

Automated Voice Messaging

The Newest Customer Contact Innovation Produces Superior Results in Collections, Customer Care, and Marketing

Customer contact programs have progressed through numerous innovations over the past few decades—from bulk rate postal mailings to telemarketing campaigns driven by predictive dialers to broadcast emails. For many business-to-consumer (B2C) companies, these approaches have produced effective results across a range of customer-facing activities, including collections, customer care, and marketing. Growing email volume, spam, and consumer demand for self-service, however, are diminishing their impact and leaving many companies grasping for fresh approaches.

Companies frustrated with these traditional strategies can now take advantage of the newest contact innovation—automated voice messaging (AVM). Thousands of companies have proven the value of AVM to help grow revenues, deepen customer relationships, improve customer service and secure payments more quickly and efficiently—at a far lower cost-per-contact. This ability to do more with less is accelerating its adoption. In fact, industry analysts predict that by 2009 the voice messaging market will skyrocket from \$360 million to \$3 billion, far outpacing the growth of any other contact method. Companies that have not introduced voice messaging into the customer contact mix run the risk of suffering from competitive disadvantage and customer base erosion.

The goal of this paper is to help you get started down the path to more effective customer contact strategies. After defining AVM, the paper describes:

- The most common types of voice messages
- Typical voice messaging applications
- Who uses AVM
- How AVM compares to direct mail, email, and live calling
- Implementation options

The paper concludes with a few best practice recommendations that will help ensure the success of your next voice messaging campaign.

What is Automated Voice Messaging?

Automated voice messaging is the delivery of pre-recorded outbound telephone messages to a targeted audience, such as your customer base, prospects with whom you have a relationship, or a group of debtors. The calls are scripted and recorded with professional voice talent and can be customized in a variety of ways. For example, text-to-speech

technology provides first and last name personalization with lifelike voice results.

You can customize voice messaging scripts in real-time using any variable stored in your customer database. For example, during an appointment reminder call, a specific time of day can be inserted seamlessly into the recording, as in: "*Your service appointment is scheduled for [Tuesday, October 4th] at [3:00pm.]*"

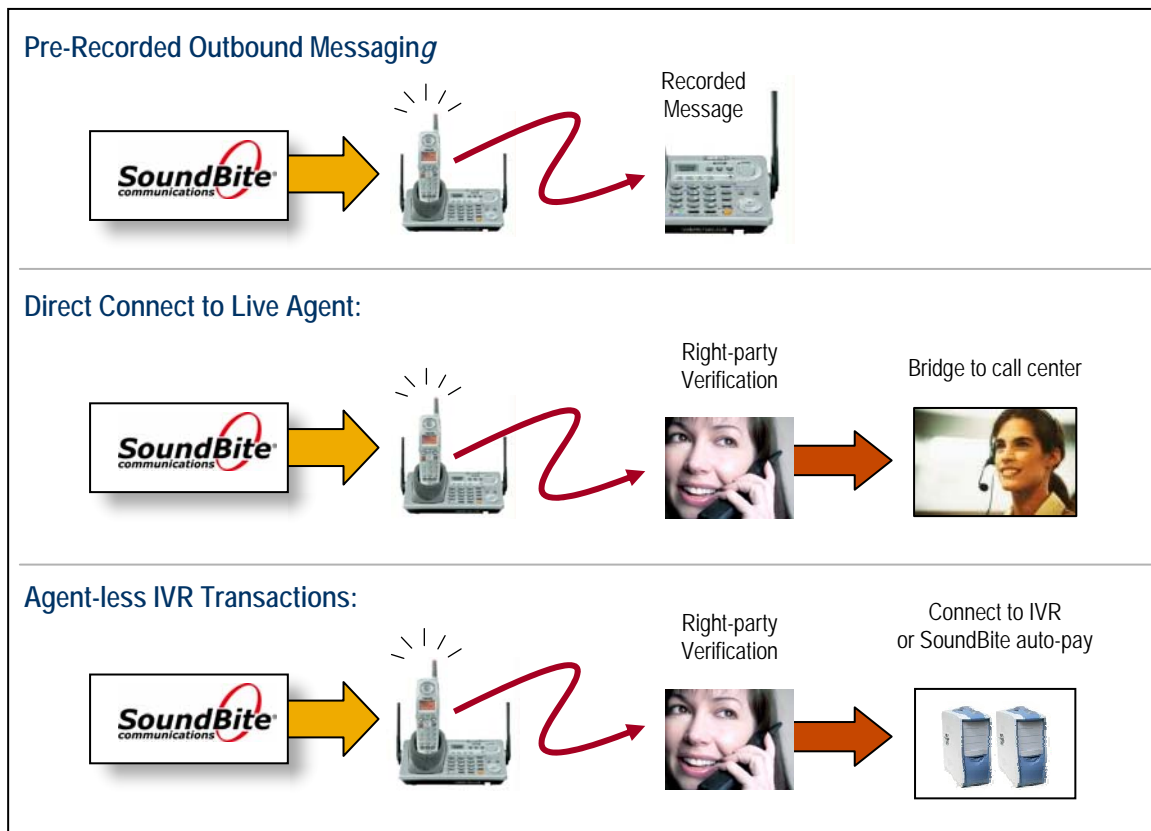
For promotional messages, you can match unique scripts and offers to different customer segments. For example, one script might invite preferred customers to take advantage of an exclusive offer, while another offers inactive customers a discount on private label credit card purchases. Any variable in your calling list—which comes from your database—can trigger the AVM system to play a certain script.

Both personalization and script customization can help you strengthen and grow one-to-one relationships with your customers.

The Most Common Types of Voice Messages

Most voice messages fall into these three broad categories:

- *Pre-recorded outbound messages:* These are simple one-way messages that deliver a scripted alert or reminder. They are not interactive and they do not require an immediate customer response. Service appointment reminders are a good example of pre-recorded outbound messages.
- *Direct connect to live agent:* Sometimes you need to drive agent conversations, but you want to avoid non-productive manual dialing. In these instances, you can use outbound interactive voice messages to identify the right party and then automatically direct connect the call to a call center agent. These messages are very effective for renewal campaigns, credit card balance transfers, and large balance overdue payments. They help improve call center effectiveness and agent utilization by delivering warm inbound inquiries—or right-party debtors in the case of collections—to your call center staff.
- *Agentless IVR transactions:* These voice messages are automated, two-way communications that enable customers to complete an agentless transaction through a self-service interactive voice response (IVR) system. The script confirms that the right party has been reached before transferring the call to the IVR. Typical agentless IVR transactions including updating account data, account payments, and appointment scheduling.



Automated voice messages range from simple promotional reminders to more complex dialogues, allowing consumers to complete a transaction, talk to a live agent, or respond to a satisfaction survey.

Voice Messaging Applications

Voice messaging is revolutionizing the way organizations interact with target audiences throughout the customer relationship life cycle, from acquisition and retention to service and collections.

The best customer care initiatives are proactive in delivering essential information that helps customers make informed decisions or helps to pre-empt confusion. Voice messaging supports these efforts by enabling companies to reach out to customers quickly with highly-relevant and timely information. Proactive communications, such as service interruption alerts, order status updates, and appointment reminders, help to increase customer satisfaction and build brand loyalty.

For Collections teams, voice messaging helps reach more right parties and recover more debt in a shorter period of time. From early- to late-stage collections, and for just about any debt type, voice messaging can help improve agent utilization and increase the time agents spend with debtors by 20% or more.

Marketing professionals charged with up-selling, cross-selling, and customer renewals are discovering that highly-personalized, professionally recorded voice messages can lift response rates, improve campaign ROI, and build brand loyalty. On a typical up-sell or cross-sell campaign, voice messaging can boost response rates from 20-30% over traditional approaches at 20% of the cost.

The following chart highlights additional applications for voice messaging within collections, customer care, and marketing environments.

Type of Voice Message	Customer Care Applications	Collections Applications	Marketing Applications
<i>Pre-recorded outbound messages</i>	<ul style="list-style-type: none"> • New customer welcome • New bill formats • Order update • Claims processing status • Appointment reminders • Service disruption/restart notices 	<ul style="list-style-type: none"> • Request for callback 	<ul style="list-style-type: none"> • Discount or special offer announcements • Weekend sale announcements • Follow-up on direct mail offers • Application status updates • Prospect qualification •
<i>Direct connect to live agent</i>	<ul style="list-style-type: none"> • Problem resolution • Account data updates • Appointment scheduling 	<ul style="list-style-type: none"> • Right party verification and direct connect to live agent 	<ul style="list-style-type: none"> • Account activations • Contract renewals • Loyalty program enrollment
<i>Agent-less IVR transactions</i>	<ul style="list-style-type: none"> • Satisfaction surveys • Appointment scheduling • Account data updates 	<ul style="list-style-type: none"> • Agent-less payment transactions 	<ul style="list-style-type: none"> • Product or service cross-selling • Credit card activations • Account renewals

Who Uses Voice Messaging?

Leading companies in a broad range of industries have already embraced automated voice messaging. Here are a few examples of the companies that are currently using SoundBite's automated voice messaging solution:

- Voice messaging is helping to deliver more qualified prospects to call center agents at Insurance Central, a subsidiary of AGIA, and is driving foot traffic to retailers in a broad range of industries, including retail and mobile communications.

- On an annual basis, voice messaging helps The Wall Street Journal successfully update credit card expiration dates for tens of thousands of subscribers in far less time than was possible using live agents. Voice messaging saves The Wall Street Journal over 10x on their customer contact costs versus live calling, while also protecting revenue that may have been lost to non-renewals.
- Lifeline, a medical alert service provider, supplies each subscriber with a button/pendant that can be used to call for assistance in the case of an emergency. Every subscriber's service must be tested on a monthly basis to meet compliance with federally-funded programs. Lifeline relies on SoundBite to deliver 3,500 messages each day reminding subscribers to test their service. Over 70% of the contacted subscribers complete their test after the initial voice message. Without SoundBite, it would be impossible for this service provider to achieve the same calling penetration and success rate on a monthly basis.
- In collections, companies such as AllianceOne, Account Solutions Group, and Nationwide Credit, Inc. are increasing right party contacts at double digit rates, while improving agent utilization and maximizing profitability.

(For additional examples of how companies are using SoundBite's automated voice messaging solution, please visit <http://www.soundbite.com/customers>.)

How Voice Messaging Compares to Other Customer Contact Approaches

When it comes to planning and execution, voice messaging is very similar to other customer contact approaches. You begin by identifying your goals, establishing a budget, and defining an overall campaign strategy. You then identify your offer or call to action, select a target list, and develop your creative. There are key differences, however, including more rapid time-to-launch, greater creative flexibility and a lower cost-per-contact.

Consider traditional direct mail. A typical campaign takes eight to ten weeks to implement, including creative development, print production, and mailing services. Depending on the creative and list size, the unit cost may be anywhere from \$0.27 per piece to over \$1.00. From the mail date, companies wait as long as four weeks to determine their response rate; and, most are satisfied with a 1%-2% response.

Voice messaging campaigns can be up and running within just a couple of days and you have greater flexibility with your creative. Script personalization and customization, driven by any variable in your database, helps you segment your audience more effectively and deliver powerful one-to-one messages. In addition, real-time reporting improves your ability to test multiple script versions. You can run an A/B script

test in the morning, choose a winner, and rollout your full campaign in the afternoon. That same day you can view the results and accurately measure the overall effectiveness of your campaign.

Depending on the call volumes, the average cost-per-contact for voice messaging ranges from \$0.10 to \$0.25. Response rates can run as high as 50%. The result is a significant increase in response rates at a fraction of the cost of a typical print campaign.

The following shows how voice messaging compares to direct mail, email and live calling campaigns.

Industry Averages	Direct Mail*	Email*	Live Calling*	SoundBite Voice Messaging
Cost	Letters, Pamphlets or Flyers = \$0.46 Dimensional = \$0.55 Postcards = \$0.27	\$0.01	\$1.27	\$0.10 - \$0.25
Response Rates	Letters, Pamphlets or Flyers = 2.22% Dimensional = 1.46% Postcards = 3.40%	0.88%	8.41%	Credit card reissue = 10-50% New card activation = 35-55% Customer satisfaction survey = 30-50% Telecom marketing = 2.5-7% 3 rd party collections = 5-15% 1 st party collections = 10-25%
Implementation Time	8-10 weeks	4-6 weeks	8-12 weeks	Days
Time to Measure Results	4 weeks	1-5 days	1-4 weeks	Immediate - 24 hours

*Direct Mail, Email, Live Call data sourced from *DMA 2005 Response Rate Study*

Implementation Options

There are currently two options for implementing voice messaging solutions:

- On premise hardware and software
- On demand, Application Service Provider (ASP) solutions

With the on premise approach, you purchase and maintain your own hardware and software. Historically, on premise solutions were thought to be more secure and to support tighter integration with other internal systems. However, these factors are not necessarily true today. The required up front capital investment, limited capacity, and on-going maintenance fees are outweighing the traditional on premise advantages.

Consistent with overall technology trends, many companies are realizing the benefits of an ASP or on demand applications for voice messaging. In this model, an ASP vendor, such as SoundBite, provides the equipment,

manages the co-locations, ensures data security and compliance with recognized auditing standards, negotiates the telephony agreements, provides for disaster recovery, and delivers 24x7 reliable campaign delivery services. Customers access the software through a standard web browser. Because the vendor is responsible for hardware and software upgrades and maintenance, you always have access to the most current voice messaging capabilities.

This hosted model continues to gain favor because it allows enterprises to focus on their core business and is incredibly flexible and cost effective. It's ideal for organizations that run campaigns throughout the year or for those with more seasonal needs.

Best Practice Recommendations

In addition to the dramatic cost and response benefits, research has proven that consumers who have experience with voice messaging prefer it over those who have no prior experience with it. Consumers like the personalization of the message, options that give them control during the call, and clear, high-quality, "to-the-point" messages. The lesson for call center managers is this—the more you use voice messaging, the more your customers will prefer it. But you must do it right, right from the start.

Based on our experience with over 250 companies, SoundBite has developed a set of best practices that are helping our clients realize the full potential of AVM. Here are a few to consider as you get started:

- Use script personalization and customization to deliver one-to-one voice messages that are highly-relevant and targeted appropriately for your various customer segments.
- At the beginning of every call, establish your identity as a trusted vendor with whom the call recipient has a relationship. This will help engage the individual right from the start.
- Structure your scripts to satisfy a range of customers, including those who know you, those who need a little bit of information to make their purchase decision, and those who need a lot more information. You accomplish this by presenting three opportunities for recipients to engage with an agent or IVR system:
 - At 15-25 seconds after the greeting, company ID and reason for calling
 - At the end of the marketing copy, before mention of other contact points
 - In the final menu stage
- Try a multi-pass calling strategy. On the first pass, hang up on answering machines. Then target different times and days. Over time,

this will help you determine when you will have the most success reaching out to your customers.

- If you are giving customers the option to make an immediate payment, allow them to put the call on hold to retrieve payment information before they connect to the IVR. This will dramatically improve your payment rates.
- Improve your overall response rates by testing and re-testing your scripts.
- Test, Measure, Test, Measure, Test, Measure - Once your voice messaging campaign is up and running, review your program data and test different variables to maximize your overall results. Typical script testing involves varying call sequencing, time-of-day and time-of-week, voice talent, and location of "request for response"

Make the Right Call

If you're excited about the potential of AVM, but concerned about letting go of your traditional campaigns, you can start with a middle ground. Use AVM as a supplement to one of your existing programs to boost your response rate and ROI. Here's an example:

A mobile communications company used SoundBite voice messaging as part of a renewal campaign to supplement direct mail results. SoundBite messages were delivered to 4 million customers over a five day period, following an initial mailing. The SoundBite campaign increased renewals by over 50% and was completed at 1/6th of the cost as compared to the direct mail campaign. Further, the company was able to generate immediate results, rather than waiting the typical 30 to 90 days to receive renewals via business reply mail.

The cost-benefit advantages of AVM are too significant to be ignored. AVM outperforms direct mail, email, and live agent telemarketing campaigns. The technology has evolved to deliver unprecedented flexibility, capacity, quality, and, in the case of ASP solutions, cost-effectiveness. And, consumers—bombarded with information from far too many sources—are receptive to AVM as an efficient means of communicating highly-relevant information. These factors make AVM the most significant customer contact innovation since the emergence of email. The question is no longer IF you should use AVM, but rather HOW.

In search for innovative marketing strategies, enhanced customer service, and more effective collections, AVM is clearly the right call.

For additional information, visit www.soundbite.com.

