

Making Every Interaction Count

GameFly Aligns its
Customer Experience

Peppers & Rogers Group
a division of Carlson Marketing Worldwide

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Executive Overview

Many touchpoints, many opportunities, many challenges and increased competition. That's the reality of multi-channel customer experience and relationships. Every time a customer hits your website, retail store, contact center, blog, or IVR menu it puts your company in a competitive situation. Your customer is always evaluating the experience. He or she either comes away with a stronger relationship as a result of the interaction or a desire to check out the competition. To succeed you need to bring your "A" game every day, all the time.

The most important issue is how companies are tracking the activity in the multi-channel world. What happens between the decision to research a product and the shopping cart to the final sale?

Addressing this issue requires aggregating the amount of information that is generated from these interactions and integrating that information across many organizations. Marketing teams often don't know why a customer did or did not buy. If they do, they don't tell sales. If knowledge

is gained about a customer through the contact center and what did or didn't contribute to their experience, it stays with the contact center rep. The technology and processes that will spread this knowledge to the people throughout an enterprise have been underutilized.

These types of narrow views of customer interactions – and the systems created to serve them – are all too common in today's organizations. This white paper will provide the following insight into the multi-channel opportunity:

- Treat each customer interaction as part of an integrated experience. Not only does multi-channel service provide insight, it acts as an opportunity to satisfy customers at every point of that experience.
- Settle on data priorities to measure customer experience from multi-channel interactions.
- Self-service and automated communication need not be a detriment to a multi-channel customer experience. If properly implemented (and maintained), self-service tools will reduce both inbound email and phone-based queries without a drop-off in service quality.

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White Paper in Brief

Read this if:

You're an operations, service or marketing professional that directly deals with the customer or is looking to improve your company's ability to turn customer intelligence into a more positive customer experience.

You'll find:

Actionable information on how companies are combining the complimentary disciplines of customer relationship management and customer experience management.

You'll take away:

- Insight into the connection between customer information and customer experience
- Understanding of the positive and negative consequences of customer interactions
- Best practices on making customer interactions the engine for customer experience improvement

Tracking the Multi-Channel World

On the consumer side of the ledger, the multi-channel world is already here. Both online research company comScore and the Department of Commerce put the 2006 take for online retailing at more than \$100 billion, which is \$25 billion more than 2005. Another \$25 billion will be added to that total in 2007. So customers are communicating with and buying from companies in increasingly varied channels. Unfortunately, most companies view the multi-channel customer experience from the inside out. They value operational efficiency over customer effectiveness. As a result, a customer's experience as she navigates the many channels – your website, your call center, your retail location or local branch – tends to be inconsistent. And as management teams are discovering, a business is only as strong as its weakest channel. A bad experience at any touch point can sour the entire relationship, resulting in lost business and unnecessary churn.

Proof-points

On the other hand, providing a consistently positive multi-channel experience has benefits that go well beyond a satisfied customer. "Customers who shop across multiple transaction channels provide higher revenues, higher share of wallet, have higher past customer value, and have a higher likelihood of being more active than other customers," says V. Kumar in 2005's "Correlates of Multi-channel Shopping Behavior" in the *Journal of Interactive Retailing*. All the payoffs are there: higher spend, loyalty, repeat purchases, and, importantly, the willingness to recommend. In today's environment, improving the customer experience is no longer just a "feel good" project – it's an initiative critical to the sustainability of your business. But it's up to management to execute on a strategy that will bring channels together and make every interaction count.

As the number of channels has grown (driven by the Internet and other digital communications), inconsistency in the customer experience across those channels has, unfortunately, increased as well. The problem stems from a lack of cross-functional

integration. The branch manager does not know that the account holder he's speaking with spent 20 minutes navigating, unsuccessfully, through the bank's automated voice system the night before. The customer service rep is prohibited from going off script to sell a component upgrade to a PC user calling in with a technical problem. The website FAQ is not intelligent enough to lead the customer to the answer she seeks – nor does it offer any other additional options to help her find the solution.

Converting Website Visitors

The ability to communicate with potential customers is critical. Many experts believe a lack of communication is leading to a drop in e-commerce conversion rates.

US Retail E-Commerce Conversion Rates, 2001-2005



Note: Includes computer hardware and software, autos and auto parts, apparel, accessories and footwear, home furnishings, consumer electronics, music and video, food, beverage and grocery, appliances and tools, toys and video games, gift cards and gift certificates, sporting goods and apparel, office supplies, books, event and movie tickets, jewelry, flowers and cards, baby products, computer peripherals, over-the-counter medicines and personal care, cosmetics and fragrances, pet supplies and travel.

Source: Shop.org and Forrester Research, June 2006 www.emarketer.com

The problem is complicated by enterprise structure. Operations runs the call center, IT oversees the website, marketing handles outbound promotions, and the sales force manages customer accounts. These functional silos often have conflicting goals and agendas, and they do a poor job sharing the customer data they're collecting. Marketing and sales don't coordinate to deliver the brand promise at the point-of-sale. New e-commerce storefronts are bolted on to existing channels with little or no coordination or integration. Meanwhile, service is left to "win back" disgruntled customers, keep service levels high, and even drive new revenue—all without taking on costs.

"The concept of different departments is lost on the consumer," says Greg Gianforte, CEO of

RightNow Technologies. “She doesn’t care that she’s calling sales to ask a customer service question. She doesn’t want to hear, ‘That’s not my job’ or ‘I can’t answer that question – call this number instead.’ She just wants an answer.”

In today’s business world, such customer disconnects can be deadly. The wireless communications industry – infamous for its high churn rates – is a prime example. A 2005 JD Power survey found a 35-point delta in customer-satisfaction levels between subscribers who spoke to a CSR – either by phone or at a retail outlet – and those who struggled to use their carrier’s automated response system (ARS). Satisfaction scores were even lower from customers using the Internet channel. A key differentiator, JD Power researchers concluded, was the quality of the response, specifically the ability of the CSRs to clarify answers where the non-intelligent ARS or website could not.

The Internet has made it easier for consumers to be better educated about a product, to communicate with their peers about the value of a company or its services, and to switch vendors quickly if they’re not happy with a current merchant or supplier. The Web, in fact, has helped level the playing field not just for competitors within a category but across all businesses. If a customer has a positive

experience with a consumer electronics retailer’s website – easy-to-find information, for instance, or a seamless purchase – she will expect the same level of service for online banking, shopping for home furnishings, or while researching a vacation.

“The collective customer experience across all industries now sets the bar of performance for any one industry,” says Gianforte. “The ease in which customers can switch companies means they have an extremely low tolerance for a sub-par buying experience.”

“Customer experience” has emerged as a key competitive differentiator. The quality of a customer’s interactions with a company – before, during, or after a sale – can quickly make or break a relationship. Alarming, some organizations seem blissfully unaware of the troubles at hand. A Bain & Co. survey of 362 companies in August 2005 showed that 80 percent of them believed they were delivering a “superior experience” to customers. But when Bain surveyed the customers of those companies, only 8 percent agreed with that assessment.

To help close the gap between what you think your customers think about your company and what they actually think about you, three basic principles must be followed to achieve a successful multichannel customer experience strategy.

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– Right Now Technologies, CEO Greg Gianforte

Busting the Self-Service Myth

There’s a perception that companies must make a trade-off between managing costs and improving the customer experience. Specifically, companies’ desire to push customers toward low-touch channels – IVR systems, online knowledge bases and the like – strikes some as the antithesis of a good customer experience.

Companies can, however, find an effective balance between cost efficiency and customer effectiveness. In fact, self-service channels can actually enhance a customer’s interactions, not inhibit them – as long as they are integrated properly with other, higher-

touch customer service, sales, and marketing channels.

“By moving a lot of the routine questions to a self-help channel, you free up the call center to sort out more complex issues,” says Steve Daines, vice president of customer delivery for RightNow Technologies.

A successful self-service model, however, depends on the depth of the knowledge base underlying it. A shallow pool of content in an FAQ will frustrate users looking for answers to simple questions. A poorly implemented search engine will have customers picking up the phone and

overloading your call center.

Self-service tools also require seamless integration with higher-touch channels. They must be intuitive enough to sense when a customer needs additional information and suggest alternate channels or alert customer-service that someone requires human intervention.

Properly implemented (and maintained), self-service tools will reduce both inbound email and phone-based queries. In other words, you’ll be trading higher-cost human interactions for low-cost, self-help methods – without a drop-off in service quality.

CASE STUDY: GameFly

The Gamer Experience

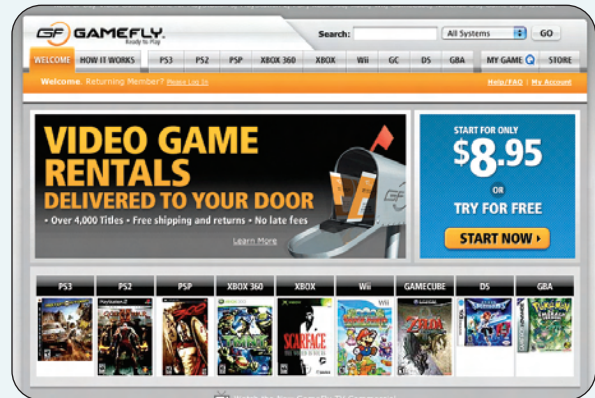
multichannel strategies are not exclusive to large organizations with physical storefronts and multifaceted e-commerce sites. Pure-play online companies also need to provide a consistent customer experience across the channels within their Web-based world.

GameFly is learning that lesson as it refines its membership-based online videogame rental service. Founded in 2002, the company went through normal growing pains as its membership base and the number of video game titles it stocked increased quickly. A major pain point was in its contact center, where CSRs were unable to efficiently catalog the interactions they were having with customers through GameFly's three primary communication channels: via email, by phone or on the website.

"As a small company, it was difficult for us to get a true picture of the customer experience," says Terri Luke, GameFly's vice president of business solutions. Customer service reps resorted to using Microsoft Excel to manually enter information about who was contacting the company and why. Knowing it needed outside expertise, GameFly created a short list of potential technology providers, and opted for a hosted solution from RightNow Technologies. Within three weeks, GameFly was up and running on RightNow's on-demand CRM system.

The first step was implementing a mechanism for capturing all interactions in a central repository and then responding through the proper channel. Next came the analytics piece. "The reporting finally gave us a glimpse into the service levels we were providing and the quality of our interactions," says Luke. "Seeing email volumes and response times allowed us to schedule out our resources more efficiently."

The insights they gained weren't all positive. The company's goal was to respond to all inbound email queries within 48 hours, but the data showed them that in some cases responses were lagging by as much as 3-4 days.



Further analysis pinpointed the problem. "We couldn't meet our email response time because the CSRs would get pulled off to answer the phones," says Luke. With 90 percent of its customer support queries coming through email, the team decided to scale back phone support hours to free up CSRs to answer email.

Now, phone support is reserved primarily for billing questions and other account-related issues that can be difficult to answer via email. Importantly, both channels are closely integrated; CSRs, for example, are empowered to pick up the phone and call customers proactively if their email incidents aren't resolved within the first few responses.

With its email and phone support operations meshing nicely, GameFly then set out to build up the third leg of the stool: its online knowledge base and search capabilities. Because the bulk of inbound interactions usually involve subscribers not receiving a game or GameFly not getting a game back from subscribers, the portal content was focused on resolving those issues.

Here again, the integration layer was key. Because those subjects are sensitive with subscribers – if they don't get a game in a timely fashion, they're not getting their money's worth from their monthly subscription – CSR intervention is always close at hand. "At a certain point, you need to investigate if there's a delivery problem in the area," Luke explains. "This type of situation cannot be automated." The upgraded portal has reduced inbound emails by 15-20 percent, and GameFly continues to stay on track for high-speed growth and high-quality customer experience.

Building a Framework for a Consistent, Multichannel Experience

1. Find the right starting point – and build on it

Ideally, the CEO should drive the customer-experience agenda. A top-down commitment is critical for setting the right tone and removing the cultural barriers that exist among different departments. Unfortunately, no single individual – not the CEO, not any of her lieutenants – can snap her fingers and mandate a customer-focused strategy. Successful initiatives, therefore, often begin from the ground up, led by a pocket of true believers. Often, the best place to find those believers is in customer service. “CSRs are ahead of their time in this type of thinking,” says Steve Daines, RightNow’s vice president of customer delivery. “They touch customers more than any other operation, so they’re more in tune than anyone else.”

Unfortunately, the primary channels within customer service – the website, inbound email, and the call center – may be just as tangled as those spanning the rest of the organization. Nevertheless, they represent a logical, tactical first step for any multichannel integration effort. Daines suggests beginning with a fundamental question: “How can we serve the customer better through that first contact center – the Internet?”

A positive customer experience on the Internet requires a knowledge foundation that can quickly and efficiently deliver the right content at the right time to customers. But don’t think in terms of a monolithic, all-encompassing data mart (a mindset that has doomed many customer relationship management and similar enterprise software implementations). Says Gianforte: “You can’t automatically prescribe brain surgery for a simple headache. You’re better off finding out what caused the headache in the first place.”

Keep in mind the 80/20 rule: 20% of the information in your knowledgebase will likely answer 80% of your customers’ questions. Start by determining which content will address the bulk of those

queries. Examples include common questions such as, “What’s your return policy?” or “What’s my account balance?”

With that information easily accessible from your website, you can then begin to look for logical integration points between these self-service tools and your other customer service touch points. Once customer service is operating solidly in a multichannel environment, the functional leaders will have a credible success story to tell to the rest of the organization – and get other departments on board.

2. Check your alignment

Successful integration of your customer-service channels will serve as a springboard to expand the customer experience message to other functional groups. You can’t merge your departments – nor would you want to – but you must smooth over the broken connections that exist between sales, marketing, and any other customer-facing functions.

It’s not an easy task. “Since the beginning of time, there have been natural barriers between service, marketing, and sales,” says Daines. “It doesn’t matter if you sell software or insurance or consumer products – you have dynamics that create silos. Overcoming those attitudinal barriers really comes down to leadership from the CEO and the functional leaders. They have to drive it.”

Companies looking to improve their customer experience must review all of their processes from a customer perspective. Functional leaders must integrate business processes across departments in a more intuitive way to streamline any customer-initiated interaction. For example a retail bank will need to give complete visibility about opening an account, registering a credit card, tracking investments, or calling customer service – to ensure that customers have a seamless experience with any department. The one integration piece you have to have absolutely right? Customer information. “You don’t want marketing to have

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– Right Now Technologies
customer delivery VP
Steve Daines

one set of data on interactions and customer service a separate one,” says Daines.

Sharing customer information will enable companies to become much more proactive in their customer outreach initiatives. Customer intelligence collected at the call center or the website can help the marketing department evolve one-way email messages into two-way interactions with those customers based on their history of interactions.

In this way, multichannel integration can turn reactive, functional silos into proactive partners working together to improve the customer experience. LeapFrog, the developer of technology-based education products, used such an integrated approach to streamline its e-newsletter campaigns. Its marketing department created a single newsletter with content for all of LeapFrog’s audience segments: preschoolers, elementary school kids, parents, even grandparents. When the newsletter is sent, intelligent campaign tools cross-reference each recipient’s information – culled from multiple touch points – and pull only the content relevant to each segment. The combination of centralized content and individualized newsletters creates a positive customer experience while keeping production costs in check.

3. Establish regular feedback loops

New systems and processes won’t be effective for driving an improved experience unless you have a clear understanding of what your customers want. Companies need a way to capture the customer voice at each “moment of truth” when they are engaged in any way with your company. Traditional customer surveys, however, are neither robust nor frequent enough to capture the insights you need to make this work. “The problem with batch-oriented surveys is that by the time you figure out something’s wrong, the customers have already left to go to a competitor,” says Gianforte.

Customer feedback can be funneled through a rules-based engine that alerts management when a problem is flaring up – a call center backlog, an inventory problem, a frequent search term that’s not returning useful results – so it can be addressed quickly. The positive impact on customer loyalty of these real-time “interventions” can be significant.

The good news is, the learning never stops. A constant feedback mechanism leads to constant improvement, as video game rental service provider GameFly has discovered.

Conclusion: Complimentary Disciplines

The GameFly example shows how customer data can inform the customer experience. That data can result in small process improvements or it can result in home run ideas such as new products, or new marketing approaches. Data and customer experience are complimentary. Cobbled together efficiently they will increase customer retention and turn customers into influential evangelists.

Companies can compete on customer experience. But they will be hard-pressed to compete if every interaction with customers isn’t taken

seriously. Every customer interaction counts whether it’s through the website, contact center, retail location, or email. To win at this multi-channel game, executives must understand all the ways in which customers interact with their companies and then align those touch points so that they “speak” to the customer in a consistent voice. Systems, processes, and operations may seem like cold applications run by hardware. But they are the keys to multi-channel communication and the multi-channel customer experience. ■

RightNow Technologies

RightNow Technologies (NASDAQ: RNOW) is leading the industry beyond CRM to high-impact Customer Experience Management solutions. Approximately 1,800 companies around the world turn to RightNow to drive a superior customer experience across the frontlines of their business. As a win-on-service strategy becomes a business imperative, Customer Experience Management solutions have become essential for business success.

Founded in 1997, RightNow is headquartered in Bozeman, Montana, with additional offices in North America, Europe and Asia.

For more information visit: www.rightnow.com

Peppers & Rogers Group

Peppers & Rogers Group is a management consulting firm, recognized as the world's leading authority on customer-based business strategy. Founded in 1993 by Don Peppers and Martha Rogers Ph.D., the firm is dedicated to helping companies grow the value of their business by growing the value of their customer base. Our goal is to develop and execute strategies that create immediate return on investment and long-term customer value. Peppers & Rogers Group maintains a significant voice in the marketplace with its 1to1 Media properties. Led by 1to1 Magazine, these print, electronic and custom publications reach more than 250,000 decision-makers. Peppers & Rogers Group is a division of Carlson Marketing Worldwide, and is headquartered in Norwalk, Conn.

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