The *Only* Captive Revenue Generation Opportunity Left for Contact Centers
What It is and How to Exploit
In the age of do-not-call regulations and aggressive spam filters, contact centers and marketing organizations are finding it increasingly difficult to deliver marketing messages to customers and prospects. No matter how valuable you believe your offer is, the chance of an unsolicited marketing communication reaching recipients is remote at best. In fact, some industry studies show that a measly 0.4% of all marketing emails are actually opened.

So how can businesses reach prospects at a time they are truly receptive to hearing vendor messages? There is only one true captive marketing opportunity left, and it is often misused and under-utilized. Contact centers hold the key to unlocking the immense potential of this marketing opportunity for revenue generation. Read this white paper to learn what it is and how to implement it in order to maximize the odds of success.

The business need

Anyone who has managed and executed traditional marketing campaigns knows the moment of sheer joy when the response rate on a direct marketing campaign exceeds 2%! Information overload has led weary customers and prospects to increasingly tune out vendor communications with mechanisms such as call screening, email opt-outs, and channel surfing. The problem is compounded in online marketing, where aggressive spam filters now choke off over 98% of all incoming email offers. Among the emails that do get in, industry statistics suggest that no more than 20% of marketing emails are actually clicked open. So, on average, a measly 0.4% of all marketing emails are actually opened!

No matter how valuable you believe your offer is, the chance of an unsolicited marketing email getting through spam filters and being opened by the recipient is remote at best. In other words, the marketing message is
increasingly difficult to deliver to target prospects, let alone be considered by them.

Marketing avoidance happens even in situations that have been traditionally considered captive marketing opportunities. For example, airline passengers, with their individual TV screens, are no longer a captive audience. They have the option of turning off their screens or simply switching to a different channel. And then, there are always more drastic avoidance tactics such as dozing off or wearing ear plugs to avoid viewing or hearing advertisements!

So how can businesses reach customers and prospects at a time they are truly receptive to hearing vendor messages? The only true captive marketing opportunity that remains and will exist in the foreseeable future, and which is currently under-utilized, is what we call **Point-of-Service (POS) marketing™**. It is similar to “1to1 marketing,” a concept advocated by the Peppers and Rogers Group in the 1990s, but delivered at the point of service.

**POS marketing defined**

POS marketing is 1to1 marketing to a customer or prospect, right at the point they receive pre- or post-sales customer service, which is the only time the customer or prospect is really paying attention to the vendor. An example of pre-sales customer service is when a prospective customer is receiving an answer to a query related to a company’s product or service in the process of buying something. An example of post-sales customer service is when a current customer is receiving an answer to a query related to the operation of a product he or she may have purchased (e.g., problem diagnostics).

A powerful service-centric approach to marketing, POS marketing enables businesses to create a brand image of service orientation and customer-centricity, while generating revenue for the business and enhancing customer satisfaction and loyalty. The POS approach generates revenue in
the context of the current customer service interaction by enabling the initial sale, growing the size of the initial sale with intelligent upselling (selling a product or service that is of higher value than what the prospect was going to buy originally) and cross-selling (selling a product or service that is related to the main product or service that the prospect is in the process of buying), and enabling add-on sales later in the customer life cycle. POS marketing can also increase the average revenue per user (ARPU), a popular business metric in industries such as the communications sector.

POS marketing – the opportunity

There is no question that customers and prospects pay the most attention to vendors when they are in the process of getting service. Statistics from our clients indicate that 75% of customer service emails are opened and read! This is a staggering figure, compared to the open rate of traditional “push” marketing emails. In other words, you can get as much eyeball exposure from sending your marketing message to just 1,000 customers or prospective customers awaiting a pre- or post-sales customer service email as you would get from sending an unsolicited marketing blast to 187,500 customers and prospects!

State of POS marketing

An opportunity waiting to be harvested, POS marketing also presents its own set of challenges. It is tempting to overwhelm your customers with marketing messages each time they contact your service team. You can well imagine the glee of the marketing team and the distress of the service team when an idea like this is initially proposed. And then there is the customer:
She may be loyal to the business until she gets barraged by marketing offers of the wrong kind at the wrong time. There is no easier way to lose a customer.

Some forward-thinking businesses have embraced and implemented POS marketing in their customer service contact centers, but may not have done it quite right. Most promotions offered by customer service agents rely too much on the judgment of the agent and quite often end up being ham-handed. For instance, a renowned IT industry analyst in North America recounted a personal experience of how not to market to existing customers when they call in for customer service. The analyst had just been a victim of urban violence somewhere in Europe and had also lost his credit card in the encounter. When he called his credit card company to report the problem and block the card, he was offered a home equity loan at the end of the call by the agent—the last thing he needed after going through a traumatic experience! While this one episode does not represent the quality of marketing promotions from phone reps in general, it is clear that the inability to capture and process conversation context and the lack of intelligent advisory tools hamstring agents from making the right offer—or no offer, which would have been the appropriate choice in the case of the distressed and distraught analyst! The analyst, needless to say, no longer uses that particular credit card brand.

In order to be successful with POS marketing, suppliers need to intelligently apply best practices that are suited to their specific business, taking into account the customer or prospect in question, the products of interest, inferred customer intent, and most importantly, the context and tone of their initial query. Here we outline five steps that businesses should take in order to maximize the odds of success in their POS marketing effort.
Five steps to successful POS marketing

What we outline next is a set of best practices, developed in partnership with our leading customers who leverage POS marketing for revenue generation. These companies are growing their business with customers and prospects through a blend of high-quality service and intelligent POS marketing.

1. Let the marketing team decide “what to offer”; the service team should control the “when to offer” with the help of configurable customer service tools

You can broadly classify incoming customer requests into the following five categories.

**Informational service (“Tell me something”)**

In this case, customers typically ask for information on a product or service, often demonstrating a clear intent to buy. The marketing messages for these types of queries should maximize the customer’s interest and ensure that they buy the product. For example, in the case of an email-based query, personalized “click to chat” or toll-free number options can be included in the response to help the customer directly reach a sales person. Additional information such as third party testimonials and upsell offers can also be presented to the customer.

**Diagnostic service (“Solve my problem”)**

Here, the customer is trying to get something fixed. Once the query is resolved successfully, a POS marketing offer can be presented—ideally something that would mitigate or eliminate the issue originally faced by the customer (for example, an upgraded product at a discounted price or a maintenance warranty). The resolution of the query will be apparent from real-time feedback on synchronous channels like the phone or chat, or from a feedback form from asynchronous channels. One could also infer it, if the
customer does not open the inquiry again for a specified time period. The
tone and nature of the exchange should also be taken into account to
determine the suitability of making a marketing offer.

For instance, let’s say a customer complains about account access problems
with her online bank through email. If the interaction ends positively, it may
be premature to send her a POS marketing footer as part of the resolution
e-mail. For one thing, there would be no way to determine if the intended
resolution email response ends up solving the customer’s problem or not!
However, it would be worthwhile following up the email exchange with a
“checking in” note that asks the customer if their online account access
problem was resolved. If the customer replies in the affirmative, it would be
a good time to respond with a gracious note along with a POS marketing
offer! As mentioned earlier, it’s easier to confirm at the point of service that
a problem was successfully resolved and therefore make an offer, in the case
of phone or chat interactions.

**Transactional service ("Do something for me")**

In this case, the customer makes a request to perform positive, negative, and
neutral transactions such as opening a new account, ordering a checkbook,
blocking a credit card, making a billing inquiry, asking for a credit or a
refund, initiating a product return, etc. This is a rich area for making POS
marketing offers but only when the customer query is resolved and the
nature of the exchange is positive. For instance, a bank could sell a credit
card or overdraft protection, when a consumer orders a checkbook. A credit
card company could offer a credit card protection plan, perhaps a week after
a consumer reports a stolen card, when the consumer is in a better
emotional state. These offers can also be made in the case of negative
transactions, especially when a business wants to keep the customer. A
magazine could extend a discounted subscription offer or a premium cross-
sell bundle in the case of a cancellation.

**Advisory service ("Help me choose")**

In this case, a customer looks for consultative advice, often for high-value
products and services—for example, choosing a mutual fund, high-value
consumer electronics product, or an insurance plan. These queries are
natural opportunities for making POS marketing offers. Again, the marketing message should not be communicated if the tone of the inquiry is negative. The most relevant marketing message is useless if the recipient is in the wrong mood! In most cases, the best way to hone what messages work for your business and when is to try different offers in different situations, measure the response rate, and listen to customer feedback.

**Feedback (“Here’s what I think about you”)**

This may come in the form of kudos, complaints, etc., and are often buried in the previous query types. Solicited or unsolicited, feedback provides a treasure trove of information that businesses can mine to improve their products, services, and processes. Responding to the customer on their feedback by thanking them and also informing them of actions that may have been taken by the enterprise (providing “feedback on feedback”) is a great way of closing the loop and also making POS marketing offers in the right situations. For instance, a hotel chain may choose to inform a customer that they have expanded their restaurant services to 24 hours a day, based on a customer complaint, and offer a “half off” restaurant coupon for the customer’s next possible stay.

Sometimes, a query may make a transition from one type to another. For instance, a product return transactional request can be converted by an agent into a diagnostic query, where the agent could keep the product “sold” by solving the customer’s problem, thereby eliminating an unwarranted product return. Once these “hybrid” queries are successfully resolved, a POS marketing offer could be made if the exchange was positive.

### 2. Leverage electronic channels to complement the phone

With electronic customer service (or eService) channels increasing in popularity and customers starting to use multiple channels even to complete a single transaction, POS marketing within and across the phone and e-channels, using a customer engagement hub (CEH) approach, provides additional revenue generation opportunities. Web-based channels such as email, chat, and web self-service enjoy a big advantage over the phone. Since the entire interaction is digitally captured and processed, reasoning engines can work
much better on inferring customer intent to ensure that POS marketing offers are executed intelligently and consistently. Moreover, these digital offers can be tracked to conversion accurately, providing reliable feedback on the success rate of campaigns.

Of course, eService channels must be harvested carefully by marketing groups so that POS marketing offers are relevant, credible, and useful for customers. While marketing is typically focused on new customer acquisition to find more golden eggs in the form of new customers, the service team must make sure that the current “customer base goose” thrives and does not get overwhelmed with offers, especially irrelevant ones! eService is uniquely suited for narrow-cast customer feedback—marketing teams can easily set up micro-marketing campaigns that are targeted to small customer groups to measure effectiveness and refine campaigns for larger scale execution.

3. Use holistic criteria to make effective POS marketing offers, spanning the offer itself and the fulfillment process

For instance, if the customer sends a service request from a web form and you don’t know who the customer is, the content of the request will determine the marketing message. However, if you know more about the customer (for example, if they have authenticated), you can make a more robust POS marketing offer, looking beyond the immediate service request at known customer attributes such as the state they live in, the service they already have, their value to the business, and the intent of the customer inferred from the history of past interactions. Sometimes the customer may be so important that regardless of the type of inquiry they send in, you want to offer them real-time contact options anyway. Another best practice is to add an “emotion” layer on top of the aforementioned criteria to determine whether or not to make an offer. While the customer’s emotional state of mind is more obvious in phone conversations, it’s possible to infer emotional state in e-channel interactions by looking for certain keywords and explicit or implicit intent, derived from the interaction history.
4. **Set up a closed-loop system to help you measure the success of offers and refine the message**

Adaptive management is critical to the success of any business process including POS marketing, much more so when you are targeting existing customers through customer service. It is likely that some of the marketing messages are not just ineffective—despite your best analysis and intelligent software capabilities—but downright objectionable. It is critical that you get to know about such outlying exceptions immediately. You must have a platform that continuously processes the feedback from POS marketing offers (for example, when customers either respond through email or call your service lines to indicate their satisfaction or displeasure), so that exception reports can be sent to the right owners immediately and corrective action taken. Conversely, when some marketing offers are working well, it is nice to know about that too, so those offers can be scaled up.

5. **Use the eService channel not just for marketing, but also to test new-product ideas and assess customer loyalty**

Sometimes it is more valuable to survey your customers to learn about their preferences than it is to market more to them. Narrow-cast survey of customers, especially around new product ideas, can be extremely valuable for marketing and new product groups. Your customers are your true champions, not the broader market. But how do you assess the loyalty of your customers and the potential for repeat as well as new business through this loyalty and their positive “word of mouth”?

Your net promoter score (easily derived through embedded surveys in your customer service emails) will tell you about the loyalty and word-of-mouth marketing potential of your customer base (which is highly correlated to future profit growth as Fred Reichheld, author of *The Loyalty Effect* and creator of the Net Promoter metric, has shown through diligent research).

B2C companies are spending millions of dollars online developing forums and blog scanning capability to better understand their brand perception, the positive and negative brand impact of current events in the company, or competitive moves. Nowhere is the information more available than in their
own customer interaction repositories in the form of solicited and unsolicited feedback in the context of service, marketing, and sales interactions. Taking a hub approach to consolidating these interactions across the phone and web channels can provide you a 360 degree view of your brand in painful detail and comprehensive richness!

Process and software capabilities needed for effective POS marketing

1. Rich content (multimedia graphics and rich text) support for maximum impact

Marketing offers, POS or otherwise, should use rich content for high impact wherever appropriate. For instance, your customer engagement solution should support rich content that enables personalized, outbound communications to customers and prospects. The tools should also support customer preference for plain-text email response to navigate through enterprise spam filters. Rich content, deployed across channels using a customer engagement hub approach, can also be used by chat or cobrowsing agents in concurrent conjunction with the phone, to create a near face-to-face customer service experience.

The marketing section of the knowledge base should be controlled by the marketing team, and this includes offers and time frames. Separating the ownership of marketing content from the control of the service process is critical to scaling the POS marketing efforts in a way that marketing can focus on creating the best offers and communicating them well, while the service team can tweak the rules that determine when is the appropriate time to make specific POS marketing offers.
2. **Active content template support for intelligent, personalized marketing messages across multiple channels**

   In most marketing messages, there is an opportunity to personalize the content based on the specific profile of the customer or the prospect. The customer engagement tool should allow the marketing team to set up business rules to dynamically populate customer-specific data in offer templates. For instance, if an online pharmacy is responding to a prescription refill request from a customer, the marketing footer in an email response could be a template that is populated with the savings that the customer enjoyed on the refill compared to a neighborhood drugstore, but only if the computed saving is greater than 5% of the cost of the refill! Such intelligent templates can be the crucial difference between relevant, high-impact POS marketing offers and the ineffective ones!

   Moreover, the same common knowledge base templates, suitably repurposed, should be used across web, contact center, and mobile channels, using a CEH approach. It is important to maintain POS marketing consistency across all channels to ensure that the customer gets enough repetitive exposure to elicit response.

3. **Outbound business rules for automated inclusion of POS marketing offers in cross-channel responses**

   Service agents are focused on solving customer issues, not marketing and upsell or cross-sell. By taking away that responsibility and embedding the POS marketing decision (when and what to offer and who/how to fulfill) into the outbound interaction business rules of the customer engagement tool, the service group can significantly improve the quality and relevance of marketing offers. These business rules can trigger off intent analysis as well as the classification of the incoming message or the knowledge base article used by the agent to intelligently determine the offer.

   Moreover, the format of POS marketing message should be determined by the system based on the customer’s preferred response channel. For instance, a customer who is reaching you through chat should be marketed through
the chat interface, whereas the offer should be displayed to the call center agent in the case of a phone interaction with the customer.

4. **Message Center and cross-channel response capability to navigate spam filters**

Spam filters often prevent service response emails from reaching the customer. Make sure your customer service tool provides the option of a web-based message center where customers can be directed to receive their response through an SMS or a short email notification (with a relevant message center URL). Once in the message center, the customer can read the detailed response to their inquiry and also learn about POS marketing offers.

5. **Integrated analytics and surveys to track marketing offer performance**

Analytics are critical to the success of any marketing initiative. Every marketing message should be tagged and tracked to measure its performance across variables such as customer and inquiry types to determine optimal combinations.

Embedded surveys should be used to get feedback on what the target audience would prefer to see in POS marketing offers. Best practice surveys like the net promoter score (NPS) survey should be injected in the customer service-POS marketing cycle to measure and track brand loyalty.

6. **Customer interaction repository to discover proactive marketing opportunities**

You should be able to search through customer interactions in the hub to identify target customers and prospects as well as appropriate offers. This slice-and-dice activity can be performed by your BI tools (using extracted interaction data from the hub) or by the analytics capability in your customer engagement software.
POS marketing is a powerful cross-functional approach to revenue generation by leveraging the only true captive marketing that remains in this age of do-not-call regulations, overzealous spam filtering, and customer fatigue from relentless vendor advertising and telemarketing over the decades. Businesses that exploit this under-utilized approach to marketing will be able to enhance customer loyalty and generate revenue at the expense of competitors. Customer engagement solutions, especially those that support unified multichannel customer interactions through a CEH or hub approach, and knowledge-based upsell and cross-sell can enable highly effective and consistent POS marketing capabilities across all channels.

As a customer service manager or executive in your company, you have the unique opportunity to leverage customer interactions to grow overall revenue and also the average revenue per user (ARPU), a business metric that is popular in industries such as telecommunications. If you are a marketing executive, this is an opportunity to capitalize untapped potential for true captive marketing at the point of service to drive revenue for the company and increase your visibility across organizations and with business heads. Moreover, both service and marketing executives have the opportunity to convert their operations from a cost center to a profit center. From your CEO’s vantage point, any function that drives tangible revenue streams is seen as strategic—you now have the opportunity to be part of that powerful and influential group!

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A Best Practice Assessment Study (BPAS) is a 360° assessment of the following:

✔ Your objectives in customer service and how they map to the strategic business goals of your company or business unit.

✔ How you stack up in customer service responsiveness and quality against industry peers.

✔ The gaps in technology, process and people you need to address in order to achieve your goals in customer service and knowledge management.

The BPAS engagement involves the following two steps:

1. We will spend one or two days at your site to conduct the assessment. This will entail interviews with stakeholders such as yourself and other key managers, technologists and contact center agents.

2. Within four weeks of the on-site visit, we will provide you a BPAS report that will not only include an assessment and gap analysis but also a step-by-step road map for customer service domination.

Send us an email at info@egain.com to see if you qualify for a BPAS study.

About eGain

eGain is the provider of top-rated customer service and contact center software for in-house or cloud deployment. For more than a decade, the world’s largest companies have relied on eGain to transform their traditional call centers, help desks, and web customer service operations into multichannel customer engagement hubs. These hubs enable dramatically improved customer experience, unified multichannel customer service, end-to-end service process efficiencies, and enhanced contact center performance.
Headquartered in Sunnyvale, California, eGain has operating presence across North America, EMEA, and APAC. To find out more about eGain, visit www.eGain.com or call the company’s offices: +1 800-821-4358 (United States headquarters); +44 (0) 1635-800087 (EMEA), or +91 (0) 20-6608-9200 (APAC).

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