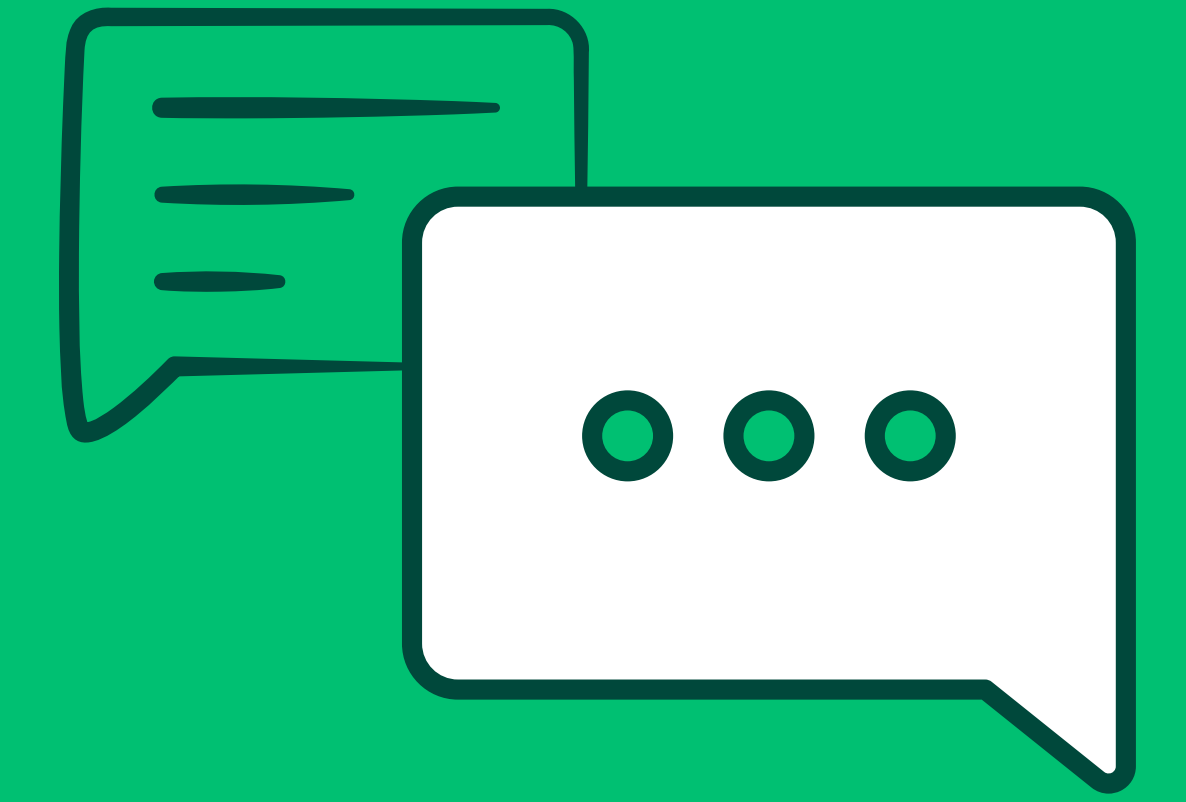FLIPBOOK

Multi-Modal Customer Care as a Revenue Driver

How to calculate revenue from customer retention and justify CX investments

March, 2024

gms

Intro

88% of customer journeys touch multiple channels[1].

Brands that consistently provide positive experiences across these touchpoints are likely to see increased customer satisfaction, loyalty, and purchase volumes.

This is why multi-modal customer care is increasingly seen as a key revenue driver and, as such, a critical priority in customer-focused enterprises.

Positive CX improves retention rates and ensures predictable growth in the long-term. At times of major economic change this offers stability as companies adapt their strategies to the changing market demands.

Recognising this value, business leaders increasingly prioritise customer care enablement over acquisition strategies.

This FlipBook will discuss the revenue potential of CX and Customer Care improvements, providing templates to calculate revenue from customer retention and justify CX initiatives.

Read on to learn about:

- Why CX is a top business priority
- What drives enterprise CX investments
- How customer care improves retention
- How to calculate revenue from retention
- How to justify your next CX investment
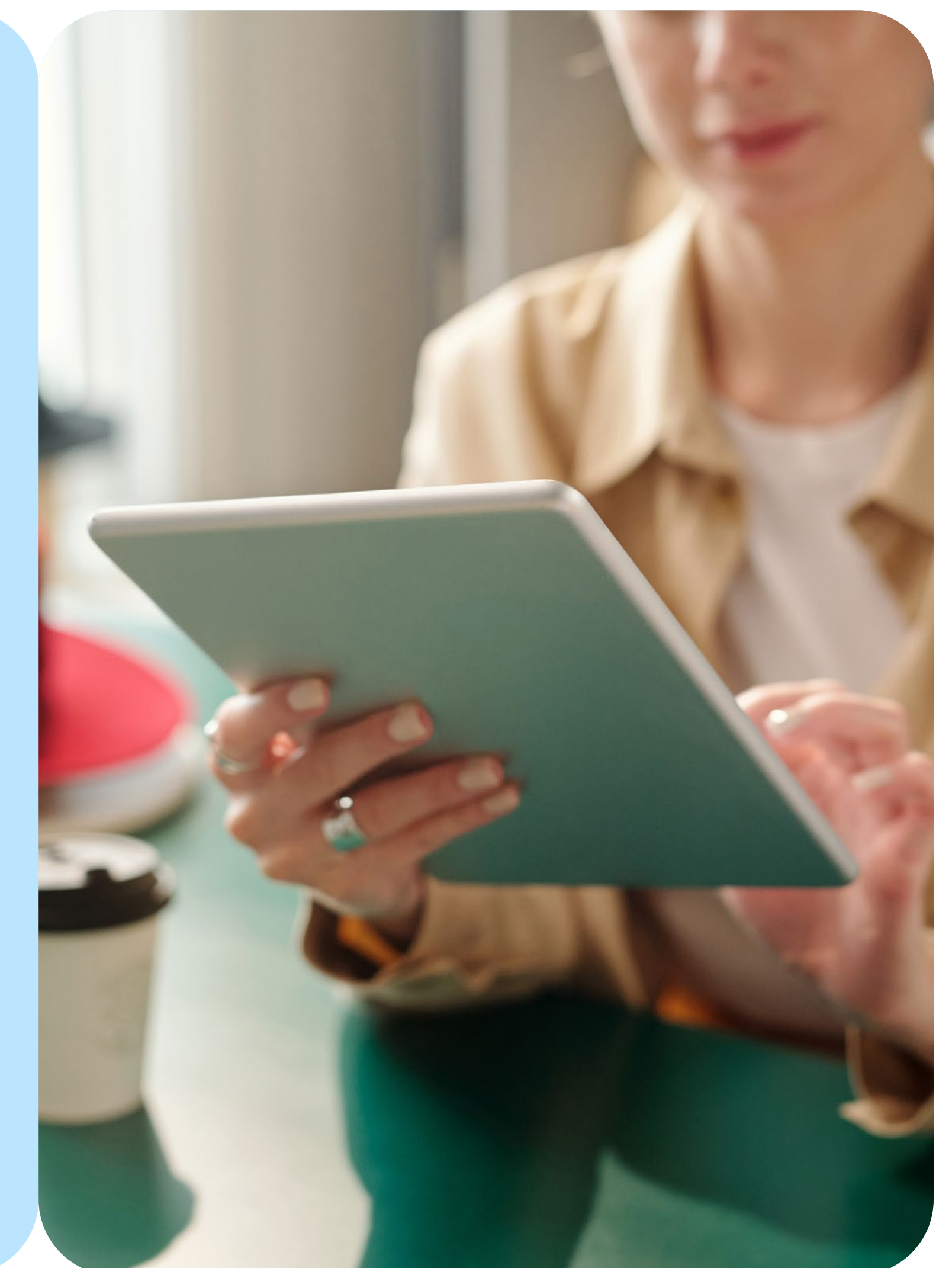
CX as a Top Business Priority

40% of business leaders see customer support as a revenue driver and not a cost centre[2].

Business leaders increasingly understand that customers make their buying and loyalty decisions based on their support experiences. This has given rise to a value-oriented mindset that places high priority on CX strategies, moving contact centre and customer care investments to the front burner.

In 2024 and beyond, we're likely to see new investments in CX technologies such as AI automation, conversational experiences, and personalisation.

70%
of technology professionals said CX is their top priority

CX closely followed Security as the top priority for business professionals in a 2024 survey report by UPSTACK[3]. Key technologies mentioned:

Conversational AI, CCaaS, Automation

80%
of companies plan to increase their level of investment in CX

Zendesk's CX Trends 2023 survey showed business leaders are ready to act on new initiatives regarding CX improvements. Key technologies mentioned:

AI, Conversational experiences, Personalisation

The Drivers of CX Initiatives

As front-line employees handling critical customer touchpoints, call centre and support teams embody a company's culture and brand values. From this position, they can strongly influence buying behaviours and encourage long-term relationships.

69% of consumers believe that companies they do business with need to improve the customer experience[4].

This figure implies that most companies still lack understanding of emerging consumer expectations or are too slow to adapt to them. With consumers placing dramatically more value on speed, convenience, and personalisation than ever before, customer support strategies need to improve to meet these sophisticated needs.

Consumer Perspective

What digital consumers expect from brands:

64% wish companies would respond faster to meet their changing needs[5]

81% want customised experiences based on data that companies collect on them[5]

92% value simplified communications across channels

61% judge a company's level of innovation based on their communications

Quantifying the Value of Great CX

65% of customers are likely to cut their spending with brands that do not meet their expectations for quality customer service. 68% report they lost trust in a company after a poor experience or communication[4].

This potential to drive repeat business reflects a positive impact of customer care teams on company revenue and growth strategies.

ROI Impact

Driving retention	Building relationships	Ensuring reputation
• Repeat purchases • Increased CLV • Lower CAC	• Word-of-mouth recommendations • Positive reviews	• Customer confidence • Competitive advantage

How CX Affects Retention

80% of customers value the experience a company provides as much as its products and services[6].

According to the State of the Connected Customer 2023 by Salesforce, after a satisfactory customer service experience, consumers are more likely to:

- ✓ 88% buy again
- ✓ 75% recommend the company
- ✓ 55% forgive the company's mistakes

Research also shows that Customer Acquisition Costs (CAC) are lower for companies that invest in a customer service budget[7].

Revenue from Retention

Companies have a 60-70% chance of making a sale to an existing customer[8].

Earlier research confirmed that consumers who already know your brand and have had a positive experience with it are more likely to try new products or services, spending an additional 31%.

This predictability is particularly important at times of economic uncertainty and rapidly changing purchasing habits.
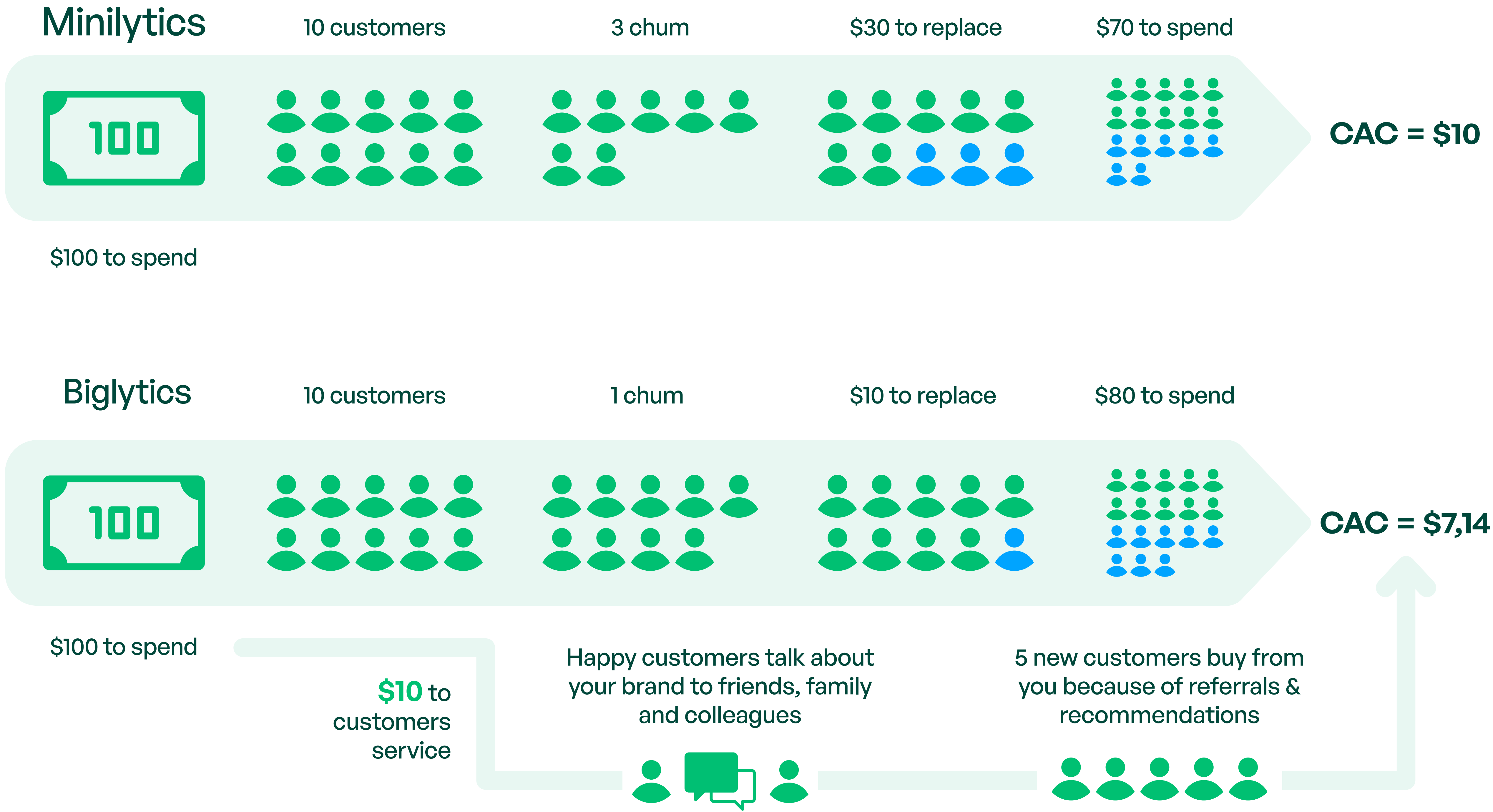
New customer
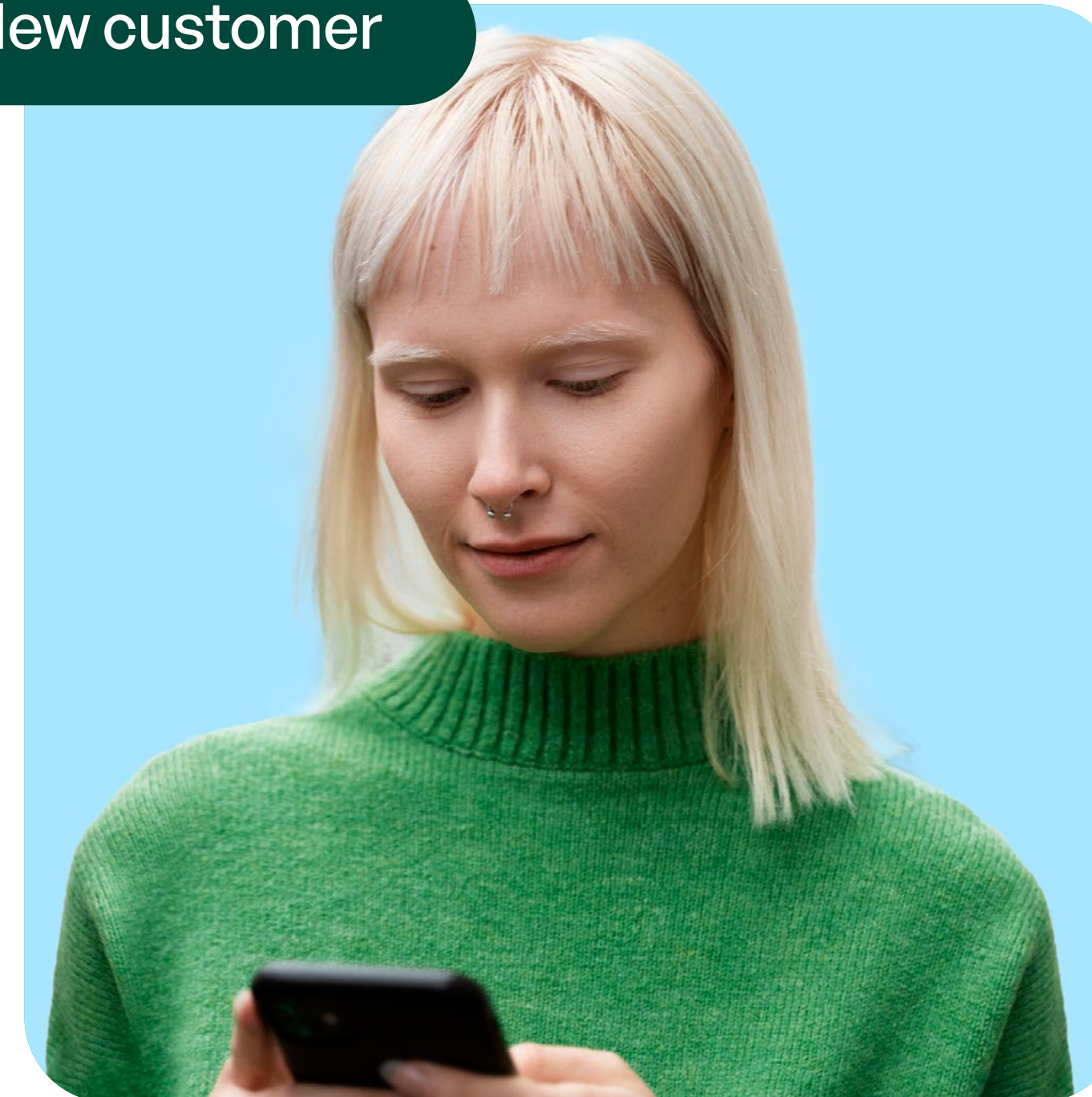
Existing customer
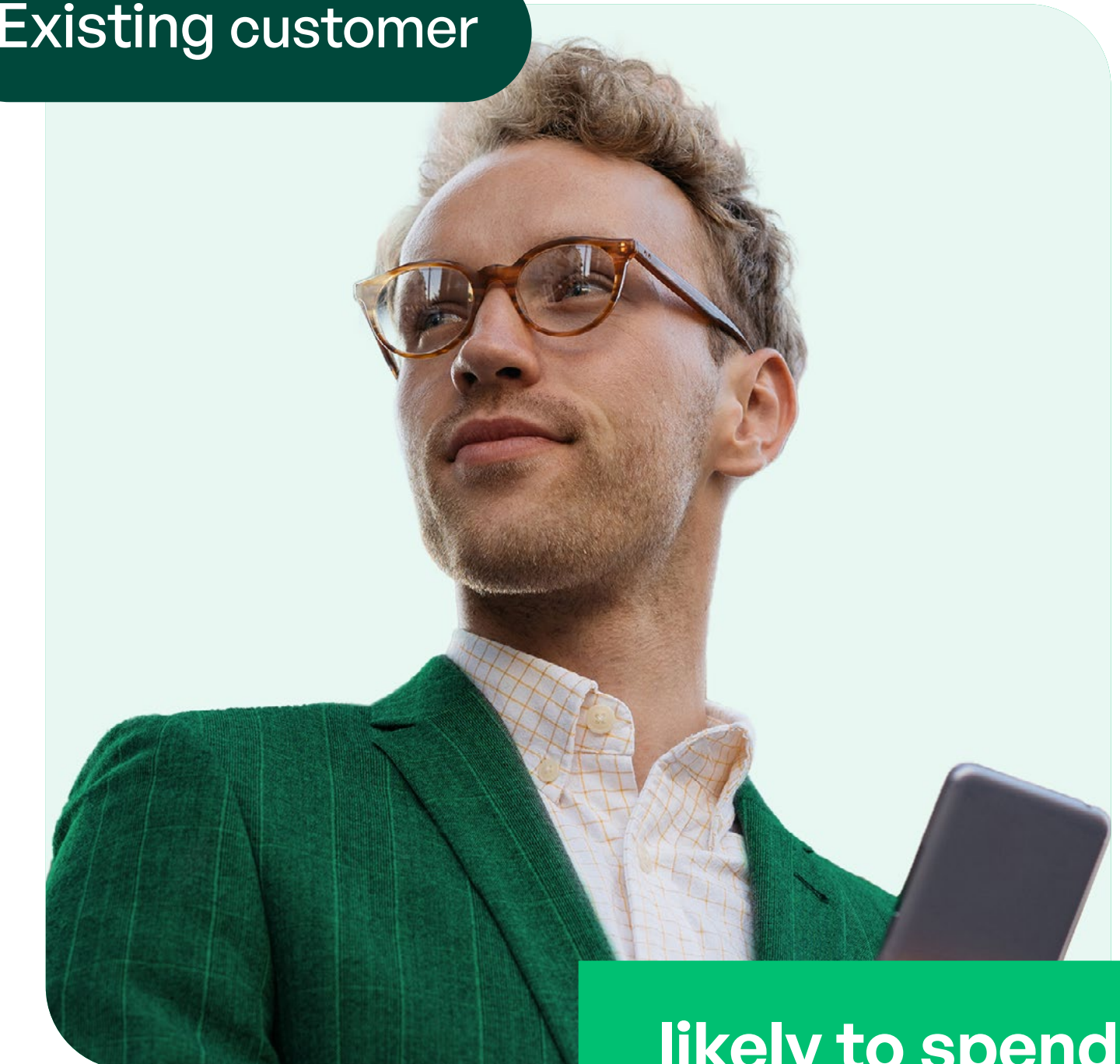
likely to spend additional 31%

Successful organisations maintain focus on building stable recurring revenue, with 81% of business leaders suggesting this income is more important now than before.

Minilytics

| | 10 customers | 3 chum | $30 to replace | $70 to spend |

100

$100 to spend

CAC = $10

Biglytics

| | 10 customers | 1 chum | $10 to replace | $80 to spend |

100

$100 to spend

CAC = $7,14

$10 to customers service

Happy customers talk about your brand to friends, family and colleagues

5 new customers buy from you because of referrals & recommendations

Source: HubSpot Research

Retention Metrics

Customer Retention Rate (CRR)

$$\text{Customer Retention Rate} = \left(\frac{\text{No. of customers at the end of specified period} - \text{No. of customers asquired during specified period}}{\text{No. of customers at the start of a period}} \right) \times 100$$

Companies typically calculate CRR for a period of one year. According to this formula, if you had a total number of 100 customers on 1st January 2022 and acquired 30 new customers by 31st December 2022, you should subtract 30 from 100 and divide it by the number of customers you actually had at the end of the period (say 115). Your CRR would in this case be ((100-30)/115)x100= 60.86%.

Average retention rates vary by industry, and they go from 4% in Edtech, 25% in Media, and 35% in SaaS, to 63% in Retail, 75% in Banking, and 84% in Insurance.

Customer Churn Rate

$$\text{Churn Rate} = \left(\frac{\text{No. of customers who churned during specified period}}{\text{Number of customers at the start of the specified period}} \right) \times 100$$

The churn rate represents the percentage of customers who left your company during a specified period, and it is the inverse of your CRR. If your CRR is 60%, your churn rate is 40%.

Main causes of churn can include customer service issues (long wait times, lack of personalisation, ineffective communications), product and pricing issues, billing/payment issues, competitor offers, and lack of trust. For the most effective analysis of churn reasons, you should carry out exit surveys.

Customer Acquisition Costs

Another important metric to consider in retention revenue calculations is Customer Acquisition Cost (CAC). The longer the customers stay with your company, the lower your overall CAC.

$$\text{Customer Acquisition Cost (CAC)} = \left(\frac{\text{(cost of sales + cost of marketing during specified period)}}{\text{No. of customers acquired during specified period}} \right)$$
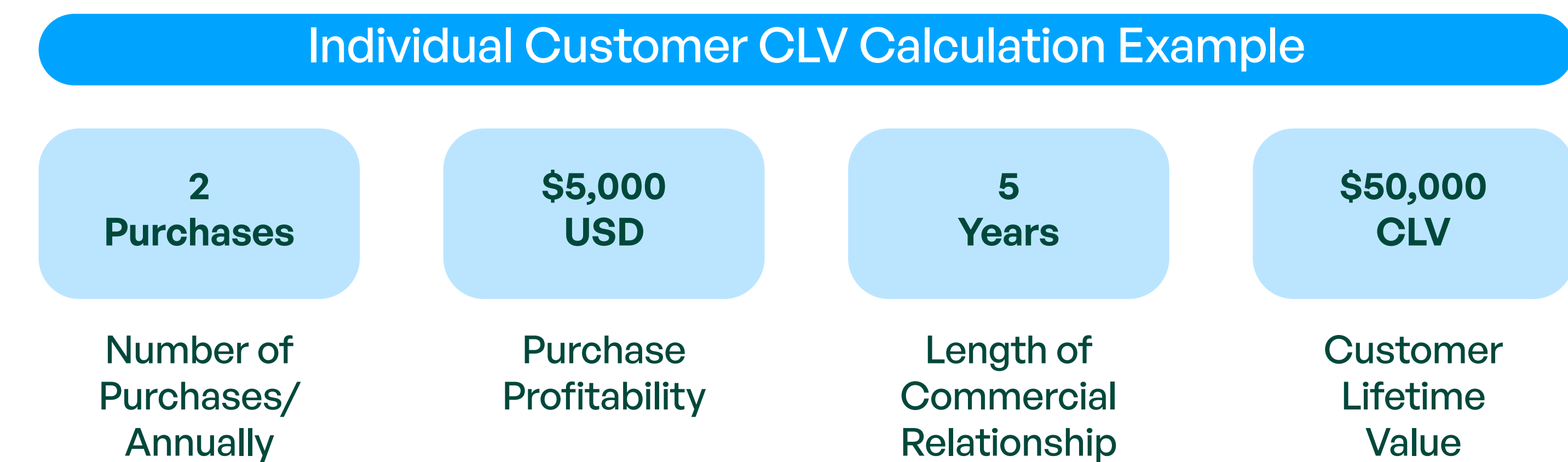
CAC shows the amount spent on ads, promotions, events, as well as sales and marketing salaries needed to acquire a new customer.
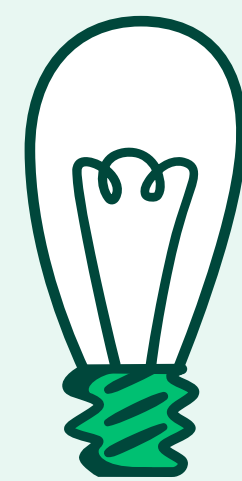
Average B2C CAC varies by industry: eCommerce: $68, Entertainment: $106, Financial services: $173, Real estate: $226, Medical Practices: $176[10].

Customer Lifetime Value (CLV/CLTV)

CLV/CLTV is a metric that attaches the exact monetary value to your calculations. Gartner offers the following formula to calculate it:

Individual Customer CLV Calculation Example

2 Purchases	$5,000 USD	5 Years	$50,000 CLV
Number of Purchases/ Annually	Purchase Profitability	Length of Commercial Relationship	Customer Lifetime Value

Source: Gartner

Justifying CX Investments

Successful companies are found to invest more in CX. According to a study by Metrigy[11], brands that have above average business success metrics resulting from the use of CX technology invest more on CX tech stack. By comparison, companies with subpar success metrics invest only $1400 per employee per year in CX technologies

Average investments in CX tech stack:

Successful companies -> $2700/y per employee

Companies with below average success metrics -> $1400/y per employee

To understand the real value of CX investments, you should consider the following factors:

✅ Average CRR

✅ Your target CS KPIs (CSAT, CES, etc.)

✅ Common causes of churn rate (based on exit surveys)

✅ CAC and CLTV

Based on these metrics, you should be able to calculate how your current CX affects your company's revenue and quantify your efforts.

Revenue Growth with Improved CX

Let's consider how a 5% increase in retention rates
can affect the overall company revenue.

E-commerce company example

	CURRENT VALUE	VALUE AFTER INCREASE
No. of customers at the start of the calculation period	1000	1000
New customers	20	20
CRR	60%	65% ▲
No. of repeat customers	600	650 ▲
Average number of purchases	2	3 ▲
Average order value	$100	$100 ▲
CLTV	$200	$300 ▲
CAC	$50	$50 ▲
Average Customer Value (CLTV – CAC)	$150	$250 ▲
Total ROI (No. of Customers x ACV)	$90,000	$150,000 ▲ 66%

SaaS (subscription) company example

	CURRENT VALUE	VALUE AFTER INCREASE
No. of customers at the start of the calculation period	1000	1000
New customers	20	20
CRR	60%	65% ▲
No. of repeat customers	600	650 ▲
Average contract length	24 months	36 months ▲
Average order value	$100	$100 ▲
CLTV	$2400	$3600 ▲
CAC	$200	$200 ▲
Average Customer Value (CLTV – CAC)	$2200	$3400 ▲
Total ROI (No. of Customers x ACV)	$1,488,000	$2,278,000 ▲ 53%

Potential Cost Savings with CX Improvements

The increase in the CX budget can directly influence revenue growth, but companies cannot endlessly expand their teams and upgrade their tech stack. Instead, they should optimise the use of technology with solutions that help increase productivity.

Conversational AI i s increasingly used to enable savings in customer care by:

- Helping resolve common requests nearly instantly

- Handling an unlimited number of users at the same time

- Enabling live agents to focus on complex issues

- Providing 24/7 availability without the need for additional workforce

- Helping qualify and assign customer conversations

- Self-learning to improve its resolution potential

Conversational AI: Projected Savings

Great CX starts with optimising the internal processes. AI chatbots can help boost customer satisfaction scores and live agent productivity, while reducing costs.

68% of customer experience professionals believe that AI and chatbots will drive cost savings over the coming years[12]. This aligns with the earlier prediction of the possible contact centre agent labour cost reduction of $80 billion in 2026[13].
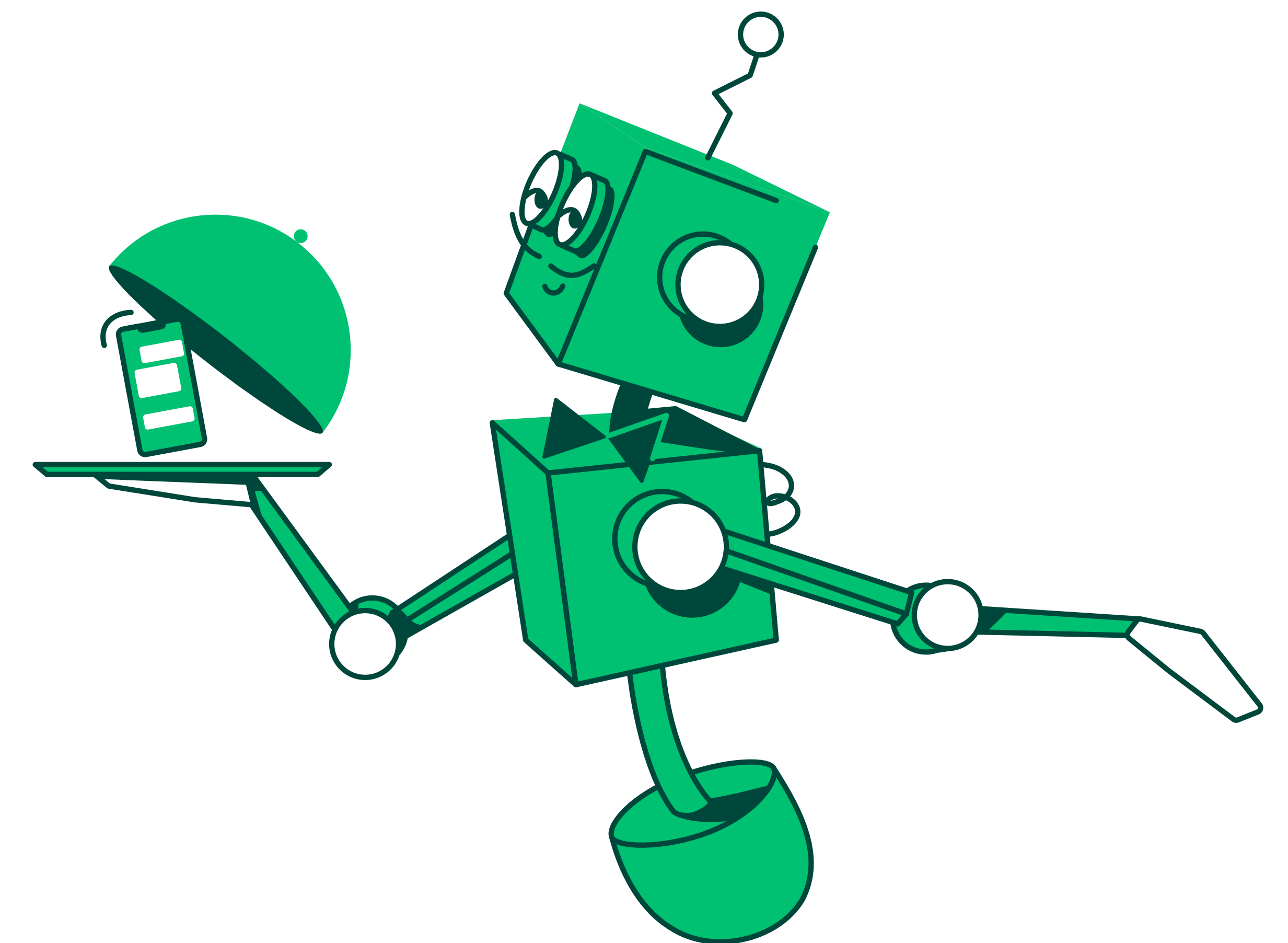
Building a Case for CX Initiatives
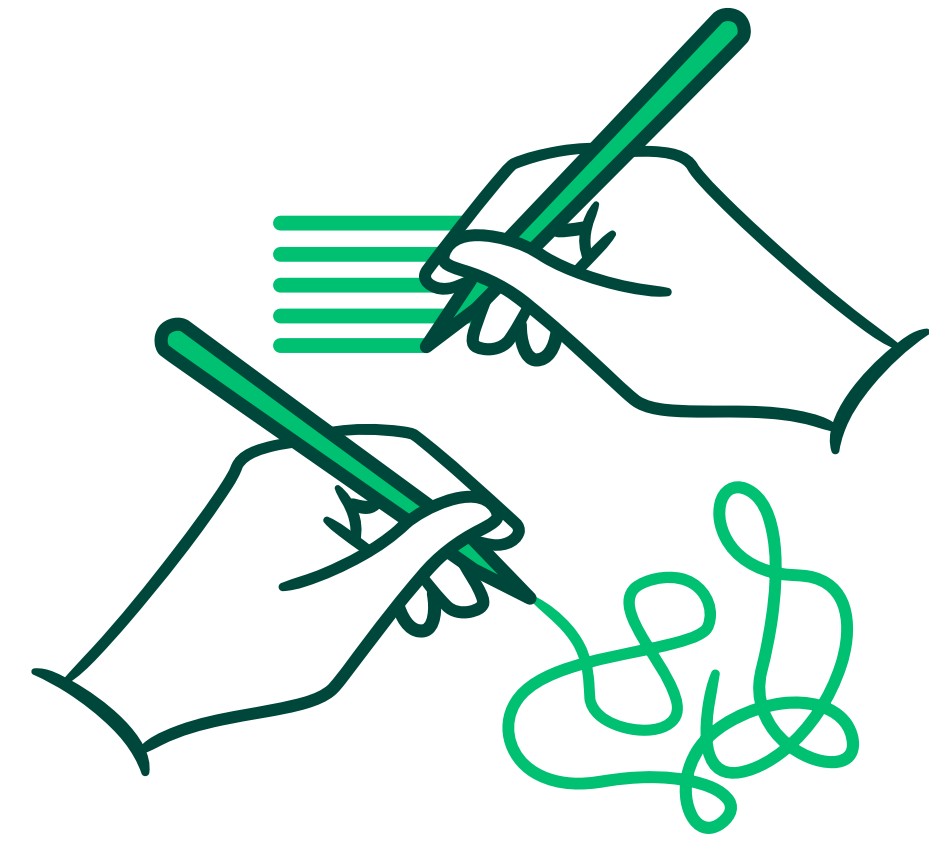
Customer care supports all vital business processes, helping drive both recurring and new revenue. Any initiative to improve its efficiency should come from a deep understanding of the ongoing changes in consumer behaviour.

Business Problem

The inability to meet customer expectations for immediacy, convenience, and personalisation negatively impacts retention rates, limiting the potential to grow a stable, predictable revenue.

[My Company]'s current limitations

- Time to resolution below industry standards
- Limited channels available for customer interactions
- No ability to provide 24/7 support
- No conversation automation
- Internal inefficiencies cause inconsistent experiences

What customers expect [xii]

- 77% expect an immediate interaction when they contact a brand
- 71% prefer different channels depending on context
- 80% are likely to recommend and spend more with companies that consistently personalise their experiences

Approaches to adopt

- Multi-modal customer care
- Conversational support

Solutions to consider

- Conversational AI / AI Chatbots
- SMS and mobile messaging channels (Viber, WhatsApp)
- Contact Centre as a Service (CCaaS)

Steps to Winning the Expectation Economy

| Goals	Improve First Response and Ticket Resolution times	Lower Customer Effort Score (CES)	Lower Average Handle Time (AHT)	Increase Customer Satisfaction Score (CSAT)
Steps	Implement AI chatbots for automated responses and 24/7 availability.	Enable cross-channel communications via Live Chat, AI chatbots, SMS and mobile messaging.	Unify customer conversations and cross-department inboxes for improved productivity.	Personalise experiences by providing convenient and immediate responses using CCaaS and conversational solutions.

Tech Stack for Multi-Modal Customer Care

To keep up with the growing demand for cross-channel communications and instant responses, organisations are increasingly looking to acquire the following technologies:

Conversational AI

Solutions that help improve response rates through conversation automation and by providing 24/7 service to an unlimited number of users.
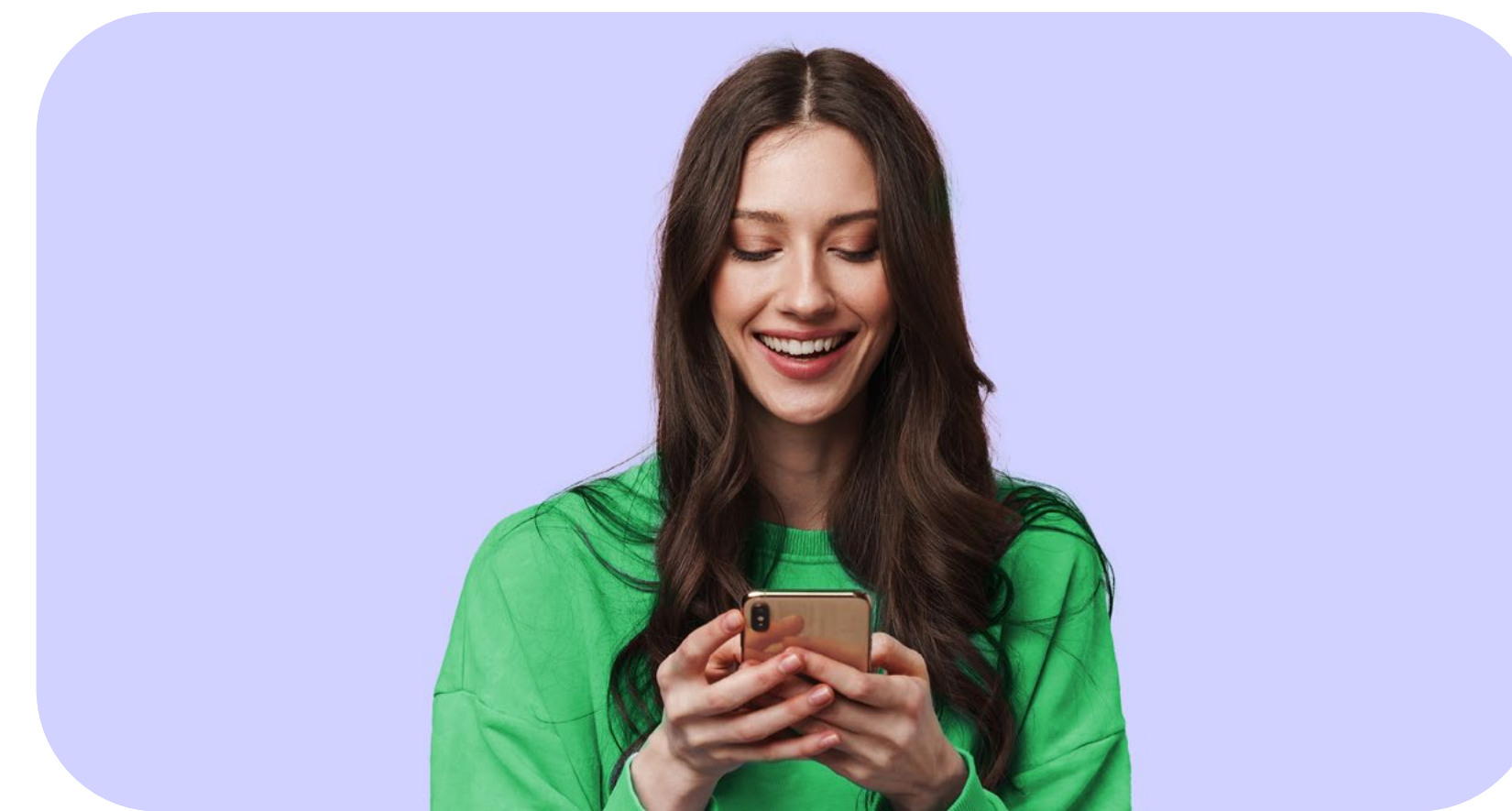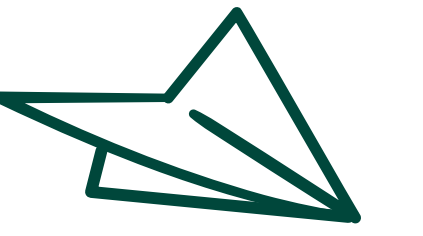

CCaaS

A platform that integrates multiple channels (WhatsApp, Viber, Telegram, etc.) to ensure multi-modal support and customer convenience.

By integrating these solutions with your CRM system, you can ensure immediate access to relevant data to provide a more personalised service.
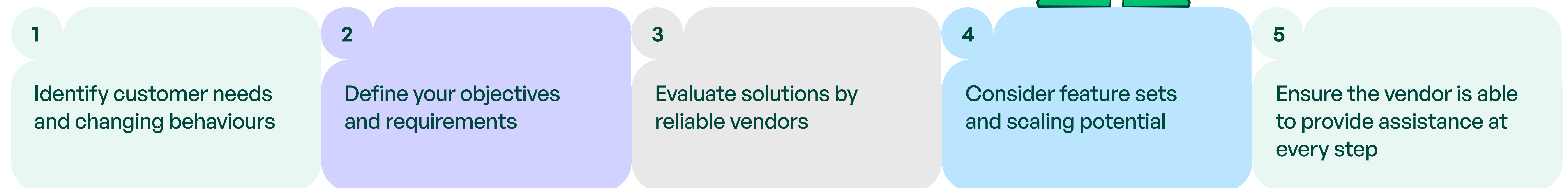
Implementation Steps

The technology powering an organisation's CX processes largely defines its ability to streamline agent collaboration and address consumers' needs. Brands need to select the solutions that help them successfully tailor and track customer journeys.

Steps to choose the right solution:

1

Identify customer needs and changing behaviours

2

Define your objectives and requirements

3

Evaluate solutions by reliable vendors

4

Consider feature sets and scaling potential

5

Ensure the vendor is able to provide assistance at every step

GMS team provides AI Chatbots and Live Agent Chat Platform to help you enrich your CX strategies and boost results. Contact us at info@gms.net for details and demo.

The way ahead

The potential to drive consistent, predictable revenue by improving retention rates will be central to business strategies in 2024 and beyond. Due to increased volatility of economic factors shaping consumers' buying habits, brands will continue to prioritise loyalty and relationship building, where customer care plays a pivotal role. By providing fast, meaningful, and consistent experiences across channels and platforms, brands can increase customer retention rates and ensure predictable growth. This is why CX optimisation and improvements will remain an unwavering focus of business leaders in years to come.

If you would like to learn how GMS can help you enable multi-modal customer care for improved retention, feel free to contact us at info@gms.net

Resources:

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[12] Zendesk, 2023. Available at: https://www.zendesk.com/blog/5-benefits-using-ai-bots-customer-service/

[13] Gartner, 2022. Available at: https://www.gartner.com/en/newsroom/press-releases/2022-08-31-gartner-predicts-conversational-ai-will-reduce-contac

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GMS is at the forefront of global communications solutions, empowering our partners to bring true value into every conversation.

Working hand-in-hand, we identify opportunities for growth and create secure and engaging AI-driven solutions that build trust between brands and their audiences to enable next-generation customer experiences.

For almost 20 years, our track record of excellence is a testament to our expertise in the world of communication. It speaks to our integrity, agility, and commitment to our partners' enduring success.

That's why we are the strategic partner of choice, helping world-class enterprises Greenlight Tomorrow.

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