



Silver Service – How companies achieve sales through service in inbound call centres

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Executive summary

It has long been recognised that service encounters can be used to make cross-sell, up-sell or retention offers, but research into this practice of sales through service is largely academic rather than experiential. This report is based on a literature review followed by research that uses a cross-sector, multiple-case study of six UK-based organisations, using interviews and observation.

The research had several findings significant for practitioners. Unsurprisingly, it found that customer insight in the form of predictive models delivered to agents' screens appears to improve the effectiveness of sales through service. In addition, and contrary to common practitioner concerns, it was found that insight-based sales offers can have a positive impact on satisfaction, and introducing sales through service does not necessarily increase average handling time. Furthermore, agents are more likely to make successful offers if they believe that they are 'doing the right thing' for the customer. Finally, and no less importantly, a balanced set of targets covering productivity, satisfaction and sales seems important for agents combining sales and service roles.

The value of service encounters

Companies handle millions of service encounters with customers every day. Previous research has demonstrated that these encounters can affect critical outcomes such as customer satisfaction, intention to repurchase, and positive word-of-mouth. This is consistent with the principles of the service-profit chain, which links satisfied service employees to customer satisfaction and hence to increased customer loyalty, profit and growth.

There is a vast body of academic research which suggests that service encounters also have the potential to provide a more direct financial benefit. For example, it is widely understood that, if agents manage to initiate conversations that uncover customer needs, this can lead to cross-selling (selling new products), up-selling (selling upgrades of existing products), and specific offers that enhance customer retention; and it seems obvious that investing the time to investigate customer needs may indeed improve both service and sales performance. Cross-selling is attractive to firms because it usually costs less than acquiring new customers. Also, the more products and services a customer holds, the more likely they are to develop a longer relationship with the firm, the less likely they are to consider switching to another provider, and the better their profitable lifetime duration.

Sales and service – a solid link

The link between sales and service is not a new concept. In academic circles, it was discussed nearly two decades ago when researchers demonstrated that offers made during service encounters - if underpinned by the delivery of good customer service - could help companies to attract new customers and develop existing ones. For companies that combine sales and service roles, this has brought services operations into the marketing domain, with 'sales through service' now commonly referred to as 'inbound marketing'.

Popular press suggests that the growing trend towards inbound marketing is caused by increased restrictions

imposed by data privacy and communications legislation, combined with claims of higher conversion rates on offers made on inbound calls, compared with outbound contact by telephone, mail or email. In 2006, Gartner Group suggested that companies could expect ten to twenty times the response rate on analytical inbound marketing compared to traditional marketing, whilst other contemporary research hypothesised that response rates were commonly in the 20-30 percent range.

CRM – the key to insight

With such impressive financial promise, why do so many companies fail to tap into this very significant revenue potential?

One issue that long held back the adoption of sales through service is that the accurate picture of customer needs it requires can only be achieved through intensive customer-employee interaction. However, the widespread adoption of Customer Relationship Management (CRM) technology in the late 1990s promised an alternative method of providing a detailed understanding of customer needs. This new technology seemed to be the answer to marketers' prayers, offering the possibility of improved targeting which would allow companies to engage in a dialogue with individuals and personalise the offering to meet their requirements.

There have since been many different perspectives on CRM, with it being regarded as everything from a pure technological tool to an organisational process or capability, a strategy or even a philosophy. Perhaps most relevant in the sales through service context is the 'capability view'. In other words, that firms must invest in resources which enable them to anticipate the customer's changing needs, modifying their behaviour towards individual customers or groups of customers on a continual basis. Customer insight is now recognised by scholars and practitioners alike as a key resource required to support CRM. With advances in the generation of customer insight, technology now enables contact employees to handle service situations with a complexity that could never be managed manually. Advances in technology have also fuelled a growth in the popularity of customisation strategies aimed at providing

customers with individually tailored products and services, and 'real-time marketing' strategies are now being deployed in customer service centres.

It appears plausible, then, that service encounters present an ideal opportunity to fulfil the capability view of CRM, as long as the key resource of customer insight is available at the point where the service encounter occurs.

Sales through service – gaining better understanding

With this research, we wished to explore contemporary practice. Exactly how do companies use customer insight in inbound service call centres to cross-sell, up-sell and retain customers? Specifically, we wanted to answer five questions:

- What contextual factors are driving companies to invest in inbound sales through service initiatives?
- How, if at all, are companies generating and delivering customer insight to front-line agents in inbound service call centres?
- What issues are associated with sales through service initiatives?
- What are the qualities of a successful sales and service agent?
- What metrics are companies using to measure the success of their sales through service initiatives?

In order to answer these questions, we used a multiple-case study method, designed to gain an in-depth understanding of a limited set of cases, from which we can draw some conclusions for theory and practice.

Research in context

Before embarking on new research, it is important to understand any previous research as a background and by way of guiding and informing our own. Our understanding of sales through service sits in the context of many other aspects of theory and practice and it's worth reviewing this briefly in order to place our research in context.

Perspective

There has been extensive research on sales through service, looking at relationship outcomes from the customer's perspective. We know, for example, that intention to repurchase is linked to service quality, perceived value and customer satisfaction. It is also understood that customers considering a cross-purchase take into account the perceived convenience of buying from the same provider as well as current satisfaction and payment equity. The purchase decision is more complex and factors in more perceptual as well as behavioural outcomes.

On the other hand, there appears to be very little research from the organisation's perspective, why investment is made in sales through service initiatives. What there is relates to organisations investing in customised customer contact management. From this we see that there are two main categories of drivers: service requirements and organisational requirements. Service requirements include the desire to keep up with competitors, the desire to differentiate in order to avoid competing on price, and demand from increasingly discerning customers for better service. Organisational requirements include the desire to make best use of the opportunity to talk to customers provided by service contacts, the opportunity to continually gather information about customers, and the duty of care to hold accurate information and provide relevant offers.

Technology and services

Most of the research looking at IT-enabled cross-selling has focused on financial services, and there is a high degree of concurrence that, although many financial institutions collect

and store vast amounts of data, they often lack the techniques to analyse this data. Thus, they fail to learn from past and current behaviour and to make predictions about future needs and requirements. Many still make strategic decisions based on intuition and experience rather than customer insight and cross-selling rates among banks in Europe remain low.

Researchers agree that there are two main technologies that support cross-selling: CRM systems and customer intelligence, ideally actioned together in real time. Further, an important ingredient for successful cross-selling is predictive modelling, including the use of events and triggers as well as behavioural propensity and segmentation models.

In addition, there is a complex array of different tools that appear to aid the process, to increase sales-force closure rates and increase customer retention. These include:

- embedded or associated analytics
- databases
- sales-force automation tools
- call centre management tools
- help-desk applications
- product and price configuration tools

The use of IT has long been linked to one-to-one marketing; however, for successful technology-enabled service encounters, firms need both one-to-one marketing and mass customisation. In other words, once firms have identified individual needs (one-to-one marketing), they need to be able to customise their products accordingly (mass customisation). However, the reality is that both one-to-one marketing and mass customisation are difficult, if not impossible, to achieve in a competitive, commercial environment.

Real-time marketing is, according to some, an extension and integration of both mass customisation and relationship marketing. If service providers are able to adapt to customer needs in real time, there is then value in using this real-time information to cross-sell in telephone service centres. We

know that customers want flexibility and expect the service encounter to be customised and, where previously it was down to the service employee to respond intuitively to customer needs and adapt the service accordingly, now technology plays a part, creating a customised offer in real time.

Thus, although technology has already had a significant enabling effect on our ability to deliver a more flexible and customised offer, there are evidently wide gaps in our knowledge and understanding of what works, what doesn't and why.

Issues associated with sales through service initiatives

Technology is not the only enabler of successful sales through service, however, and there has been some comment (although little empirical research) on organisational behaviours that enable sales through service. Opinions vary widely in detail concerning the enablers and inhibitors of sales through service, but, they all agree that organisational training and climate must support an outstanding service experience; otherwise, formerly service-only employees may easily fall back into a pattern of dealing with each customer in a quick and efficient manner.

Cross-selling can be a double-edged sword, too. Not all customers are willing to expand a relationship by purchasing additional products and services from the same provider, and over-aggressive attempts to cross-sell can upset customers, making them less responsive and weakening the relationship. Even if customers do want to engage in a relationship, they may still avoid dependence on a single provider, inclining instead towards multi-brand loyalty.

Understandably, this is an area where previous research is limited and this gives an interesting opportunity to try to understand the experience of organisations currently seeking to achieve value from inbound marketing.

Combining the sales and service role

From the very few studies examining the characteristics of agents who are successful in a combined sales and service

role, there appear to be certain characteristics that are required. Firstly, call centre agents must 'earn the right' to sell by competently dealing with the customer's service request. Secondly, agents need to speak confidently and fluently. Thirdly, it is important for customer contact employees to exhibit empathy and understanding in relation to the customer.

The converse is also true. If agents believe that they are intruding on the customer's privacy, if they lack belief in the company's products and services, or if they fear rejection, they are unlikely to succeed. If an agent is unable to show empathy, it is unlikely that customers will feel inclined to talk about their needs, let alone purchase additional products and services. Similarly, companies should avoid technology that delivers automated prompts, as this can lead to mechanical sales pitches instead of agents who listen to customers and ask real questions to ascertain their needs.

Motivation in a combined role

Despite the targets and measures imposed on them, agents still need considerable freedom and discretion when dealing with service enquiries in order to be effective and properly motivated. Sales/service employees are more likely to be successful if they have adequate control at the point of customer contact over how to perform their job and, to be successful, agents need to take ownership of the customer throughout the process.

Another dimension of this concept of 'control' is that agents need to be aware of the business and strategic context in which they are performing their job, as well as having accountability for performance outcomes. In other words, agents should be given regular feedback on how they are performing to clearly link their efforts with outcomes. It is important that both sales and service behaviours are appropriately rewarded and recognised. Constant trade-offs between speed and additional sales can make an agent's role highly ambiguous. While some argue that having a dual role may increase levels of stress, having a negative impact on performance, others affirm that increased job scope leads to greater awareness of customer needs and enhanced

problem solving, resulting in higher levels of performance. This is clearly important for organisations and deserves further investigation.

Measuring sales through service performance

Metrics are always a thorny issue in call centres and there has been some research into how sales through service performance is measured. Metrics can potentially have an inhibiting role on the individual agent if he/she chooses not to sell because of concerns about average handling time, a metric on which many call centre agents are targeted. In fact, research has demonstrated that the number of customer transactions per employee in a given time period is *negatively* related to the number of cross-sales achieved. Other problems with metrics arise in areas such as who gets credit for the sale and the perceived stigma of telephone sales.

In an endeavour to balance the influence of average handling time, some firms have introduced schemes that reward sales behaviour in their customer contact staff. However, while a good incentive plan is necessary, it is not a panacea. In a study of six North American banks, it was found that although monetary incentives acted as strong motivators for cross-selling, the agents most successful at cross-selling would be so regardless of the reward structure.

The consensus from previous research seems to be that firms should aim for a balanced metrics set, to ensure that service and sales are complementary not contradictory. However, with this being an area of such importance to managers, any additional clarity about what this might mean in practice will prove valuable.

Summary of research method

The qualitative method of case research was chosen for this research because it is particularly suited to the study of underexplored aspects of services marketing. Depth and detail of data was obtained through in-depth interviews with key personnel. The interviews were supplemented with additional data, such as reports and presentations, where possible.

A technique called 'purposive sampling' was used to select cases likely to demonstrate aspects of good practice. The cases selected were all cross-selling, up-selling or retaining customers through their inbound service call centres. The call centres were all UK based for ease of access, and all were using technology, or planning to use technology in the near future, to deliver customer insight into the hands of call centre agents.

The six cases were selected to cover a range of different industries: financial services, healthcare, mobile telecommunications, insurance, energy and membership services. ENERGY and HEALTHCARE are anonymised company names for reasons of confidentiality, while the other names are genuine.

This research focused on the process of cross-selling, up-selling and retaining customers in inbound service call centres. For this reason, a balanced group of four or five interviewees from different areas and levels within the organisation was selected. In total, 27 people were interviewed. In addition, 16 call centre agents were observed for approximately an hour each, and questioned between phone calls, with their comments also being noted.

Case vignettes

Barclays

Barclays is an international financial services organisation with a customer base of 9.1 million in the UK. In November 2006, a new IT system called 'CRM Lite' was rolled out, following a successful pilot. When a customer called Barclays, the call was routed to either a sales or a service agent, depending on pre-scoring, and the agent saw a screen with the customer and account details. The agent cut and pasted the customer's ID number into CRM Lite and received additional information on the customer's value and loyalty towards Barclays (known as value and attrition propensity markers). The agent also saw a summary of the last five interactions that had been undertaken with Barclays, such as branch visits, ATM withdrawals, direct debit setting up, direct mail sent, outbound calls and so on. Up to five 'Customer Service Opportunities' or CSOs for each customer were presented on the screen, based on predictive models of the customer's propensity or likelihood of buying a particular product if offered to them. The screen included additional information to explain why each CSO was being presented and to suggest 'conversation openers'. This allowed the agent to select the most appropriate one depending on the conversation.

40% of all calls routed through to sales had at least one CSO available, with 35% having more than one CSO. For the 60% of calls that did not have a CSO available, the enhanced contact history still enabled the agents to initiate a conversation. For example, an advisor was observed successfully moving a customer from a competitive loan to a Barclays loan by noticing a new direct debit, as opposed to a CSO.

Agents had to check answer three questions at the end of a call to collate responses to CSOs: "Did you present the opportunity?"; "Was there a positive outcome?"; and: "Did you complete the sale or hand-off to sales?" During 2007, more extensive data quality, measurement and feedback mechanisms were introduced. For example, metrics were introduced into agents' and team leaders' performance

development plans to encourage enhanced usage of CRM Lite. Service agents were encouraged to handle customers with sales CSOs when calls overflowed from sales. They were also incentivised to spot hand-off opportunities to sales during regular service calls. While most CSOs concerned sales opportunities, new CSOs were developed specifically for the service community, which would help agents to cleanse and increase the quality of customer data during service calls.

ENERGY

ENERGY is a Spanish-owned, integrated energy supplier. The research focused on the UK Energy Retail business, with approximately 5.2 million customers. In November 2006, ENERGY launched a program designed to provide customer insight to customer service agents and to help them to sell 'value-add' products and services. The three main 'value-adds' were direct debit, 'hot keys' – cross-selling gas to electricity customers and vice versa - and cash collection.

In support of this project, a call routing and customer insight system was developed. When calls came in, the system tried to find a match for the customer telephone number: if a match was not found, the customer was asked to enter an account number. The system would identify approximately 75% of customers based on either their telephone or account number. Once the customer was identified, the system would return a customer profile, automatically route the call to the most appropriate advisor across all the call centres, and advise the agent how to handle the call. For example, it could prompt them to ask for a meter reading, or highlight a cash collection or up-sell opportunity. Different call centres had agents that specialised in different areas, for example, payment plans, quarterly credit, home moves, online service, SME (Small and Medium Enterprises) and recently acquired customers.

If a customer service agent offered an additional product or service to a customer and the customer expressed interest in accepting it or finding out more, the call was transferred to a CRM team to complete the sale. Likewise, if the agent felt that a customer was unhappy and likely to leave, the call

would be transferred to the CRM retention team. The system recorded when a customer had been offered a product and refused it, to prevent agents making the same offer several times and annoying the customer. It was observed that the agents appreciated this.

Customer service agents received an instant email from the CRM team letting them know whether the opportunity they handed over had been successful or not. Agents were eager to check their email to see whether the opportunity was successfully converted or not.

HEALTHCARE

HEALTHCARE is an international healthcare company providing healthcare insurance and healthcare services to three million 'members' in the UK. At the time of research it was in the process of consolidating 72 different IT systems into one system, which was to be rolled out in phases during 2007 and 2008. Outbound agents were able to work with models that calculated customer lifetime value and propensity to lapse, which were very useful for cross-selling and retention purposes. However, the same insight was not yet available to inbound agents, so they were unable to identify the value of inbound callers.

The new system was planned to deliver much better insight to agents and to enable them to have more meaningful conversations. For example, inbound agents would have an alert panel to indicate: what particular products or services are appropriate to offer to an individual customer; customer complaints history; propensity to lapse; previous claims on the policy; and lifetime value.

At the time of research, though, cross-selling was somewhat ad-hoc and service agents had to transfer all sales leads to a 'cross-sell team', who acted as a gateway to other sales teams. This meant that agents only had the opportunity to cross-sell or up-sell one product, as they could only transfer the call once.

As the company was regulated by the Financial Services Authority (FSA), it could only talk about its own products and

services and it had to let a customer know this. When agents were giving advice about products they had to ask a series of questions and record answers, to generate an audit trail. For example, “Are you registered with a GP? What are your expectations of cover?” As the agent responded to screen prompts and recorded answers, a ‘decision engine’ proposed appropriate products and services, which were confirmed in writing. Due to regulatory issues, service agents could no longer talk about the previously offered travel products or critical illness cover, and they could not actually book health screenings, so the ability to offer additional products and services was severely limited. HEALTHCARE also had to adhere to data protection guidelines during each call, which could make the call quite cumbersome.

O2

O2 is a leading mobile telecommunications provider, with approximately 17 million customers in the UK. Two years prior to the interviews, O2 had had a large department of analysts creating specific segments and targeting models on an ad-hoc project basis which were used primarily for outbound sales offers. However, this approach was felt to be too slow in delivering actionable results. Consequently, O2 initiated a program with the goal of enabling front-line staff to “make the right offer to customers, in the right place, at the right time to improve the customer experience, engagement and loyalty”.

To this end, the company installed predictive data-mining software, which respondents claimed enabled the production of large numbers of predictive models quickly. The resulting system codenamed ‘VISION’, which had been rolled out to 3500 agents at the time of the research, incorporated 45 propensity models fed by transactional and external data, calculating the customer’s propensity to purchase each product they did not currently hold, and to cease using each product which they did hold. The propensity models were updated in real-time, including during an inbound call, every time the caller’s response was recorded. The system’s ‘decision logic’ would then reassess the top three offers to display to the agent for them to consider presenting to the

customer. Once the customer's service enquiry had been resolved, the agent would then choose from these three options, if they deemed it appropriate to the conversation with the customer. The system also provided a script to help agents to talk about the top recommendation or 'next best action'.

O2's sales through service program was known as the "Adding Value" program, to position it as adding value for the customer. Program owners attributed its success to the combination of systems, agent soft skills and product knowledge.

RIAS

RIAS provides insurance to the over 50s and has 880,000 customers holding one million policies in the UK. RIAS started out as an outbound, affinity-based business, with an aggressive sales culture focused on customer acquisition. This changed at the beginning of 2004 as the market became more competitive and RIAS no longer experienced high retention and acquisition rates. The new management team at this time therefore took the view that, whilst acquisition remained important, "there's much more work now around lifecycle modelling, the customer experience and the renewals cycle".

RIAS therefore started to invest in its inbound customer service channel and encourage sales through it. However, unlike other companies in this study, RIAS was coming from the starting point of a sales culture evolving to a service culture, as opposed to the other way round. Sales agents had successfully sold to prospects based on intuition and solicitation of customer needs during the call. This meant that no technology or processes were in place to deliver customer insight to inbound service agents serving existing customers.

The sales culture remained noticeably dominant at the time of the research. The agents had no hesitation in offering a number of 'add-ons' during each call, even if they were inappropriate, as witnessed on one occasion. At the time of research, however, inbound service agents in the largest,

'household' business could only up-sell household products; they could not cross-sell products from other areas of the business, due to barriers in the areas of skills, organisation and technology. They could, however, capture car insurance renewal dates and pass them over to the automotive business for outbound marketing purposes. Similarly, they could hand off leads for pet or caravan insurance (for which the agent received no credit).

RIAS was in the process of developing a marketing database, as well as investing in analytical resource to build propensity models such as propensity to lapse. These were to be based on six or seven facts about a customer, for example, whether they paid by direct debit, their age and so on. RIAS was also developing customer lifecycle profiles to help agents understand which transactions provided the highest value.

The current IT system had no insight prompts - offers were made based on intuition. The agent had no formal access to the customer's transactional history apart from anecdotal notes. A pilot system called "Insight" was currently being tested by six advisors, who handled 300 calls per week from an affinity group of 8000 customers. By early 2008 it was planned that the new IT system would display a single view of the customer across all product areas as well as insight prompts on the screen.

The AA

The AA is a member services company, owned by two European private equity firms. This research project focused on its automotive breakdown services with around 15 million customers (six million personal customers and nine million business customers) in the UK.

Approximately 18 months prior to the research, the AA had started to simplify activity within the call centres to focus on three core areas: breakdown cover or 'membership', motor insurance and home insurance. It began delivering individual customer insight through to the agents' screens to drive more effective cross-sales activity. Prompts rather than full scripts were presented to the agent, in part because the

technology did not allow full scripts and in part in order to leave the agents with enough freedom to still feel they were in control of the call. Customer insight was generated from the AA's customer data warehouse, which combined internal and external information in a single view of the customer. Rather than using propensity models, the insight was generated using business rules: for example, if the customer's car is more than ten years old, they are not eligible for 'home-start' services; if the customer has five years' no-claims discount, they could be a candidate for motor insurance. This insight was generated on a monthly basis and displayed to the agents.

The agent received prompts for no more than four or five 'next best products' to introduce to the customer. The breakdown cover agents were able to sell upgraded membership services, but cross-sales of motor or home insurance had to be passed to other teams due to regulatory issues. The agent could either hand on the call or arrange a suitable time for the customer to be called back by the insurance team. In addition to promoting products, the agents were tasked with collecting missing data such as telephone numbers and date of birth, as well as gaining permission for the AA to promote to the customer in an outbound fashion.

Agents in the 'save a member' team were able to see product holdings, service history and previous price paid. The agents had to manually calculate how much they could give away in order to keep a customer. Despite this, two agents observed exceeded their retention and average discount targets.

The AA was piloting a new agent user interface called "Guide". It was planned that this interface would bring five different systems together, making it much easier to structure calls. The new system would provide agents with information on what opportunities to present, what products were already held, which leads were outstanding, which opportunities had been previously refused and details of the last contact. It was envisaged that most of the member services agents would have this new version by the end of 2007.

Synthesis and discussion

Analysis of these cases allows a degree of synthesis of the results of our research as well as the opportunity to suggest certain ideas that may prove useful to managers in this field. It is important to clarify, however that, whilst these ideas are consistent with our data, they are, nonetheless, unproven propositions. We would, therefore, recommend that managers should take steps to validate or refine these ideas in the context of their own business before using them for commercial purposes.

Table 1 summarises the varying approaches to sales through service in the six cases.

Category	Barclays	Energy	Health	O2	RIAS	AA
# inbound calls per annum	17m	6.6m	1m	50m	0.8m	3m
# agents	1350	1000	80	5500	108	374
Service agents cross-selling?	X	X	X	√	X	X
Service agents up-selling?	X	√	X	√	√	√
Service agents handing off sales leads?	√	√	√	X	√	√
Sales agents with service responsibility?	√	X	X	X	X	X
Average up-sell/cross-sell ratio	1 in 10	1 in 33 1 in 8	N/A	1 in 9	1 in 12	1 in 50 1 in 20

Table 1: Approaches to sales through service

All of the companies in this study were successfully cross-selling and up-selling to a greater or lesser extent, although the variety of approaches to the combining of sales and service seems consistent with the immaturity of the practice. Barclays had sales agents handling service enquiries; three cases (ENERGY, RIAS, and the AA) had service agents up-selling but not cross-selling; and HEALTHCARE had service agents handing off all sales leads to a separate sales team. Just one case, O2, had service agents with sales responsibility. This case also had the highest average cross-sell/up-sell ratio in terms of volume – one sale per nine inbound calls – although no statistics were available regarding such revenue and profit focused metrics as the highest average revenue per sale. Interestingly, although

O2 measured the number of times that offers were successfully converted to sales, there was not yet any financial recognition for agents for successful sales conversions.

Technology and Services

All of the cases in this study were making extensive use of technology in their inbound service call centres (see Table 2), with only two cases using predictive modelling (Barclays and O2). The other cases were generating customer insight based on business rules. Only O2 was calculating customer insight in real-time, although four cases (Barclays, ENERGY, O2, and the AA) gave agents access to real-time monitoring of their performance. This reflects the relative success rates: O2 and Barclays seem to have the best-performing sales through service programs, and respondents believed that predictive modelling played a part in this. While this is far from conclusive, it suggests that companies who use predictive modelling to generate customer insight will be likely to have higher acceptance rates on sales through service offers.

Category	Barclays	Energy	Health	O2	RIAS	AA
Insight generated using propensity models	√	X	X	√	X	X
Insight calculated in real-time	X	X	X	√	X	X
Insight delivered to agents' screens today	√	√	X	√	X	√
Agents more reliant on intuition/experience	50-50	50-50	√	X	√	√
Plans to deliver insight to agents' screens	n/a	n/a	√	n/a	√	n/a
Agent access to real-time monitoring	√	√	X	√	X	√

Table 2: Technology use in inbound service encounters

Four out of six cases delivered customer insight directly onto agents' screens and two had plans to do so in the near future. In three out of the four cases (Barclays, ENERGY and O2) that delivered insight directly onto agents' screens, respondents claimed to have specific evidence that they had performed better as a result, citing the following improvements:

- Since Barclays began delivering Customer Service Opportunities (CSOs) to agents' screens, the proportion of calls including a sale improved from an

average of one sale per fourteen inbound calls to an average of one sale per ten inbound calls.

- At ENERGY, in the period from March 2006 to March 2007 which covered the introduction of insight delivered to agents, acceptances of an offer to convert to an additional energy supply at the call centre under study increased from 3% to 65%; direct debit conversions increased from 4% to 44% of offers made; cash collections improved from £20 an hour to £75; and first call resolution improved from 75% to 80% of calls.
- Since O2 had begun delivering insight prompts to agents via its VISION system, bill value had increased by an average of 15% in the month after the offer was accepted, retention costs had reduced by £150-200k per month, and customer churn had reduced by 3%. In 2006 O2 claimed to have generated £9m of additional revenue through additional cross-selling and up-selling as a result of the VISION program.

Again this data is far from conclusive, but it seems plausible that even insight based on business rules rather than propensity models, as was present in the ENERGY case, is more effective than leaving the agent entirely unprompted as to sales opportunities. In other words, it seems that delivering customer insight directly onto agents' screens leads to increased sales performance in sales through service initiatives.

Arguably, only agents at O2 were making offers based on truly individualised and real-time customer insight, and this case had the highest cross-sell/up-sell ratio, as well as claiming an increase in customer satisfaction. At RIAS and the AA, cases historically with a dominant culture of sales rather than service, some agents were observed to be aggressively up-selling and cross-selling at the expense of customer satisfaction. In some cases, they ignored the insight prompts advising them of the most valuable offer to the customer and instead offered the products they felt most comfortable selling. Instances were also observed of agents offering products in situations when this was inappropriate, for example, when a customer called to cancel a policy or

make a complaint. Although RIAS and The AA could point to short-term gain in terms of successful up-selling and cross-selling, the longer term impact on customer satisfaction was not known. This research suggests that, whilst cross-selling or up-selling without individualised customer insight may lead to short term gain, this may be at the expense of a good customer experience and long-term value.

Despite the extensive use of technology, all of the cases supported the idea that successful cross-selling is not just a question of having the right technology; it is about having a well trained and motivated sales force, who can talk to the customer supported by a real-time (or as close as possible) information system, that is centred around individual customer profitability, to help staff understand all they need about the customer.

Issues Enabling or Inhibiting Sales Through Service

Previous research has already identified seven issues which enable or inhibit a sales through service initiative. Table 3 illustrates how the cases experienced these issues (a check indicates that this issue emerged as influential in enabling or inhibiting program success in the view of respondents). One additional issue also emerged – regulation – and this was added to this table.

	Barclays	Energy	Health	O2	RIAS	AA
Capacity plans/operations		√	√	√	√	
Customer relationships	√	√	√	√	√	√
Staff compensation				√		
Staff training ('will and skill')	√	√	√	√	√	√
Product redesign			√		√	
IT investment and integration	√	√	√	√	√	√
Customer profitability analysis/customer insight		√	√		√	√
Regulation		√	√			

Table 3: Issues associated with a sales through service initiative

All of the cases expressed concern at the outset of their initiatives that customer relationships would be negatively impacted by selling through service centres. Often there

seemed to be deep-rooted mind-sets within the organisation that cross-selling would annoy or overwhelm service customers, and an expectation that attempts to chase a revenue target would lead to an increase in customer complaints and a decrease in customer satisfaction or customer experience ratings. None of the firms in this study, however, found that customer satisfaction had been negatively impacted by their sales and service initiatives. Indeed O2 claimed an increase in customer satisfaction as a result of cross-selling and up-selling, which respondents attributed to the customer's perception that they were known by the agent and that the agent was making an offer which was helpful to them.

This would lead us to suggest the somewhat surprising proposition that offering additional products and services based on customer insight will actually increase customer satisfaction rather than damage it.

All of the cases found that changing the 'will and skill' of their customer service agents was one of their greatest challenges and an area that required a substantial investment in training. Training was reported as necessary in three areas: product knowledge, sales skills and behavioural training.

All of the cases acknowledged a substantial investment in IT, in order to generate insight and deliver it to agents' screens in an integrated way. However, most cases were not waiting until everything was integrated – they were moving ahead with whatever technology was available at the time.

An additional category of "regulation" was also added to Table 3. This reflects the issues of data protection and sector-specific legislation in the case of financial services, which can make calls quite cumbersome and lengthy, making it harder to cross-sell and up-sell.

Agents in a Combined Sales and Service Role

Table 4 summarises the necessary qualities for an agent to be successful in a combined sales and service role, according to respondents.

	Barclays	Energy	Health	O2	RIAS	AA
Competence (will and skill)	✓			✓	✓	✓
Self confidence		✓		✓	✓	✓
Concern for customer/doing right thing	✓	✓	✓	✓	✓	
Confidence in products			✓	✓		✓
Confidence in data and processes	✓	✓		✓		
Confidence that issues will be heard and resolved		✓				✓
Exhibit empathy and understanding	✓			✓	✓	
Feeling of control/empowerment		✓	✓	✓	✓	
Awareness of business and strategic context		✓		✓		✓
Regular feedback on performance	✓	✓		✓		
Ability to achieve balanced scorecard	✓	✓			✓	✓
Adaptability		✓		✓		
Affinity with customers/similar profile	✓				✓	

Table 4: Qualities of agents successful in a combined sales / service role

Respondents at Barclays stated that one of the biggest issues they had to overcome was building agents' confidence in the insight prompts. Across all of the cases, agents were observed to ignore the insight prompts if they did not believe that the offer was right for the customer. At O2, the focus in prioritising possible offers to put to the customer was on improving the customer experience and only half of the offers generated revenue for O2. Agents at O2 were observed to be the most pro-active in making offers to customers as they believed that the offers were good ones for customers. This evidence would suggest that agents are more likely to make successful offers if they believe that they are doing the best thing for the customer.

Measuring Sales through Service Performance

Table 5 summarises the cases' approaches to measurement.

Measure	Barclays	Energy	Health	O2	RIAS	AA
Measure first call resolution?	X	√	X	X	X	X
Monetary incentives for cross-selling?	√	√	X	√	√	√
Customer satisfaction included in balanced scorecard?	√	√	√	√	√	√
Productivity (AHT/adherence to schedule) included in balanced scorecard?	√	√	√	√	√	√
Sales performance included in balanced scorecard?	√	√	X	end '07/'08	√	√
Measure reference to customer insight?	√	X	X	√	X	X
Measure # of customers saved?	X	√	√	√	√	√
Measure average cost of saving customer?	X	X	X	√	X	√
Measure # of offers made and accepted?	√	X	X	√	√	√
Measure # of offers made and not accepted?	√	X	X	√	X	√
Measure # of conversions (sales or hand-offs)?	√	√	partially	√	√	√
Measure overall impact on revenue?	√ - n/a	X	X	√	√ - n/a	√
Measure average revenue per call?	X	partially	X	X	√	√
Measure contribution to overall or individual profitability?	X	X	X	√	X	√
Data collection	√	√	X	X	X	√

Table 5: Measures of sales and service performance

All cases except for HEALTHCARE offered monetary incentives to reward cross-sales/up-sales behaviours - rather than just the success of those behaviours. Such behaviours included reference to customer insight during calls, making offers to customers, passing leads to sales teams and actually closing the sale. All cases except for HEALTHCARE and O2 measured each agent's sales performance as part of a balanced metrics set including measures of productivity (such as average handling time), customer satisfaction and sales. O2's delay in the introduction of sales metrics for agents was deliberate. The

initiative managers wanted agents to first become comfortable with referring to the VISION system to check for offers, before introducing rewards for agents for the number of times they made offers to customers based on the recommendations of the VISION system. By 2008 they planned to introduce measures that would reward conversions of offers to sales, which were currently measured but not rewarded. As O2 achieved the highest up-sell/cross-sell ratio, this would appear to show that there is no correlation between cross-selling performance and the way that monetary incentives plans are structured.

Turning to metrics for purposes of overall program management, previous research has concluded that service and sales must be complementary not contradictory and that firms should aim for a balanced scorecard. All of the cases except for HEALTHCARE had a balanced set of metrics covering customer satisfaction or call quality, productivity and cross-sell/up-sell behaviours and performance. Managerial respondents said that they preferred agents who were balanced across all metrics - "we want everybody to be on the nail, we don't want these people who are getting really high conversions, but with a huge Average Handling Time".

Perhaps because this balance was being sought, no firm believed that average handling time had increased as a result of introducing sales through service, despite fears that there might be a trade-off between cross-selling/up-selling and average handling time. One case reported a bell curve effect, where handling time increased initially when an agent began to add sales to their role, but levelled out once the agents were comfortable with new technology and processes. Respondents believed this to be because the customer insight enabled the agents to have a more relevant, productive dialogue.

In this study, two firms (Barclays and O2) measured reference to customer insight, four firms (Barclays, O2, RIAS, the AA) measured the number of offers made and accepted, three firms (Barclays, O2, the AA) measured the number of offers made but not accepted and all firms

measured the number of sales conversions or hand-offs to sales (albeit HEALTHCARE incompletely).

In this study, four firms (Barclays, O2, RIAS, and the AA) measured the overall impact on revenue, although only the AA was willing to provide revenue numbers. Only ENERGY, RIAS, and the AA measured average revenue per call and only O2 and the AA were able to measure contribution to overall or individual profitability.

The previous research we reviewed proposed that most bank call centres with high levels of service quality could achieve a cross-sell ratio of three core products for every 100 calls within two years of implementing a service to sales initiatives. Each of the companies in this study were achieving or exceeding this ratio in at least one product area.

Management implications

The purpose of this study was to explore contemporary practice in the use of customer insight in inbound service call centres to cross-sell, up-sell and retain customers. Without doubt, it confirms the importance of customer service in business success and highlights the complexity of delivering customised service which also achieves sales objectives.

Ten years ago, research concluded that one-to-one marketing and mass customisation were commercially non-viable. This study would suggest that, with new technology, one-to-one marketing is now indeed becoming a commercial reality and, from a management point of view, there are some potentially valuable insights from this study which merit further investigation.

Our study provides clear evidence that, if agents manage to initiate conversations that uncover customer needs, this could lead to cross-selling, up-selling and customer retention. The question, of course, remains how to achieve this goal. What do agents require in order to initiate such conversations in a way that seems natural and helpful to the customers, without undermining the agent's own confidence in his or her role, and whilst still maintaining a consistent brand image for the organisation?

This work supports the proposal that predictive modelling is an important ingredient for this kind of cross-selling. (There was also some evidence from the O2 case to support suggestion that there is value in using real-time information to cross-sell in telephone service centres.) Where historically CRM has been largely limited to understanding how customers had behaved in the past, there is now an important requirement for additional knowledge and predictions about future needs and behaviours. This can only be achieved through the synthesis of multiple data sources.

Without doubt, therefore, companies seeking successful inbound marketing will, in future, have to invest in resources that enable them to anticipate the customer's changing needs in order to modify their behaviour and offer towards

individual customers or groups of customers on a continual basis.

Of course, there are inherent difficulties involved in combining sales and service roles at the point of customer contact and this study confirms and builds on previous research in this area. By way of assistance to managers, this work proposes a list of the qualities seen in agents who are successful in combined sales and service roles. Whilst this does not solve the problem, it may go some way towards helping managers understand their own degree of success and inform the selection and training processes for the future.

Organisations that are concerned about increased legislative restrictions on outbound marketing and poor response rates will be encouraged to consider inbound marketing, given the higher conversion rates on inbound sales offers than on outbound campaigns reported by several of the case studies. And, there is more than one approach to sales and service initiatives. Some firms choose to train sales agents to deal with service enquiries; some train service agents to close additional sales; and some firms train service agents to spot opportunities and pass them over to a sales team. As yet, no one approach has been proven to be the most successful.

Also, despite common assumptions, it appears that there is not necessarily a trade-off between up-selling/cross-selling in a service environment and average handling time. Excellent customer service is a pre-requisite for any successful sales and service initiative. Agents must first deal competently with the service enquiry before they earn the right to explore customer needs with a view to cross-selling/up-selling. Also, although it is not uncommon for front-line service staff to be reluctant to engage in activities or conversations which they perceive as selling, this work has highlighted that a sales through service initiative can actually improve the customer experience, provided that it is based on sufficiently customised insight.

For organisations contemplating the potential value of inbound marketing, then, the advice is unequivocal: it is both



achievable and profitable to use sales through service to cross-sell and up-sell to customers.

However, the advice comes with a warning: success relies on having competent, empowered service staff who understand and believe that they are 'doing the right thing' for the customer. This, in turn, requires the support of a system that gives agents excellent customer insight data – both historically and with predictions for the future.

Further reading

This research is supported by an extensive literature review and original qualitative research. The following may be of interest to those wishing to follow up with further reading. However, if you would like more information or a full reference list, please contact a member of the CCMF team.

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A decorative graphic consisting of a diagonal line of 15 circles. The circles are arranged from the top right to the bottom left. The top 10 circles are dark teal, and the bottom 5 circles are light teal. The background is split into three horizontal sections: light teal at the top, white in the middle, and dark blue at the bottom.

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