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Operations Practice

A new growth story: Maximizing value from remote customer interactions

To lift remote-channel sales, focusing on analytics-based lead generation is important. But turning contact centers into real revenue generators means boosting seven other capability areas as well.

This article was a collaborative effort by Lutz Borchardt, Matthias Daub, Arian Meyer, Konstantin Pell, Julian Raabe, and Simon Rübling, reflecting views of McKinsey's Customer Care practice.

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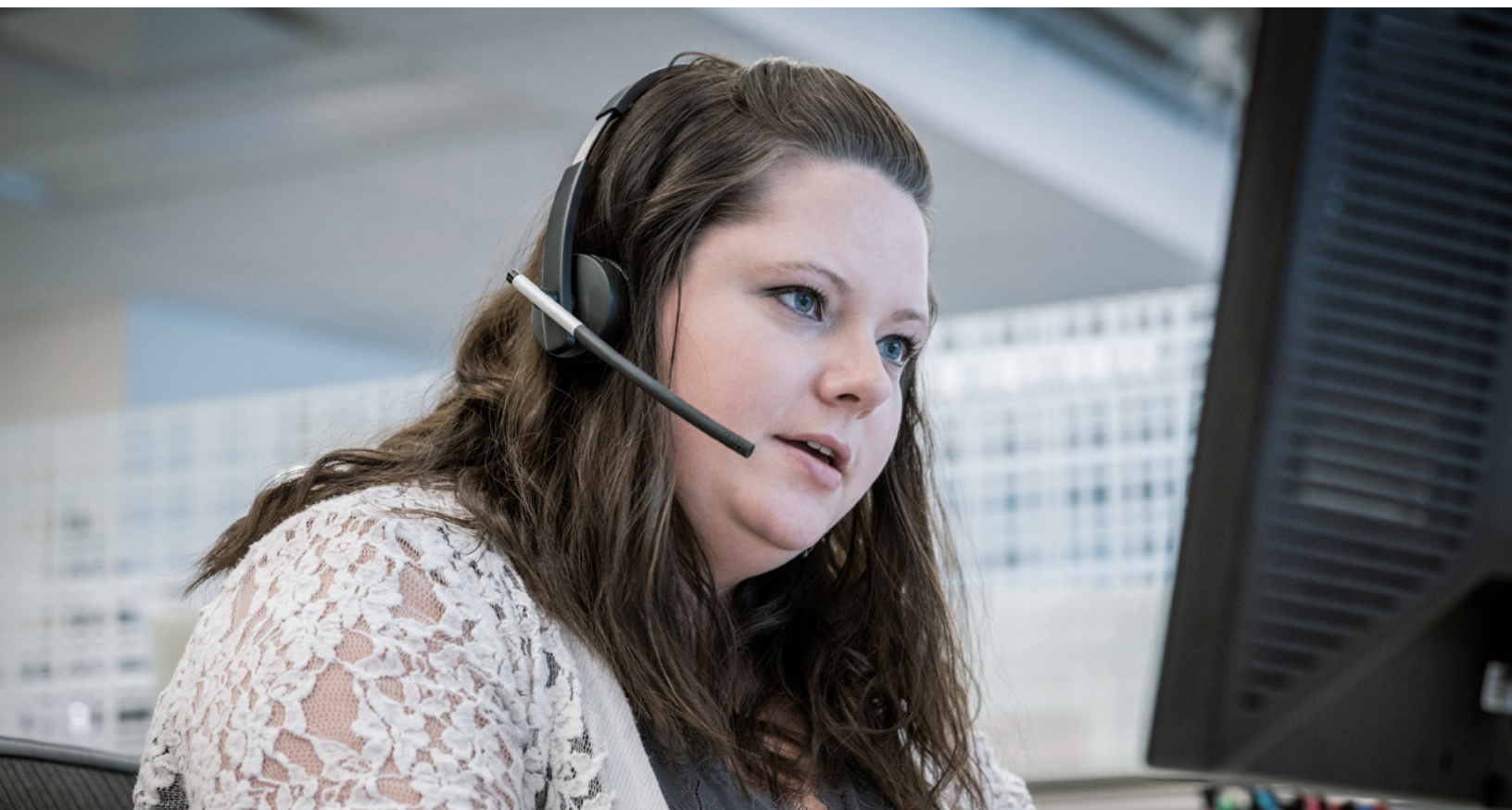
Remote channels—telephone and digital—have become steadily more crucial in managing customer relationships and generating revenues. Even before the pandemic hit, these customer touchpoints occurred two to four times more frequently than traditional in-person interactions, and the spread continues to widen. As customers grow increasingly comfortable using them, these remote channels create a significant revenue opportunity. It requires the right strategy, compelling customer engagement, and excellent operational execution in order to convert leads and drive what we call "customer value execution" (CVEx).

This CVEx opportunity applies to virtually any company and across industries, but it's especially relevant for mature-market businesses that follow a contract, subscription-based, or service-centered business model—such as telecommunication and entertainment companies, energy providers, banks, and insurance companies (Exhibit 1). Without much room to grow the market pie, high customer-acquisition costs—and significant risk of losing customers to competitors—require these companies to make the most of every touchpoint with their existing customer base.

Companies that effectively implement CVEx can transform the contact center from its longstanding reputation as a cost center into a revenue generator—or even a profit center. One large telco, for example, invested in an analytical engine to create agile, personalized promotional campaigns, which the company then supported through enhanced capability building in remote channels. By focusing on frontline management and developing closer interactions between marketing and sales-channel teams, these efforts led directly to a 25 percent increase in cross sales and a 300 percent increase in sales-promotion conversion.

Exhibit 1

Customer value execution (CVEx) can apply across a broad range of business models and industry sectors.

Contract-based model	Sales and marketing	Platform-based model	Full-service leasing	Aftersales service
Annual or multiyear agreements for services provision	Subscription agreement to receive product or service regularly	Online marketplace to compare or book service from multiple providers	Long-term rental agreements, including service for physical goods	Provision of maintenance, repair services, and spare parts
High customer churn rate and intense competition	High churn rates, with 1/3 of customers canceling in <3 months	Intense competition for critical mass required to cover platform costs	Securing customer loyalty for contract extension	Significant market disruption because of digitization
Utilities, telecoms, insurance, banking	*Media providers, cloud services*	*Online marketplaces, travel, and booking*	*Automotive, real estate, consumer goods*	*Automotive (car dealerships), heavy industry*

This example illustrates the potential: we estimate that many companies can increase topline revenues by 10–20 percent, even in highly saturated markets. At the same time, because contact centers and lower-touch channels (such as chat) are typically less expensive to run than brick-and-mortar retail operations, channel costs can potentially fall by 5–10 percent.

But most companies still struggle to create a seamless and consistent experience for customers across remote channels. Our colleagues' analysis found that in one industry, the average difference in sales-conversion rate between top- and bottom-quartile performers in the same contact center was 230 percent.

Our research finds that these companies typically fall into four major traps:

— They treat customer service and sales as two different domains, and view customer service solely as a cost center.

— They focus on analytics and hyper-personalized offers but neglect operational execution.

— They lack an omnichannel strategy to provide a seamless experience across channels.

— Their internal initiatives to increase sales are limited to one domain and are not connected across siloed internal organizations.

Mastering CVEx requires the careful orchestration of the sales machine across marketing, sales, and customer operations. Every customer touchpoint counts. Accordingly, most companies will likely want to invest in operational execution, so that they can lift the customer experience across remote channels and tap into new revenue opportunities.

Possibilities across the customer lifecycle

As tech-industry leaders in fields such as consumer electronics, ride hailing, retail, and travel continue to

define the gold standard in customer experience, pressure is building on companies across industries to follow suit. Customers increasingly expect the same experience and lead times in every sector: instant call backs and same-day delivery, for example, are no longer considered exceptional but are an assumed level of service. And excellent customer service is the foundation for generating additional revenues from telephone and digital channels.

As they adapt to an increasingly digital world, most companies know that customer expectations are changing rapidly, and that an effective response will depend on developing the ability to work through remote channels and improve digital-sales proficiency. But too often, their migrations to remote channels have been slow. Accelerating will mean adopting a more systematic approach: identifying the remote channels most important to their customers, improving the capabilities necessary to use those channels effectively, and capitalizing on scarce customer interactions to open up new revenue opportunities.

These opportunities arise at every stage of the customer lifecycle, from revamped customer-acquisition efforts at the beginning, to improved cross-selling in the middle, to making specialized offers for customer retention at the end of the lifecycle (Exhibit 2)—which is almost always more cost-efficient than trying to win new customers. Realizing this potential will generally involve committing to an omnichannel approach and focusing on operational execution.
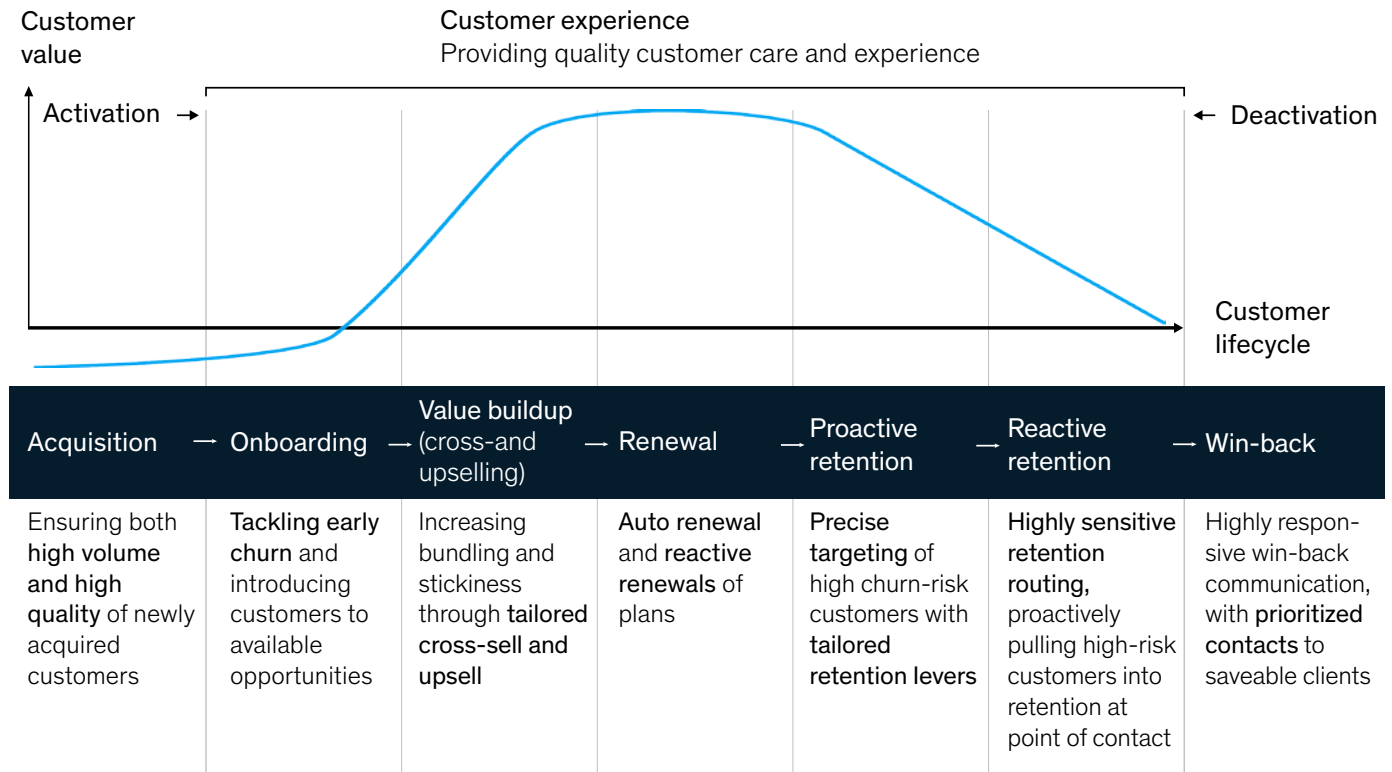
Five modes for revenue generation

In recent years, many companies have focused on deploying completely digital self-service solutions without human interaction. But the human element of customer experience remains an essential differentiator.

Accordingly, outbound telephone, inbound telephone, and digital live channels deserve

Exhibit 2

Opportunities to boost sales arise at any stage of the customer lifecycle.

Customer value

Customer experience
Providing quality customer care and experience

Activation → ← Deactivation

Customer lifecycle

Acquisition →	Onboarding →	Value buildup (cross-and upselling) →	Renewal →	Proactive retention →	Reactive retention →	Win-back →
Ensuring both **high volume and high quality** of newly acquired customers	**Tackling early churn** and introducing customers to available opportunities	Increasing bundling and stickiness through **tailored cross-sell and upsell**	Auto renewal and **reactive renewals** of plans	Precise **targeting** of high churn-risk customers with **tailored retention levers**	**Highly sensitive retention routing,** proactively pulling high-risk customers into retention at point of contact	Highly responsive win-back communication, with **prioritized contacts** to saveable clients

additional attention. Within these three remote channels are five ways that customer-service representatives (CSRs) actually interact with customers—or what we call "modes of customer-value execution" (Exhibit 3).

— *Outbound telesales* focuses on acquiring new customers and selling additional products and services to existing customers.

— *Inbound sales* focuses on selling products and services to incoming customer traffic generated by sales campaigns via phone, chat, SMS, messaging, and email.

— *Service to sales* uses customer-service inquiries to up- and cross-sell, or renew existing contracts.

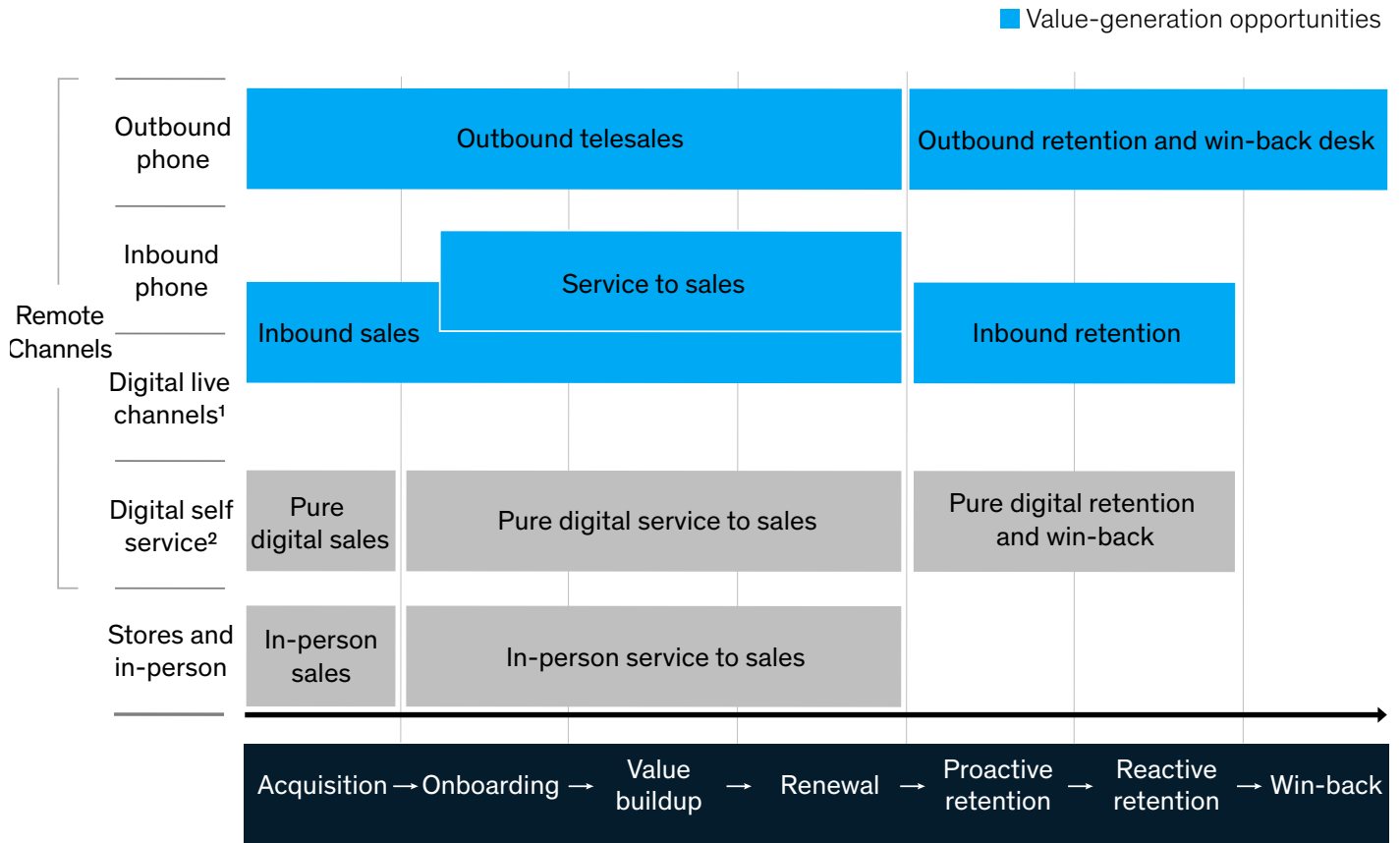— *Outbound retention and win-back desks* are dedicated to retaining customers, responding

to customers' cancellation requests with efforts to retain them—or winning back previous customers with specialized offers.

— *Inbound retention* focuses on proactively retaining customers via inbound channels.

Selling effectively through telephone and digital channels is a matter of matching the right channel to the right customer, while building an omnichannel ability that lets customers move between different channels depending on their needs. It's increasingly standard for customers to request a renewal via email while commuting, upload relevant documents via the self-service customer portal when at work, and then arrange for a call after work to clarify questions. That reality makes it increasingly critical to invest in a seamless, consistent experience across telephone and digital channels.

Exhibit 3

Five distinct customer-value execution (CVEx) modes can generate growth from an existing customer base.

◼ Value-generation opportunities

Remote Channels	Outbound phone	Outbound telesales			Outbound retention and win-back desk	
	Inbound phone		Service to sales			
	Digital live channels[1]	Inbound sales			Inbound retention	
	Digital self service[2]	Pure digital sales	Pure digital service to sales		Pure digital retention and win-back	
	Stores and in-person	In-person sales	In-person service to sales			

Acquisition → Onboarding → Value buildup → Renewal → Proactive retention → Reactive retention → Win-back

[1]"Digital live channels" include chat, video chat, SMS, and messaging
[2]"Digital self service" includes website and customer portal
Source: McKinsey Customer Care Practice

Of course, not all companies will approach these five modes of revenue generation the same way. For example, service to sales is much more critical in low-contact businesses, such as life insurance, than for telecoms. An insurance company might interact with a customer only once a year when it mails an account statement, or the customer requests an address change. Such moments present valuable opportunities to begin a dialogue with the customer to understand other needs, perhaps associated with a recent move—maybe to larger house to accommodate a baby, or to downsize after the last child moves out. Every customer touch point counts to generate additional revenues.

One insurance company specifically sought to strengthen its service-to-sales performance and thus improve up- and cross-selling. Having identified wide variations in service-to-sales performance across several contact centers, the leadership decided to transform contact-center operations through enhanced training, skill-based call routing, better performance management, and more-targeted rewards schemes.

Using its existing interactive voice-response (IVR) system, the company could determine if a caller was a new or existing customer, as well as the nature of the call. Based on that, the call was routed to the agent with the best skills for that customer and request. To minimize waiting times, the system would route the call to the next-best agent if inbound call volume was high.

The insurer also enhanced sales skills in its customer-service operations by introducing capability-building programs at all levels of the organization. These included a six-week training program for agents on understanding customer needs, active listening, recommending products, responding to concerns, and converting leads. Meanwhile, managers were trained to refocus on good team-management practices, including huddles, process confirmations, and coaching. Crucially, these training sessions were not held in a vacuum: they were part of a learning journey required for advancement along well-defined career paths. A certification process recognized people's achievements and documented skill levels for promotion.
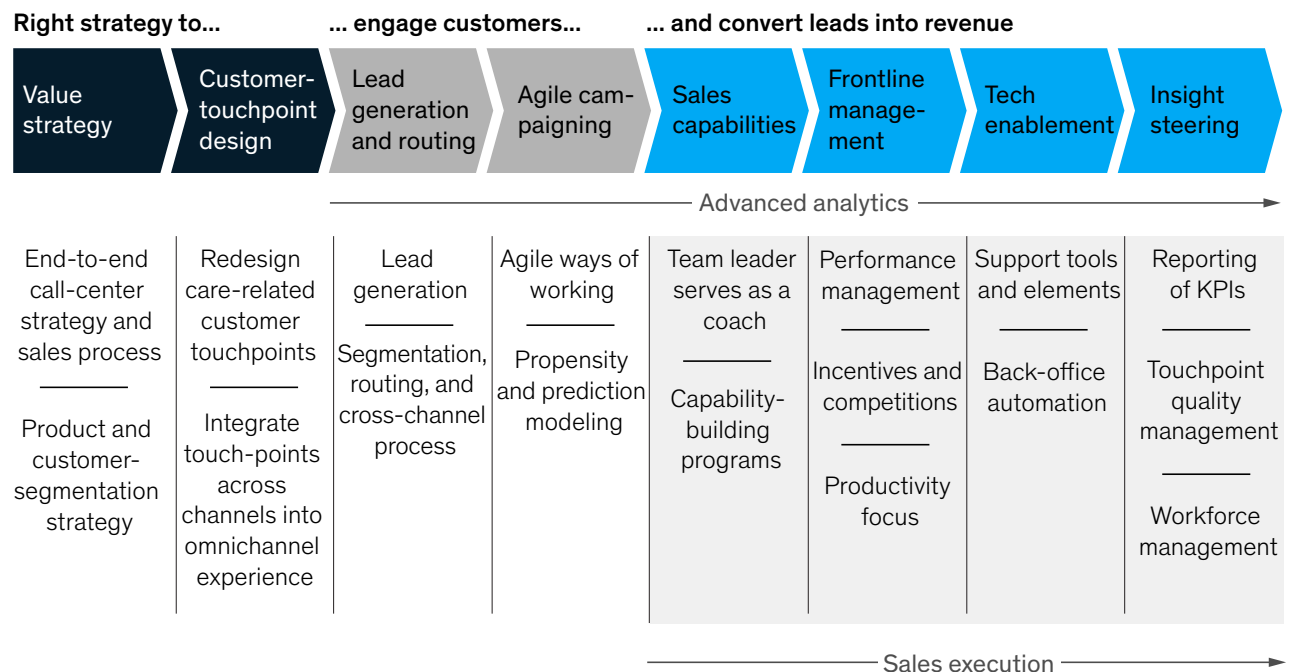
In parallel, a new rewards scheme instituted a points system that reinforced the new behaviors and the sharing of best practices among team members. The team leaders regularly checked in on these practices, for example by sitting next to agents and listening in on calls. These efforts have resulted in a 40 percent increase in sales conversion from service calls, while the company also stabilized average handling times and increased customer satisfaction.

Skills for mastering the revenue opportunity

In our work with companies across industries, we have observed that successfully selling through these remote channels means building eight broad categories of capability: collectively, 18 skills that turn a value strategy into revenue (Exhibit 4).

Exhibit 4

Convert value strategy into revenue by mastering 18 distinct skills.

Right strategy to...		... engage customers...		... and convert leads into revenue			
Value strategy	Customer-touchpoint design	Lead generation and routing	Agile cam-paigning	Sales capabilities	Frontline manage-ment	Tech enablement	Insight steering

Advanced analytics →

End-to-end call-center strategy and sales process	Redesign care-related customer touchpoints	Lead generation	Agile ways of working	Team leader serves as a coach	Performance management	Support tools and elements	Reporting of KPIs
Product and customer-segmentation strategy	Integrate touch-points across channels into omnichannel experience	Segmentation, routing, and cross-channel process	Propensity and prediction modeling	Capability-building programs	Incentives and competitions	Back-office automation	Touchpoint quality management
					Productivity focus		Workforce management

← Sales execution →

Some of these eight capabilities might be more important than others in certain industries and for certain customer groups, but all are necessary to generate revenues from telephone and digital channels at every step of the lifecycle. With this in mind, any company can assess its specific strengths and weaknesses across the lifecycle, and then prioritize the capabilities it needs to strengthen.

The telecom company cited earlier focused on several simple, effective initiatives to increase sales conversions and boost revenues. These included redesigning sales-pitch documents for the CSRs, redesigned sales skill-building (rooted in behavioral economic research on how best to convince customers), as well as an upgraded version of the company's digital next-best-offer tool, powered by an integrated analytical engine.

Another factor behind the telco's success was improved communication between agents and team leaders, including daily huddles to debrief the prior day's performance and plan the next day. In addition, monthly sales competitions proved popular among CSRs and greatly improved sales conversions.

Because CSRs play the single most important role both in creating a seamless experience for customers, and in converting leads into revenue, improving their skillset can have a major impact. CSRs therefore need a holistic view of each customer (including interaction history), together with more-sophisticated tools to sell, support, and guide customers. These steps involve costs, but a careful balancing of net-promoter scores and return-on-investment data can help leaders make better-informed trade-off decisions.

Taking it forward

The experience of companies that have improved remote-channel sales performance across the customer lifecycle reinforces the value of four-step transformation approach (see sidebar, "How a utility put CVEx into action").

How a utility put CVEx into action

The opportunity to use remote channels in generating real results—revenue and otherwise—is not merely theoretical. A utility provider illustrates the potential. Company leaders wanted to grow market share, become number one in customer satisfaction, and increase internal value creation. To this end, they focused on improving customer engagement and acquisition through personalized offers in a highly competitive and mature market. The goal was to increase the lead pipeline for inbound calls and online sales.

The company set up an agile war room where cross-functional teams could collaborate to quickly develop, test, and iterate lead-generation efforts. In the utility's case, this meant equipping a full floor with flex desks, live dashboards, and open meeting rooms to host about 150 people—including data analysts, web analysts, content and traffic experts, channel heads, product specialists, and campaign leads.

Teams used dashboards to monitor KPIs in real time, making it easier to measure performance across all channels and reveal the underlying factors driving value. These insights helped the teams prioritize initiatives and set targets, resulting in sales growth of more than 10 percent in the first three months across all channels. At the same time, the inbound-sales conversion rate rose by more than 15 percent, while contact-center operating costs actually fell by more than 15 percent.

Starting with a self-assessment to understand current value-generation patterns, leaders can gauge how efficiently the company generates value from existing customers, while also uncovering potential opportunities to enhance revenues from telephone and digital channels. In a second step, the company conducts a comprehensive, quantitative performance review, including an integrated examination of customer preferences and needs. The results set the foundation for developing value-creation targets and revenue-growth programs. In a third phase, the company defines a CVEx program and prioritizes the backlog of CVEx initiatives. The last phase focuses on value generation. Agile teams quickly develop initiative prototypes, test them with customers and frontline staff, and deploy them for value generation.

At the core of the program is a central, cross-functional team that collaborates in a war room to set the drumbeat for the program. Using agile working methods, this team is focused on accelerating implementation and then following up with weekly meetings to set milestones, assess progress, and move quickly to adjust to developments and trends. To function correctly, this team would need end-to-end ownership of program initiatives. And it must be empowered based on clear decision rules, processes, roles, and responsibilities for all departments involved in the program.

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As customers grow increasingly comfortable using remote channels, these touchpoints create a significant opportunity to create additional customer value and revenue. Indeed, improving these telephone and digital channels may be the best chance most companies have to extract more value from their existing customers—something that is particularly relevant in mature markets with a subscription-based or service contract-based business model.

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