

Optimising Customer Communications

Developing both intrinsic transactional value and an effective cost reduction strategy

A key element of optimising customer communications is developing communication business processes that leverage the use of effective and efficient cross media communication. Good cross media communication will enhance the value of communication by increasing the efficiency of communication through multi channel interaction thereby deepening the relationship between the receiving customers and the sending corporation.

Below is a table that describes the type of transactional customer communications that can have positive financial and customer relationship benefits to corporations through multi channel communications.

Transaction category	Transaction system
Statement	Account statements, phone bills, and notices
Account opening	Account applications and maintenance forms
Claims processing	Claim forms for car, home, health, life, liability, theft, fire, flood, etc.
Underwriting	Applications for coverage (car, home, health, life, liability, theft, fire, flood, etc.) policies
Loan origination	Origination applications, appraisals, title insurance, and disclosure forms
Patient records	Patient records admissions, HIPAA affidavit

Customer communications - intrinsic business value

The intrinsic business value of customer communications can be seen in the fact that they are often one of the only regular customer touch points that occur – the value translates itself in terms of the following key areas:

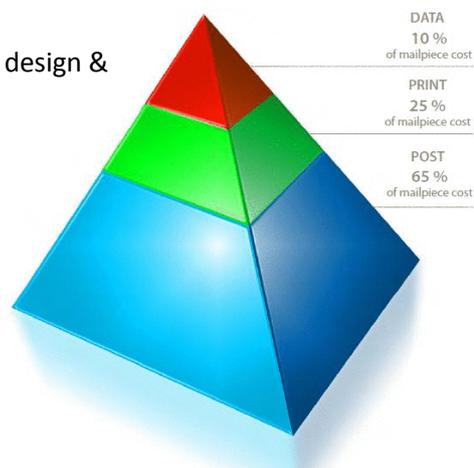
1. Cross selling opportunities
 - a. Internal company products and / or external transactional products
2. Cross media channel marketing
 - a. Physical mail, email, website, SMS, etc.
3. Increase in the share of a customer's "wallet"
 - a. Cost of new customer acquisition versus;
 - b. Cost of increasing share of existing customer

Customer communications – a process overhead

The customer communications overhead is made up from the communications business process and associated action followed on by the creation, production and distribution costs of the communications.

Communication business process cost structure is typically covered by the following three key areas:

1. Systems & data preparation (IS/IT)
 - a. Communication data integrity & communication design & layout
2. Output production
 - a. Centralised or local printing & enveloping
 - b. Electronic transfer (push and / or pull)
3. Distribution
 - a. Physical mail costs both domestic & international (customer base dependent)
 - b. Electronic web hosting and presentment costs



Customer communication - optimisation

These costs are often difficult to effectively reduce without having some form of optimisation strategy. In order to really reduce these costs we need to carefully consider the areas of optimisation that are required to drive both an enhancement in business value and at the same time create a reduction in overhead.

Let us then look at those areas of optimisation:

- Distribution optimisation
 - Best value distribution based upon preference and key business drivers
- Channel optimisation
 - Cross-media effectiveness, relevance of media channel, adoption rates
- Production optimisation
 - Visibility, integrity and automation of processes
- Message optimisation
 - Readability, correct data content, promotional content, and call to action
- Business process optimisation
 - For example, closed loop marketing campaign management

In order to achieve a reduction in costs and an increase in business value, all these different attributes of communication process optimisation need to be balanced and follow a broad customer communications strategy as the customer data files, document design, production systems and distribution channels are all inter-related. Any attempts to simply optimise one of these five key areas in isolation will not maximise the business process benefits and cost reductions.

Interdependency – cost reduction and intrinsic value

Let us explore the inter-dependencies between the five key areas for communication optimisation described earlier:

- Customer communication real time postal selection
 - Real time channel preference based on customer profile
 - E-delivery
 - Multiple postal service / carrier selection
 - Real time lowest cost per mailing run
 - Joint enveloping and/or consolidation
 - Optimisation to mail piece level based on pricing, geographic location, and weight/size
- Adapt communication layout
 - Reduce pages to lower weight based cost of mailing each communication
 - Multiple columns to increase transactions per side
 - Double sided printing
 - Insert/on-board message mail piece weight management
 - Present communication in relevant format and layout for channel
 - Paper layout to ensure readability
 - PC Web layout for ease of interaction
 - Mobile Web layout for ease of call to action
 - SMS for instant notices or simple responses
- Adapt channel or mix of channel for presentment
 - Reduce number of items posted, based upon adoption and preference
 - Paper channel for business compliance and use-ability/acceptability of age group
 - Electronic channel for reminders, call to action, historical information (i.e. statements and direct debit bills)
 - Increase effectiveness through cross media communication
 - Mixed channels for better new sales conversion, cross selling and business process efficiency
- Adapt communication business process for visibility, integrity and change
 - Measure effectiveness of process change
 - Continuous improvement and cost reduction
 - Governance - control, visibility and transparency
 - React effectively to changing preferences and market or business drivers
 - Reduction of business process cycle times and operational risk
 - Improved customer services and customer relationship

A utility with 5 million customers converts 20% of its bills from paper to electronic generating paper based savings of 235 metric tons of CO2 (equivalent to 43 passenger vehicles per year).

Conclusion

In striving to optimise any one key area of your customer communications process it is really important to maximise both the intrinsic business value as well as the reduction in overhead because of the inter-dependencies between the key areas described within this article.

We can liken this to modern car diesel engines that can be optimised by adding a “chip” to the engine management system for improving fuel efficiency with additional benefits of faster performance. Once you “lift the bonnet” to deliver distribution optimisation then for maximum performance optimise all other areas that generate additional business value from the customer communications.

One further challenge that organisations will face is the fact that there is typically a separate budget or investment change programme for centralised production mailing, distributed mailing, self service internet presentation and electronic delivery. The centralised production mailing tends to be outsourced and each of the other areas discussed tend to be in-house.

In considering a strategy for optimising customer communications it is important that this is performed holistically both technically and commercially.

21 Grams have great experience of helping organisations reduce the overall cost of their postal budgets, why not give us a call to see what we can do to assist your organisation.

Further information:

Further information can be gained from www.21grams.co.uk

About:

21Grams was formed in 2004 and provides a number of products and services to the postal industry - they have offices in Sweden and the UK, and currently operate in the UK and throughout Scandinavia.

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