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E-Care – Extending Customer Care to Electronic Channels

To build stronger customer relationships, organizations must discover new, interactive approaches to building customer loyalty. This expanded customer dialog will occur through a growing number of interaction points. Combining these forces will create a short-term crisis for online customer service and fuel the emergence of a customer service and support management discipline called "e-care."

Introduction

The concept of customer service is being transformed by several business trends including the rush to build electronic channels, the adoption of Customer Relationship Management (CRM) practices, and the proliferation of hybrid distribution systems.

These trends have given rise to sophisticated new e-mail and direct marketing programs, the proliferation of customer interaction points, as well as the expansion of distribution channels are creating huge volumes of online customer interactions. And the sheer volume of these customer touches is overwhelming many companies' ability to generate timely and effective responses.

Currently these customer interactions are largely disconnected from traditional support and service infrastructure and management systems. But they have unique support requirements. Handling what could become an "e-pocalypse" presents opportunities and threats to customer service. This is because what defined world-class service in the physical world just a few years ago does not necessarily carry over to the virtual world. Very few companies have mastered handling the swelling volume of online inquiries that now jeopardizes service-level standards established in traditional channels.

To build stronger customer relationships, organizations need to increase their investments in programs that hard-wire their customer operations, analytics and supporting data flows. They must find new, interactive approaches to building customer loyalty. Competitive, economic and market pressures are forcing all companies to create electronic marketing and commerce capabilities. In order to grow faster and reach more customers, businesses need to combine a wide variety of online and offline channels into complex hybrid distribution systems.

As a result, businesses will interact more with their customers, and much of this interaction will be electronic. This expanded customer dialog, moreover, will occur through a growing number of interaction points, such as e-mail, call centers, ATMs, kiosks, the Web, and traditional retail sites. The combination of these forces will create a short-term online customer service crisis and fuel the emergence of a customer service and support management discipline called "e-care."

E-care is an important discipline because managing online customer interactions will become fundamental to business success. As soon as companies launch e-business initiatives they can expect dramatic growth in the number of customer interactions that occur electronically. Corporate Web sites, online 24x7 customer support, "e-tailing", interactive advertising and e-mail direct marketing will open the door to hundreds and ultimately thousands of electronic customer inquires weekly.

Companies will also quickly recognize the negative impact on e-brand loyalty and customer retention associated with inconsistent service across channels, particularly since customers are now just one click away from switching their allegiances to a

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competitor or airing their complaints in public forums.

E-care goes beyond electronic mail response management. E-care means creating competitive advantage by:

- Better managing the electronic customer interaction process.
- Leveraging new technologies and strategies to enhance and add value to the customer experience.

E-care is fundamental to customer retention in electronic channels, native to building e-brand loyalty, and requisite to delivering seamless service across a variety of online and offline media.

The Evolution of E-Care

E-care as an ongoing strategic initiative requires organizations to develop new models for collaborating with their customers, to acquire sophisticated skills, and to invest in material infrastructure, such as electronic response management, and closed-loop response, as well as proactive and embedded forms of customer service.

In the short term (1999/2000) businesses must focus on containing the damage that can be caused with the overwhelming volume by building management systems for capturing e-customer inquiries and responding to them.

As companies go through e-commerce adolescence, they will struggle to "plug the holes" in their customer service operations, so they can efficiently and effectively manage the increasing volumes of electronic inquiries while capturing valuable customer data. This will involve investing in electronic mail response management and Web self service applications, allocating call center

resources to electronic response, and establishing more formal e-response management.

Longer term (2000-2003), companies will need to focus on adding value by integrating electronic response with other elements of the sales and service mix to deliver service seamlessly, proactively, and ultimately will embed support within the products they sell.

By 2000, the fastest growing companies, having identified their most profitable customers, will be establishing ways to extend the "lifetime value" of these customers. To retain and penetrate their key accounts, companies will cease to view service and support as a terminal stop at the end of a linear and transaction-oriented sales process.

They will instead implement e-care programs that add value. This involves first integrating service channels to deliver service consistently across multiple selling channels, media and customer interaction points. And second, organizations will use customer data and targeting tools to better anticipate service needs and proactively pursue upsell opportunities and service resource optimization.

Ultimately, by embedding service in products, businesses can use e-care to increase margins and differentiation.

Short-Term Management Imperative

Capture E-Customer Inquiries

As the case histories will illustrate, many companies currently are ill prepared to handle the rapidly growing volumes of electronic customer inquires. Executives must move fast to build management systems that can capture and respond to electronic customer inquiries quickly, efficiently and comprehensively. These management systems should be able to deliver personalized responses and must scale easily to match rapid volume growth.

The experience of market leaders suggests that ad-hoc customer response systems begin to break down as the volume of electronic customer inquiries grows to between 500-1000 per week.

While few (less than 10%) of "brick and mortar" enterprises currently receive more

than 1,000 customer e-mails per week, the almost universal introduction of electronic channels and media into the marketing mix will triple that number by the year 2000.

As a point of reference, most established e-commerce companies average from 1,000 to 15,000 electronic customer interactions per week. Bellwethers of the near future, e-commerce leaders like Schwab and e-Bay that must manage more than 100,000 electronic inquiries per week – enough to keep 250+ call center representatives busy full time.

To deliver adequate service and support to customers, most businesses will be forced to build coherent e-response management systems during the next two years. This is critical to meeting customer expectations and establishing trust. To build these systems, senior management must focus on three near-term priorities:

- Reallocate service and support call center resources to e-response
- Build e-response and self-help technical infrastructure
- Establish a single point of management control for e-care

Reallocate Service and Support Call Center Resources to E-Response

Human interaction will play a major role in e-response management. People are necessary to solve complex problems and to respond to cries for help from the "e-frustrated." They also needed to collaborate online with customers (via shared white boards, chat or voice over IP,) and to intercede in business events like site failures or error resolution.

Businesses must add or reallocate customer service representative (CSRs) capacity to handle e-response. Companies can choose to build or buy this incremental capacity. Some firms cross-train existing CSRs so they can respond to e-mail as well as phone calls. Many dedicate CSR's to e-response as a functional specialty or create "centers of excellence" as e-response utilities. This makes sense because electronic customer response requires unique technical and writing skills.

Firms with limited call center capaci-

ty can add independent contractors to handle unpredictable growth rates and event-driven spikes in e-response volumes. Others that lack call centers altogether (e.g., traditional retailers, many virtual businesses) must outsource to grow capacity quickly. These firms are turning to a growing number of customer support service bureaus, cyber call centers and low-cost, real-time chat-based customer support for answers.

Build E-Response and Self-Help Technical Infrastructure

To efficiently respond to thousands of electronic inquiries, businesses can turn to technology for leverage. A robust e-response technical infrastructure can enable a single CSR to handle hundreds of inquiries daily, most with personalized responses, and many without any intervention at all.

This requires investments in two key areas: electronic mail response management (MRM) applications, and automated self-help interfaces supported by service knowledge bases.

MRM applications use artificial intelligence and business rules to read and sort inbound inquires, respond to simple questions, and escalate complex problems or large opportunities to the appropriate humans.

More than 20 vendors have emerged in this area including Octane Software, eGain Communications, Kana Communications, Brightware, and Acuity. META Group estimates that 75% of Global 2000 companies will have these types of applications in place by 2002.

Online self-service pleases many customers because it delivers answers quickly, and is available any time. At the same time, it is also good for business, because self-service transactions cost pennies compared to phone based customer service compared to phone-based customer service which costs about $35 per call and technical support which can exceed $100 per call.

To deliver online self-service, businesses must offer Internet functions that help customers find answers for themselves. And they must build a database of service and support information to provide answers to those questions.

To date most companies have not enabled basic self-service capabilities on their Web sites or customer extranets. While frequently asked questions (FAQs) and technical documentation files are common, most Global 2000 companies do not currently offer self-help functionality which is both technically feasible and expected by most savvy Web customers. These services can include order tracking, part number look up, complaint box, expert systems help, natural language search and interactive chat.

Building an interactive technical support database to provide relevant information to these customers can, however, be resource and labor intensive. We expect this to change quickly. Most of these self-service capabilities will become mainstream business tools by 2001.

Establishing a Single Point of Management Control for E-Care

Organizations need a single point of control to manage e-care effectively. A business that opens several avenues for customer communication and has independently managed e-business initiatives is creating the possibility of poor customer service.

Many e-business programs are still managed independently by individuals, by specific functions (e.g., advertising, direct marketing, product marketing,) and sometimes through entirely separate organizations. Consequently, few Web sites are well integrated with customer service call centers and many e-mails "fall to the floor" unanswered due to lack of coordination.

With so many separate electronic customer interactions, assigning accountability for the "online customer experience" within the constraints of existing organizations and measurement systems remains difficult.

The immediate tasks to tackle for e-care management include:

- taking inventory of all points of interaction where electronic customer communication can occur.
- documenting electronic customer interaction volumes, service levels, and capacity requirements.
- mapping how electronic interactions flow

across all sales, service and support channels and media.

This data, when gathered, will provide a foundation for sound e-care management and investment. Moreover, it will enable a business to: 1) formalize the customer interaction processes, and 2) put in place performance measurements that ensure service, intimacy, and responsiveness across the enterprise.

Documenting the nature and volume of electronic inquiries in this way will also help organizations develop a business rationale for investments in electronic mail management applications and self-service automation.

Long-Term Management Imperatives
Integrate E-Care into Channel and Product Strategies to Add Value

Responding to electronic customer inquiries is only a start. Managers must realize that value creation, not damage control, is the long-term objective for e-care.

To create competitive advantage, companies must integrate their online and offline service channels, anticipate service needs and ultimately leverage technology to embed service in their product offerings to maintain a lasting customer relationship.

Integrate Service Channels

With the holes patched, companies can focus on integrating e-response across sales and support channels to deliver a consistent service at all points of interface. This enables organizations to provide better overall service, identify and escalate upsell opportunities to the right salespeople, and improve the productivity of all customer-facing resources.

- *Unify phone, Web and online channels into a single customer interaction center*. Call centers based on a single channel – the telephone – will evolve into customer interaction centers that can manage multiple channels. These will become hubs for all customer interactions including Web inquiries, e-mail, fax, phone and other emerging media. This, in turn, provides a single point of management control over e-care processes, technology assets, and personnel.

- *Integrate customer-facing applications across selling channels*. Getting sales, service and support organizations to present a "single face" to the customer means that the software applications running these operations should be more integrated. This can happen in several ways. By 2000/2001 the stronger e-mail response management vendors will bundle e-care tools that enable you to manage and escalate electronic interaction across multiple online and offline channels and media. Alternatively, the major CRM suites (e.g., Vantive, Siebel, Clarify) will eventually incorporate robust electronic customer collaboration applications like e-mail response management and Web personalization systems into their suite of sales, service and support applications.

- *Establish rules to govern customer collaboration, service quality and lead flow*. To get the process moving, companies must follow Netmarket's example (as seen in the case study) by documenting and understanding interaction volumes, capacity and migration across points of interaction.

With a handle on where service priorities exist, companies can map the interaction process across the enterprise and create a detailed approach to covering, structuring and engaging customers.

Anticipate Service Needs

If companies can shift from reactive to proactive service management, they will see how an ounce of prevention is worth a pound of cure. By gaining the ability to forecast and optimize their service and

support workload, and improve service levels, they will also be able to proactively pursue cross-sell and upsell opportunities.

Here is the road map:
- *Forecast and manage service needs ahead of demand*. This will enable service and support management to effectively mitigate service volumes and issues by anticipating issues and addressing them up front.
- *Proactively push support and upsell solutions to customers*. Businesses have the opportunity to apply relationship marketing and loyalty programs to service related cross sell, upsell, and rebuy opportunities. This will require the use of database marketing technologies to proactively push service or service-related solutions to those who most likely need it.
- *Direct clients to more relevant and personalized information*. This is accomplished by collecting and compiling better data about customers, the products they own, and their service istory. Web personalization technologies are then applied to customize Web service interface and provide the exact information needed.

Proactive service grows directly from work companies have done to capture customer information in the service process. Amazon.com and 1-800-Flowers, two of the pioneers in e-commerce, originally started identifying and automating routine inquiries to minimize congestion in their help lines.

Both companies figured out that a large percentage of post-sales service questions had to do with order tracking. By proactively e-mailing customers order confirmations and shipping status updates, they were able to keep customers informed and at ease.

Jiffy Lube, a chain of auto service companies, turned customer information into a sales tool. Based on a car's mileage noted at the time of a tune-up and information provided by manufacturers, the company projects when customers will be due for their next service and sends reminders via direct mail and telemarketers. When customers arrive at the Jiffy Lube location, service personnel enter license

plate information and set off a process that touches on manufacturer databases and Jiffy Lube records, to come to a service recommendation and a personalized greeting.

Microsoft earns the good will of registered, small business licensees by sending a monthly newsletter with tips and tricks on taking better advantage of its desktop applications. Of course, a large portion of the newsletter is dedicated to upgrades and complementary new products.

Proactive service models are hardly an innovation. The Book-of-the-Month Club set the standard for auto-replenishment. Receiving books and magazines by mail is one thing, but now, distribution innovation and one-to-one online technologies are making it possible for a wider range of companies like Pharmacy.com and WebVan to offer "subscriptions" to groceries and sundry items.

Embed Service In Products

Looking further into the future, companies will embed e-care in their products to enhance margins, increase the cost to the customer of switching to another vendor, and differentiate from the competition.

This means building services into products with the help of on-board diagnostics, networked sensors, embedded systems technology, microprocessor intelligence, and wireless communications.

Software companies like Intuit are no longer selling static, isolated computer applications. Intuit's Quicken, for example, features many help-links that are tied to dynamically updated information on the Quicken Web site.

Network Associates, a provider of computer network security solutions, allows its customers -- home users and sophisticated network managers -- to "subscribe" to their software enabling dynamic updates to beat costly computer viruses using tools from BackWeb Technologies.

Computer networks are an obvious starting point for embedded systems, but makers of heavy equipment and home appliances are also getting in on the act. Appliance makers, for example, are prototyping networked products, such as a microwave that can scan bar codes and communicate

online with the makers of packaged foods to automatically handle cooking instructions.

One of the best early examples of embedded e-care is General Motors' OnStar system. OnStar takes advantage of cellular communication to provide customers with several safety and convenience-oriented services including roadside assistance, airbag deployment notification, and remote unlocking, directions and concierge services.

"Subscribers" have the opportunity to talk directly with an OnStar representative or help themselves through a series of voice recognition prompts. Where once luxury cars differentiated themselves on the basis of physical product design, now online services are factoring into buying decisions.

Bottom Line

To remain competitive, organizations must effectively manage customer service within electronic channels and across multiple customer interaction points. Companies that build world class e-care systems will have the opportunity to build competitive advantage by delivering customer care proactively and embedding customer care in products themselves.

To become market leaders, executives must look beyond the immediate electronic response management challenge and focus on finding ways to add value to customers through e-care. This will be accomplished by building electronic customer interaction systems that create loyalty, improve product margins, and extend customer lifetime value.

Case Histories
Cendant Netmarket

Cendant Netmarket is an online shopping mall that sells consumer products like home appliances, electronics and books. Like many e-commerce sites at Christmas, Cendant Netmarket found itself with an enviable problem.

Traffic on its Web site and four America Online sites quadrupled. Up to that point, Netmarket could respond to 90% of its e-mail inquiries within one day. When traffic peaked in the month leading to Christmas, customer service could not keep up and struggled to respond within 24 hours. It took until March the following year to fight

through the backlog and return to its service-level performance standard of 24 hours. To fix the problem Netmarket dedicated management resources to better understand and document interaction volumes, capacity requirements and flows and migration across points of interaction and service channels.

With a handle on where service priorities existed, Netmarket was able to map the interaction process across the enterprise and create a detailed approach to covering, structuring and engaging customers. As a result, service management put homegrown tools in place to forecast surges in customer-service requests – giving them the advance notice necessary to staff up and handle the overflow.

eBay

eBay, the online auction firm, has struggled to keep up with its own success by matching online customer growth with online customer service excellence.

In two and a half years, the company has amassed 3.8 million registered members. The hidden story is that online customer interactions have grown just as dramatically. In its early stages, eBay received 200 e-mails each week from buyers and sellers. They now receive 60,000-75,000 each week and expect to pass the 100,000 mark soon.

To handle this rapidly growing load of online customer interactions, the company has built a customer service and support staff of 200 employees and 60 independent contractors. To create leverage, they invested in an electronic mail response management system (MRM) by Kana Communications that provides e-mail routing and tracking and also helped the company build a knowledgebase of sales and support content. The system reportedly improved customer service representatives' productivity by more than 50% by routing messages to appropriate specialists and dealing with routine inquiries by invoking the company knowledgebase.

In addition, the knowledge base has allowed eBay to provide customers a self-service alternative with a searchable online frequently asked questions. This system currently answers 200 questions every 20 minutes without assistance from a service representative.

TicketMaster

TicketMaster tries to please its customers by offering a choice of several online and offline points of interaction. However, its inability to coordinate these customer service interfaces has earned it an unsatisfactory business performance record from the Better Business Bureau.

The company reaches out to customers through a wide variety of interaction points including retail outlets, and agent-assisted phone calls, as well as self-service voice response and online channels. Because it does most of its business over the phone, Ticketmaster has gone to considerable lengths to optimize service on its tele-service channel by linking call centers around the US.

The system is designed so that when a particular region is overwhelmed by calls, regions with more capacity can pick up the slack. However, Ticketmaster still has work to do integrating customer service across channels. The lack of adequate e-mail response management systems and channel integration policies hurts customer service.

For instance, online customers who run into trouble completing their order on the Web site are referred to a toll free 800 number. This 800 number connects }customers to a service center on the East Coast, with limited hours of operation. This is considered poor service to most Web-savvy customers who expect 24x7 service. Should callers reach the service center during its hours of operation, they may encounter long hold times. Worse, if online customers remain on hold long enough. the system puts them back at the end of the queue where they started by, rerouting them to other regions.

These independent call centers will recommend sending an e-mail to a regional customer service address with a description of the concern, and a dubious promise of 24-hour turnaround.