

TELEMARKETING



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1 Introduction

Outbound contact centers are mainly used for three types of applications – customer service, telemarketing (sales) and collections. The role of an outbound contact center is no longer restricted to lead generation or sales. Outbound contact centers have become an integral channel for delivering customer service. [Companies use outbound contact centers](#) for winning back customers, reduce customer churn, welcome new customers into the company's fold and to explain the services being offered. They can also be used for cross-selling to existing customers, conduct customer satisfaction surveys and even to detect customer frauds. There are two types of dialing that are used in a contact center – manual dialing and predictive dialing. Predictive dialers are far more efficient when it comes to contact rates and a good predictive dialer can offer as high as 200%-300% increase in contact rate. Today most telemarketing contact centers use predictive dialers as they reduce the administrative overheads and allow agents to then focus on conversion rates.

In this paper we will mainly focus on telemarketing. Within the telemarketing umbrella there can be different kinds of outbound calls that happen. These include cold calls for telesales, lead follow-up based on customer interest shown through another channel such as a website, fund-raising efforts, market research activities that aid in identifying customer preferences, and proactive notification of deals and offers.

2 Telemarketing Trends

In the United States itself there are more than 5,000 telemarketing centers which vary in size and service offerings. Most of the telemarketing business is however concentrated within the largest 50 contact centers. The rest of the companies are mostly small operations with just 20-50 seats which are not technologically intensive and run small time programs for sectors which do not require stringent regulatory compliance. Typically most companies use multiple telemarketing vendors to ensure a healthy competition among vendors for their campaign success and also to reduce their dependency on a single vendor. Agent quality is also an important factor for telemarketing success. Telemarketing contact centers can be classified in various ways as below:

2.1 Location - Offshore vs. Nearshore vs. Onshore

Depending on the location of the contact center handling telemarketing in relation to the company whose campaign is being run, they can be classified into offshore, nearshore or onshore telemarketing centers. Offshore telemarketing centers are usually located in a different continent – primarily Asia. Nearshore telemarketing centers are mostly located in countries close to the United States such as Mexico and Brazil. However, the biggest success for telemarketing campaigns has been with the use of onshore agents – where contact centers located in America and employing American agents handle the campaigns. It avoids problems such as accent differences and cultural differences which can cause havoc in the sales process. Thus, while offshoring has been popular for inbound contact centers, telemarketing initiatives has been better handled by onshore agents.

2.2 Brick and Mortar Vs. At Home

A major trend in the telemarketing business today is the use of home agents. The risk however is that agent development, training and quality may be significantly affected in this model. Unlike in an inbound contact center where home agents can be used effectively to handle demand peaks, an untrained agent may directly affect the sales productivity when used for telemarketing.

2.3 Outbound Vs. Blended Vs. Mixed

While some contact centers have agents who handle both inbound and outbound calls, it is best to have dedicated agents to handle outbound telemarketing initiatives. This is because the skill sets required for a successful telemarketing agent are very different from that required for an inbound agent. A telemarketing agent should have the ability to convince a potential buyer about the benefits of a new product or service offering and also have the capability to close a sale. An inbound agent, on the other hand, need to only be able to follow a defined process to handle the service request from the caller.

3 Telemarketing Business Practices

3.1 List Management

Maintaining the list of prospects is a key step in the telemarketing process. The initial list building starts with acquiring a generic list of phone numbers. Qualifying calls are made to these numbers to eliminate fax numbers, disconnected numbers, etc., and also those prospects who do not show any interest in the product. After this, the initial telemarketing database is ready. List scrubbing refers to the periodic process of maintaining and updating the database based on call outputs and other information.

3.2 Telemarketing Applications

Telemarketing may be used for various business needs. Some of these are listed below:

1. **Mailer Follow-Up:** Telemarketing may be used as a follow-up mechanism post a mass mailing exercise
2. **Surveys:** Telemarketing may be used to conduct surveys such as customer satisfaction surveys or customer preference surveys.
3. **Account Activation:** These are also known as welcome calls where a new customer is welcomed and briefed on how the service/product works. These calls also act as a platform for the customer to clarify any initial doubts that he may have.
4. **Dormant Account Reactivation:** For products such as stock brokerage services or credit cards, where the revenue is dependent on how often the customer uses the product, telemarketing may be used for dormant account reactivation. The telemarketing agent probes the customer on why he hasn't been using the service and attempts to re-engage with him.
5. **Account Winbacks:** Studies have shown that if a company engages with a customer within 14 days of losing him, there is a 70% chance of winning them back. Account winback programs are aimed at bringing back customers who have stopped using a service or a product back into the company's fold.

6. **Account renewals:** Telemarketing programs can also be designed for proactive renewals of services such as cellular contracts, insurance policies etc before they actually expire and the customer is likely to compare competitive offers.
7. **Cross-sales and Up-sales:** Telemarketing can effectively help companies in cross sales and up sales. Typical examples include increase in credit limits, offering cell phone insurance and so on.

3.3 Telemarketing Challenges

There are several challenges in running a telemarketing program. The list quality is an important parameter for telemarketing success. Often the list provided by the company may be substandard or irrelevant to the product to be sold and the telemarketing center takes the blame for the failure of the program. Some of the key things that a telemarketing center needs to focus on include identifying the most desirable accounts, prioritizing which accounts to target first, how to achieve maximum list penetration and how to evaluate and improve conversion rates.

4 KPIs

Since telemarketing is a form of sales campaign, it is essential to monitor and measure the results on a periodic basis in order to be able to tweak the campaign so as to gain maximum benefits and ensure campaign success. Since telemarketing is often done through a contact center there are three types of metrics that are normally tracked which are discussed below:

4.1 Call Metrics

Call metrics typically deal with the effectiveness of the dialer technology being used as well as the list that is being used. Typically predictive dialers improve call metrics when compared to manual dialing by agents. Also, a well-qualified list will minimize call abandon rates and improve right party contacts. Some of the key metrics that are tracked include the dials per hour, connects per hour, connect rate (which is the ratio of connects per hour to dials per hour), abandon rate, and right party connect (RPC) rate.

Good dialer technology can improve dials per hour by filtering out a lot of calls that waste agents dialing time such as fax signals, disconnected numbers and even busy tones. Ideally a telemarketing list should be dropped after a 75% penetration as it has been shown that the performance (positive response) drops after this. This does not mean that 25% of the records were not called. Rather, the 75% refers to the percentage of instances where some response was obtained or the maximum attempts to contact were made (typically 7-10 times). The penetration rates after which a list is dropped also depends on the revenue model for the particular campaign. If the payment is made on a pay per performance metric, then the telemarketing contact centre may choose to use the list only till such time that the response rate is at a profitable level.

The connects per hour will be higher for a B2C campaign where the time taken per call is less when compared to a B2B program which typically take longer as agents have to speak to secretaries or pass through an IVR system or dial an extension number, before reaching the target customer/ decision maker.

All these activities take time, albeit a few seconds per call. In a B2B campaign the connects per hour is about 6-8 whereas for a B2C campaign it can be as high as 12-14 per hour.

4.2 Outbound Time Metrics

The other key set of metrics that are measured in telemarketing involves those related to the time involved in various activities (which can be classified as productive and non-productive). These include a. talk time which is the amount spent by the agent in actually talking to the prospect, b. the update time which is the time taken by the agent to update the details regarding the call outcome in the system, c. the total handling time which is the sum of the talk time and the update time d. the agent idle time which is the time between calls when the agent is idle.

A telemarketing campaign shall aim at minimizing the update time and the idle time as these are non-productive activities.

4.3 Outbound Telemarketing Metrics

The third set of metrics that a telemarketing campaign needs to monitor closely is directly related to sales achieved. Some of the common metrics in this bucket include the sale per hour, the conversion rate (the ratio of sales to the no. of prospects contacted), the total sales revenue, the average sale amount per call and the total products sold (in case of a campaign for multiple products).

5 Best Practices in Telemarketing

In this section we will look at some of the best practices to be followed for telemarketing success.

1. **Increase the number of calls:** Assuming conversion rate to be a constant, the higher the number of calls an agent can make the better the sales metrics will be. An automated predictive dialer is a must have for telemarketing success in today's competitive landscape. It is also important to have a prospect database that is up to date and refreshed periodically.
2. **Remove non-value adding activities:** In order to improve the success of a telemarketing initiative, it is necessary that the non-value adding activities performed by an agent such as dial time, hold time, update time etc are minimized. This can be done effectively using an intelligent predictive dialer. It is also necessary to improve the agent's productivity using tools such as CRM which will provide necessary information about the prospect's history for the agent to make a strong sales pitch.
3. **Personalize and Customize the Service offering:** It is also necessary to use data analytics of the prospect's previous history with the Company, if any to personalize and customize the service offering so as to increase the chances of a successful sale. It is necessary to maintain a database of customer preferences, previous customer interactions with the various channels (website, social media, contact center) and past purchase behavior of the customer.

4. **Invest in Coaching and Training:** Lastly, the well known adage of ‘people buy from people’ is applicable in the case of telemarketing as well. It is important to monitor how agents conduct themselves during a call. Recording good and bad calls and incorporating them in the training plan will help improve agent performance and consequently sales closure rates. QA scoring models should be developed and tracked at an individual agent level as well as at a team level.

6 Choosing a Telemarketing Partner

In this section we will cover some of the [factors to be considered when choosing a telemarketing center](#).

6.1 Agents

The quality of the agents and the investments that the contact center makes to train their agents and equip them with the right skills are important parameters to consider while choosing a telemarketing center. The profile of telemarketing agents can vary widely between that of a youngster’s first job, to a housewife looking for additional income or a retired person trying to kill his boredom. It is important to know where the agent pool comes from and how the contact center classifies them and trains them. While some contact centers track and monitor agents based on demographics others use agent maturity (amount of time agent has spent with the contact center) as the basis for classification. Attrition rates are a good indicator of how good the agent pool in the telemarketing center is and how well the contact center is treating them (which in turn will affect their performance). Typically, a contact center with an agent turnover of less than 20% is doing an excellent job of hiring and training their agents to be successful in their work.

Some telemarketing contact centers, in an attempt to save costs, have minimal training budgets where agents are trained to a minimum level and then put on the job, expecting him to perform. The assumption here is that the good agents will perform by themselves and the rest will leave in due course, thus helping save money. This cost savings are then passed on to the client as reduced billings. On the other hand, good telemarketing centers are willing to invest in in-depth training and agent development skills thus enabling the agents to perform at a higher level of efficiency. The cost per hour for such contact centers may be high, however, the overall sales improvement that these centers offer more than make up the additional costs for the client. From the telemarketing contact center’s perspective as well this is better as the agents will have better product knowledge and customer handling skills which will enhance the brand image of both the client and the contact center. Good training will not only improve sales force performance, but also reduce agent churn.

6.2 Technology

Another major consideration while deciding between an in-house telemarketing campaign vs. outsourcing it to a contact center is the cost of the technology involved. Apart from standard contact center technology systems and infrastructure, the key investment for telemarketing is a dialing system. A good dialing system can contribute significantly to the success of a telemarketing campaign by making calls more efficient and effective. Most dialing systems have two standard settings – predictive and preview. Predictive dialers use algorithms to predict which number to dial and transfers the calls to the agent only

when a person answers the call. These systems have the ability to filter out fax numbers, answering machines and disconnected numbers, thus increasing the number of live calls that agents handle. The dialer systems are able to call more numbers than a manual dialing operation by agents using algorithms that take into consideration average call times, connects and other such factors. Some of these dialers can work through a list in one day when manual dialing will take upto a week. This is what makes telemarketing far more effective than having an in-house sales team make phone calls to prospects.

Data handling is another major aspect in telemarketing. Both incoming and outgoing data is key to companies and it is important to partner with a telemarketing company that has the capability to handle data accurately, effectively and in a secure manner. Ideally, the telemarketing center should have in its rolls a set of programmers and data analysts who can handle the data in a proper manner. This is a key and often overlooked aspect while selecting a telemarketing company. The data files of the client would typically contain proprietary information about customers, prospects and the product that is being sold as well as any offers or deals that are available. An ability to handle this information in the most effective manner from day one is critical to make the campaign a complete success.

Security is another major concern while choosing a telemarketing center. While most centers will have some level of security systems built in into their network architecture, it is important to verify whether they comply with all local and sector specific regulations such as PCI DSS (Payment Card Industry Data Security Standards). A good telemarketing center will also have a robust disaster recovery and business continuity plan.

6.3 Testing

Just as in the case of any direct marketing initiative, testing is a key step in telemarketing as well. When a telemarketing campaign is initially rolled out, it may not be an overwhelming success. The goal should be to achieve realistic targets that can be improved over time. It is also important to give sufficient time for the telemarketing campaign to run (at least a month) before deciding whether it is a success or failure. Various factors such as the call script, the target segment etc can be changed to verify whether the results are likely to improve.

6.4 Return on Investment

ROI is an important consideration while planning a telemarketing program. Depending upon how well a telemarketing campaign is planned, it can turn out to be the most expensive marketing effort of the company or the most profitable. The best way to measure the ROI of a telemarketing program is to calculate the conversion rates and sales per hour metrics that should be achieved to make the program feasible. Based on this, the breakeven point – the cost per sale that can make the program profitable can be arrived at. In some cases, it may be a good idea to offer a lower price to onboard the customer, hoping for future revenues from the customer. This is true for industries where customer acquisition is difficult, but customer switching costs are high.

While the telemarketing center will try its best to make the program a success, it is important for the company to define what success looks like and to enable the telemarketing center with the right information to achieve this.

6.5 Telemarketing Costs

Many clients are unable to effectively estimate the costs involved in a telemarketing campaign. As a result, they often make the mistake of hiring a couple of people in-house to make manual sales calls. In reality these efforts often do not generate the kind of profitable results that a targeted telemarketing program run by a specialized contact center can provide. Some of the key costs that are involved in a telemarketing campaign are discussed below.

Cost per call: Using a standard telephone and PC infrastructure, a single agent can at best make around 70 calls in a day. Some people may claim to have made as many as 200 calls in a day, but in such cases invariably the call results and post call documentation suffers negatively.

Infrastructure costs: A successful telemarketing program requires much more than just a PC and a standard telephone. Hardware equipment and software such as predictive dialers, CRM software and database tools all contribute to the costs of a telemarketing campaign.

People Costs: Good agents are the backbone of a telemarketing campaign. People costs include training costs in addition to salary costs.

6.6 Quality Assurance

One of the most important factors in the overall success of any telemarketing program is the quality assurance efforts that are placed on the program. Quality assurance ensures that the client's overall brand image is protected through periodic monitoring and reporting of calls. One key element of a good quality assurance process in telemarketing is sales verification where every sale is verified before the customer is billed for something that they possibly never ordered.

6.6.1 Shadow Monitoring

Most telemarketing centers have silent monitoring or shadow monitoring capabilities that allow clients to listen any time into the calls being made as they are confident about the quality of services that they offer. This also acts as a checkpoint for the client to ensure that the metrics and agent skills that the telemarketing center claims to offer is actually available, and also to verify whether the scripts and verbiage being provided by the client is being used.

6.6.2 Hosted Monitoring

In a hosted monitoring scenario, every call is listened live by a client representative. Here, the client and telemarketing center works as a joint collaborative team to improve the overall program strategy. This is a key aspect in the testing stage of the program where the scripts and verbiage are being finalized.

6.6.3 Sales Verification

Sales verification is typically done by an independent quality assurance person who will confirm the sales with the customer prior to raising the invoice. This will increase customer satisfaction and overall payment rates.

6.7 Monitoring and Reporting

One key differentiator between direct marketing initiatives such as mailers and telemarketing is that telemarketing captures the customer feedback directly from their mouths. Often when a sales pitch is unsuccessful, valuable insights can be obtained on the reasons behind why the customer is not buying a product or service. This information, if captured effectively can help to improve the product offering and thus improve long term sales. Although this is just a byproduct of the telemarketing program, it is valuable information for the business. A good telemarketing center will offer reports at periodic intervals.

6.7.1 Daily reports

Daily reports offer a snapshot of the previous day's calling efforts. These reports are helpful to analyze at a micro level as to what is happening on a day to day basis and make quick improvements to the program.

6.7.2 Monthly Reports

Monthly reports are more detailed reports that cover key metrics and call results for an entire month. They will be similar to daily reports, but span a longer period of time and hence can offer more insights into what is working well and what needs to be changed. For example, based on the metrics, the telemarketing center can decide whether the list needs to be improved or which agents need more training and hand holding. It will also help to monitor how different scripts can impact different demographic profiles in the list.

6.7.3 End of Term Reports

End of term reports essentially capture the end result of the program. These reports help the telemarketing center to demonstrate that they have delivered what they promised at the start of the program. It will also point out deficiencies of the program. Analyzing these reports will also offer insights on what demographic profile is most likely to buy the products, which time is best suited to achieve the maximum conversion rates and so on. It will also indicate which offers are most interesting for potential customers. These reports should form a key input while designing the next telemarketing program. These should also be shared with the client's product team so that they can incorporate customer feedback into the next product offering.

7 Conclusion

Telemarketing has evolved considerably in the past decade, but the fundamentals still remain the same. It is important to understand the whole telemarketing process in order for contact centers to be able to garner clients for this business and to enable ongoing success. Unlike other services, in the case of telemarketing, the contact center is a direct marketing partner for the business and not just a vendor. As a result, the contact center will have to show the same commitment to the telemarketing program and monitor and measure it closely to enable a successful campaign.

8 References

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