

Analysis of Integrating Personalized Customer Service

Prepared for
Professor Anne Holmes; Comp-271

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Dear Professor:

The attached report as per the topic provides in-depth analysis for the integration of Personalized Customer Service. The research serves to help understand what PCS is and observe its viability in our small business environment.

The findings strive to answer these three essential questions:

- How will this integration minimize costs while increasing profits?
- What benefits and drawbacks does PCS include?
- How would this help us in the long run?

We have not collected much primary research in our study. However, secondary research consists of PCS business reviews on cost-profit analysis, scholarly articles that measure its long-run sustainability and inner components, and tech services for the specialties in data & statistics that PCS requires. The findings from these sources help strengthen the basis that Personalized Customer Service is a vital asset to the company and its future.

It would be most beneficial to share our research and final analysis with you at your request and communicate an understanding of the basic premises that this opportunity can unlock. We are proud to present our findings in a comprehensive report to you.

Sincerely,

Reese Watkins-Nelson

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Executive Summary

Businesses can capitalize upon the integration of Personalized Customer Service (PCS) programs to streamline operations. Cost-Profit Analysis of implementing a PCS program links benefits to company performance from collected sources. However, PCS impacts the productivity of business tools used in company operations, showing potential opportunities and drawbacks. Long-term sustainability is the primary objective, and findings demonstrate how the integration of PCS fosters growth for a company.

Research is based on dozens of scholarly and professional articles, business reviews, tech services, and professional literature and is representative of three key areas:

- ***Costs and Profits:*** PCS business models have helped companies increase their selling volume, minimize loss of sales through customer satisfaction, and overall focus in minimizing costs.
- ***Benefits and Drawbacks:*** PCS serves to strengthen customer relation and expression and is supported by tech specialties that help translate customer data into accessible formats. There is an important focus on maintenance and training to help upkeep this dynamic work asset.
- ***Long-run Sustainability:*** Overall, Personalized Customer Service serves a vital role in transitioning our business as a factor in the market and provides substantial growth opportunities along the way through our marketing and performance.

In totality of these findings, Personalized Customer Service would be a well-provided model for this company to run on. It not only possesses the potential for our business to grow, but simultaneously provides us with networks to connect with our customers on a person-to-person basis.

Introduction: Is Personalized Customer Service worth providing for?

The purpose of the research determines if personalized customer service would benefit our company by optimizing costs and profits while mitigating potential drawbacks that such an integration could cause. It answers the following fundamental questions:

- How will **costs be minimized**?
- How will **profits improve**?
- How will **customer spending** be affected?
- How does PCS produce **loyalty and feedback**?
- What **maintenance and training** go into PCS?
- What **data & statistical specialties** does PCS involve?
- What will the **transition process** be?
- **How will we grow** in the market?

Background: PCS' role in a growing market

Our small business is trying to decide if integrating Personalized Customer Service (PCS) is an important step towards expanding business and revenue. Therefore, we need to understand what personalized customer service is, investigate other businesses that have adapted this procedure, and determine if they have profited from it.

For those unfamiliar with Personalized Customer Service, this tool is consumer-centric that enhances marketing efforts through accessible outreach channels, stylized consumer profiles, and data collection. This provides market penetration for the company helping expand market share and generate recurring revenue. PCS plays a large role in large-scale companies such as Amazon, Apple, and Facebook by building customer relationships and understanding customer needs. It is exhibited through email recommendations, live chats, self-service modes, and other customer-facing tools helping the business function more efficiently on a digital level

Overall, we seek to improve efficiency of the business process rather than hinder it. The business needs to evaluate opportunities that grow sales, and PCS stands as a viable solution that connects people to our market. PCS pushes personalization through specialized customer experience providing a competitive advantage in a growing business. Digital market strategies are the future of the industry, and the business must adapt in order to overcome the disruption. In a market of \$5.68 trillion in potential sales, \$2.95 trillion is available for companies that successfully integrate a digital strategy (Hyken, S. 2017, October 31). Therefore, Personalized Customer Service is key to establishing growth and recurring revenue.

Our data has been carefully selected from business reviews that breakdown costs and revenues associated with the integration of PCS. Additionally, scholarly articles and professional literature provide evidence of sustainable policy and related components assisting growth. Tech services and forums provide key information on what tech specialties PCS requires to improve transparency and accessibility.

Discussion: Costs and Profits, Benefits and Drawbacks, and Long-run Sustainability

The analysis of PCS integration provides results on digital market strategy through data-based platforms and omnichannel services. The analysis presented in the report are as follows:

- (1) Cost and Profit Analysis for PCS
 - (a) Training Employees
 - (b) Pleasing Customers
 - (c) Increasing Volume
- (2) Benefits and Drawbacks of PCS
 - (a) Increasing Loyalty and Feedback
 - (b) PCS Maintenance
 - (c) Training
 - (d) PCS Specialties
- (3) Long-run Sustainability of PCS
 - (a) Transition & Growth

(1) Cost and Profit Analysis for PCS

(a) Training Employees

While transitioning to a personalized customer service model, the largest cost will be associated with training our employees to meet the greater standard of care required. There would be two components of costs associated with employee training; the costs to train the employees themselves and the costs to replace employees on the sales floor.

According to McKinsey & Co., the average PCS training course costs between \$250 and \$750 per employee. Courses on the lower end of the price range consist of mostly online learning. Employees will also need to be compensated at rate for the time they spend completing the training. The employees replacing those on the sales floor will also need to be compensated at rate.

(b) Pleasing Customers

As our employees assist customers in identifying their wants and needs, customers will be more likely to find the correct product they are looking for. Our employees can also help clear any questions (like pricing, inventory, etc.) almost immediately as they should always be within the customer's vicinity.

According to CNBC, 8% to 10% of all merchandise purchased at physical locations gets returned. McKinsey & Co. reported that implementing PCS saw an average drop of 20% to 30% in returned merchandise. If so, returned merchandise would equate to just about 4% to 6% of sales.

PCS will also reduce costs associated with appeasing the customer. Customer appeasements are used to remedy a situation where the customer may be unhappy. While being attended, employees will be able to answer any questions or clear any confusions.

Figure 1

Profits on Customer Loyalty

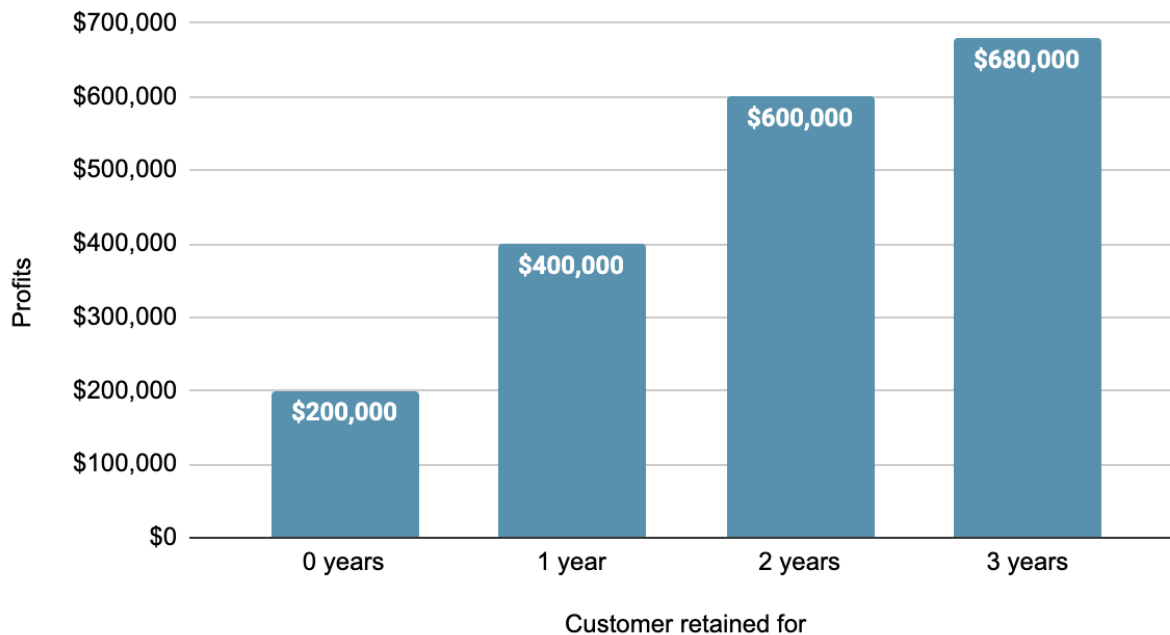


Figure 1 illustrates what profits would be if all customers were to simply be retained over three years.

(c) Increasing Volume

As our employees attend to the customer, the customer will be more likely to find products they want, resulting in a higher volume of merchandise per customer, lower selling costs and higher revenues. This will reduce selling costs as there will be less transactions to process. Remember, reduction in transactions will be offset by the increase in transaction size.

(2) Benefits and Drawbacks of PCS

(a) Increasing Loyalty and Feedback

Customer loyalty is vital in a diverse business world and is a key aspect to what Personalized Customer Service is meant to encompass. Being able to reach out to a customer and connect not only provides them with a great experience, but also allows for a relationship with the company to build. Thus, customer loyalty is enhanced through PCS tools like tailoring customer profiles, keeping records on transactions, and providing an open feedback window. Consumer centric experiences have led a 44% increase in returning customers (Hyken, S. 2017, October 31).

Leaving a positive impact not only builds loyalty but allows for our consumers to spread our reputation. Along with consumer centric practices, personalized experiences learned from customer feedback first-hand provides excellent info for improving business aspects and features. It even allows for facilitation of creative new ways to improve aspects of the business. Such as Net Promoter scores which evaluate loyal consumers to detractor customers based on reviews (student@paldesk.com. 2021, March 15). With business technologies that focus on loyalty and feedback such as CRM systems, self-service modes, and omnichannel experiences, which will be later discussed, it is essential to implement this in our workplace. Personalized experiences learned from customer feedback first-hand provides excellent info for improving business aspects and features

(b) PCS Maintenance

The maintenance of PCS displays itself through the implementation of accessible features in websites/marketing strategies, standards of consistency and positivity, and overall setup of business software aimed at developing a more personalized customer experience. Starting with great standards is fundamental to this PCS integration. Being accessible, consistent, time responsible, and overall empathetic goes far in making PCS a well-maintained machine. These standards help identify key metrics in business performance and different departments (student@paldesk.com. 2020, December 17) . Additionally, creating a personalized website with these standards in mind provides a dynamic interface that helps customers figure things out, and allows for us to analyze their data to learn more about them. 60% of marketers understand that real-time data improves customer retention (Barbier, L. 2019, November 22). We need to be able to think one-step ahead, thus providing customer profiles and CRM software which better addresses needs. All this maintenance stresses an importance of responsibility to the company which cannot be lost, and is overall the biggest standard that reflects throughout the entirety of PCS assets

(c) Training

The training of our employees and representatives for a successful PCS system is characterized in most part by genuine human interaction and a consumer-facing mentality. Training employees to incorporate a proper tone of voice, empathetic listening and communication, and overall pleasurable experiences will increase our sales volume. 68% of consumers display a will to spend more if great customer service is displayed (Barbier, L. 2019, November 22). This connects the consumer-facing mentality that customers are not just there for the products, but to also learn more about what we stand for and what connects. Training our employees to be in the shoes of a customer helps them understand what they might be looking for and provide answers to what concern they could have. Personalized experiences learned from customer feedback first-hand provides excellent info for improving business aspects and features

(d) PCS Specialties

The specialties of PCS are omnichannel services, data security, and customer data platforms. Omnichannel services are access points of communication such as web, email, text, or phone that are all integrated into the business model for a more fluid communication structure. There are

different programs and strategies businesses are able to choose from that assist in the fulfillment of an integrated omni channel system. These vary from sending SMS batches--texts, e-mailing services, social media posts, and more. As the business grows in profits, so will the omnichannel experience as seen in larger corporate brands. A strong omni channel presence comes with a big investment into IT infrastructure; so, therefore, budgeting allocations for new departments are required. In this case, it would be smart to outsource into companies at first and then develop our own services for a cost-effective strategy. This would save the company thousands and contribute to a steady profit. Customer data platforms are the key in holding onto those customer profiles and data as aforementioned earlier. These platforms improve the agility and efficiency of understanding customers and their habits, questions, and concerns. CDPs allow for personalized service by entwining recommendations, assistance measures, and chats available into a consumer window. These CDPs essentially create a unified customer database that centralizes the data and categorizes it into analytical data that will help business projects and measures.

Figure 2

Figure 2 illustrates the percentage increase in Customer retention when they have personalized shopping experiences that provide quick service. It seems to only discuss speed of service.



Figure 2. Customer Retention solutions

One of the features of Personal Customer Service is providing quick service. This figure will help demonstrate how adopting PCS increases our chances of retaining customers by 20%, thereby —increasing their loyalty. When customers receive quick service, they are more likely to come back. This graphic also shows the importance of keeping customer data analytics, and how being able to quickly solve a customer’s problem via accessible data increases their retention

(3) Long-Run Sustainability

(a) Transition & Growth

It is evident that when companies deliver personal customer service it will lead to more customer satisfaction. The research shows that consumers will shop exclusively when brands try to understand them. The customer experience is an important factor during the purchasing decision. Over the long run personalized customer service can increase revenue from 5% to 15%. It can also decrease the money spent on marketing from 10% to 30%. The transition period will have to start off small, but the growth will accelerate when all departments play their part. Once the transition begins, the company will need to evaluate the results and go from there. The ability to change the customer's experience will be a long-lasting process. It will always be changing.

Figure 3

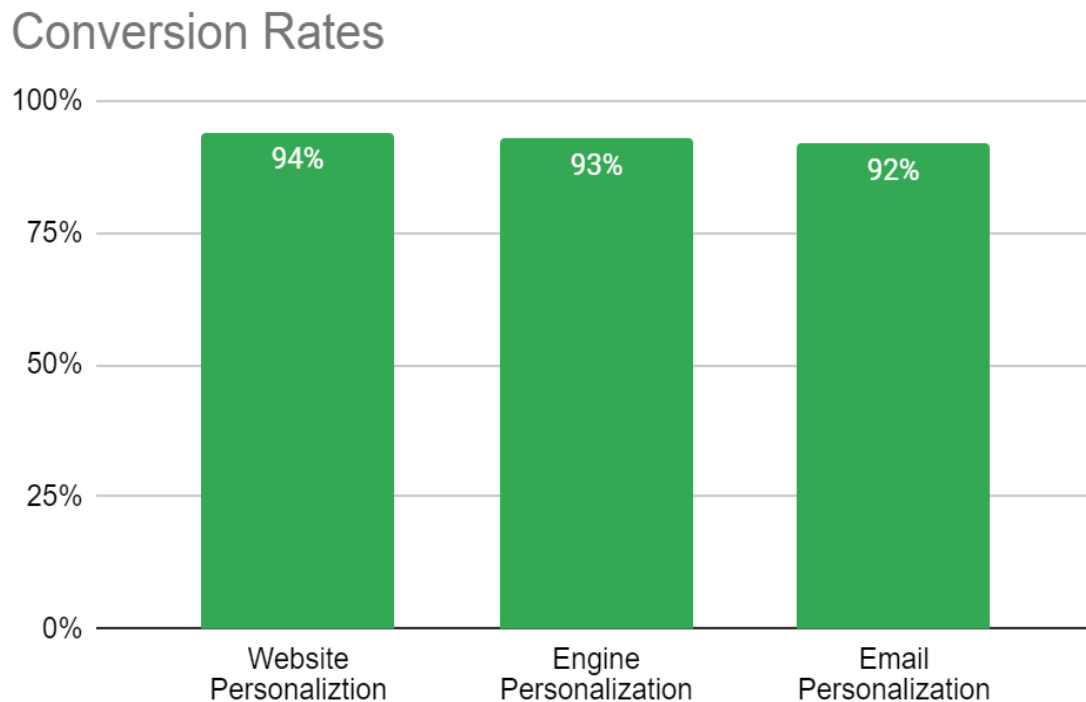


Figure 3 shows different personalized marketing strategies that can be implemented.

According to a report from *Econsultancy*, providing personalized experience can increase customer acquisition. We will use this graph to show that personalization can help with new and returning customers' experiences. This represents the increase conversion rates of returning consumers

Conclusion and Recommendations

The evaluation of our PCS sources articles, business reviews, tech services, and business models helps us develop the following conclusions and recommendations based on the integration of Personalized Customer Service

1. A personalized customer service system integrated in our business overtime would steadily increase the longevity of our sales up to 15%, and consistently lower associated marketing costs by 30%
2. In the Cost-Profit Analysis of PCS, research shows that the system will increase revenues, reduce overall cost, and strengthen customer relations. There will be high initial costs to transition, but the gains as seen in figure quickly offset this loss.
3. Maintenance and Training revolve around implementing a tailored personal experience, and provide quality standards within its business model both online and through its software
4. Providing for the Omnichannel services, Customer Data Platforms, and Data responsibility measures secures a well-functioning Business model, and requires expert IT experience and service to manage.

After careful and thorough research on the provided findings, our group establishes that integrating PCS into our business model would be worth providing for. It shows benefits of increased profits, diminishing costs, Long-run viability through healthy growth in markets, and provides a personalized friendly experience leaving customers happy. Not only will our small business be able to connect with our customers through this integrated system, but also allows us to maintain data to help us better build our business strategies in the long-run.

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