

Contact Management: Give 'Em What They Want

How to Make the Most of Your Customer Relationships with a Campaign Management Solution

What is Contact Management?

Contact Management has traditionally been used to describe an approach taken by a sales manager to plan for specific actions of sales personnel in interacting with their prospects. Today, marketers of all types are using these techniques on a much wider scale to maximize the effectiveness of their enterprise marketing efforts. Any company that is considering the implementation of a CRM solution should view Contact Management as one of the parts of the overall puzzle.

What is Campaign Management?

A Campaign Management solution allows a business to grasp the significance of *all* its marketing programs currently in place. Details could include: who is being targeted, what offers are they receiving, how often should they be targeted or who is a likely candidate for additional offers. Campaign management ensures that the same set of customers will not be targeted too frequently, and that interested customers will not be ignored. It also allows the company to establish coherent marketing messages and offers throughout its customer database.

Contact Management History

In the past, marketing campaigns have generally been a stand-alone process, with companies sorting through massive amounts of customer data on large-scale mainframe computers to discover the results from different programs. Little thought was given as to how all these individual campaigns should fit together to interact with the customer in the most positive manner.

In a lot of big companies, every product manager would launch their own campaigns --and every business unit would also launch their own campaigns. Many businesses soon found out that their very best customers were being contacted repeatedly--to the point of being offensive. They also discovered that many customers weren't being contacted at all.

Often times, conflicting marketing programs were being sent to customers, since no one had an overall sense of what the company was doing. For example, a major provider of business services was selling a \$500 software package to a set of customers. The company realized it had a problem with managing campaigns when it discovered that another business unit was making hundreds of thousands of dollars annually on user fees for the same service offered in the software package.



This is a prime example of where the contacts and campaigns weren't really thought about - should the company be trying to sell a software package that made \$500 for one business unit, but cost the corporation hundreds of thousands of dollars in lost revenue each time they sold it?

Targeting appropriate customers and effectively managing customer contacts were not addressed very well in the past. Today, companies are providing solutions that deal with the challenge of contact management and actually turn this into a major competitive advantage for the companies that deploy them.

Let Customers Define the Rules

In today's business environment, developing and maintaining an ongoing relationship with the customer is more important than the success of any one product or service. It's a higher-level purpose that everything has to fit under.

Keeping this thought in mind, contact management needs to start with the customer. Companies need to respect their wishes on how often and in what manner they would like to be contacted. For years, direct marketers have understood the importance of using a marketing database to track those customers who do not want to be contacted by marketing messages. Processes such as the Direct Marketer's Association (DMA) "Do Not Pander" file must form the starting point for all contact management processes.

Leading edge marketers should also provide their customers with ample opportunity to specify preferences about frequency and preferred channel of contact. Macromedia, a leader in the e-commerce space has a 100% opt-in policy. They allow their customers to define specific subject areas that they want to receive communications about. Customers will receive product information based solely on this explicit opt-in request, as opposed to anything else. Campaigns are then delivered that selectively include content only within those categories of interest to each individual customer.

Reaching the Right Customer

Managing the frequency and content of interactions with end customers is one of the primary reasons companies install a campaign management system. As customers become more bombarded with marketing messages, it is critical to get the maximum value from each customer interaction. Marketers must look at inefficient marketing from both an ROI perspective, as well as a lost opportunity to use a contact for a business advantage.

While heeding customer desires has largely been seen as a defensive approach, investors in campaign management systems should see this as a competitive advantage. Leveraging the capability to respect the individual needs of each customer puts a business in a position of competitive advantage.

Once a campaign management system is in place, marketers should use every opportunity to collect information about interest areas, preferred channel, and appropriate frequency of contact.



Added Sophistication

When companies select a campaign management solution, the rules for delivering marketing messages to customers can become more sophisticated.

For example, a company could establish a policy such as 'no customer should be contacted more than four times per month' or 'customers should be contacted two times for this product and two times for that product'.

Even more sophisticated rules would rank the order and relevance of contacts. Complex campaign management rules become a very strategic method to divide up your resources. Think of it as spending account -- but with customer contacts, instead of dollars. If you only have a certain amount of money to spend, what is the best way to use each dollar? If a customer can only be contacted once or twice, what is your best product or service to offer that customer in that context?

Know What Your Company Needs

Once the customer's needs and wants are taken care of, the next contact management issue relates to the needs of the enterprise. Most businesses have many different departments that have an interest in communicating with customers.

Typically, these include product and market managers, as well as diverse business units that all stand to gain from selling their wares to the customers contained in the enterprise customer database. The installation of a Campaign Management (CM) system to manage this effort oftentimes exposes the conflicting nature of these various factions, such as the earlier example of the company losing money every time it sold a \$500 software package.

Define Explicit Priorities and Rules

Business should define explicit priorities for access to the customer database based on the enterprise benefits of each customer contact. The primary consideration will be the net impact on the customer lifetime value. Preference should always be given to those customer contacts that will benefit over the lifetime of a customer (frequently computed as the net present value of profit -- projected for 3 to 5 years). However, special considerations are often required to accommodate business requirements, such as new product rollouts.

Enterprise rules should be agreed upon and built into the campaign management system. Once all stakeholders have agreed upon the contact priorities, the CM process should ensure that all users of the system follow these priorities. Some rules can be defined by query definitions, such as frequency and recency of contact.

Other types of rules may require pre-defined pools of customers that are reserved for use by a specific stakeholder. This approach recognizes that contact management is more than "first come, first served" and may require that certain customer segments be set aside for use by a high priority user.



Establish a Marketing Council

In addition to rules and structure defined within the CM system itself, business processes must be established that support the established contact rules. A marketing council with representatives from various product and market groups can meet at regular intervals to set priorities and make adjustments to the contact rules contained in the CM system. This council can also make decisions on conflicts between various users of the database.

Finding the “Next Best Contact”

First generation database marketing efforts focused on the concept of “next best product” to sell to a customer. While this remains the ultimate goal of most marketing efforts, there are many considerations that have to be taken into account prior to defining a comprehensive marketing strategy.

This paradigm is called *customer experience management*, because it looks at a much broader view of what should be marketed to a customer. The tactical consideration becomes the delivery of the “next best contact” -- which will eventually create an experience that will result in the sale of the next best product.

Touch Point Strategies

A touch point strategy is a systematic look at how you can take advantage of *every* contact you have with a customer. For example, in a customer service center, the obvious reason for a ‘touch point’ is for someone to call in if they have a problem or concern. However, you need to examine that touch point as an opportunity to also improve the relationship, or to sell or market additional goods and services.

One major decision that a business must make is: what functions will be focused–on at each of the touch points you have established in your enterprise rules and priorities. However, not all touch points are created equal and each has different characteristics in terms of cost of transaction, available functionality, and customer reach.

With a touch point strategy defined, the CM system becomes the primary tool for providing customer experiences that move customers from one point to the next. Campaigns should be designed to explicitly support the overall touch point strategy by moving customers toward those touch points where business transactions are most likely to occur.

Two broad strategies are possible: focusing on breadth, and focusing on one primary touch point.

Focus on Breadth

Airlines are excellent examples of businesses that are setting up many different ways to transact with their customers. Customers can come to their website, visit an independent travel agent, call an 800 #, or go to a retail site to transact business. The business strategy is to deliver consistent messages across these touch points and be ready to interact with the customer in whatever medium they have selected.



Focus on One Primary Touch Point

Focus on a primary touch point—e-tailers such as Amazon.com and emerging ones, such as Macromedia also touch customers through different touch points. However, the primary focus of the end transaction is the Web.

Using this strategy, customers are marketed through several different channels (catalogs, e-mails, Web pages, and advertising) with the end goal of pushing the customer toward the Web, where the business has prepared a site that completes the cycle.

Another example of this type of touch point strategy is the traditional insurance company that sells through an independent agent network. Customers are marketed through a variety of mediums, all with the end result of pushing them toward an agent who can complete the transaction.

Technology Requirements

Business users who are looking to implement an enterprise contact management strategy need to consider several requirements:

- **The ability to enforce contacts based on frequency and how recently the last contact was made.** A communications log must be maintained that records every marketing contact with a customer. This log must be updated quickly enough so that campaigns that are executed consecutively will be able to include the information entered from a campaign that just completed.
- **The ability to implement campaigns in an automated fashion.** Routine contact management rules must be executable under “lights out” production controls. Increasingly, campaigns are setup to run on an on-going basis. To support this production paradigm, contact management processes must be run and updated in a mode where no user intervention is required.
- **The ability to accommodate exceptions.** The axiom “rules are meant to be broken” holds true for contact management strategies. Enterprises will find many situations that require that any or all enterprise-defined rules be suspended for the needs of specific campaigns. Specifically, schedule queues must be flexible enough for an *ad hoc* campaign to be entered as a part of a sequence of campaigns to be run in one large batch.

Summary

Contact management can move from a purely defensive tactic to a powerful strategy to build customer relationships. By using a campaign management system to implement a marketing strategy, businesses can deliver influential messages and consistent customer experiences that will deliver a high rate of financial return and increased customer loyalty.

For an effective campaign, marketers should remember to:

- Let the customers decide how often and in what manner they wish to be contacted
- Use every opportunity to collect information about potential and current customers
- Define explicit priorities within the company for access to the customer database

