



VoiceSage™
Guiding Conversations

Looking after the pennies

Home shopping giant Freemans Grattan Holdings is reducing the number of missed payments by up to 25% a year thanks to VoiceSage, by introducing interactive customer communications.

“As a business that lends to a diverse customer base, the sums we were exposed to in missed payments represented a significant level of potential balance we would have to fund in an arrears position. The return on investment has been substantial and is very visible.”

Louise Mollicone, Senior Risk Analyst,
Collections Strategy Management at FGH

Freemans Grattan Holdings (FGH), based in Bradford, West Yorkshire, is a large home shopping and e-commerce retailer owned by Otto Group. It employs over 600 people in the UK where its well-known fashion brands include Freemans, Grattan, Look Again, Kaleidoscope, Bon Prix, Witt International, Curvissa and Swimwear365.

Operating in a highly competitive market FGH is always looking for ways to maintain a quality service while keeping costs down and maintaining a healthy cash flow. As part of this strategy the group pays close attention to any missed payments by customers, to limit its exposure to bad debt. Each year the organisation must predict the extent to which customer accounts will go into arrears as customers forget, fail or are unable to settle their balances.

Proactive targeting

Historically FGH's strategy was reactive, mainly consisting of a dialler-driven call campaign to collect overdue payments. The process was labour-intensive and administratively costly, as the group had to make financial provision for these losses in its annual risk assessment in case the amounts were never recovered.

Following the decision to take a more proactive approach to pre-delinquent accounts, FGH's collections strategy management team set out to find a cost-effective and customer-friendly solution. The new strategy was to contact customers as soon as a payment was due, by way of a gentle reminder, but FGH did not want to incur the cost of allocating live agents to the task. Its goal was to find an automated solution that would be inexpensive to operate and easy to manage.



FREEMANS GRATTAN HOLDINGS

Applications:

- Interactive Voice Messaging
- SMS Messaging

Challenges:

- Pre-delinquency account management too reactive
- Requirement to reduce business risk and costs
- Desire to make better use of agents' time

Benefits:

- Reduced outbound calls
- Substantial reduction in customer arrears
- Reduced risk and contingency provision
- Simple, transparent, usage-based costs for easy accountability
- Increased customer satisfaction

*Analysis based on FGH 2009/10 financial year.



United Kingdom

Dalton House, 60 Windsor Avenue, London SW19 2RR
+44(0)845 296 2595

Ireland

24 Adelaide Street,
Dun Laoghaire, Co. Dublin
+353 1 230 1060
info@voicesage.com
www.voicesage.com

Following a personal recommendation FGH approached VoiceSage, a specialist in hosted, automated customer contact solutions. These enhance the customer experience, and save agents having to make many repetitive and sometime mundane outbound calls.

Rapid deployment, predictable costs

The group opted for a blend of Interactive Voice Messaging (IVM) and text (SMS) messaging solutions. With VoiceSage's help, FGH had a customised service up and running within six weeks - even though the timing straddled the Christmas period. FGH was impressed that it was able to take advantage of the cloud-based service so quickly and without the need to involve the internal IT team.

The system, which is rules-driven and can be fully controlled online by the collections team, can be directed to make calls within a particular timeframe. This means FGH can vary call times to suit each target market – for example evening calls for young professionals, and daytime calls for older customers. Similarly the company can switch between text messages for younger customers and pre-recorded phone messages for those less likely to carry a mobile.

Since using VoiceSage to proactively target pre-delinquent accounts, FGH estimates it has achieved the following results annually:

- 34,000 fewer cases of customers going into arrears through Interactive Voice Messaging alone;
- A further reduction in numbers of customers going into arrears of 16,000, enabled by pre-emptive SMS contact;
- A 10:1 return on investment in terms of the funds that have to be set aside to cover the risk of account delinquency;
- An increase in customer satisfaction as consumers are spared entering collections strategies and are able to spend more.

As a result of these significant successes FGH has expanded the use of VoiceSage across other parts of the group, beginning with delinquent account collections (previously handled solely by diallers in a contact centre). It has also begun to use VoiceSage as part of its promotional activity – for example to let customers know if an item ordered is not in stock.

Solid partnership delivers positive results

Louise Mollicone, Senior Risk Analyst, Collections Strategy Management at FGH, who is a first-hand user of VoiceSage since 2008, comments, "We are very happy with VoiceSage. The solutions are very quick to set up, and very easy to use and adapt. It's also very appealing that we can see what we pay for, so if an interactive call costs a few pence and we do 1,000 calls, we know exactly what this will cost. We also get a lot of valuable advice from VoiceSage, who use their experience to show us what else we could be doing.

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