



SPEECH ANALYTICS for Predicting Customer CHURN



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Introduction

Businesses are faced with the challenges of an emerging “customer-centric” competitive marketplace. A recent Consumer Preference Report states that 79% of the respondents chose phones as their preferred customer service channel. It is interesting to note that 86% of consumers quit doing business with a company because of bad customer experience, up from 59% 4 years ago. It is imperative that consumer businesses prevent churn and find innovative solutions to improve the quality of the customer experience they deliver to preserve brand loyalty. Preventing customer churn (i.e. losing existing customers) is becoming a high priority in all organizations as most companies lose 50% of their customers in 3-5 years. It costs 7-10 times as much to acquire a new customer as it does to retain an existing customer.

In a contact center environment, speech analytics applications are playing an increasingly critical role in the effort to retain as many profitable customers as possible by identifying customers that are prone to churn. Speech analytics with customer churn prediction identifies churn signals, calculates a churn risk score for each interaction, and proactively reaches out to at-risk customers with retention offerings. This is one of the quickest and most responsive ways that contact centers reach their customer in an effort to retain them.

Problems

Even as data analytics tools become more advanced and ubiquitous, predicting when customers will churn or how long they will stay with a business will continue to be a complex matter. Many contact centers deploy specialized customer care representatives to handle churn calls to retain a current customer rather than acquire new ones. They may also use a specialized tool kit that allows customer care representatives to extend exclusive offers to potential churners in order to save them. Despite these measures, it is rare that save rates exceed 30% to 40%, meaning that the majority of all attempts to prevent customer churn are ineffective. In most cases, potential churners are identified and offered alternative value propositions only after they have already developed negative sentiments about the purchased product or service, compared alternative competitive offers, or decided to abandon the business. It is likely they have already started the switching process and signed contracts or invested time and effort in installing or getting familiar with a competing alternative.

Churn models are gaining popularity among contact centers as a means of proactively identifying potential customer churn. By using the vast amounts of customer data available throughout the organization, companies should be able to predict whether and when a customer is likely to churn in the near term and execute measures to prevent it. However, while these churn models may perform well statistically, they cannot determine why certain customers are about to churn and how to prevent it. It is a very complex methodology that provides few actionable insights about why some customers are at higher risk than others.

Typically, customers with the highest churn at-risk scores are in the early periods of a service relationship or are about to exit a contract with penalties for leaving. This comes as no surprise. Most companies recognize that these customer segments have a higher churn risk. It's far more profitable to first investigate why customers leave. Once the root causes has been identified, targeting at-risk customers with the right offers can be accomplished with maximum efficiency.

Before churn can be addressed effectively, the causes need to be understood. Unfortunately, the wide array of business processes and systems that manage customer relationships – from initial sales to services – can inadvertently produce poor customer experiences. While they may work effectively for the vast majority of the business's customers, the few instances of process breakdowns and system failures that a small segment of customers experience can be so severe that they directly result in a churn event.

Solution

In the face of rising customer expectations, companies are under significant pressure to deliver excellent customer service. Contact centers and the agents staffing them must perform at a high level and deeply understand service requests from the perspective of the customer. In order to retain as many profitable customers as possible, contact centers have turned to speech analytics to identify customers that are prone to churn. Real-time speech analytics can have a demonstrable and dramatic impact on the bottom line by analyzing all calls and identifying potentially litigious service events. It enables contact centers to proactively identify and retain customers at risk of churning and safeguard against unnecessary litigation.

Speech analytics systems provide incredible insights into all aspects of sales, marketing, customer service, and operations to ensure that agents have a positive impact on customer experience. Automatic scoring is a key feature of the analytics system, revealing both high and low performing agents, as well as which customers are at risk of churning. According to Gartner, a 5% improvement in customer retention can increase business profits anywhere from 25% to 125%, so getting ahead of cancellations is imperative.

Through the use of speech analytics, every call can be automatically scored for Agent Quality, Customer Satisfaction, Risk and Compliance, and even Churn Risk. This helps contact centers automatically measure overall performance and implement the necessary training and process improvements. Real-time speech analytics software spots keywords and phrases as they occur. Based on the keywords and phrases the agent and customer have exchanged, scores (weighted according to the value of the phrase) are continually updated and calculated.

Speech analytics alerts supervisors based on the keywords and phrases detected in the live call according to established business rules and the severity of the call. This allows supervisors to better understand the issues currently occurring on the live call, allowing them to intervene when necessary and avert undesirable outcomes. For example, Customer Churn will be predicted when the keywords such as "cancel the service," "disconnect," "unsubscribe," "revoke," "suspend," "remove," and "move away" are spotted in the conversations between agents and customers.

With real-time alerts, supervisors can quickly view trends and issues and make quick decisions about when to intervene to help agents or customers. By knowing exactly which customers are 'at risk' of churn and the reasons behind it, supervisors can systematically dedicate their time to helping out agents that handle difficult or high valued customers. Supervisors can take action faster and impact the call as it happens if needed. The system also highlights other relevant phrases that are spoken, allowing them to quickly drill down to the reasons for customer dissatisfaction. Supervisors can then decide whether they need to intervene in a call to assist an agent or provide additional agent training after the call to address the issue.

Allsec Voice Intelligence – Speech Analytics

Allsec's Voice Intelligence employs a goal based approach to help solve the business pain points of contact centers. These include automating agent quality and performance management, identifying revenue generation opportunities, predicting customer churn trends, and managing risk-regulatory compliance. The technology is built on a keyword spotting engine and proprietary recommendation algorithms that help identify and prescribe improvements for each established business goal.

Real-time speech analytics software spots keywords and phrases that are spoken on both the customer and agent side of an interaction. Based on the keywords and phrases that the agent and customer have spoken, scores (weighted according to the value of the phrase) are continually updated and calculated. This enables supervisors and quality assurance heads to identify customers that are prone to churn, retain customers considered likely to churn, and safeguard against unnecessary litigation. With this solution in place, contact centers are in a better position to meet the critical workforce optimization challenges and improve the customer experience.

The table below describes the customer channel keyword topics, words, and phrases involved in each topic.

Keyword Type	Words and Phrases Involved
Customer Churn Keywords	"cancel the service", "disconnect", "unsubscribe", "revoke", "suspend", "remove", "move away"
Customer Sentiment	"disappointing", "frustrated", "very bad", "terrible", "horrible"
Customer Abuse	"@&abuse", "shit", "no good", "abuse"
Customer Competitor Keywords	"company 1", "but others", "market is giving", "other companies", "company 2"
Customer Escalation	"supervisor", "manager", "talk to someone", "boss", "team lead"
Customer Not-Aware Keywords	"don't know", "know nothing", "not aware", "did not know", "not informed", "nobody told me"
Customer Wants Keywords	"wanted to know", "just wanted information", "eager to know", "what was the"
Customer Legal Threat	"court", "lawsuit", "attorney", "lawyer", "fines"
Customer Avoidance Keywords	"not now", "later", "some other day", "not possible"
Customer Probing Keywords	"do not", "don't want", "not acceptable", "did not expect", "not interested", "not required",
Customer Acknowledge Keywords	"how", "what are", "who", "why", "which", "how many"
Customer Reasoning/Explanation Keywords	"ok", "yeah", "yes", "fine", "sure"
Customer Effort Keywords	"tried to use", "tried to reach", "made calls", "connecting"

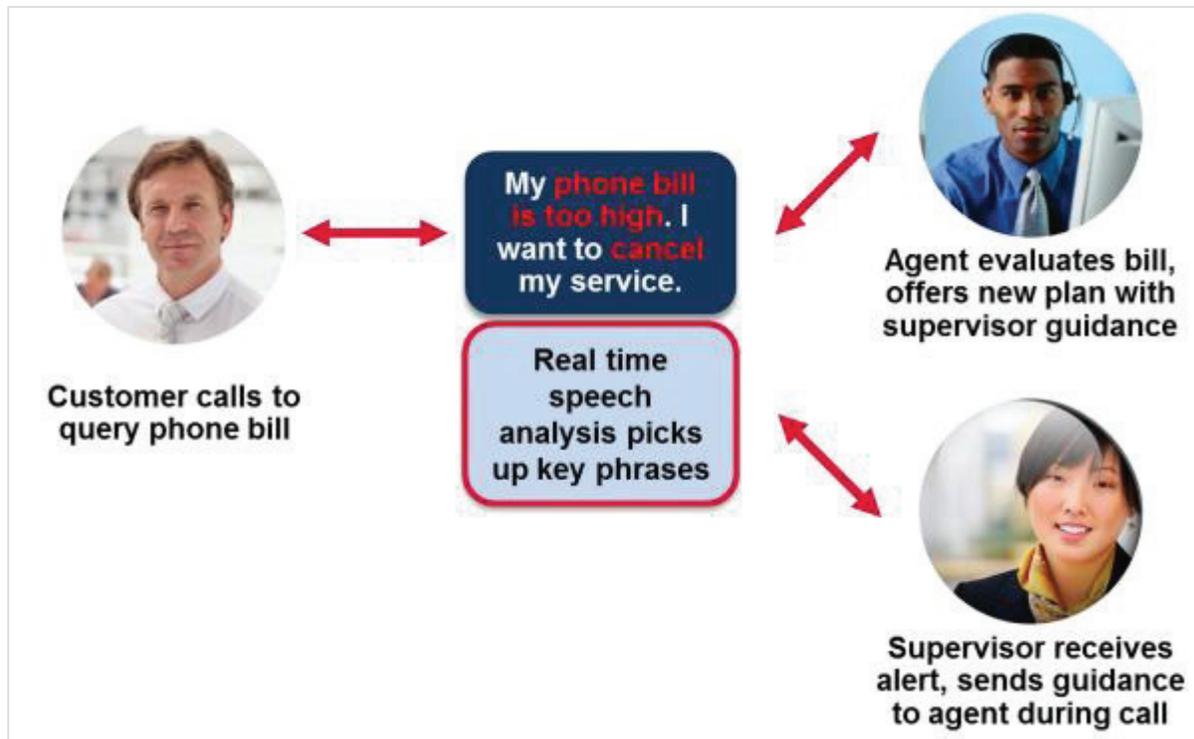
By referencing a list of predefined keywords, speech analytics allow contact center to identify exactly which customers are 'at risk' of churn and drill down to the reasons behind it in real time. This enables supervisors to make informed interventions and help out agents that are handling difficult or high valued customers. Supervisors can take action faster and, if necessary, impact the call as it happens, allowing them to quickly and proactively reach out to them and attempt to retain the customers. The critical step here is identifying the key phrases, or combinations thereof, that serve as the best predictors of churn.

Supervisors can set alerts for keywords and phrases, such as "very unhappy" or "canceling my subscription". They will then be sent a notification on their desktop whenever a customer speaks these words and phrases. Real-time speech analytics allow the system to pull up other relevant phrases that were spoken to help identify the reason for a customer's dissatisfaction. Supervisors can then decide whether they need to intervene in a call and assist an agent or determine whether additional agent training is necessary after the call.

The below figure provides an example of a telecommunications customer that intends to cancel their phone service. The supervisor sees an alert as the speech analytics tool picks up the phrases "cancel my service" and "bill is too high", indicating a dissatisfied customer. Because the supervisor can also see that the customer is of high value, he/she can step in and forward a new plan option to the agent. The customer doesn't have to wait on hold as the agent receives the plan details quickly and can find a solution that ensures the customer leaves satisfied.



Supervisor receives an alert about risk customer:



(Source: Ovum)

Real-time speech analytics can have a demonstrable, dramatic and measurable impact on the bottom line in two particular ways: (1) identifying and retaining customers considered likely to churn, and (2) safeguarding against unnecessary litigation. It measurably improves interaction outcomes and operational efficiency by quickly addressing complaints about price, technical difficulties, or mentions of competitors.

Typical ways of attempting to reduce churn:

After churn root causes have been properly identified, quantified, and prioritized, appropriate actions can profitably reduce churn rates and improve overall performance. The majority of such actions that can be taken are as follows:

Addressable drivers: Launching efforts to address problems that compromise customer experience and drive churn, such as:

- Practices and capabilities at the point of sale



- Core sign-up, activation, and initial-usage processes
- Fulfillment glitches
- Service and support deficiencies
- Billing practices and capabilities
- Misaligned or inconsistently applied policies
- Product and plan features – or lack thereof

Specialized churn models: Statistical models that score specific subsets of customers (e.g., customers about to come out of a contract) and their likelihood to churn due to a particular churn driver (e.g., contract expiry) and/or to respond to treatment (e.g., contract renewal campaign). A separate model is required for each unique churn driver and treatment.

Checks and balances: Business rules and reports regulating the types or amounts of service a customer is allowed to receive (e.g., credit or account spending limits). Exceeding the limit can prompt soft actions (alerts and reminders) or hard actions (service suspension and accelerated collection efforts).

Redesigned process flows: More-efficient processes for processing orders and accounts (both business and technical/system processes) and posting additional information on customer service representatives (CSRs) view screens for additional insights. This may also include revising company policies to maximize customer profitability.

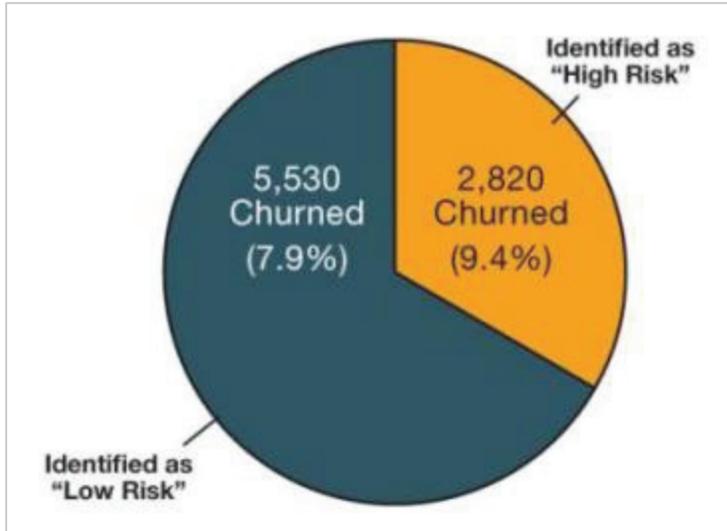
Rigid marketing campaign key performance indicator tracking: Compulsory pre- and post-campaign business cases that ensure only net present-value-positive campaigns are executed; testing to validate campaign performance before broad rollout; insights into how campaigns affect Key Performance Indicators (KPI) such as revenue and churn so organizational targets and performance expectations can be adjusted.

Call center operational efficiency: Automated tracking of CSR policy compliance (e.g., correct call reason coding based on statistical methods comparing each rep with a peer group) or revised calculation of incentive schemes (e.g., payout only for customers retained longer than two months).

Effectiveness Of Speech Analytics

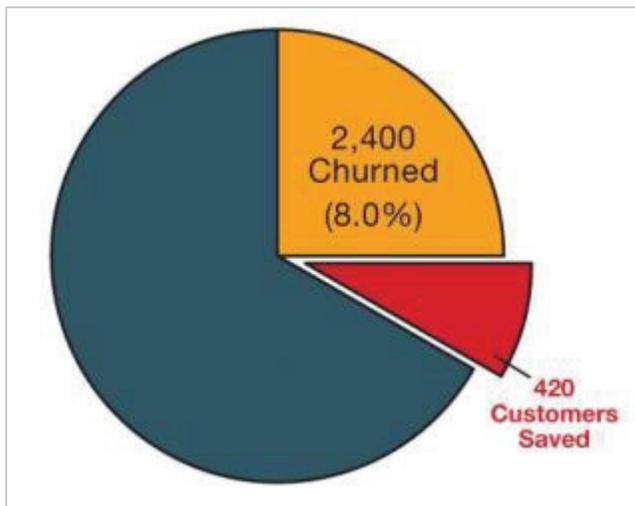
Those identified with speech analytics as “high risk” churned at 9.4% over 4 months compared to the “low risk” segment with a churn rate of 7.9%.





(Source: Interactive Intelligence, Inc. Using Real-Time Speech Analytics)

By contacting individual customers considered to be most “at risk” within 24 hours of the time they called, the contact center was able to test call-back strategies on those customers with 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 services. Those who were contacted within five days by the contact center’s loyalty department had a lower churn rate (8.0%) than those who they were unable to contact (10.5%), thereby saving approximately 15% of the high-risk group.



(Source: Interactive Intelligence, Inc. Using Real-Time Speech Analytics)

Extrapolating those results, analysts estimated the potential to save 1,100 customers at \$129/month for every one million billing calls analyzed, resulting in \$851,400 in protected revenue if those “saved” customers could be retained for six months. Using these figures, the contact center 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

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 keywords 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, potentially salvaging a sale or a customer who might have been lost otherwise. The primary strategic objective is to reach maximum profitability by lowering customer churn. The result demonstrate a material impact on a company’s bottom line and future profits.

