

# The Connected Business

FINANCIAL TIMES SPECIAL REPORT | Wednesday January 25 2012

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## Customer must be king in the web world

Paul Taylor says some companies are waking up to making more of data held inside and outside the business

A little more than a year ago, Dell, the technology company, set up a social media monitoring centre in the company's headquarters in Round Rock, Texas.

The "Social Media Listening Command Center", monitors more than 25,000 daily posts and Twitter messages related to Dell using Radian6, an analytics tool that enables the team to collect and filter conversations, analyse trends and problems and respond quickly to customers in any of 11 languages.

"Today a single customer complaint from someone with influence can have more impact on your company's reputation than your best marketing," says Jason Duty, head of Dell's global social outreach service.

The company says it now has a "resolution rate" of 99 per cent customer satisfaction, that it has increased its "customer reach" significantly with the same number of employees and manages to convert more than a third of its online critics to fans.

This proactive approach to feedback and service recognises that in an age of smart internet-enabled consumers, being

"customer focused" is no longer enough.

Some companies are using new technology tools to attempt to put customers at the "centre" of the business, whether it is customer-facing, such as retail or commercial banking, or a component maker in an extended supply chain. This means being ready to interact with consumers via the communication channel they choose.

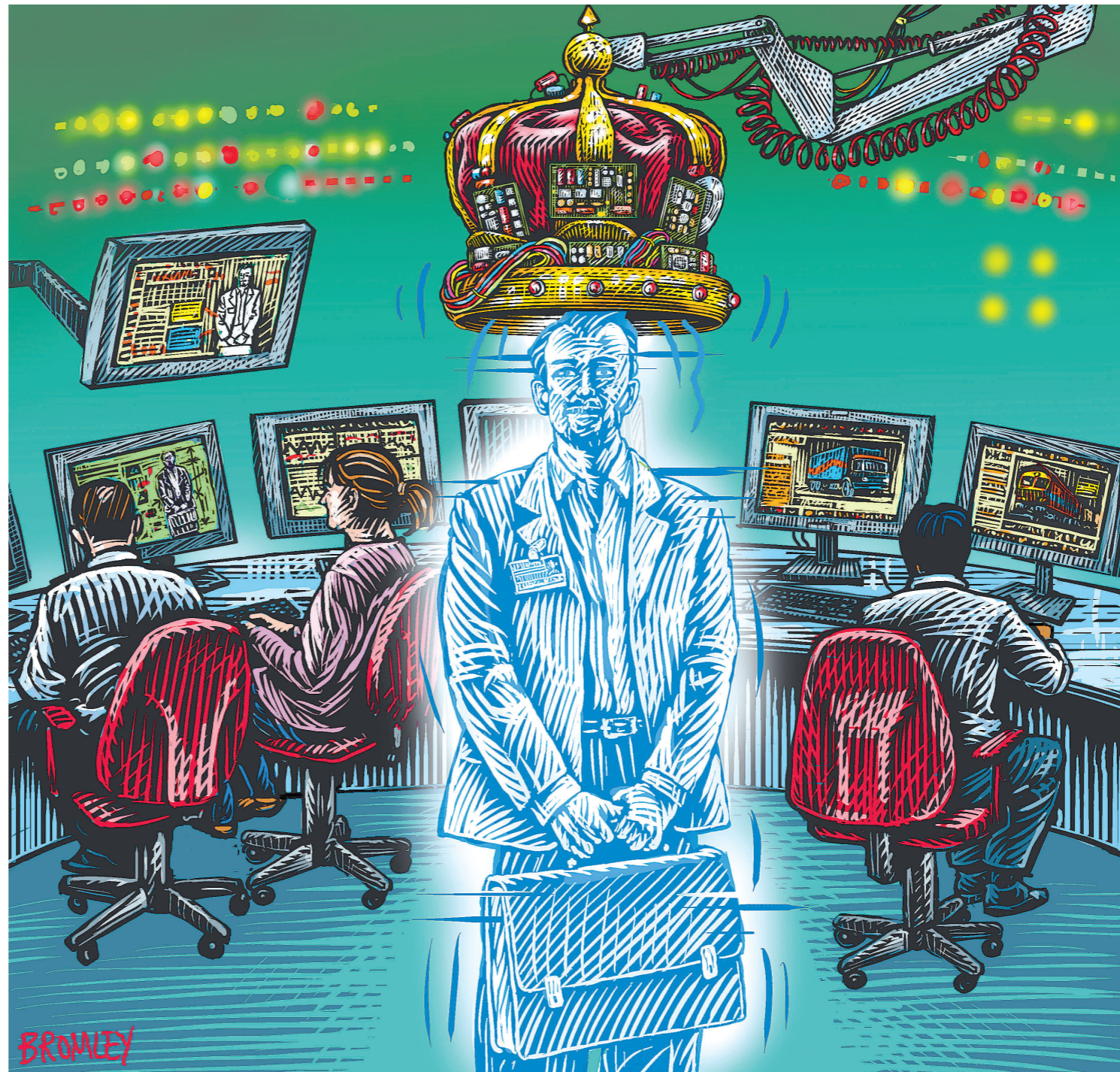
"Businesses previously engaged in one-way information dissemination with customers. Today, multiway conversations between consumers, with or without the involvement of the business, are the norm," observes Scott Clarke of Capgemini Consulting.

He says there is now a category of "super consumers", or "influencers" and warns that traditional CRM (customer relationship management) approaches, can be incapable of interpreting or even spotting the different signals from these multiple customer contact points and new stakeholders.

"Businesses require a social CRM approach that enables them to capture insights and manage the customer relationship successfully by [taking advantage of] the 'viral' nature of the medium," he says.

Chris Webster, head of retail consulting and technology at Capgemini adds a similar cautionary note about retaining customers.

"It has been well known for



many years that acquiring customers costs far more than retaining customers," he says, "but organisations seem to have been geared up to winning customers rather than keeping them."

"They seem to rely on inertia to keep customers."

The internet has made switching providers for banking, telecoms, utilities, insurance and other services easier, while the

differences between what competing providers offer are becoming more transparent.

One of the key "touchpoints" [consumer contact points] – and often a source of irritation for customers – is the call-centre.

Companies such as DHL – the logistics company – are trying to rethink their call-centres, in DHL's case to deliver better service in the

220 countries in which it

operates (see case study, page 6).

In the US, Amerigroup, a healthcare company, found its customer care centres were becoming bogged down by isolated systems and complex workflows that drove up operating costs, hampered growth and stopped the company from being able to deliver consistent service.

"Our associates had to negotiate many systems to help a

[customer], which made it difficult to support growth, innovation and standardisation," says Russell Esposito, senior vice-president of IT Services.

To address the problems, Amerigroup's 700 customer service staff and nurses in three sites are now using an integrated system from Pegasystems, a software company. Mr

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**Perspectives** 'One-and-a-half cheers for the UK announcement on reforming IT teaching in schools'

**TV top-ups** How US channel HBO is attempting to keep and win back subscribers after several popular series have finished

**Guest Columns** 'Big data: will the impact be big?' and 'How well do you really know your customer?'

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The Connected Business

## 'ONE MUST HARNESS SOCIAL INTELLIGENCE TO EVOLVE'

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## The Connected Business

# It pays to keep data near where they are crunched

### Analysing customers

**Jessica Twentyman** explains 'in-memory analytics', which give much quicker insights into behaviour and preferences

Who are our best customers? Which products or services do they regularly buy from us? What offers or promotions would best persuade them to spend more?

At many companies, getting answers to questions like these can be a long, drawn-out affair.

Customer data must first be pulled from a range of operational systems.

Then, it must be reorganised in an enterprise data warehouse (EDW).

Running a query against that EDW, meanwhile, can take hours or even days, depending on the complexity of the query.

It is a painfully slow process, and by the time results are delivered, they can hardly be expected to offer the most up-to-date view of current buying patterns.

In the age of "big data", however, stale reports on historical purchasing patterns struggle to satisfy business needs, says Stephen Gallagher, a business intelligence (BI) expert at PA Consulting.

For a start, he says, many companies want to gather information about customers and their behaviour "from an ever-expanding range of fast-moving channels", from recordings of calls made to customer-service agents to complaints or praise posted on social media sites such as Twitter.

"At the same time, there is a growing need to respond faster to changing customer demands by making use of real-time analytical techniques," he adds.

In-memory analytics technology promises to solve the problems of time-delay associated

with traditional approaches to customer analytics.

The main way it achieves this is by keeping data in the main memory of a server, rather than on a database spread across physical disks on a separate machine. In this way, data are kept closer to where they are "crunched".

Three recent developments in server technology have made in-memory computing a viable proposition for mainstream corporate IT.

One is the emergence of 64-bit architecture, which makes more of a server's main memory usable for purposes beyond simply running that server.

The second is multi-core systems, which use multiple central processing units (CPUs) to boost the speed and power at which a server can perform a computing task.

The third is the falling cost of RAM (random access memory), which can now be bought for about \$20 for 1GB, compared with \$150 just a few years ago.

Eliminating the mechanical processes of writing data to disk-based storage elsewhere (and reading it back again) – sometimes referred to by suppliers as the 'input/output (IO) bottleneck' – and substituting it with in-memory processing can result in enormous boosts in analytic performance.

'There is a growing need to respond faster to changing customer demands by making use of real-time analytical techniques'

Take, for example, Japanese electronics supplier, Yodobashi: it has reduced the time it takes to calculate monthly incentive payments to 5m loyalty-card holders from 3 days to 2 seconds, according to executives at SAP, the company that supplies the in-memory database used by Yodobashi.

In fact, analysing customers is the number one reason that companies have invested in Hana in-memory computing since its launch in December 2010, says Steve Lucas, executive vice-president of business analytics and technology at SAP.

"Customer analytics is the top scenario for Hana right now, and the reason is because in the current economic environment, companies really need to understand what their customers are buying and what products to sell to them.

"I can't think of a better use of in-memory technology right now."

Executives at database giant Oracle, meanwhile, are thinking along the same lines; they announced the company's own in-memory analytics appliance, Exalytics, at its San Francisco conference in October 2011.

"I'm proud to say our Exalytics machine not only handles relational data, not only multi-dimensional data, [but] also

analyses unstructured data at the speed of thought. Nothing is faster. There is no response time," said Larry Ellison, chief executive of Oracle, in his keynote speech.

But the considerable head start that SAP has seems to be serving the German company well so far; in its 2011 fiscal year, sales of Hana reached \$160m, well ahead of the company's target of \$100m in revenues.

That suggests a buoyant market in the year ahead for in-memory analytics.

At Forrester Research, an IT market research company, James Kobielski, an analyst, expects 2012 to "boom", not just for customer analytics, but all forms of data analysis.

At a time when businesses rely more than ever on fresh and plentiful data to respond to opportunities and emerging trends, in-memory analysis looks set to become "the predominant architecture for all users, uses and data," he predicts.

## Customer must be king in web world

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Esposito says average call handling time has been cut by 15 per cent, training time has been reduced and regulatory compliance has improved.

Los Angeles-based Farmers Insurance, another Pegasystems customer, faced the challenge of integrating customer service systems following a series of acquisitions.

"Processing more than 5m inbound and outbound calls annually, we developed contact centres to centralise operations and create economies of scale to process claims efficiently," says Shohreh Abedi, who is in charge of Farmer's claim applications.

With Pegasystems, Ms Abedi's team developed a business process system that automated some decisions relevant to an individual caller's claim.

"Today, calls are handled more effectively and with higher levels of customer satisfaction, yet operational costs are down," says Ms Abedi.

But these companies may be the exception. Many still only seem to pay lip service only to "customer-centric" business models. But Kyle McNabb of Forrester Research says businesses can no longer rely on traditional areas of competitive advantage.

"You can't easily control the relationship between you and your customers," he says, "your customers have more power, and more choice, thanks to smart devices, gaming systems, digital video recorders, and the software that runs on them.

"Organisations that say they are 'customer centric' are missing the point. You can't anticipate customer needs, let alone deliver to ever increasing customer experience expectations, by being customer centric."

Forrester's research suggests that to thrive in today's hyper competitive marketplaces, "companies need to be obsessed about their customers and invest differently to build great customer knowledge that fuels great relationships".

Mr McNabb says that "big data" – the massive volume of information collected, for example, from point of sale terminals – presents opportunities and challenges to organisations hoping to improve their customer insight.

The challenge, he suggests, is how to access and make the most of customer data held both inside the business and outside. If this customer knowledge is put to good use, though, this can create great competitive advantages.

"Truth be told, technology is not the biggest problem," says Mr McNabb. "We are finding that most organisations can't easily make sense of their customer data."

In addition he says many are still not prepared to put the data into more hands, which could help them identify different ways to engage with and serve customers.

"Giving more people access to customer data to help the organisation innovate, calls into question many of the policies and procedures IT has in place," he says.

As a result some businesses risk falling behind one of the most important technology trends, where those at the front of the pack focus on their customers and use that knowledge to beat the market.

## Pulling wheat from chaff gets a little easier

### Evaluation

**Alan Cane** notes early customer relationship management systems were clunky. Today's appear to have much more potential

All customers are valuable but some are more valuable than others.

The time-honoured problem for retailers and wholesalers has been how to separate the wheat from the chaff.

Technology, in the form of customer relationship management (CRM) systems promised a lot but delivered rather less.

The systems were often clunky and depended too much on human involvement – on salespeople filling in forms, for example.

Today's systems, however, are beginning to show the potential of CRM to give companies much more knowledge about their customers.

Peter Grambs, head of the customer solutions practice at Cognizant, a US group that provides CRM for business to business and business to customer companies, says the term today has a broader meaning.

"CRM has really evolved.

'If customers can now be deconstructed down to their component parts, where do we go from here?'

Originally it made lots of promises and did not necessarily fulfil those. The tools today are better and much easier to work with. Everybody is more experienced in thinking about and devising strategies for CRM and how to implement it – and it really is a complex beast".

Today's CRM systems essentially scan and analyse each and every source of information about a customer to build an overview of their "needs, wishes and aspirations" – frequently in pictorial form.

There have been two important advances. First, technology that automates the scanning and analysis of the data and second, the ability to dig into social media to extract informal, often unstructured, information.

Cognizant, for example, has, as part of its product, a "sentiment analyser" that connects to public social networks and extracts and analyses key information such as company names and products, interpreting how customers feel about a brand.

Mr Grambs says: "We are going to see more and more that relationship analysis has a social component. More and more these systems will leverage social media for brand building and awareness".

So, for example, Verint, a US group that has won several CRM awards, specialises in creating business intelligence by analysing structured and unstructured communications – gossip, phone conversations, emails and social media such as Twitter.

Its "Voice of the Customer" portfolio has four elements.

First, speech analytics, soft-

ware that listens to and transcribes telephone call recordings looking for trends and patterns – failures in your organisation, for example, or information about your competitors' activities.

Second, text analytics, which does the same job for unstructured written material.

Third, an automatic system that solicits feedback at the end of a conversation with a customer and fourth, enterprise feedback, a traditional way of gathering intelligence based on email and customer surveys.

Helen Murray, Verint's director of consulting, says O2 Ireland used Voice of the Customer to monitor the success rate of campaigns to encourage customers to top up their phones.

It discovered that they quickly forgot about top-up promotions.

An SMS reminder fired off towards the end of each month resulted in substantially greater revenues.

Paul Broome, chief technology officer for Torex, a European supplier of systems to the retail, hospitality, convenience and fuel markets, places his emphasis on linking analytics to a customer's point of sale (POS) systems.

The company is launching a software product it calls "Snapper" which, Mr Broome says, used in conjunction with the company's POS systems, will enable a client company to manage promotions and marketing campaigns across social media channels and monitor a corporation's reputation on social media networks.

He points out that response rates to campaigns on Twitter or Facebook are typically four times higher than using email – a reflection of the fast changing retail world where POS systems are already being readied for contactless transactions with electronic wallets.

Helen Rutherford, a director of the UK services group 2e2, accepts the importance of collecting information about customers. "It's easier to sell to an existing customer than a new one," but in using the new CRM products such as Eloqua or Marketo, she argues that it must be a two-way street.

"If I go on to a bank site and use their mortgage calculator, that is telling them I'm probably about to apply for a mortgage. The customer gets value from using the tool while the bank gets market intelligence."

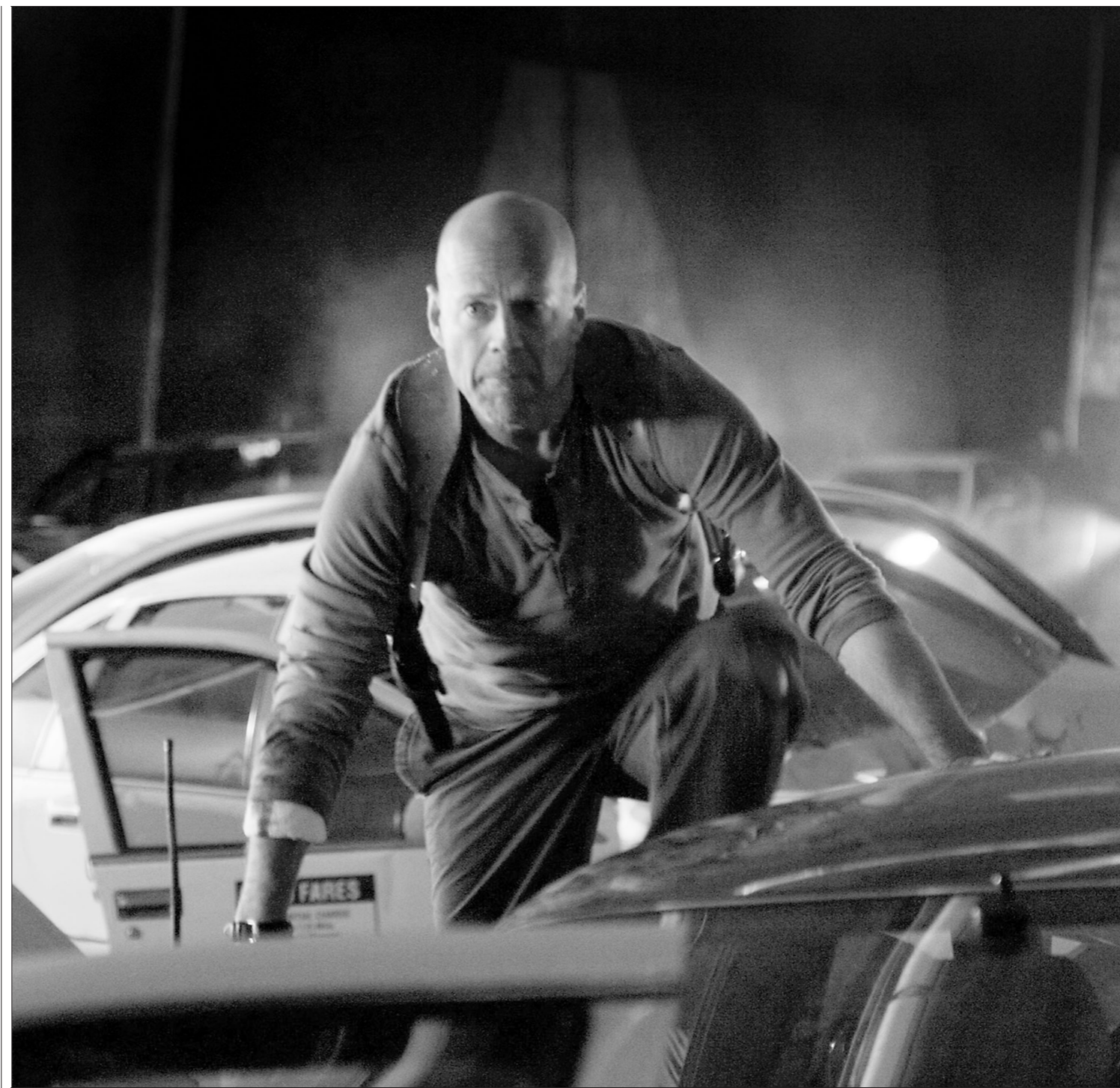
"That is where things are going. But tracking individuals without giving them something in return is unacceptable.

"Services and product providers will find they get better consumer and customer engagement by building value-added online services such as Lloyds TSB's Money Manager," – a free, internet banking service – she says.

Eloqua, which claims to have pioneered marketing automation, integrates with conventional CRM systems to track interactions automatically.

"By doing it automatically we have got over the age-old problem of why salespeople do not fill in CRM forms," Ms Rutherford says.

"CRM was supposed to give a 360 degree view of the customer. This newer technology makes it completely possible. But if customers can now be deconstructed down to their component parts," she wonders, "where do we go from here?"



Old approach: data on 'Die Hard' helped predict the popularity of sequels. Now, the buzz on social networks can give more accurate results

## Businesses strain to gain insight from social media

### Prediction

It is becoming easier to forecast which products will win fans. Jane Bird reports

Spend too much time looking in the rear view mirror of your car and you risk ploughing into an obstacle ahead. Analysing customer behaviour is similar.

Hindsight is useful, but there is no guarantee that what happened in the past will continue.

The challenge is to predict customer behaviour and demand, says Nick Felton, head of business analytics at Advanced Business Solutions, a management systems supplier in the UK.

"At the moment, 90 per cent of companies doing analysis are looking at historic data. This gives some insight, but it means they are always being reactive and responding retrospectively." What they need to do is combine historical data with knowledge of what is happening in real time, or even what is expected to happen.

Charles Randall, solutions marketing manager at SAS, the US-based software company, agrees that using past experience to make forecasts has limited potential.

"It works well for predicting demand for commodities such as tins of beans, but is trickier for fashion and movies," he says.

Figures on *Die Hard 1* or other Bruce Willis movies could help forecast the popularity of *Die Hard 2*, says Mr Randall. "But more accurate results can be gained by analysing the volume and nature of the buzz on social networks, tweets, blogs, postings, articles in the media and online feeds."

"This type of analysis tells us much more about trends and where customers are heading."

The next step is to use behaviour analysis and predictive modelling to adjust pricing or provide other incentives in real time, says Steve Black, business intelligence expert at PA Consulting.

For example, when a computer game goes on the market, the system could begin assessing how much volumes might increase with a 10 per cent price drop. Similarly, call-centre agents can key in information about customers while talking to them, says Mr Black.

"The software can compare this with what it already knows about the individual and suggest fresh offers the agent can propose during the conversation."

Casinos are among pioneers in prediction. SAS has implemented a system for Caesars Entertainment – a gaming company.

It spots which customers are likely to visit rival casinos by using its knowledge of personal demographics, hotels and restaurants used, betting habits, and comparisons with historic data on similar customers.

This lets it predict the "poten-

tial" value of the customer, compare it with actual betting activity, and determine whether the customer is likely to be visiting other casinos or placing smaller bets than expected.

"For customers conducting a significant amount of gaming elsewhere, [a casino] can provide inducements to stay on site, such as complimentary restaurant food, show tickets or play bonuses," says Mr Randall.

Real time analysis techniques are now widely used in online advertising, to measure response rates to words and colours, which can be quickly and

'At the moment, 90 per cent of companies doing analysis look at historic data'

easily changed. "Google has put lots of effort into this. It is enormously powerful," says Mr Black.

Systems are also becoming more subtle. In the past, the focus has been on "product maximisation", says Mr Randall.

"The industry has become good at short term boosts to sales. But we are becoming more sensitive to long term profitability."

A supermarket voucher might offer a discount for an expensive shampoo to a customer unlikely to buy it in the long term.

"A better approach is to take into account personal prefer-

### Contributors

**Paul Taylor**  
The Connected Business Editor

**David Gelles**  
US Media and Marketing Correspondent

**Jane Bird, Alan Cane, Stephen Pritchard, Jessica Twentyman**  
FT Contributors

**Ursula Milton**  
Commissioning Editor

**Steven Bird**  
Designer

**Andy Mears**  
Picture Editor

For advertising details, contact: **James Aylott** on: +44 (0)207 873 3392; email: james.aylott@ft.com or your usual representative

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Your reply will be treated in the strictest confidence – the results will only be used in statistical format and you will not be contacted by any other company. As a token of our appreciation, every reader who completes and returns a questionnaire by Wednesday 15th February 2012 may enter the free prize draw to win £200 (or local equivalent).

Thank you for your help.

Michael Skapinker  
Editor, Special Reports and Supplements

**GENERAL RESEARCH ACTIVITY**

Before we ask about the FT Special Reports, we would first like to ask you about how you research information in general.

**Q1 How often do you conduct research on a company, industry, subject area (e.g. sustainable business) or country for work purposes?**

	Company	Industry	Subject Area	Country
4-5 times per week	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2-3 times per week	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Once a week	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2-3 times per month	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Once a month	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Less often	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Never (Go to Q4)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Q2 When conducting research for work purposes, which resources do you use? Please tick all that apply**

- Internal company resources e.g. Library
- Online search engines e.g. Google
- Online research databases e.g. LexisNexis
- News websites e.g. FT.com
- News publications e.g. FT
- Online discussion forums
- Online blogs
- Social media
- External research company
- Other (Please specify)
- None of the above

**Q3 When quoting a research source, which of the following are most important to you? Please select up to three**

- Reputability of source
- Trust in the source
- Editorial independence
- Source recognised by others
- Up to date content
- Integrity
- Relevance of information
- Other (Please specify)
- None of the above

**USE OF FT SPECIAL REPORTS**

**Q4 How much of this FT Special Report did you read, or do you expect to have read by the time you have finished with it?**

- All of it  About a quarter
- Most of it  Less than a quarter
- About half  Don't know

**Q5 Apart from yourself, how many other people will read your copy of this FT Special Report?**

- None-Just myself  3-4
- 1  5-9
- 2  10+

**Q6 Overall, how would you rate this FT Special Report?**

- Excellent  Fair
- Very good  Poor

**Q6a How often do you read FT Special Reports in the Financial Times newspaper?**

- Regularly (at least three out of four reports)  Rarely
- Sometimes (one or two out of four reports)  Never

**Q7 What will you do as a result of reading this FT Special Report (or may have done as a result of reading a previous Special Report)? Please tick all that apply**

- Keep it for future reference
- Clip articles
- Contact one of the advertisers
- Contact a company or organisation featured in the report
- Purchase something
- Consider investing
- Research into the subject area further
- Read other FT Reports
- Visit Special Reports area on FT.com
- Other (Please specify)

**Q8 Which, if any of the following FT Special Reports recently published by the FT did you read or look at? Please tick all that apply**

	In Print	Online
Latin America: Social Enterprise & Philanthropy (2nd December 2011)	<input type="checkbox"/>	<input type="checkbox"/>
South Africa: Building the Green Economy (2nd December 2011)	<input type="checkbox"/>	<input type="checkbox"/>
Energy (5th December 2011)	<input type="checkbox"/>	<input type="checkbox"/>
Japan: Technology & Innovation (6th December 2011)	<input type="checkbox"/>	<input type="checkbox"/>
Liberia (8th December 2011)	<input type="checkbox"/>	<input type="checkbox"/>
Kurdistan: Oil & Gas (8th December 2011)	<input type="checkbox"/>	<input type="checkbox"/>
The FT's Year in Finance (13th December 2011)	<input type="checkbox"/>	<input type="checkbox"/>
Cop 17 Analysis (13th December 2011)	<input type="checkbox"/>	<input type="checkbox"/>
The Connected Europe (14th December 2011)	<input type="checkbox"/>	<input type="checkbox"/>
Istanbul - Business & Finance (14th December 2011)	<input type="checkbox"/>	<input type="checkbox"/>
Islamic Finance (15th December 2011)	<input type="checkbox"/>	<input type="checkbox"/>
Ghana (15th December 2011)	<input type="checkbox"/>	<input type="checkbox"/>
Business Locations in France (16th December 2011)	<input type="checkbox"/>	<input type="checkbox"/>
Qatar (17th December 2011)	<input type="checkbox"/>	<input type="checkbox"/>
World retailing (19th December 2011)	<input type="checkbox"/>	<input type="checkbox"/>
Investing in South Korea (19th December 2011)	<input type="checkbox"/>	<input type="checkbox"/>
The New Egypt(22nd December 2011)	<input type="checkbox"/>	<input type="checkbox"/>

**Q9 How do you generally find out about FT Special Reports? Please tick all that apply**

- Look at Guide to the Week
- See advance notices in the paper
- Receive advance topic list from FT
- Receive advance topic list from another org
- Online search
- Special Reports twitter feed
- Special Reports facebook page
- Look up on ft.com
- E-mail alerts from FT.com
- Just come across them on day of publication
- Other (Please specify)

**Q10 Which subjects would you be interested in the FT covering (in future special reports)? Please write in**

**Q11 Which geographical regions would you be interested in the FT covering (in future special reports)? Please write in**

**Q12 Please indicate how strongly you agree or disagree with the following statements about FT Special Reports (on a scale of 1 to 5 where 1 is Disagree Strongly and 5 is Agree Strongly).**

	Disagree Strongly	2	3	4	Agree Strongly
They are well written	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
They are useful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
They provide information I cannot find elsewhere/would not otherwise see	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The writing is objective	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
They help keep me informed about trends/development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
They are accurate and up to date	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
They are authoritative and credible	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Q13 In your own words, can you tell us the value to you in reading FT Special Reports? Please write in**

**Q14 Aside from general reading, in which, if any, of the following ways do you use FT Special Reports? Please tick all that apply**

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- To research new markets or countries
- To understand emerging trends and developments
- To find out about specific business sectors
- To find out more about the industry I work in
- To make better informed business decisions
- To make my investment decisions
- To find new business partners/to uncover new business opportunities
- To prepare for a business trip
- To prepare for meetings with clients or other contacts from the country or industry concerned
- To incorporate into presentations, reports and other documents
- To show to clients, suppliers or other contacts
- In my role as a teacher/lecturer as teaching material
- Other (Please specify)
- None of the above

**Q15 In which of the following ways have you accessed FT Special Reports in print? Please tick all that apply**

- A copy of the FT purchased especially for a report
- A copy of the FT purchased for general content (not specifically for a report)
- Office/someone else's copy
- Library/archive
- Purchased/sourced back copy
- Other (Please specify)
- None of these

**USE OF SPECIAL REPORTS ONLINE**

**Q16 Did you know that FT Special Reports are also available on FT.com?**

- Yes  No (Go to Q20a)

**Q16a How often do you access the FT Special Reports on FT.com via browser on PC/laptop, FT.com via browser on tablet/mobile or FT app on tablet/mobile?**

	FT.com via PC/laptop	FT.com via tablet/mobile	FT App on tablet/mobile
4-5 times a week	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2-3 times a week	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Once a week	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2-3 times a month	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Once a month	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Less often	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Never	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Q17 In which of the following ways have you accessed FT Reports online? Please tick all that apply**

- Navigation bar on FT.com
- Search function on FT.com
- Search engine e.g. Google
- Click through from a link in an FT email
- Click through from a link on FT.com
- Click through from an advertisement on FT.com promoting Special Reports
- Bookmarked page as a favourite
- Typed in the URL from a report read in print
- Other (Please specify)
- None of the above

**Q18 For what reasons do you access the FT Special Reports section on FT.com? Please tick all that apply**

- To find out about upcoming reports
- For archiving/reference purposes
- To search for reports on a particular country/industry/subject
- In addition to a report read in print
- Prefer to read a report online than in print
- Don't have access to a print copy of Special Reports
- To access additional content relating to a report e.g. video, interactive graphics
- To download a PDF of a report
- Other (Please specify)
- None of the above
- Do not use FT.com to access FT Special Reports

**Q19 What would make you use the Special Reports section on FT.com more frequently? Please tick all that apply**

- Improved search function
- Reports being regularly updated with new content after being published
- More interactive features
- Better linking to further online content
- An online community of other readers interested in the same subjects
- Improved ability to share content with others
- Other (Please specify)
- None of the above

**OTHER MEDIA CONSUMPTION**

**Q20a In which of these publications do you ever read or look at special supplements/reports? Please tick all that apply**

	In Print	Online
Economist	<input type="checkbox"/>	<input type="checkbox"/>
Wall Street Journal	<input type="checkbox"/>	<input type="checkbox"/>
International Herald Tribune	<input type="checkbox"/>	<input type="checkbox"/>
Forbes	<input type="checkbox"/>	<input type="checkbox"/>
Fortune	<input type="checkbox"/>	<input type="checkbox"/>
Harvard Business Review	<input type="checkbox"/>	<input type="checkbox"/>
Bloomberg Business Week	<input type="checkbox"/>	<input type="checkbox"/>
The Times	<input type="checkbox"/>	<input type="checkbox"/>
The Telegraph	<input type="checkbox"/>	<input type="checkbox"/>
The Guardian	<input type="checkbox"/>	<input type="checkbox"/>
The Independent	<input type="checkbox"/>	<input type="checkbox"/>
Other Print (Please specify)	<input type="checkbox"/>	<input type="checkbox"/>
Other Online (Please specify)	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

**Q20b Which publication do you think runs the most informative special supplements/reports? Please tick one**

	In Print	Online
Economist	<input type="checkbox"/>	<input type="checkbox"/>
Wall Street Journal	<input type="checkbox"/>	<input type="checkbox"/>
International Herald Tribune	<input type="checkbox"/>	<input type="checkbox"/>
Forbes	<input type="checkbox"/>	<input type="checkbox"/>
Fortune	<input type="checkbox"/>	<input type="checkbox"/>
Harvard Business Review	<input type="checkbox"/>	<input type="checkbox"/>
Bloomberg Business Week	<input type="checkbox"/>	<input type="checkbox"/>
The Times	<input type="checkbox"/>	<input type="checkbox"/>
The Telegraph	<input type="checkbox"/>	<input type="checkbox"/>
The Guardian	<input type="checkbox"/>	<input type="checkbox"/>
The Independent	<input type="checkbox"/>	<input type="checkbox"/>

**Q21 Are you...?**

- Working full-time
- Working part-time (including semi-retired)
- Looking for work
- Retired
- Homemaker
- Studying
- Other (Please specify)

**Q22 Which of the following best describes your position/ job title?**

- Owner/Partner
- President/Chairman/CEO
- Chief Operating Officer
- Managing Director
- Chief Financial Officer/Finance Director
- Chief Information/Technology Officer
- Other C-Suite title
- Board Member
- Departmental Director/Head of Department/Vice President
- Other managerial level/executive
- Technical Specialist
- Consultant
- Financial Professional (e.g. IFA, Broker, Trader, Investment/ Fund Manager, etc)
- Professionally qualified (i.e. Doctor, Teacher, Engineer etc.)
- Administration/Clerical
- Elected representative
- Other (Please specify)

**Q23 Which one of the following best describes the industry sector of your organisation? Please tick one only**

- Investment Banking
- Other Banking
- Investment/ Fund Management
- Audit Services
- Insurance/ Actuarial
- Other financial services
- Legal
- Management consulting
- Media
- PR/ Marketing
- IT
- Telecommunications
- Scientific/ Technical services
- Retail/ Wholesale
- Travel/ Tourism/ Leisure/ Entertainment
- Other services
- Construction
- Transport/ Vehicle manufacture
- Logistics
- Utilities/ Energy/ Oil
- Food/ Drink/ Tobacco/ Textile/ Clothing
- Manufacturing
- Engineering
- Government/ Politics
- Education/ Health
- Charity/ Not for profit organization
- Other (Please specify)

**Q24 Does your job responsibility involve making decision about the purchase or lease (i.e. choosing the supplier or brand or authorising the payment) of any of the following type of goods or services? Please tick all that apply**

- IT equipment/systems/services
- Telecommunication equipment/systems/services
- Other office equipment  Aerospace
- Industrial materials/ components
- Fuel/Energy  Company vehicles
- Business premises/sites  Banking
- Investment/Brokerage  Financial Services
- Auditing Services  Legal Services
- Management consulting services
- Advertising / Marketing / Public relations
- Human Resources  Travel services
- Logistics  Conferences/Exhibitions
- Other
- Not involved in purchase decision making

**Q24a Which of the following broad areas are your main areas of activity at work? Please tick all that apply**

- General management  Strategy/ Strategic planning
- Management of particular geographical regions
- Banking services  Financial advisory services
- Accountancy/ Management accountancy
- Actuarial/ Insurance
- Investment/ Fund management
- Treasury  Other Financial
- Legal  Sales
- Marketing/ Advertising/ PR/ Communications
- E-Commerce/ Business systems
- IT/ Telecommunications  Scientific/ Technical Services
- R&D/ Design  Procurement/ Purchasing
- Logistics
- Premises/ Property management
- HR/ Training  Education/ Medical/ Health
- Government/ Politics  Other
- Not involved in purchase decision making

**Q25 How many people does the organisation that you work for employ worldwide?**

- Just myself/ 1 person  501-1,000
- 2-250  1,001-10,000
- 251-250 employees  10,001+

**Q26 Which region do you currently live in?**

- UK  Middle East
- Continental Europe  Africa
- USA  Asia Pacific
- Americas (excluding USA)
- Other (Please specify)

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FOLD 3

FOLD 1

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Please fully complete the FT Special Reports Survey 2011 and enter your name, address and e-mail below if you wish to be entered for the prize draw. Closing date for postal entry is Wednesday, 15 February 2012.

PLEASE WRITE IN BLOCK CAPITALS

Name .....

Address .....

.....

Postcode ..... Country .....

Email .....

Mobile\* ( ) .....

**\* It is now possible to conduct market research through text messaging. If you are happy to participate in FT research via text messaging, please enter your mobile or cell phone number (including country code) above.**

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**Please tick this box if you do not wish to be contacted for FT research projects.**

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# Retailers experiment on ways to win loyalty

## New customers

**Jessica Twentyman** says shoppers are much more 'chatty' than they were and looks at how to listen and respond

In recent years, it has become fashionable among marketers to talk about "empowered customers".

As Robert Bloom, a former advertising boss, points out in his 2010 book, *The New Experts*, the internet has handed customers three powerful weapons: instant access to information on products and services; immense choice; and real-time price comparison tools.

Brand loyalty is dead, Mr Bloom argues, and customers are now calling the shots.

It may be more constructive, however, for marketers to think about today's customers as "chatty".

The internet has changed advertising and marketing for good and digital media, in particular, have transformed the interactions of brands with target audiences from a one-way street of marketing messages to something more akin to a two-way conversation.

To start that "conversation", however, brands need to find a way to break the ice.

At Belron, an international windscreen repair

and replacement company, customer service agents are using social media tools from Radian6 (owned by Salesforce.com, a software company) to identify and approach potential customers.

David Meliveo, marketing director of Autoglass, Belron's UK brand, explains: "We monitor social media sites such as Facebook and Twitter for mentions of the Autoglass name.

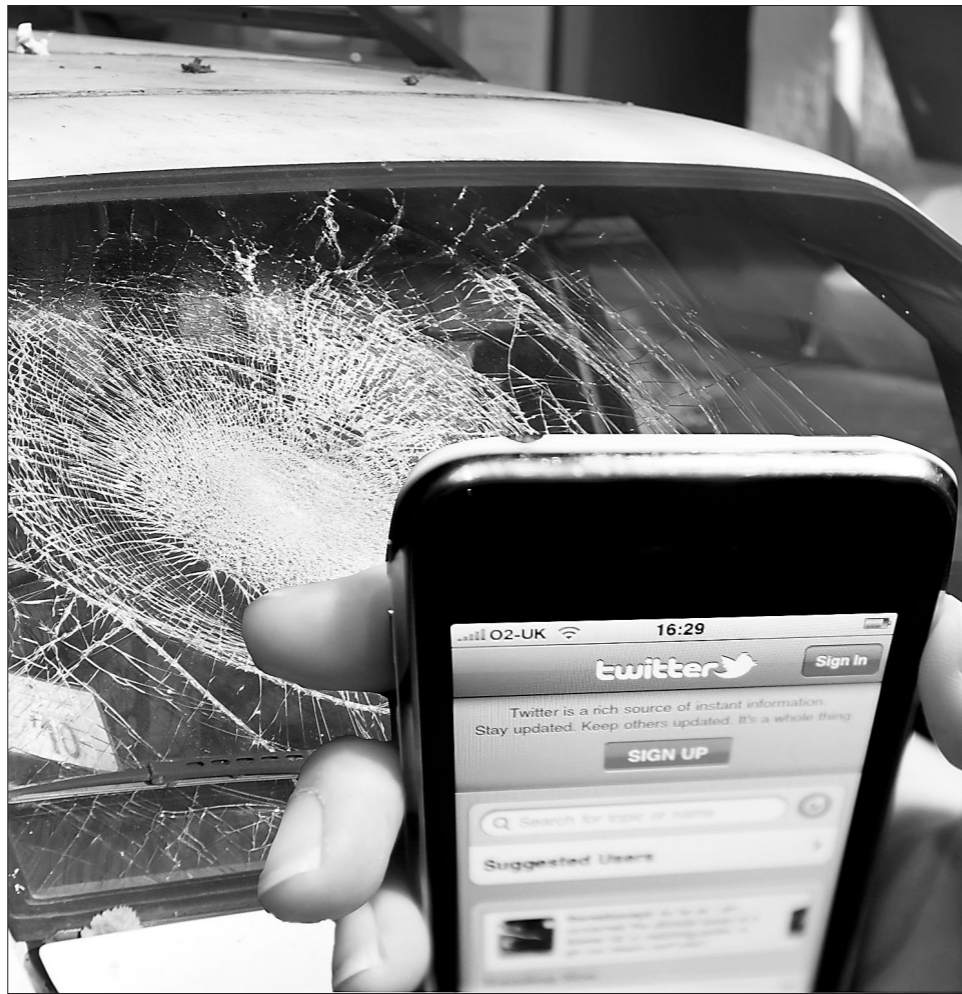
"But at the same time, we also search for people talking online in more general terms about vehicle glass. So if you post on Twitter and your update includes the term 'broken windscreen', it's likely that you'll get a tweet from us, asking if you need help," he says.

In this way, the company is able to initiate a conversation with customers who may not be familiar with the Autoglass brand but are likely to need its services.

From that initial contact, customers are typically directed to the Autoglass call-centre or to its website, says Mr Meliveo.

If customers choose the website to complete a transaction, that should not mean the conversation is over, says Ashutosh Roy, chief executive of eGain Communications.

In addition to tools used by call-centre agents, the company sells software that enables online shoppers – on sites owned by retailers such as Asos.com, Gymbooree and Timberland – to ask for help or advice in completing their purchase.



Clear advantage: companies may look at your tweets and offer help on that basis

"Shopping cart abandonment is a big problem for online retailers," says Mr Roy.

In fact, he adds, analysts at Forrester Research, an IT market analyst company, believe that as many as 83 per cent of online purchases are abandoned before the transaction is complete.

"People get confused by the process itself or they

'Shopping cart abandonment is a big problem for online retailers'

simply get overwhelmed by choice," he says.

"In that situation, it's vital that the business can jump in and guide them through the sales process – if that's what they want."

But it is not just the conversations that take place between a brand and prospective customers that

help convert browsers to buyers.

At BT, the UK telecoms company, Brian Salins, the head of social media innovation, believes the conversations customers have with each other can be just as valuable as those they have with the provider.

That is particularly true when it comes to service and support, she says.

"Our social media strategy is twofold. First, we take our conversations to where our customers are, such as Twitter.

"Second, we host a community forum on our site, where customers can discuss the service and support they're receiving."

While this community forum, based on software from Lithium Technologies and launched in January 2010, is primarily aimed at existing customers, she says, it has proved valuable in attracting new ones to BT.

"Over time, the more

prominent the community has become and the more word-of-mouth has spread, we find that people who aren't currently BT customers are registering for the community to ask about service quality, pricing, that sort of thing," she says.

In fact, all companies should be thinking of doing more outside the confines of the traditional marketing department in order to engage chatty, empowered customers for whom traditional "push" advertising is increasingly irrelevant, according to a recent report from McKinsey, a management consultancy.

"In today's marketing environment, companies will be better off if they stop viewing customer engagement as a series of discrete interactions and instead think about it as customers do: a set of related interactions that, added together, make up the customer experience," the report's authors argue.

## Monitoring Conversations, vendors and experts proliferate

Kitted out with smartphones and addicted to social media, many customers are more empowered than ever to voice their opinions, for better or worse.

Brand advocates can cause sales to surge as grassroots enthusiasm quickly spreads, while a damaged piece of baggage can trigger a "viral" backlash against an airline overnight.

"This is the democratisation of self expression," says Jeff Dachis, chief executive of the Dachis Group, which makes a social media monitoring tool.

"Everyone has an HD [high definition] camera in their pocket right now. It is the largest shift in communications in the history of mankind."

More than 1bn people are expected to be on Facebook by the end of the year, while Twitter has more than 100m active users.

On each of these two social networks, companies, products and brands are often among the hottest topics of discussion.

Now, desperate to keep tabs on this proliferation of public dialogue about their products and services, companies are employing a sophisticated arsenal of monitoring tools.

"It just continues to blossom," says Scott Monty, head of social media at Ford Motor Company.

"The conversations are voluminous, which means there's more to sort through. Similarly there are more vendors to sort through, and more and more people claiming to be social media experts."

Ford, a pioneer in the field of social media monitoring, has developed a system that combines its in-house expertise with an array of social media monitoring products from different companies.

"There's lots of stuff we have built in house already. The off the shelf tools are integrated with a variety of services across the web," Mr Monty says.

"What we do have is a system that is cobbled together that serves different audiences here at Ford."

Its customer service team uses tools from 3CSI, a software company, that help it identify crises online and intervene when necessary.

Ford's communications team uses Evolve24, a product from Maritz Research that monitors the sentiment and volume of customer feedback over time.

Other tools used by the Ford team include Radian6, one of the original social media monitoring tools, and Crimson Hexagon, a company that aims to measure the impact of a company's social media presence and marketing.

Each of these tools has its own unique attributes. But Mr Monty says there is no one product that can yet

'This is the democratisation of self expression. Everyone has an HD camera in their pocket now'

do it all. "There is no one-size-fits-all tool out there."

Instead, what is important is to use such products to build relationships with fans and detractors, in a bid to influence "conversations" about a brand.

"This is the essential notion behind building trust," Mr Monty says, noting that results take time to achieve.

"You have to do things for 6 to 9 months before it starts to stick, before people really start to trust what you're saying."

In a test of its strategy, Ford recently invited 150 bloggers from 60 countries to Detroit for the US Auto Show.

Knowing who was going to be covering its cars allowed it to focus its social media monitoring efforts. "We knew who our news

sources were," Mr Monty says.

"We would plug them into our systems and watch what they were saying. It allows us to get much more granular, and helps us gather insights and draw conclusions based on those insights."

The Dachis Group has a different strategy, attempting to derive broader insights about the effectiveness of a company's marketing effort based on social signals.

It is a new development of the original breed of social media monitoring software, which was "reactive".

"All of that constant engagement and sharing generates an enormous amount of unstructured data," Mr Dachis says. "If we can understand how to measure that engagement we can deploy dollars against it."

By better understanding what people are saying about a company and products, a chief marketing officer, for example, may be able to make more informed decisions about what areas demand more marketing dollars.

CMOs are going to demand that their employees are going to have some data source to justify allocations," Mr Dachis says.

Yet, whether companies are monitoring burgeoning public relations crises, engaging with brand advocates, or deriving broader lessons about efficacy, the goal, says Mr Monty, is to establish deeper ties with customers online.

"We're able to keep an eye on things to a certain extent with a number of monitoring tools, but as we continue to forge relationships with people on the online community, we become part of the community itself," he says. "We're not an outsider, we're actually part of the community."

David Gelles

# Managing business clients can be a complex matter

## CRM

**Stephen Pritchard** notices convergence with business-to-consumer systems

The best-known examples of customer relationship management technology come from businesses that sell services to consumers in large volumes.

But while the priority for a company such as Amazon, the online retailer or BT, the UK telecoms company, is to automate as many dealings with customers as possible, the situation is rather different for companies that sell to other businesses.

"We will do many, many transactions with the same customer, and that customer will have organisations spread all over the world," says Justin Kershaw, chief information officer for the industrial sector at Eaton Corporation, an Ohio company that makes components for markets that include aerospace, automotive, and power generation.

"In the consumer model, the consumer is usually in one location.

"We're handling a single relationship with customers spread all over the world. That brings complexities when it comes to providing service agreements and handling issues [and] is quite different to a consumer model."

As a manufacturer of industrial products, Eaton has direct sales staff for large customers, and an account management and distributor-based sales channel for smaller markets. Tying that together relies increasingly on technology.

"We keep a vast array of information about our customers and our markets, and technology is used to analyse that and help us manage it," says Mr Kershaw.

"We use technology to interact with the customer and to capture the

transactions we are processing."

Businesses selling to other businesses are turning more to IT, to provide both better levels of customer service and to help form a more accurate picture of their relationships.

For companies operating internationally, and in multiple markets, CRM technology is also helping to provide a single view of the customer, in much the same way banks and retailers are attempting to do for consumers.

"Companies want to deploy CRM systems for two reasons: to automate as much as possible of the business process and to improve the 'visibility' of the way the business interacts with its customers," says Anthony Lye, senior vice-president for CRM at Oracle, the technology company.

When it comes to complex business-to-business relationships, he says, this is not just about identifying transactions, but helping sales staff to spot accounts their colleagues are involved with.

It is also about simplifying workflows, and bringing together data from an ever-larger number of sources.

Increasingly that also

includes information from external sources, such as social media.

Consumer brands might be concerned about reputation on Twitter or Facebook, but business-to-business vendors are increasingly sensitive to discussions about their products in forums such as user groups.

"One technology change we are seeing is a greater use of moderated user groups, and the encouragement of peer to peer support," says Charlie Simp-

'The idea that requirements differ for B2B and B2C is stuck in the '90s'

son, an expert in customer management systems at PA Consulting. "[Businesses] are using social media to get customer feedback more quickly."

There is a trend for business-to-consumer and business-to-business CRM to converge and this is driven in part by easier-to-use technology, and in part by a growing emphasis on customers in industrial and other businesses.

"The idea that B2B and

B2C requirements differ is stuck in the '90s," says Alex Dayon, executive vice-president for CRM at Salesforce.com, a software company.

"It is true that B2B and B2C are developing at a different pace. But there are different complexities to the relationships and differences in the number of people involved."

Business-to-consumer relationships tend to involve large volumes of lower-value, simple transactions.

When businesses sell to other businesses they might be selling highly complex products or services – one transaction worth a million dollars, rather than a million one-dollar transactions. But this masks the wide variety of relationships companies have with their business customers. Some deals are complex, and best described as partnerships.

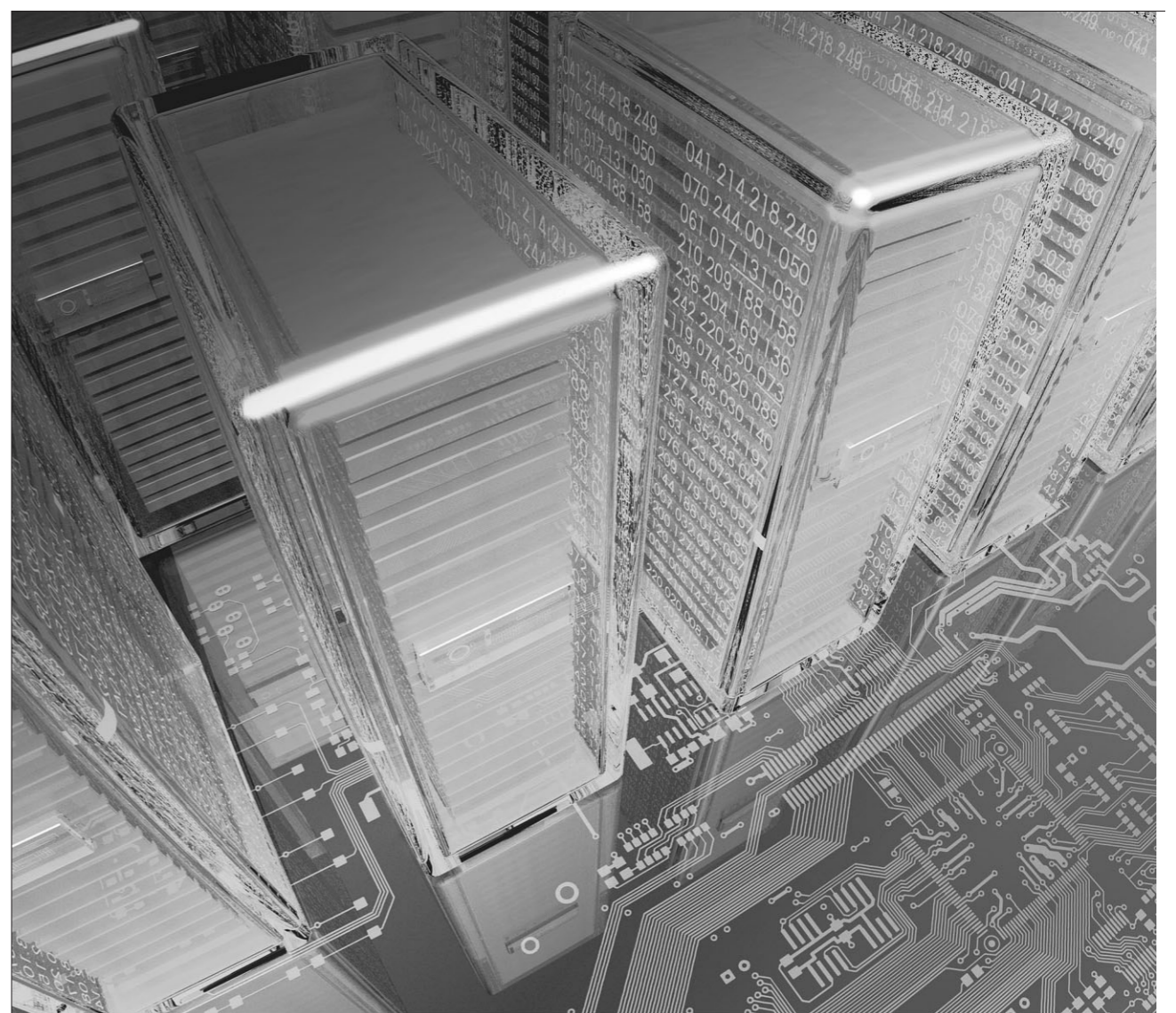
"There is a lot of information you might share with a business partner, and complexity around what knowledge to share, or not. You may have to expose some of your systems for the process to run end to end," says Duncan Barnes, from the CRM team at Deloitte the consultancy.

Others are simple, repeatable interactions that are much closer to those that businesses might have with consumers, and that may lend themselves to automation.

They may include customer self service, an idea borrowed from systems developed for mass-market consumer brands.

At Eaton Corporation, Mr Kershaw describes this as "leaning out" the customer relationship. "It is not primarily for ourselves but for the benefit of the customer," he says.

"There is a vast amount of information that is required to make purchasing agreements or decisions to buy. If we can take cycles out of that, and have more questions answered or more issues resolved in one touch of the customer, or two, that is the most effective way."



## Business & Technology Debates IT and Customers

FT Technology Correspondent Maija Palmer and Bryan Glick, Editor-in-Chief of Computer Weekly discuss the issues with John Clarke of Boston Consulting Group and Mark Goldman of Nationwide Building Society.

Watch it at [www.ft.com/business-technology-debates](http://www.ft.com/business-technology-debates)

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Easy to package: automating customer interaction is a priority for a company such as Amazon

Getty



## The Connected Business

# Don't rely on customers to volunteer views

### Service

Jane Bird looks at options for gathering feedback

Online customers seeking advice from Schuh, a shoe retailer based in Scotland, can click an on-screen button for a text or video conversation with a sales assistant.

The web chat, which was introduced last October, is proving popular, says Karyn Stevely, customer service manager.

"Response has been fantastic. We are taking as many calls via live help as through the phones. Feedback comments show that people like its simplicity and speed of reaction."

Consumers are familiar with video calls, online chat, instant messaging and downloading apps on smartphones and tablets, says Natalie Keightley, contact centre product marketing lead for business partners at Avaya, the business collaboration and communications tools company.

"They expect companies to recognise them and respond according to their preferred channel. The drive for multi-channel service is coming from them."

A study of consumers in 2010 by Accenture, the consultancy, found that 66 per cent thought service had improved in the past five years, thanks to growing use by companies of channels such as automated phone attendants, live internet chats and self-service options on websites.

But a common mistake is companies moving too fast and not making it easy for customers, says David Klimek, a senior executive in Accenture's customer relationship management group.

"Many organisations rush to have a website, online chat, Twitter and Facebook, but they forget to think about how they all interact and are integrated."

Some companies that are really good on the web are poor on mobile, he says. Instead of multi-channel, they should be thinking about cross-channel.

The goal is to be able to identify customers and know all their details and customer history, however they get in touch, says Mr Klimek.

"If customers phone back after having spoken to an agent and talk to interactive voice response (IVR) that is unaware of their previous interaction, you lose the trust of those customers and they won't want to come back."

Businesses also need to ensure they are able to adopt new channels quickly, says Ms Keightley.

"If Facebook can go from nothing to \$1bn in six years, who is to say that in another six it will even still be there? So companies need a flexible system that can adapt to dynamic fast-changing customer expectations."

Gathering feedback is crucial to providing good customer service, says Jamie Thorpe, head of commercial relations for learning and measurement at Grass Roots, a "performance improvement" company.

But you cannot rely on

customers volunteering to do so and you should avoid requesting it too often, especially for basic items such as shower gel, he says.

"The other problem is that if customers take part in market research and express dissatisfaction, they expect a response, and they are much less forgiving on timescales than previously. They want instant responses."

**'If customers take part in market research and express dissatisfaction, they expect a response'**

Many companies engage in dialogue with customers on Facebook, but inviting comment on social media can be dangerous, says Mr Thorpe.

"Objectors say that such feedback tends to be largely negative."

"Often a single interaction gets a lot of coverage

in the trade press, and if companies respond, it can turn into an online row with competitors."

More useful are satisfaction surveys conducted within two days of a customer's interaction with a contact centre, typically by IVR or text message, says Mr Thorpe.

Grass Roots does this for clients such as Santander, the bank.

"It gives them a constant and up-to-date picture of how good the customer experience was, how likely customers are to come back and spend more, and their propensity to recommend."

Customers are also asserting themselves on when and how they interact, for instance wishing to determine the time of day at which they are contacted and the channel.

They also want to design how information will be displayed to them on a company's website, says Mr Klimek.

"For example, they want to say which parts of their phone bill are included on the first page. In future,

we'll see a lot more control shifting to the customer."

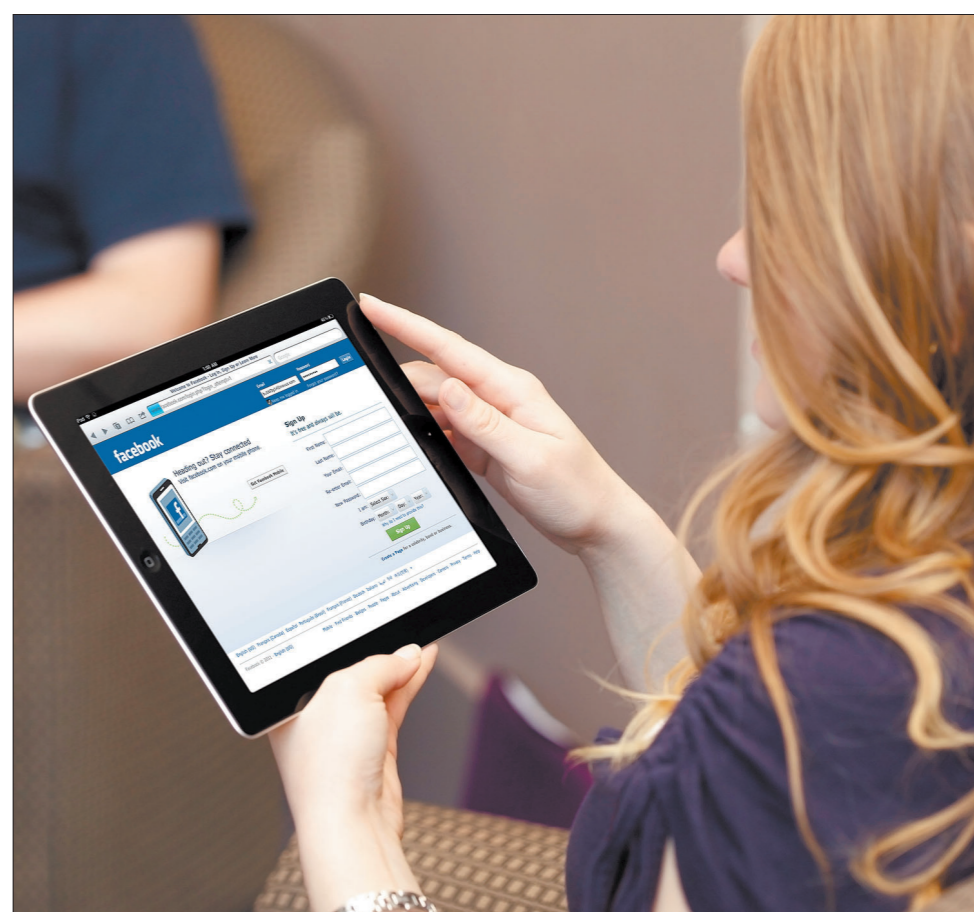
Companies used to look for ways to save money on customer service, but now they see it as a differentiator, says Mr Klimek. To make the most of this opportunity, they need to rethink the role of service staff and decide whether they are going to use the same set of people, because a different set of skills is required.

"When an increasing amount of customer contact is through IVR, online and mobile, this usually means calls to the agent are more complicated or require a greater level of skill, and more relationship building."

Time also has to be taken to walk people through self-service systems.

Companies struggle to understand the additional time involved, says Mr Klimek. "But it is worth it because you can invest 60 seconds now to save 50 calls in future."

The primary goal is keeping customers loyal, but a byproduct is saving money.



Social channels: many companies engage in dialogue with customers on Facebook

Alamy

## 'We want users to feel they are appreciated'

### Case study

Jane Bird finds out how DHL upgrades its service centres

One of the pleasures of shopping locally is being recognised and valued for your custom. DHL is trying to emulate this experience in the world of international parcel delivery.

It sees customer service as the key to differentiating itself from competitors FedEx and UPS.

"We want customers to feel we know and appreciate them because that is how we win their loyalty," says David Richard, commercial systems director.

"It may be a truism, but it really is easier to keep an existing customer than to go out and win a new one."

This is the goal of DHL's global customer centre upgrade programme, launched last April, and being rolled out across 20 countries by 2013.

Swift response is another aim. The company answers 90 per cent of calls in three rings on average, it says.

This statistic masks the fact that response times are often quick in the morning, but can be up to three minutes by the end of the day, says Adam Faulkner, founding director of Sabio, the systems integration company implementing the DHL system.

"Typically, when delays occur, call-centre staff start shouting for help answering the phones, by which time queues have already developed," says Mr Faulkner.

The new system predicts call volumes based on historical information so staff can be drafted in from other activities in advance of being needed.

"This makes life better for agents too, because they are not talking to an irate customer who has been holding on for ages," Mr Faulkner says.

A priority is to route callers to agents they have previously spoken to, and new callers to someone who speaks their language, based on where the call originates. The goal is to increase the proportion of calls that are resolved first time and without transfers. Customers who have indi-



DHL hopes to deliver better customer service

cated a preference not to speak to a person will be automatically routed to interactive voice response. "We want to give them the choice," says Mr Richard.

Those who choose to contact DHL by email should also notice improved responsiveness thanks to prioritisation of emails, rather than simply answering them in turn.

Customers who have queries when using DHL's website will be able to click a "web chat" option, on trial in the US. The company is keeping a close eye on Facebook and Twitter in case customers want to be in touch that way.

"Integration with social media would help agents know more about callers and respond in a more personalised way," says Mr Richard. At present, callers are only identified by name. This year the company also plans to evaluate real time speech analytics. Software will identify key words and phrases used by customers during their conversations with agents, to understand their concerns.

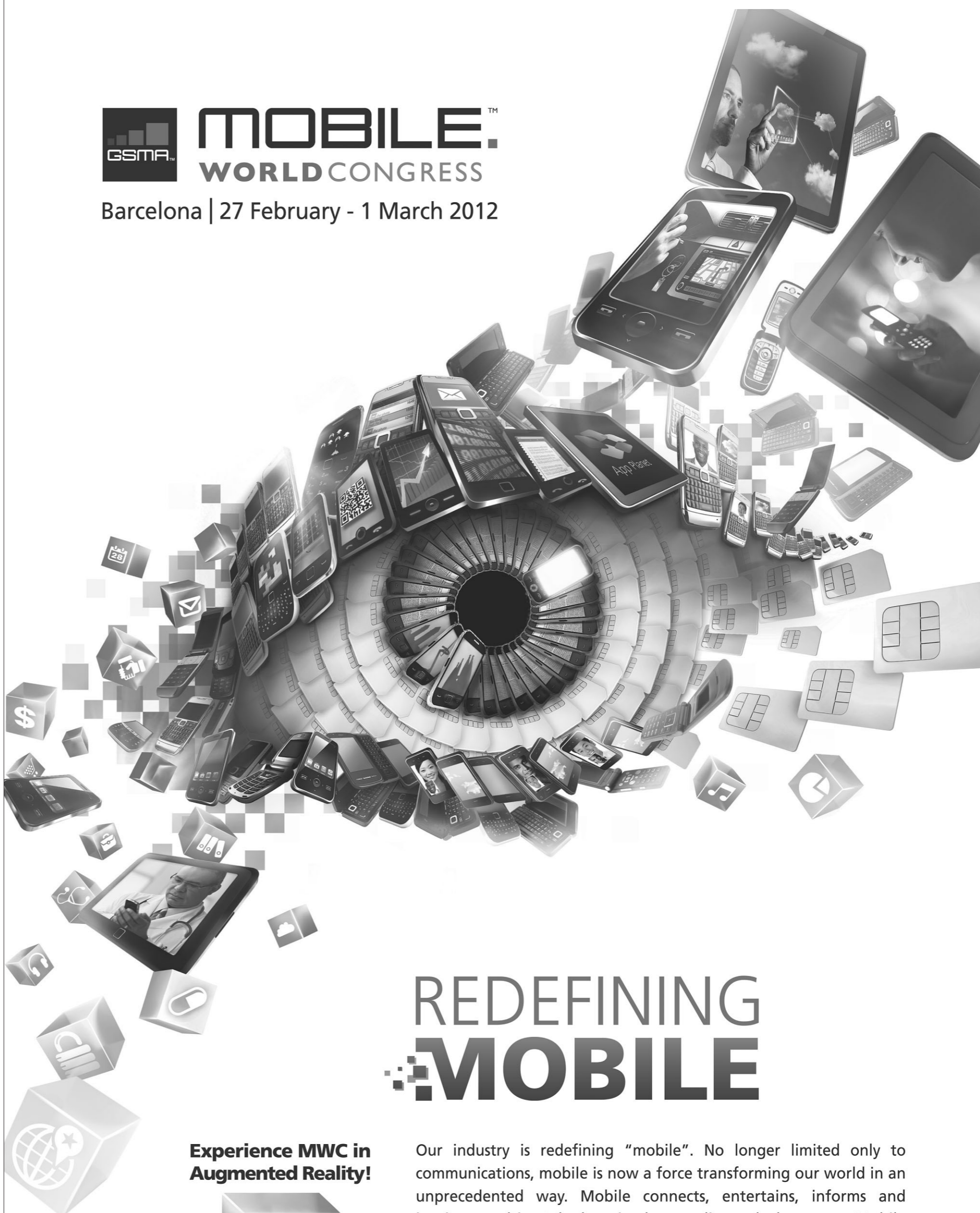
The idea is to escalate problems to managers while customers are talking to agents, says Mr Faulkner, "so we can respond immediately rather than agents or managers having to call people back".

Another plan is to reduce the number of screens agents need to consult when answering unrelated queries, for example on invoicing, shipment and bookings.

"Getting everything on one screen might be a challenge, but we hope to minimise the number, so agents are able to deal with a broader range of queries more quickly," says Mr Richard.

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