Using Real-Time Speech Analytics to Turn a Negative Experience into an Extended Revenue System

Scott Bakken
Founder
MainTrax

David Patchen
Founder
MainTrax

Brandon Rowe
Solutions Marketing Manager
Interactive Intelligence

Table of Contents

Interactive Intelligence, Inc.
7601 Interactive Way
Indianapolis, IN 46278
Telephone/Fax (317) 872-3000
www.ININ.com

Rev. 03/13, version 1

Introduction

Interest in the benefits of real-time speech analytics for contact centers has been increasing over the past few years. For good reason: Live quality monitoring puts the call-evaluation process on steroids by providing supervisors with virtually all of the information they need for agent coaching and training.

Before the advent of real-time technology, supervisors had to wait to address agent and customer issues until recorded calls were processed. Now, supervisors have a tool to monitor the progress and performance of every call with every customer, while the call is in progress.

Two distinct advantages of real-time analytics are: 1) supervisors can reduce the time between analysis of recorded calls and agent training, and 2) agents can receive interactive in-the-moment coaching tailored to their individual needs based on live analysis. Since the agents essentially have a personal coach on every call to point out their mistakes and guide them through script and key words adherence, live agents are far more likely to provide all the necessary information to the customer during the first call. This will improve agent performance and result in an improvement in first call resolution metrics and a reduced need for call backs.

In addition to first-call resolution to performance management, real-time speech analytics have been shown to have a distinct, measurable impact on the bottom line in two particular ways: identifying and retaining customers considered likely to churn, and safeguarding against unnecessary litigation.

In these circumstances, specific keywords and phrases trigger the need for intervention, such as frustration terms said by either the agent or the customer.

This paper addresses the best practices for the incorporation of speech analytics – particularly real-time analytics – into your retention, call handling, training and risk mitigation strategic plans.

The Benefits of Speech Analytics for Client Retention

In order to retain as many profitable customers as possible, organizations have turned to speech analytics to identify customers who might be prone to churn. In one recent case, a top-tier media company successfully tested a customer retention program that proved to be a strong predictor of customer behavior. At the time of this study, real-time speech analytics were not available, so the traditional approach of analyzing recorded calls was used.

The method used involved:

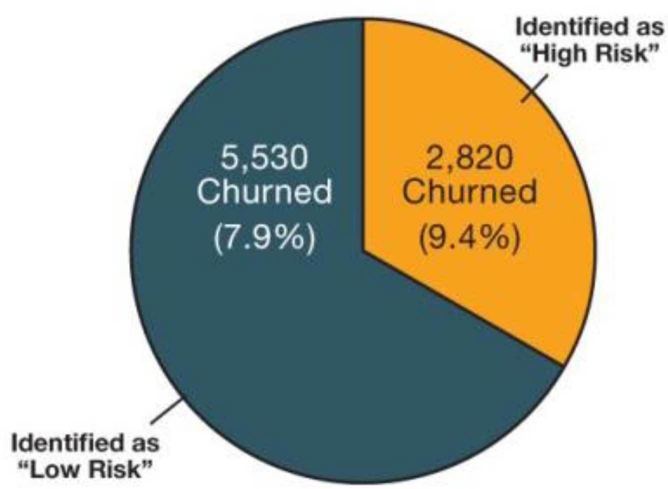
- Defining the profile of an “at-risk” customer
- Considering the current call handling process
- Listening to thousands of calls
- Determining which calls triggered a hot transfer to the loyalty department, and which calls remained in the billing queue
- Isolating specific “at-risk” phrases from both the customer and agent

Numeric scores were then assigned by the company at the individual phrase level in accordance to the value that phrase held as related to the business issue at hand. “Shopping around,” for example, carried more weight when the customer mentioned the competitor by name.

The primary test results were impressive. Calls from customers who were deemed to be “high risk” generated the highest “at risk” scores. But there was room for improvement: during multiple iterations of the tuning process, speech analytics professionals noticed not all calls that started out as “at risk” ended that way. Therefore, as a counterbalance, a separate set of keywords and phrases was created that indicated customer satisfaction with the outcome of the call.

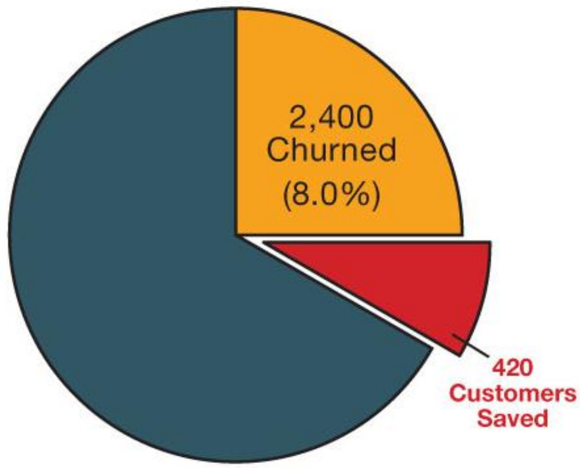
All told, the speech analytics set contained more than 3,000 keywords and phrases organized in 8 categories and 34 sub-categories. After having conducted a thorough analysis against a wider set of inbound calls, the media company concluded their “at risk” keyword set and scoring design was a remarkably strong predictor of churn, stating, “This beats our propensity model.”

Those identified with speech analytics as “high risk” churned at 9.4% over 4 months opposed to the less risky with a churn of 7.9%.”



By contacting individual customers considered the most “at risk” within 24 hours of the time they called, the media company was able to test call-back strategies on those customers generating the highest scores. They found the churn rate could be reduced by reaching those with the highest scores at a critical point when they were making a potential decision to switch or discontinue service.

Those who were contacted within five days by the media company’s loyalty department had a lower churn (8.0%) than those who they were unable to contact (10.5%), thereby saving approximately 15% of the high-risk group.



The company’s analysts concluded that a 4.5% improvement in churn from those calling into billing could be achieved using speech analytics and calling back “high-risk” customers. This translated into saving 0.11% of customers who call into billing.

Extrapolating those results, analysts anticipated saving 1,100 customers @ $129/mo. for every one million billing calls analyzed, or $851,400 in protected revenue if those “saved” customers could be retained for six months. Using their figures, the media company anticipated protecting millions in revenue over time with this program by extending the relationship with “saved” customers by just one month:

First Month of Program

Billing calls analyzed	1 million
Customers saved	1,100
Revenue @ $129/mo.	$141,900

First Year of Program

Billing calls analyzed	12 million
Customers saved	13,200
Revenue @ $129/mo.	$1,702,800

By developing the appropriate library of language patterns and pairing it with technology, the company recognized it could dramatically increase customer retention rates and realize significant business returns.

Real-Time Applications

Improving retention rates even further with real-time speech analytics

Now consider the possibilities. If you could apply those retention strategies in a real-time environment, having a supervisor intervene while the customer is on the line, the results would be faster, more efficient, with a greater impact on your bottom line.

Real-time speech analytics software spots keywords and phrases as they occur. Based on the keywords and phrases the agent and customer have spoken, scores (weighted according to the value of the phrase) are continually updated and calculated.
For the "at risk" program described above:

- Negative scores are assigned to phrases such as "cancel my account" (spoken by the customer) and "hate to lose you as a customer" (by the agent).
- Positive scores are assigned to phrases such as "that pleases me greatly" (customer) and "glad I could help" (agent).

Some speech analytics vendors have the technological ability to create alerts for supervisors when the score of a given call reaches a pre-defined threshold. Supervisors can then be alerted that a caller is exhibiting signs of frustration that may lead to cancelation. With these scores, along with other data available about the interaction, supervisors can make informed decisions on which calls might need their assistance. Or, with a prompt by real-time speech analytics, agents can be instructed to transfer that call to a loyalty specialist in a last-chance effort to rectify the customer's issue.

"It's very possible that agents aren't picking up on some verbal cues being left by the customer," said Kevin Gardner, former Comcast Sales and Marketing Vice President for the Midwest division and current Managing Partner at Telecom Marketing Strategies.

However, Gardner envisions using the technology to notify the frontline agent handling the call with an onscreen pop-up message that he/she missed an obvious churn signal, which would empower the agent to take a certain course of action – such as offering a discounted upgrade.

"If the agent is alerted that the customer mentioned DirecTV, they could be prompted to offer a six-month upgrade to the sports package for example," Gardner suggested.

"The time to save them is now," he emphasized. "You've got somebody on the line that is ready to cancel. You don't want to chance that they'll stay on" during the call transfer.

Nor does he recommend relying on the call-back strategies employed by those using traditional speech analytics. "You'll never reach 40% of those 'at risk' customers and for those you do reach, it could be too late."

Reducing legal risks

"Don't threaten me."
"I'll call my lawyer."
"Attorney General"

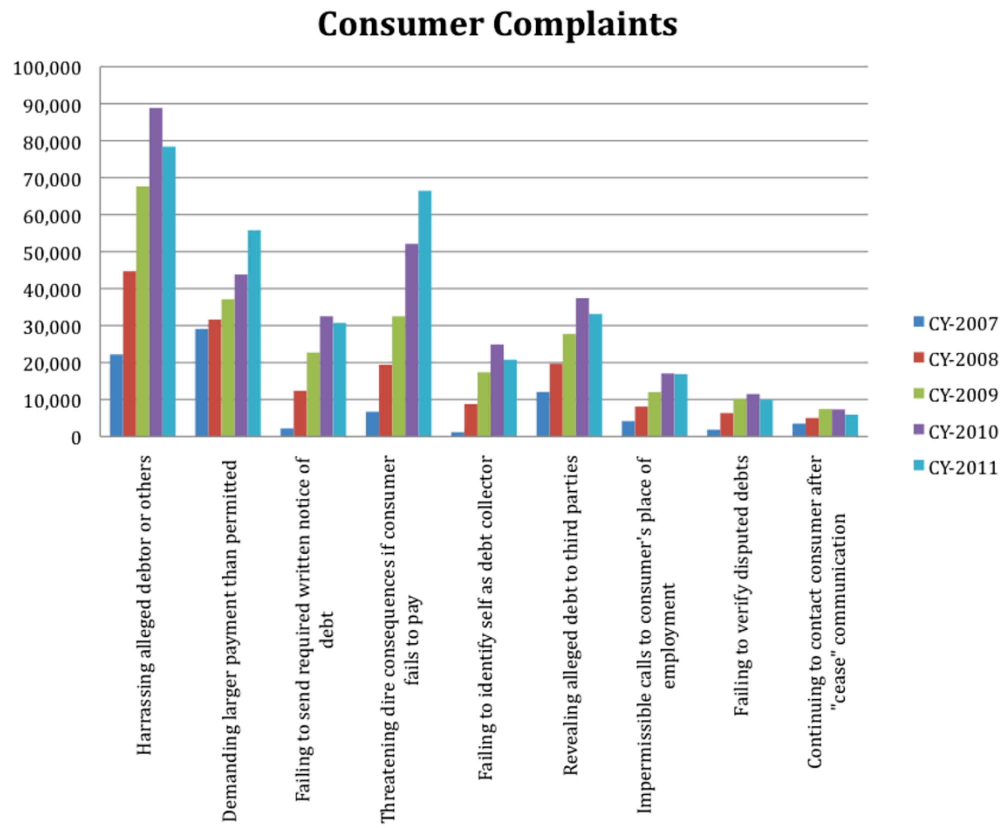
Chances are, you're shuttering just at the mere mention of these words if you're a supervisor of a contact center dealing in collections. The ARM (Accounts Receivable Management) industry is a highly monitored and regulated industry. Non-compliant agents can cost their organizations hundreds of thousands (if not millions) of dollars in lawsuits and fines.

According to Debtors Unite, the debtor is guaranteed protection from harassment, verbal abuse, and threatening or intimidating actions from collections agencies by the FDCPA. Should a debt collector commit any of those actions, then the debtor can consider legal action. A simple statement telling the debtor that payment must be received no later than the day after the call, for example, could put the agency at risk for litigation.

The impact to the profitability of a collections agency can be significant due to the penalties and litigation risks involved. Non-compliant collections agents who disregard these guidelines can single handedly increase the risk their company faces in lawsuits and regulatory fines.

The following is a breakdown of complaints in 2011:

- 40.4% of FDCPA complaints the FTC received claimed that collectors harassed the complainants by calling repeatedly or continuously. During 2011, this law violation received the most complaints from consumers.
- 14.1% of FDCPA complaints claimed that a collector had used obscene, profane, or abusive language.
- 30.2% of FDCPA complaints reported that third-party collectors falsely threatened a lawsuit or some other action that they could not or did not intend to take.



As opposed to other industries such as cable TV or insurance, collections agencies are especially vulnerable and at legal risk with every call they make.

"Potentially, we can get in trouble with any slip up with the wrong person," says Rick Brammer, President of United Credit Service. "Every single call we make every day" is at risk mostly for the procedural aspects of call handling.

Compounding matters is a certain amount of ambiguity in some regulations, according to Brammer. For example, customers only need to assert they were made to feel "very uncomfortable, with an overall feeling of being harassed" in order to make a claim.

FDPCA fines are defined as statutory damages and are capped at $1,000 per violation. If there is an average of three violations per case, the fines could be $3,000. But in many cases, the combined legal fees can easily exceed the FDCPA fines. The customer's attorney's fees, along with those that the collections agency incurs in the process of defending their reputation and proving that they did not cause harm, can often add thousands of dollars to a case. To avoid these attorney's fees, most cases are settled out of court with a customer for between $1,000 and $2,500.

What are third-party collections agencies to do?

Collections agencies are challenged with the task of producing the best possible portfolio performance while complying with the significant federal and state regulations applied to that industry.

"We strive for a perfect blend of efficiency and effectiveness," says Brammer. In order to be profitable, well-trained collections agents must act within the prescribed communication guidelines while recovering the maximum amount possible from the debtor.

Supervisors typically oversee the activity of 10 to 15 agents. Without real-time speech analytics to identify calls of interest, supervisors tend to gravitate toward a particular call if he/she hears an escalation in conversation in the contact center room on the part of an agent. Brammer understands how agents can get caught up in the moment.

"A collector can easily get a bit frustrated and make a (potentially litigious) statement like 'we are going to sue you and if we win, garnish your wages, so it would be best if you just paid now.'" The supervisor will then step in and help with the call or actually dial in to the call to assist the agent.

Fortunately, real-time analytics can have a demonstrable and dramatic impact on the bottom line by analyzing all calls and identifying those which might be potentially litigious. Supervisors can then nip problems in the bud by intervening before they get to the point of formal complaints.

With real-time analytics, red flags triggered by certain key words or phrases alert supervisors to a risky conversation before it's recognized as a problem. There are many standard types of phrases from the FDPCA's list of offensive language that can be identified, ranked, and programmed into the software. Some "red flag" phrases spoken by the customer might include:

- "FDPCA regulations"
- "Lawsuit" or "Lawyer"
- "Sue you"
- "Going to get you"

Phrases such as these would be "signals that the call may be going in the wrong direction," according to Brammer. The supervisor could then monitor the call in real time and even jump in on the call if the situation deteriorates. This also provides the supervisor with immediate and consistent feedback on a particular agent's performance, which is useful for training or employee evaluations.

Collections agencies might also want to add certain keywords and phrases that indicate a customer may be attempting to "bait" an agent. According to Brammer, research has often shown that a significant portion of formal customer complaints involved situations in which the customer instigated the issue.

Some customers have “become self-proclaimed experts in this,” according to Brammer. “This isn’t their first rodeo.”

Real-time speech analytics would also be very valuable in identifying and de-escalating these calls.

However, one of the most powerful benefits of real-time analytics to a collections agency is the added credibility and integrity that is a result of having this tool in place. Having real-time analytics tools available increases the perception of professionalism to a potential client by setting that collections agency above other agencies. The respect and integrity implied by a collections agency using real-time analytics is a reassurance to their clients that they will be represented in a positive light to their customers and to other companies in their industry.

“It shows how serious you are about adherence,” Brammer says.

Increasing revenue by upselling

According to Linda Rabagliati, COO and Vice President of Consulting Services at Alliant Consulting, supervisors are more likely to recognize upsell opportunities that may not be apparent to the less-seasoned agent. According to Rabagliati, those upsell opportunities might present themselves on 10% - 25% of calls, while agents would have noticed those opportunities only 5% of the time.

“If the agent is taught to take the time to review the account, identify what the customer is interested in, and knows how to ask for the sale, their success rate can be as high as 50%,” stated Rabagliati.

Reducing agent churn by 3-5%

In Linda’s opinion, organizations with real-time speech analytics can use the technology to expose underperforming agents who otherwise might fly under the radar. Most of Alliant Consulting’s clients cope with annual agent churn rates in the 40% range, especially part-timers. The cost of recruiting, testing, hiring and training those agents is staggering—often up to 30% of an agent’s salary.

Real-time speech analytics can allow trainers to “correct poor behaviors by agents before they settle in,” says Rabagliati, “and weed out those agents whose behaviors can’t be changed.”

Rabagliati recommends paying attention to calls in which agents say high-value phrases such as “if you want to go somewhere else,” “that’s all we can do,” ~~and~~ “I won’t do that,” and “I am sorry I cannot help you.” In her opinion, one in ten calls contains at least one variation of these phrases – but without real-time speech analytics, it would be difficult to isolate them.

Real-time speech analytics will “help you take corrective action and make those (staffing) decisions faster,” said Rabagliati. “These agents would be gone in three months.”

Rabagliati calls it a double-edged sword because churn may temporarily increase; but by her estimates, contact centers should see a 3-5% improvement in agent churn due to training intervention. People who are successful at their work tend to stay on the job longer.

Conclusion

In a contact center environment, real-time analytics provide the live information needed to respond to difficult situations before a customer, a sale, or an opportunity is lost. By identifying and programming key words and phrases indicative of a potential problem call, supervisors are notified in real time of these events and are able to monitor and intervene “live” on a call, which can salvage a sale or a customer who might have been lost otherwise.

Real-time analytics are also critical in identifying and reducing legal risks, increasing revenues through up selling opportunities, decreasing operational costs by reducing agent churn, assessing agent performance in real time, and applying analytics to specific operational needs. The use of real-time analytics can have a powerful impact on a company’s bottom line and future profits.

Let real-time analytics enable your business to operate at optimal levels and experience increased growth and reduced costs. Please contact us to find out how real-time analytics can open up a universe of opportunity for you.

The Authors

Scott Bakken and David Patchen, founders of MainTrax, are highly-respected and independent voices in the speech analytics industry. For six years, their company has provided vendors, resellers and end-users with a wide range of professional services that allow clients to use their existing software to capture business intelligence and gain actionable insights. MainTrax clients and partners benefit from 20+ years of business acumen developed throughout successful entrepreneurial careers and rooted in direct marketing and response tracking. Without allegiance to any one solution or provider, Bakken and Patchen's unbiased, third-party perspectives are well regarded. 2007 Ernst & Young Entrepreneur of the Year Finalist.

Brandon Rowe joined Interactive Intelligence in August 2011, where he aims to cultivate the company's Workforce Optimization marketing strategy, messaging, and content. Prior to joining Interactive, he served as product marketing manager with Avaya and market development manager with IBM. While at Avaya, Brandon was responsible for marketing several contact center products that generated over $15 million in annual revenue. Brandon has a bachelor's degree in marketing and an MBA focused on strategy and marketing.