

Maximize B2C Lead Conversion Rates: Effective Prospect Management Across Channels

A pragmatic approach to accelerate omnichannel customer engagement for CSPs



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Summary

In brief

Ovum's global ICT Enterprise Insights 2017/18 study revealed that while omnichannel customer engagement is on the minds of 89% of communications service providers' (CSPs') C-suite leadership teams, only 8% of respondents claimed to have reached completion, and for 65%, it was still a work in progress. Among the many findings from this research, more than 70% were planning to increase investment to address end-to-end customer experience and placed personalization as the No. 1 business challenge. Clearly there is a massive gap between intent and execution. Why is omnichannel such a seemingly intractable challenge?

Ovum was commissioned by Salesforce to find out more details and the nature of these challenges, with a focus on prospect management, a subset of omnichannel customer engagement. A mix of 50 CSPs in the US and Europe were surveyed in October and November 2017.

This report highlights the research findings and includes a brief case study of one CSP (not included in the actual research survey) that has made significant progress: Virgin Media. Guidance is also provided in the concluding section of this report to help CSPs close the execution gap and achieve a much more customer-centered orientation, a prerequisite for success, irrespective of industry or sector.

Ovum view

Consumers expect omnichannel customer engagement, yet most CSPs are way behind where they need to be. Omnichannel prospect management is a subset and provides a practical place to start building a foundation for the broader omnichannel customer engagement capabilities that CSPs need. Ovum defines omnichannel as enabling customers and prospects to engage across any channel or combination of channels they choose to use to achieve their desired outcomes, by delivering a contextually relevant and rewarding experience – consistently and securely.

While Ovum's global study referenced above shows that CSPs are working hard to provide a secure environment for customers, including cybersecurity and regulatory compliance, the research into the state of omnichannel and specifically prospect management provides little evidence of progress.

Key takeaways

- CSPs must pick up the pace on omnichannel to minimize churn and generate growth.
- Prospect management is a pragmatic place to start to stem the flow of lost revenue, which impacts 70% of CSPs.
- Sixty-six percent of CSPs may languish in the slow lane based on their technology adoption strategies.
- Virgin Media delivered tangible business results through omnichannel prospect management.
- Ovum makes six recommendations to accelerate progress:
 - Commit to the customer.
 - Put in place a cross-functional team.
 - Unify customer data.
 - Design from the customer back.
 - Invest in a SaaS-based customer engagement platform.
 - Use machine learning for dynamic orchestration.

CSPs must pick up the pace on omnichannel to minimize churn and generate growth

The research into omnichannel and prospect management maturity covered six areas:

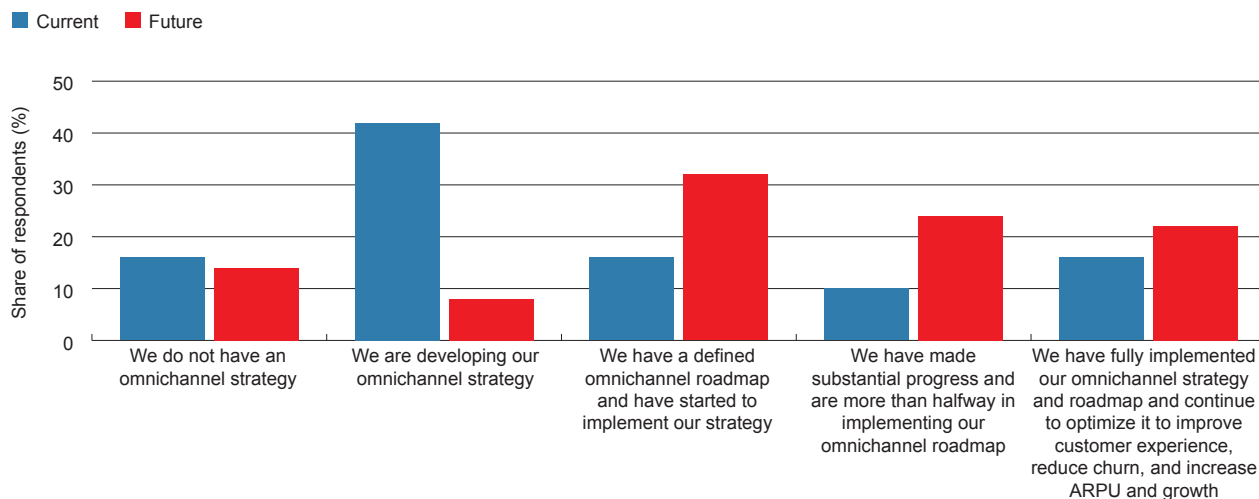
1. omnichannel management strategy and level of execution
2. organizational alignment
3. prospect management capabilities
4. customer data management and analytics
5. expectations and/or impact on revenue performance
6. approach to technology adoption

Each area consisted of a series of statements that reflected different maturity levels. Respondents were also given the opportunity to think about where they might be within 24 months, so that we could contrast their current and future states regarding omnichannel development and prospect management.

74% of CSPs have made little or no progress on omnichannel

The research shows that 74% of CSPs have made little or no progress on omnichannel management. Figure 1 highlights the distribution of current and future maturity states.

Figure 1: Omnichannel strategy and execution maturity distribution



Source: Ovum

The current maturity state distribution highlighted in blue shows that 16% of CSPs still lack a strategy for omnichannel customer engagement, and the largest segment is still in the process of developing a strategy (42%). A further 16% have just started to implement their strategies, which leaves the remaining 26% distributed between having made substantial progress (10%) and completion (16%).

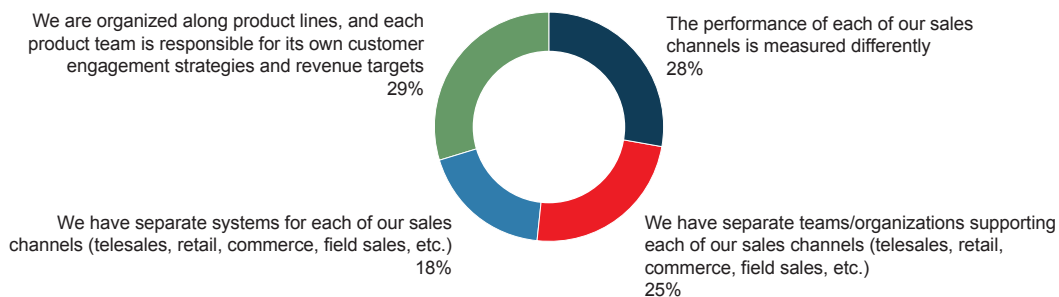
On closer examination of the results, only 6% claim to have a unified view of their customers and can share this data across different teams and departments. This indicates that more than half of those claiming to have completed omnichannel are at best being overoptimistic.

On a more positive note, those with strategies expect to move to the next phase in their evolutionary progress in 12–24 months, and those reporting progress are also seeing the benefits.

Organizational silos impede omnichannel delivery

Success with omnichannel requires more than the application of technology. The biggest barriers to success are the proliferation of organizational silos and a lack of interdepartmental collaboration. This is often reflected in support systems and KPIs that are not in alignment. Figure 2 outlines four of the negative indicators, with the largest being different product/services management teams having responsibility for their own customer engagement strategies. This is a recipe for an inconsistent customer experience.

Figure 2: Negative organizational indicators



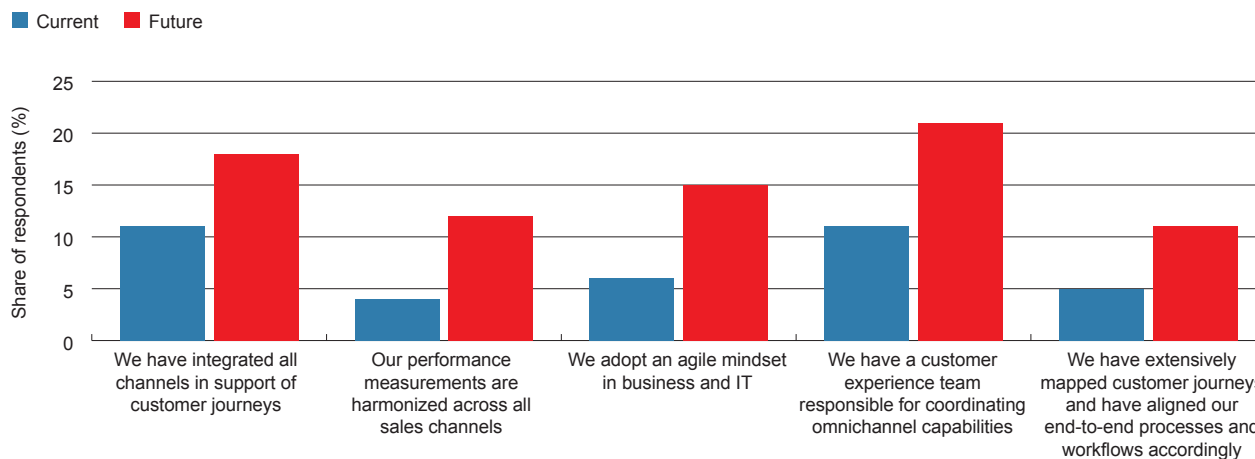
Source: Ovum

That was followed closely by a lack of harmonized KPIs across different sales channels. The danger of misaligned KPIs is that they foster departmental behaviors that may conflict with other departments. What that means is that even if somehow the IT department manages to sync up all systems to support the cross-organizational flow of customer data, there is no guarantee that customers will benefit or enjoy a seamless and uninterrupted cross-channel experience. Having separate teams and systems is not necessarily a bad thing, if all systems and channels are connected and every team has the common goal of delivering the customer's desired outcome.

Common organizational factors exhibited by the more omnichannel-savvy CSPs

On the positive side, CSPs that were progressing exhibited positive indicators, outlined in Figure 3.

Figure 3: Positive organizational indicators



Source: Ovum

- The most positive indicator was the existence of a customer experience team with the charter to oversee the entire customer journey across channels. To be effective, this team must consist of business representatives from across the organization and IT. Although only 11% of the CSPs surveyed have such a team in place, that is expected to double in the near future. Such teams can be effective coordinators as well as developers of better customer experiences.
- A similar sharp rise in the adoption of an agile mindset across business and IT was also noted, although starting from a much smaller base. Practices such as customer journey mapping are being used to try to align processes and workflows around the customer.
- Only 11% of enterprises confirmed that they had integrated both digital and store channels, although this is expected to increase to 18% within the next 24 months.
- KPI harmonization is still rare, with only 4% claiming to have it in place now, although this is likely to triple to 12% in the future.

Tackling omnichannel is proving for most enterprises to be a multiyear development challenge. Transforming the orientation of a business with a product-focused transactional mentality into one that collectively and coherently orients around customers takes visionary leadership backed by an engaged workforce. The technological challenges, as we will see, are relatively easy to solve, and a good place to start is where there is often revenue leakage, such as in the management of prospects.

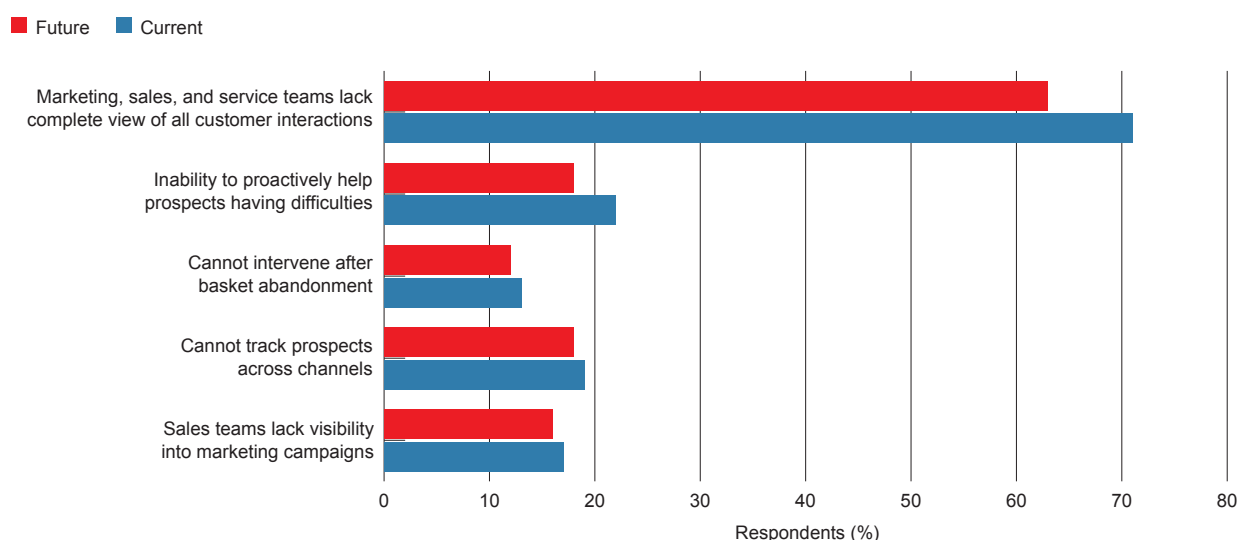
Prospect management is a pragmatic place to start to stem the flow of lost revenue

A proportion of the millions of customer interactions during the year provides opportunities to add more value for customers and more revenue as a result. The challenge is to know which interactions provide genuine revenue-generating opportunities, and that is often compounded by a lack of insight into the context of the interaction and the inability to provide a relevant offer or response.

71% of CSPs are missing revenue opportunities through poor prospect management

CSPs have invested quite heavily in marketing automation systems to generate leads, but a lack of contextual insight means considerable sums are being spent on campaigns that are insufficiently compelling to drive a positive response, especially when customers and prospects perform their own independent product/service searches and rely more on peer reviews.

Figure 4: Challenges around omnichannel prospect management



Source: Ovum

What the research shows is that the biggest reason 71% of CSPs are losing revenue is a lack of a unified view of all relevant customer interactions across marketing, sales (including in-store), and services teams. This directly impedes

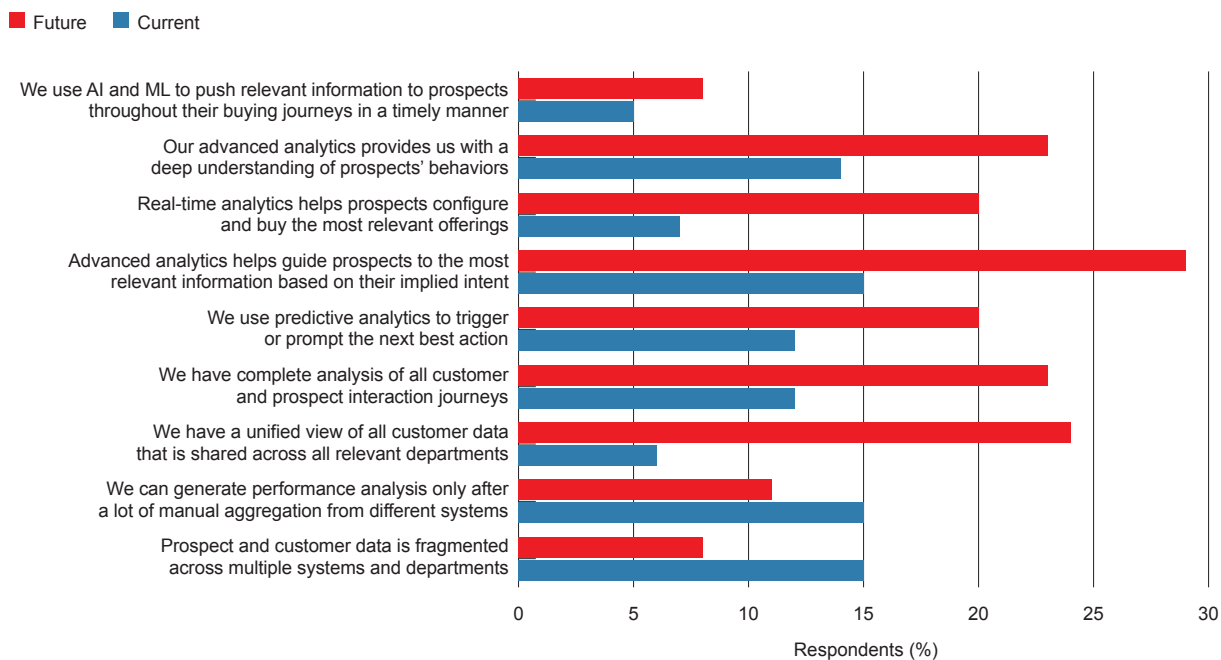
- the ability to proactively help prospects having difficulties during their purchase journeys
- automatic follow-up after online baskets have been abandoned
- tracking of prospect interaction activity across channels throughout the journeys
- sales teams' opportunities generated by marketing.

Conversely, 29% thought that their marketing, sales, and services teams had a complete view of the customer. In the section of the survey on customer data management and analytics, however, only 6% claimed to have unified all customer data and made it available across all relevant teams, although 12% also claimed to have good visibility into customer journeys, which suggests that this is not always available at the point of need (see Figure 5).

Predictive and prescriptive analytics supported by machine learning

As well as the critical importance of having unified customer and prospect data available to every team that interacts with customers or prospects during their many and diverse journeys, intelligent automation is a necessity to drive relevant action. For large CSPs, the volume of annual customer interactions can be measured in the tens of millions. At this scale, personalization demands real-time predictive and prescriptive analytics to ensure that the right offers are made at the right time in the context of what the customer is trying to achieve or get done. This is where machine learning plays a vital role, yet current use of advanced analytics to trigger the most relevant response or action is limited to between 5% and 15%, although most CSPs expect to significantly improve within the next 24 months (see Figure 5).

Figure 5: State of customer data management and analytics



Source: Ovum

The business case for getting prospect management under control is compelling

What makes prospect management a good place to start on the omnichannel development journey is that if CSPs succeed with it, they will have a firm foundation for broader omnichannel development, as the core principles of customer orientation, unified data, availability of data at the point of need, and advanced analytics to deliver personalized offers and content at the right time all apply.

The business case is also compelling as there is a natural gearing effect, which can dramatically improve revenue outcomes (see Table 1).

Siloed	50 million interactions	2% prospect interactions captured = 1 million	10% conversion rate = 100,000	Average of \$50 per transaction = \$5m
Omnichannel	50 million interactions	10% captured = 5 million	15% converted 750,000	Average of \$50 per transaction = \$37.5m

Source: Ovum

In this simple example, a large CSP with a fragmented and siloed prospect management environment is able to capture only 2% of prospect interactions, 10% of which are converted, yielding \$5m, based on an average transaction value of \$50. This contrasts with a large CSP with omnichannel prospect management capabilities, which potentially could capture all interactions, 10% of which might be genuine opportunities. As all relevant prospect information is available, conversion rates are likely to be significantly higher. However, in this example, we assume a modest improvement to 15% yielding 750,000 additional purchases at an average of \$50 each generates \$37.5m in incremental revenue.

The investment required to support such an environment is likely to be considerably lower, generating a positive ROI very quickly. That is the experience of Virgin Media, outlined in the case study in a later section.

66% of CSPs may languish in the slow lane based on their technology adoption intentions

To be practical, CSPs need an intelligent customer engagement layer to deliver relevance at scale

Enterprises have several routes to creating an omnichannel customer engagement platform to support prospect management. These include attempting to integrate all internal systems to allow data to flow unhindered and in-house extensions to existing systems. While each CSP is unique, intelligent cloud-based customer engagement hubs are emerging as the most practical and fastest way to create an omnichannel environment. Old CRM systems are primarily systems of record, not customer engagement, and while most CSPs will have CRM systems, they are often siloed, which limits access to reliable customer information and provides no real-time customer journey context. That is why it is essential to have a customer engagement layer that sits above all legacy systems, including any CRM applications, content management systems, and customer service support centers, supported by real-time intelligence to trigger the most relevant and timely response.

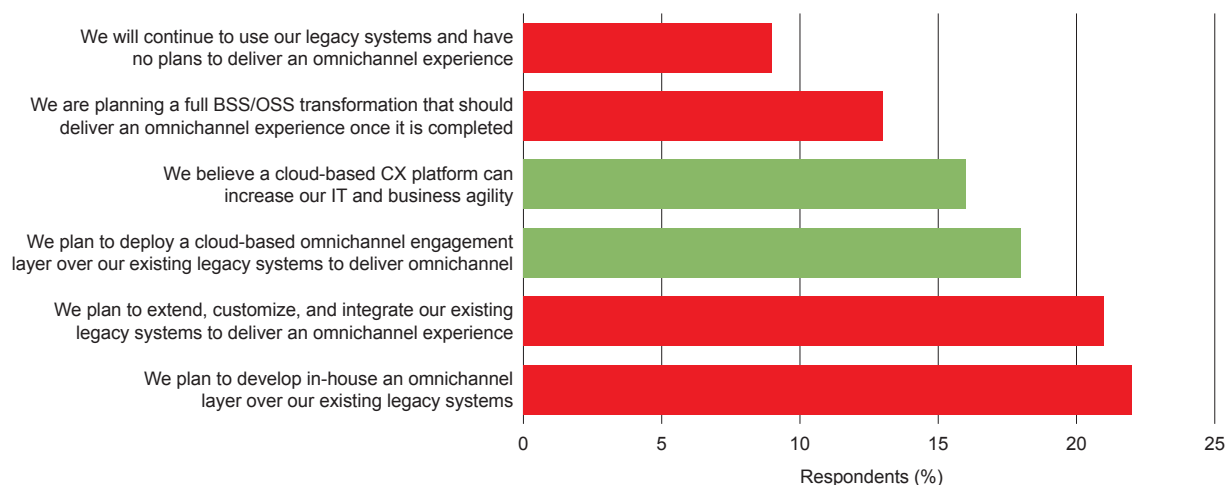
Today, the most advanced CRM platforms, such as Salesforce's Customer Success Platform, provide this intelligent customer engagement layer and have evolved into intelligent customer engagement hubs or platforms. Such customer engagement platforms can connect via APIs to legacy systems and any channel. They therefore act as a unifying mechanism that becomes the intelligent engagement layer when infused with real-time predictive analytics and machine learning.

66% of CSPs are held back by legacy systems thinking

Broadly, the CSPs in the survey were split, with 66% in favor of developing an omnichannel capability by extending existing systems or developing their own customized engagement layer and 34% (highlighted in green – see Figure 6) that believe a cloud-based approach is best; 18% of the latter group have plans in place.

The legacy extension approach to solving the customer engagement challenge reflects a lack of strategy. In Figure 1, we saw that 58% had either no strategy or their strategy was still under development. While it may seem pragmatic to take incremental steps by tweaking existing legacy systems, in the absence of a coherent omnichannel customer engagement strategy, this leads to further fragmentation and operational silos and a poor customer experience. The hope is that once CSPs develop a coherent omnichannel strategy, they will realize that the fastest route to success will be via a cloud-based approach to develop the vital omnichannel customer engagement layer.

Figure 6: Technology deployment intentions



Source: Ovum

The problem with monolithic legacy systems is that they are notoriously difficult to unpick and adapt. The argument about cloud offering greater agility has largely been won. In today's cloud environment, it is easier to add channels via a cloud-based platform – and with the advances in APIs, much quicker to integrate with legacy systems – than it is to attempt to refashion existing legacy systems, which is risky and can deliver unexpected and unwelcome consequences.

Understandably, a sizeable portion of respondents – 22% – want to control development in-house. That doesn't preclude them from adopting standard platforms and adapting them through configuration and workflows to suit their environment.

The competitive race to enable an omnichannel customer engagement capability favors those who take the cloud route, whether using their own in-house development capabilities, working with a prime systems integrator and vendor experts, or taking a hybrid approach. This is why the 64% of CSPs opting for a more traditional on-premises route are at risk of languishing in the slow lane. On a positive note, the example of Virgin Media demonstrates how a forward-thinking CSP can make rapid progress and deliver a superior customer experience and positive results for the business.

How Virgin Media delivered tangible business results through omnichannel prospect management

Virgin Media is a subsidiary of Liberty Global, one of the world's largest cable companies. Virgin Media has around 5 million cable customers in the UK and 3 million mobile customers. It provides broadband, mobile, TV, and landline phones in the UK and Ireland.

Virgin Media's successful approach to omnichannel prospect management has enabled it to optimize customer and prospect interactions to greatly improve lead conversion rates, reduce cost of sales, improve sales productivity and conversion rates, and make life easier for its customers. It has managed to achieve all of that remarkably quickly.

Key challenges that Virgin Media needed to overcome

Prior to the adoption of Salesforce's cloud-delivered platform, messages were inconsistent across channels, and the company's customer acquisition programs were losing traction and underperforming in comparison with some competitors. Like all CSPs, prospects were responding less and less to outbound marketing campaigns, which meant Virgin Media had to improve conversion rates to sustain the acquisition pipeline. Marketing and sales teams, which included outbound telesales, retail stores, as well as field sales and services teams, were siloed, and the company did not have a single view of customer and interaction data. It exhibited many of the same symptoms outlined in this Ovum research.

Virgin Media takes a holistic approach to the omnichannel prospect management challenge

The firm conducted extensive research into its prospects and competitors' customers to understand what they expected in terms of their experience across their "paths to purchase." While most prospects might start online, many would eventually wish to visit a store before making a purchase. Irrespective of channels they might traverse during their journeys, they expected the experience to be seamless and under their control, rather than be forced to take a particular route.

This research enabled Virgin Media to gain a common understanding of the challenge facing the organization. The decision was made to adopt a standard cloud-based platform that could support the firm's field sales force as well as telesales, digital channels, and marketing, and it would be integrated with back-office and fulfillment systems.

Processes were redesigned to map to customer and prospect buying journeys, enabling customers to buy products across channels that made sense to them, supported by four pillars:

- lead and prospect management
- mobile devices such as iPads for the field sales and field services personnel
- "sales skin," Virgin Media's term for configurable product bundles, enabling field sales teams to configure services bundles in the presence of the prospect
- automation to improve productivity and supported by predictive analytics to drive next best action or "smart routing" to optimize field sales activities, including individual directions to customers and prospects based on their location and sales territories

Virgin Media's omnichannel prospect management solution was rolled out in 2015 in a matter of months, and it was extended in 2016 with additional capabilities.

Conversion rates have been greatly improved with some surprise findings

By having a fully integrated environment with a complete view of all customer interactions, the company has seen a reduction in sales costs within the first year of operation.

Conversion rates have also improved significantly and in ways that were counterintuitive. Conversion rates are higher when more interactions take place and customer journeys traverse multiple channels. Automated triggers are generated when baskets are abandoned online. At the first instance, the prospect gets an email with a link back to the basket with all the information that had been entered prior to abandonment. If the prospect still doesn't respond, a second email, which might include an offer such as a discount, is sent to encourage purchase. If that fails, telesales is alerted and will follow up. Leads could also be funneled to retail stores or field sales for in-person follow-ups. Real-time analysis of prospect interaction data shows that

conversion rates have dramatically increased because of this progressive follow-up approach. That has more than offset the costs associated with sales channels that are more expensive than the online store.

Management has complete visibility into the pipeline, activities, and results

Virgin Media can continuously adapt and optimize its performance based on much deeper insights into customer behaviors and is now able to deliver more timely and effective offers that are reflected in greater customer satisfaction as well as more revenue and the purchase of higher-value bundles.

This case study provides further evidence of the value in starting with omnichannel prospect management as a foundation for a broader omnichannel customer engagement capability. For more information on the Virgin Media case, follow the link to *Gaining Telecom B2C Market Share with Omni-channel Prospect Management*, recorded at Dreamforce 2017 in November: <https://www.salesforce.com/video/1776917/>.

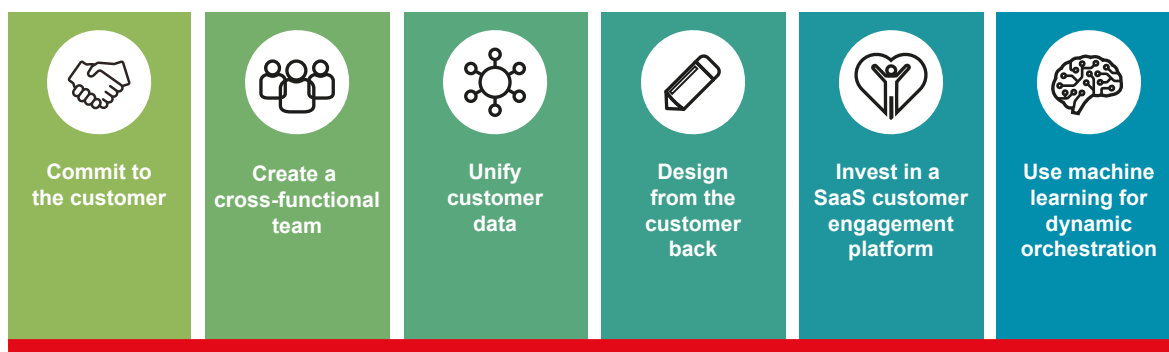
CSPs that have progressed their omnichannel capabilities report significant business results

Although survey respondents provided no specific figures, the 16% of CSPs that claimed to have a complete omnichannel capability also stated improvements in conversion rates and revenue performance.

Six recommendations to accelerate progress

Based on the results of our research into omnichannel development and the findings in this survey into omnichannel and prospect management, Ovum makes six recommendations that can accelerate progress (see Figure 7).

Figure 7: Six recommendations to accelerate omnichannel customer engagement



Source: Ovum

Commit to the customer

CSPs that have made good progress with omnichannel and prospect management start with a genuine commitment to the customer. This typically comes from the CEO and leadership team establishing a clear sense of purpose and an expressed desire to orient the organization around customers, rather than see the customer as a final transactional step at the end of an outbound process. It also helps to embed the voice of the customer into the design of processes to serve and support customers. That is what Virgin Media did with its Pathways to Purchase research.

Create a cross-functional team

To create a coherent and unified organization and remove internal barriers and silos, it is essential to put in place a cross-functional team, able to coordinate activities and the development of processes mapped to customer journeys. This team should consist of domain experts from the different business functions as well as

IT. An agile mindset and organization have proven very effective in developing processes and adapting customer engagement platforms to meet the needs of customers.

Unify customer data

Customer data, both transactional from CRM or back-office and financial systems and customer interaction data, needs to be synthesized to provide the input to trigger next best actions or personalization. Without this in place, no amount of artificial intelligence technology will help.

Design from the customer back

Understanding that the enterprise must orbit the customer and not the other way around is an almost Copernican revelation with which many CSPs still appear to be having difficulty. It is essential to design processes with the customer in mind. That lays the foundation for omnichannel integration and interaction.

Invest in a SaaS customer engagement platform

Speed to capability will determine which CSPs survive and thrive and which are likely to fail. Cloud-based platforms are intrinsically faster to deploy and adapt than monolithic legacy systems. Virgin Media was up and running in a matter of months, not years.

Embed machine learning for dynamic orchestration of the customer experience

Given the scale and volume of customer interactions, machine learning will play an increasingly important part. If an omnichannel customer engagement platform can be likened to base camp, dynamic and highly customer-adaptive orchestration is the summit. When considering potential customer engagement platforms, also take into consideration the level of machine learning capability that comes with the solution and future developments in AI.

If those CSPs that responded to our survey follow these guidelines, there is no reason they cannot emulate Virgin Media's success within the next 24 months. It starts with a genuine commitment to the customer, and that is often the biggest hurdle.

Appendix

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Ovum Consulting

We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Ovum's consulting team may be able to help you. For more information about Ovum's consulting capabilities, please contact us directly at consulting@ovum.com.

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