

The Effectiveness of Up-sell/Cross-sell Offers

By Tom Mangan

It's easy to understand why companies are increasingly using up-sell and cross-sell offers as a low-cost approach to building revenues. Current customers are nearly always the best prospects for additional purchases – they're already "sold" on the company. Further, it's far simpler to sell to an existing customer calling your company than to clear the hurdles of the federal "Do Not Call" list, or to brave consumer hostility toward telemarketing calls.

Traditionally, contact centers have drawn on one of two fundamental methods to sell to inbound callers: ad hoc offers or blanket offers.

The ad-hoc offer allows each agent to decide which product or service to recommend – or even whether or not to present a caller with an up-sell/cross-sell offer. This approach is relatively simple to implement, but far more difficult to implement *successfully*, as it relies completely on agents' intuition and skills. They must not only recognize a potential selling opportunity, but also be highly intuitive in deciding which products or services are likely to appeal to the customer. Some agents have that talent, some don't—so the ad hoc approach depends largely on the individual agent, leading to spotty results.

With blanket offers, all customers receive the same pre-selected products or services offer. The product or service offered is generally determined by the manager of the contact center, or from within the enterprise's marketing organization. This approach is essentially based on a one-size-fits all concept, with no regard to the customer's actual needs. Thus, it is likely to miss the mark with many, and simply add to call-handling times. Worse, such offers may annoy customers who feel they are being pestered with irrelevant and time-consuming sales pitches.

While both of these methods will sell products, a new method promises greater revenue capture and increased customer satisfaction. This method, known as "predictive modeling," relies on the real-time evaluation of customer data and demographic information to automatically select products that have a high likelihood of acceptance by that specific customer.

Creating the infrastructure for predictive modeling is not simple, however. It requires sophisticated technology, and a clear idea of how to apply that technology to mesh agents and information. But predictive modeling can pay off, because it embeds the matching of customers and offers into the contact center's processes. And that, in turn, can significantly strengthen the company's ability to consistently and accurately provide the right offer to the right customer at the right time.

The Power of Predictive Modeling

There are three components that are essential to maximizing the power of predictive modeling: Analytics, Technology, and Agent Recruitment and Training.

1. Analytics

Analytical tools that allow users to quickly sort through large amounts of data to find trends and patterns provide the “brains” for predictive modeling. They let companies draw on demographic and behavioral information about customers to select offerings that are likely to meet each customer’s needs, as they call in. The analytic engine should be able to access a variety of information, including:

- **Customer data**, such as customer transaction history, products/services purchased or currently used, past product/service usage, customer tenure, and customer value.
- **Market data**, such as demographic and/or psychographic information, life stage information, and other data that may provide insight into the customer’s buying preferences.
- **Call disposition data**, including data that reflects the customer’s contact behavior and willingness to consider a sales offer during future contacts.
- **Products and/or services data available** for an up-sell or cross-sell offer, such as buyer demographics, marketing data, and cross-purchase data.
- **Business rules data**, reflecting the enterprise’s marketing goals and business model, to ensure that offers are in sync with overall business and marketing strategies.

Targeted selling recommendations are the primary advantage offered by a predictive model-based initiative and the quality of those recommendations is dependent on the design and data capabilities of the analytics component.

Several different analytic methods can be used to create product recommendations for up-sell/cross-sell. The best method for any given application is largely dependent upon the kind and quality of data available and the aims of the up-sell/cross-sell initiative.

Suppliers of analytics should be able to offer best-practice suggestions based on other implementations they have completed. And, as always in sales and marketing, there is no substitute for testing with your own customers and products.

2. Technology

An up-sell/cross-sell initiative needs technology that can convey customer contact data to the analytics engine, and then relay the results of the analysis—that is, the tailored offering—to the appropriate agent’s desktop. This movement of data to and from the analytics engine is performed in real time, to enable agents to respond quickly to customers.

This use of technology is not unique to predictive modeling; it is part of any solution that involves giving agents scripted offers. However, in predictive modeling, the technology is also used to capture the outcome of each offer. The result is a feedback loop that enables the organization to keep improving its ability to predict product-customer matches. For example, if a given product with a medium purchase probability is successfully up-sold to a specific customer segment, the predictive model can use this data to revise the purchase probability, increasing the chance of successful offers.

The technology component must offer the following capabilities:

- **Convey customer data to analytics engine in real time.** At a minimum, the technology component must allow the agent to input and convey basic customer data to the analytics engine.
- **Convey analytics recommendations to agent desktops in real time.** Once the analytics engine has produced recommendations, the technology component must pass them to the appropriate agent's desktop, along with scripting or selling points.
- **Allow agents to update customer records.** In addition to passing data to and from the analytics engine, the technology component should enable updates of customer records.

The specifics of a given implementation will, of course, depend on the technologies that are already in use in the contact center.

3. Agent Recruitment, Training, and Supervision

More and more, up-sell/cross-sell initiatives are being implemented in areas such as customer service centers or even technical support centers. For agents in these centers, selling is usually not part of their skill set, and they are generally uncomfortable with the sales process. If these agents are not provided with the right training, the recommendations created by the sophisticated analytics engine are likely to be delivered to customers in a poor or half-hearted sales pitch.

Development of effective agents hinges on three prime considerations:

- **Recruitment** of new agents will need to incorporate new factors for evaluating applicants based on sales skills and potential.
- **Agent and team training** will need to focus on selling skills, which are different than those skills required for effective customer service, even if up-selling/cross-selling is handled in a low-key, low-pressure approach.
- **Management and motivation** provided by team leaders will need to adapt, as well. The implementation of sales targets for the contact center will mean a completely different kind of criteria for measuring an agent's success (or failure), and for supervisors a new challenge in motivation and reward.

From Contact Center to Revenue Center

The principle benefit of a customer contact center up-sell/cross-sell program is increased sales to current customers, with a very low cost per sale. While any up-sell/cross-sell initiative will result in some sales, a program that offers targeted products/services to each customer will increase the close rate compared to other methods.

Other benefits include greater engagement with customers, increasing the “stickiness” of the customer relationship, and increased customer satisfaction resulting from the targeting of products and services to the individual customer buying patterns.

And, if increased revenues and improved customer satisfaction aren't enough, an effective initiative can actually help reduce costs. The tailored recommendations provided by predictive modeling increase the likelihood of a first-offer sale, lessening total handling times compared to other tactics. By introducing sales into customer service contact centers – and potentially combining sales and service functions in a single contact center – enterprises can reduce overhead.

For contact centers trying to make the transformation to revenue center, predictive modeling provides a powerful tool for finding the best of both the service and sales worlds. But as with any tool, the key lies in doing it right—and applying the breadth of knowledge and skills to address the sophisticated technology, the analytical challenges, and the people portions of the equation. It isn't easy, but the potential rewards are simply too great for any contact center to ignore.