

The revolutionary new instant decisioning system for optimizing customer acquisition and retention driven by a breakthrough understanding and scoring of inherent customer loyalty executed via web, call center and POS

There is a lot of renewed talk these days about customer loyalty, retention and churn. Application software products, systems and even companies have loyalty in their names. Unfortunately, while the attention to the topic has been refreshed, the solutions that are being offered are all based on old and ineffective approaches. Billions of dollars have been spent in a variety of industries to manage churn and “build loyalty” with far less than desired results.

Much of the attention is still being focused on achieving a 360° view of the customer through the integration of all customer data sources and touch-points, the web being the latest one. This is a move in the right direction, as long it is clearly understood that achieving the ability to have a complete and seamless view of the customer is a means to an end and not an end in itself. Just having more information about the customer doesn’t build a win-win relationship with the customer. What is needed is a true understanding of the complex dynamics of how each customer makes buying and switching decisions in the face of competitive choice. This knowledge about what motivates each customer to stay with a provider or switch to another is critical for enabling the acquiring and retaining of customers that are right for each different provider. This way, everyone wins!

Traditional means for dealing with customer churn and “building loyalty” have entailed a three-pronged approach: increase customer satisfaction; provide frequent buyer rewards; and offer incentives to win new customers or win back customers who have left. These means have not yielded desired results because they do not address the fundamental issues surrounding customer loyalty and churn. And, they are too costly! Research has shown that these approaches are at best only temporarily effective at increasing acquisition and/or retention and at worst they act as a catalyst for more frequent switching by certain types of customers.

CARO is a revolutionary system for optimizing customer acquisition and retention. It is based on breakthrough understanding of the inherent loyalty characteristics and switching propensity of consumer and small business customers. Our unique knowledge was attained through years of research and successful execution in a number of industries. This breakthrough business insight fuels CARO, an efficient, flexible and versatile system that can be implemented in web, call center and POS environments.

Note: To learn more about the conceptual framework of CARO, please read our white papers which are available upon request and at our website.

THE OBJECTIVE

Achieve an on-going capability to acquire and retain consumer and small business customers in a manner that maximizes the return on investment in each individual customer relationship.

THE SOLUTION

A customer worth evaluating system that determines the optimal type and size of incentives to offer each customer to acquire or retain them. The business intelligence driving the system consists of the inherent loyalty coefficient of each customer or prospect and their current and/or potential revenue stream measured by state-of-the-art predictive models from behavioral science and econometrics.

RESULTS

- Optimized customer churn
- Increased acquisition and retention rates for the right customers
- Optimal profitability for each customer leading to maximum bottom-line profitability
- Substantial savings in expenditures on acquisition, loyalty/rewards/retention and win-back programs

SYSTEM SCHEMATIC



CARO - [Customer Record Phone: 212-555-7356]

File Edit Help

Customer Information

Customer_ID: Phone: First Name: Last Name: Middle Initial:

Address:

City: State: Zip Code:

Household Income: Age: Years of Education:

Number of Children (Under 18): Number of Home Moves (in Last 5 Yrs):

SCORE

Score:

Value of Incentives:

Offer Options:

Customer Orientation Responses

	Strongly agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't know
Q1. I like routine in my life	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6
Q2. I tend to stick with the tried and tested	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input checked="" type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6
Q3. I believe that trying new things makes life more worthwhile	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6
Q4. I believe that having new experiences makes life fuller	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6
Q5. I buy from a company that provides me with a better overall experience even if its price is higher than others	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5	<input type="radio"/> 6
Q6. I only buy something when a discount is offered	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input checked="" type="radio"/> 5	<input type="radio"/> 6
Q7. I buy something simply because a discount is being offered	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input checked="" type="radio"/> 5	<input type="radio"/> 6

Average Usage

Long Distance: Local: Cellular Phone: Internet:

12/18/99 7:06:49 PM

Web Implementation Scenario

← Outbound

1. Existing customer/prospect receives e-mail message with link to CARO system at provider's website
2. Customer/prospect hits website and interfaces with CARO system
3. System may have some initial information on customer/prospect available from previous contact(s) or from secondary sources
4. Customer/prospect is engaged in an interactive session and is asked to respond to a few questions that takes about a minute
5. System scores customer's worth based on inherent loyalty orientation coefficient and current and/or potential revenue
6. System also calculates the value of the incentive to be offered to the customer/prospect
7. System offers the incentive to the customer/prospect in the form of a limited number (3 to 5) of options they can choose from e.g., discount, a check, free unit
8. Customer enters choice into the system which is relayed to the appropriate fulfillment operation e.g., billing, promotions etc.

→ Inbound

1. Existing customer or prospect hits website (via search engine or through prior knowledge) with an inquiry or in response to a promotional/advertising activity and is directed to the CARO system
2. System has e-mail address of visitor through auto identification or gets it from visitor
3. System retrieves any existing information on customer/prospect available from previous contact(s) or from secondary sources
4. Steps 4 to 9 above are repeated

Call Center Implementation Scenario

← Outbound

1. Existing customer or prospect receives call from agent
2. Agent is working from a phone number list
3. Agent may have some initial information on customer/prospect available from previous contact(s) or from secondary sources
4. Customer/prospect is engaged in conversation aided by a script and is asked to respond to a few questions that takes about a minute
5. Agent enters answers into the system
6. System scores customer's worth based on inherent loyalty orientation coefficient and current and/or potential revenue
7. System also calculates the value of the incentive to be offered to the customer/prospect
8. Aided by a script, agent offers the incentive to the customer/prospect in the form of a limited number (3 to 5) of options they can choose from e.g., discount, a check, free unit
9. Agent enters customer choice into the system which is relayed to the appropriate fulfillment operation e.g., billing, promotions etc.

→ Inbound

1. Existing customer or prospect calls with inquiry or in response to a promotional/advertising activity
2. Agent has phone number of caller from ANI or gets phone number from caller
3. Agent pulls up any existing information on customer/prospect available from previous contact(s) or from secondary sources
4. Steps 4 to 9 above are repeated