

Customer Engagement-A New Sales Strategy in the global competitive market.

Prof. Jitendra Bhandari

MMM's IMERT, Pune-411004

Part I

Introduction:

“Engagement” can be defined as building customer relationships that increase customer commitment to a company or brand. Engagement motivates customer participation by connecting with the customer in a way that drives purchase decisions and loyalty.

Most companies today face a two-fold dilemma. In many product and service categories, competition based on both price and quality is increasing. Customers, faced with so many good choices, are making decisions based on a variety of complex factors. Even in business-to-business sales a similar dynamic is evident, as loyalty and relationships play less and less of a role in many contracts. In this environment, the enterprise interested in winning, retaining and deepening customer relationships can no longer do so simply by creating a better product or even by holding down costs. For many companies, both strategies are essential simply to stay in the game. Increasingly, executives are finding that the winning differentiator is no longer the product or the price, but the level of engagement—the degree to which a company succeeds in creating an intimate long-term relationship with the customer or external stakeholder. Although the term “engagement” is sometimes used to describe customer marketing, loyalty, satisfaction and retention practices, companies are now realizing that engagement also is a more strategic way of looking at customer or stakeholder relationships. In this emerging approach, engagement refers to the creation of a deeper, more meaningful connection between the company and the customer, and one that endures over time. Engagement is also seen as a way to create customer interaction and participation. While that might sound like what marketing has tried to do all along, cultivating engagement is increasingly a job that is being undertaken in various ways throughout the enterprise, even the executive suite. In fact, at many companies, CEOs are now reportedly leading the drive for more customer engagement.

The study indicates that companies are going beyond traditional customer satisfaction or relationship programmes to develop new ways to ensure that customers are engaged in all of their interactions with the company. Engagement initiatives are more proactive in anticipating customer needs and expectations, and fulfilling them more effectively. The study also examines a number of business trends affecting engagement, including technology, which is seen as an increasingly important tool for building engagement. For example, executives see a need for greater integration of online and offline tools to manage customer relationships.

Among the survey’s key findings are the following:

Most executives believe that customer engagement is exceptionally important to their business. Nearly 90% of all respondents say that customer relationships are either very or extremely important to the success of their business. More customer engagement, they believe, would translate into improved customer loyalty (80%), increased revenue

(76%) and increased profits (75%). Perhaps the most important benefit of an engaged customer is as a source of referrals: 79% of those surveyed say that engaged customers recommend products and services to others. Sixty-four percent say engaged customers are frequent purchasers. And nearly 61% describe an engaged customer as someone who provides frequent feedback on products and services. Engaged customers are also less price sensitive, say 55% of those surveyed.

Following is the analysis of questions and answer asked in the survey :

Q. What does your company perceive as the benefits of achieving customer engagement?

	(% respondents)
Improved customer loyalty	80
Increased revenue	76
Increased profits	75
Bigger market share	56
Improved employee satisfaction	44
Enhanced public image	35
Greater customisation of products/services	34

Q. In your opinion, which of the following factors most influences the purchasing decisions of your company's customers?

	(% respondents)
Trust in company	35
Quality	21
Brand	15
Price	13
Necessity	8
Customer service	6
Convenience	2

Q. Which of the following attributes does your company believe to be most important in engaging its customers?

	(% respondents)
Responsiveness	64
Providing satisfaction	51
Consistency	44
Flexibility	37

Personalisation of product or service	29
Building an emotional connection to the brand or the company	20
24/7 availability	18
Building a sense of community	5
Providing entertainment	3

Q. What does your company perceive as the barriers to achieving customer engagement?

	(% respondents)
Difficulty of measuring customer engagement	47
Competing strategic priorities	43
Data privacy concerns	36
Dislike of intrusive marketing	34
Lack of appropriate technology	27
Lack of financial resources	26
Lack of senior management support	18
Lack of employee support	14

Q. Which of the following departments/individuals is responsible for creating engagement at your company?

	(% respondents)
Sales	52
Marketing	52
CEO	50
Senior vice presidents/directors	46
Customer service	36
Other C-level executive	35
Departmental heads	34
Operations	21
We do not have a specific department/individual responsible for engagement	14
IT	10
Don't know	1
Customer-generated ideas for products/services	37
Lifestyle data	35
Data on customers' personal values and beliefs	56

Q. In your opinion, which of the following attributes describe an engaged customer, or one who is committed to your company's products and services?

	(% respondents)
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Recommends products/services to others	79
Frequently purchases products/services	64
Provides frequent feedback on product/service issues	61
Is less concerned about obtaining the lowest price	55
Is more understanding if company makes a mistake	39
Participates in product/service design	38
Is involved in online communities or user groups	11
Other	2

Q. Which of the following mechanisms does your company use to obtain customer feedback?

	(% respondents)
Market research	33
Telephone surveys	33
Online/interactive applications	6
Direct mail	18
Focus groups	44
Don't know	43
Other	42

Q. Which of the following technologies/applications does your company use or will use in five years to increase customer commitment to its products and services?

	(% respondents)
Now In five years	46
Electronic forms	46
Website design/usability technologies	43
Graphics and multimedia technologies (video, audio, etc.)	38
Real-time order tracking systems	38
Application-specific graphical user interfaces (GUIs)	36
Custom product configuration systems	36
Integrated offline and online systems	36
Internet-based customer relationship management (CRM) systems	35
Rich Internet applications	33
Mobile wireless devices	33
Design/build simulation software	46

Technology is seen as an increasingly important tool for building engagement. From Internet-based customer relationship management software to interactive electronic forms, the tools now being used to build customer engagement are likely to grow even more popular. About 42% of executives report that they are using online/interactive feedback to collect customer information today, and nearly 60% say their companies will be using it in five years. Almost every kind of technology now used to help engage customers is likely to become increasingly important in five years' time, executives predict. Many are optimistic that the online and offline tools used to manage the relationship will become more integrated. Nearly 64% believe that their companies' online and offline customer relationship systems will be integrated in five years. The remaining 36% say their companies' systems already are integrated.

Strategic implications

Companies also realize that today's customers, whether consumer or business-to-business, have higher expectations of the companies they deal with and how they expect those companies to interact with them. Customers have come to expect more than just good products and good service. Responding to this realization, companies are seeing the need to develop closer long-term relationships with their customers, and, specifically, highly engaging relationships. A majority of executives believe a strategy of creating deeper engagement is likely to pay off in the next five years. Nearly 60% believe that such an initiative is likely to have a very strong impact within five years, while 26% believe it will have a fairly strong impact. This finding suggests that companies expect to go beyond creating traditional customer satisfaction programmes—which largely measure such factors as returns, complaints and order cancellations—to developing creative ways to ensure that customers are engaged in all their interactions with the company.

Part II

The second part explores in more detail some of the trends and issues in engagement covered in the research. Today, more and more companies find that their biggest challenge is neither creating a high-quality offering nor finding customers but maintaining a high level of engagement with their customers. Cultivating a high level of customer engagement is now a key strategic challenge. Faced with highly demanding and fickle customers, executives are finding that the winning differentiator is the level of engagement—the degree to which a company succeeds in creating an intimate long term relationship with the customer. Although the term “engagement” is sometimes used to describe customer marketing, loyalty, satisfaction and retention practices, it is also be a more strategic way of looking at customer relationships. In this approach, engagement refers to the creation of experiences that allow companies to build deeper, more meaningful and sustainable interactions between the company and its customers or external stakeholders. It is not a fixed point that can be reached but a process that expands and evolves over time.

The good news is that a variety of new information systems and tools are now available that make it easier to support engagement. Many executives now see building strong connections with their customers as one of their companies' primary strategic challenges. And many executives also believe that a greater degree of customer engagement would translate into a number of benefits for their company: improved customer loyalty (80%), increased revenue (76%) and increased profits (75%).

In the next few years, a growing number of companies appear poised to try to change this state of affairs by getting to know their customers better, meeting emerging customer demands and anticipating future

customer needs. For most companies, engagement initiatives will likely lead to incremental gains in efficiency and customer satisfaction. For others, however, the changes may well prove to be more profound. At Assurant Solutions, for example, executives believe that the addition of an online for management system has had a transformative effect not only in terms of increased client commitment but in making it relatively easy to extend their product offering.

Tools of Engagement:

The companies described above are reaching out to customers and attempting to engage them at different levels and in very different ways. While specific customer engagement techniques vary by industry and company, however, the following are some best practices that we identified through our research and interviews :

Be available for customers 24/7.

Most executives and customer care analysts agree that one key to engagement seems to be providing customers or clients with more ways to get the information and service they want, any time they want it. Whether this means maintaining a 24/7 call centre or responding immediately to customer e-mails no matter what time of day they are received, companies must do whatever it takes to be “open for business” around the clock.

Offer a variety of communication channels, and use them to engage in two-way dialogues with customers. Most companies seem to have found that customers want access to many kinds of communications channels. Companies that support a variety of modes of communication—and that responds swiftly to customer enquiries, requests and feedback through all of them—are best poised to cement robust relationships with customers. For example, although e-mail and Web interactions are common, many customers still prefer to use postal mail or the telephone to obtain information or discuss their concerns.

Tailor the method of contact to the type of customer. Some customers are engaged by technology; others by the human touch. Marketers struggle to try to reach a variety of different groups, many with somewhat different needs. High-end customers often want extremely personalized service, while others lower down the income ladder may settle for a more cookie-cutter approach.

Listen and learn. Customers engage more deeply with companies that listen to their needs and respond by providing more targeted information or better value propositions. The retirement questions of a doctor in his thirties are likely to be very different from those of someone nearing retirement, and the company has segmented these communications in a simple, cost-effective way. Other companies using electronic tools to enhance customer engagement report that they are identifying similar opportunities.

Deliver personalized responses. Customers are unlikely to engage with companies that send them cookie-cutter replies to their most important requests or concerns. Responses that are personalized, consistent and quick stand the best chance of attracting and retaining customers' attention. To achieve this, many companies are leveraging Web chat, e-mail and personalized online record-keeping. The online tools provide more benefits than simply scale. The best use of technology is not necessarily as a lower-cost way to reach customers, but as a way to give customers information and service that is more closely attuned to their needs.

Know your customer's needs.

Obtaining this knowledge takes patience, “people” skills and the ability to use technology effectively. One way to deepen knowledge of customer requirements is to look for areas in which customers could use more help than they have traditionally received

Set clear goals regarding the level of engagement desired.

As amazing as engagement technology can be, experts agree that it is generally better to focus on business goals rather than the technology. “There are lots of ways you can go wrong

Make things familiar—but better.

“As human personalities, we don’t like change,”. “As much as we appreciate new things, we really don’t like to change what we do.

Invest in systems integration technology.

Service oriented architecture, which can link a wide variety of programs and platforms, can do wonders to integrate customer information and deliver targeted service. SOA is beginning to play a critical role in ensuring the success of engagement initiatives—so much so that computer engineers trained in the field are prized assets. “The integration specialist has actually become a key asset inside our development team that really didn’t exist five or six years ago.

Conclusion:

Survey indicates that executives in a variety of industries believe customer engagement moves beyond customer loyalty and satisfaction to sustain in Decline Market and also provide a crucial competitive advantage. Yet, despite their general optimism about the value of customer engagement initiatives, many respondents find them difficult to implement in their own companies. To effectively implement engagement initiatives, it is clear that companies must develop an engagement strategy. This strategy will include cultivating a closer understanding of the customer and what he or she expects from the company in order to become more fully committed. It will define what an engaged customer looks like and provide the metrics for measuring the success of engagement initiatives in terms of sales and other desired customer behaviors. It also will address the role of technology in creating engagement and identify how new technologies can help to engage customers. By creating a clearer vision of how engagement can support company objectives, companies can move engagement closer to the top of the management agenda where executives would like to place it.

Note: This research paper is based on the secondary source of data taken from the earlier research work done.

Reference :

Economist Intelligence Unit survey, 2007
www.adobe.com/engagement/pdfs