based on predetermined rules. The following vendors provide outbound support:

- **Multichannel proactive notification services.** There are dozens of vendors that support automated outbound messages to multiple channels. Most also support interactive communications to allow message recipients to respond immediately through an interactive voice response (IVR) or an email message to the sender. Providers in this category typically offer their services with a hosted or software-as-a-service (SaaS) pricing model. Most vendors in this area are small companies, with only a few earning more than $50 million per year in revenues. We predict the economic downturn will result in increased consolidation of providers.

You may want to work with some of the larger vendors in this area such as Adeptra, SoundBite Communications, and Varolii that have an established presence in this market.

• **IVR providers.** A few IVR providers actively market applications for outbound calling. Most solutions are typically sold as an additional application on an existing IVR platform and support phone transactions, but not email, SMS, or text messaging services. However, many IVR providers indicate they plan to support non-phone channels in the future. Leading providers offering outbound calling applications include Genesys Conferencing, Intervoice/Convergys, Nuance Communications, and Tellme Networks, a Microsoft subsidiary.

• **Predictive dialing vendors.** Predictive dialing software automatically dials out to selected persons and waits for a response before sending the call to a live agent once the called party answers. It screens out busy signals and answering machines and is optimized to save an agent's time. However, since this software is primarily for call handling by a live agent, it doesn't deliver the same cost savings as automated messaging services. Aspect Software, Avaya, and SER Solutions are the lead vendors providing predictive dialing applications.

To Maximize Savings, Carefully Evaluate Pricing Models

Proactive communication services lead to three sources of savings: 1) decreased number of calls; 2) lower expenses for incoming lines; and 3) reductions in long distance charges (see Figure 1). But to maximize savings, you'll need to carefully examine the various pricing and cost models. Many proactive communication providers offer SaaS pricing, but there are several variables that determine each vendor's pricing model. Pricing variables include fees for setup, minimum billing charges for each call in seconds, the point in the dialing cycle when billing begins, long distance charges, inbound call fees, minimum time per contract, maintenance fees, and administration costs. Most vendors also offer volume discounts. You can expect to pay rates ranging from $0.08 to $0.20 per message with SaaS pricing and a small setup fee. It's important that you factor in all charges to determine which vendor offers the best value for your organization and not just consider the cost per transaction or price per minute.

Figure 1 Typical Savings For Proactive Communication Services

Savings on carrier costs	Lower costs for agents	Less infrastructure
Decreased number of calls	Fewer agents	Fewer space requirements
Fewer incoming lines	Lower overhead & training	Fewer support staff
Reduced long distance charges	Lower recruitment costs	Support for green initiatives

46983   Source: Forrester Research, Inc.

RECOMMENDATIONS

CONSIDER PROACTIVE COMMUNICATIONS AS AN EFFECTIVE WAY TO REACH CUSTOMERS

Good customer support means supporting customers' needs and making sure they receive information quickly on matters of interest. Reaching customers before they call in is one way to indicate that your organization has its customers' best interests in mind. Cost reduction is also a major benefit for providing proactive customer communications. You should consider the following steps when developing an outbound strategy:

- **Identify areas that regularly cause high call volumes.** Decide if any of these calls can be reduced by notifying customers in advance. Easy places to start are order status, delays, and schedule changes. This also includes anticipating situations such as a price change or press release that would cause some customers to call into the company for clarification and support. Plan on these traffic spikes and send your customers information on this event and direct them to your Web site for more detailed information.

- **Involve marketing in setting up proactive programs.** Your marketing colleagues will be a critical group to ensure the success of your proactive communications strategy. In addition to the customer support issues above, you'll want to make sure your program supports marketing efforts to increase revenues and offer new services to customers. In return, your marketing colleagues will need to keep customer contact information current.

- **Start initial communications with special programs for high-value customers.** Premium customers typically have a longer term relationship with the company and would be most interested in receiving information on account changes or special offers. Monitor and measure the success of your outbound message services prior to extending these services to a larger population.

- **Identify vendors with existing services for similar applications.** Many vendors specialize in one or two areas — such as emergency notification or collections — but do not have experience with customer support or sales and marketing campaigns. Working with experienced vendors like MIR3, SoundBite Communications, and Varolii that deliver the same type of solutions you plan to offer best positions you to receive the guidance needed to successfully launch proactive services.

SUPPLEMENTAL MATERIAL

Companies Interviewed For This Document

MIR3

SoundBite

Varolii

ENDNOTES

[1] When a disaster or emergency strikes, you must notify everyone affected immediately; time is of the essence. Timely communication ensures a rapid response to the event, the safety of individuals, and the fastest return to normal operations. Emergency communication systems provide automated and assured message delivery to thousands of individuals. See the July 8, 2008, "Emergency Communications: What To Do When You Declare A Disaster" report.