



# The complete guide to executing an effective **omnichannel** collections strategy

**In the current economic climate, can you afford not to have the best collections strategy?**

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# What does the current economic climate mean for collections?

As we go through one of the biggest periods of economic change since the global financial crisis in the late 2000s, almost every household in the UK is being impacted by the affordability crisis.

According to the Office for National Statistics

**93%**

of adults in the UK reported an increase in their cost of living between August and September 2022 with...

**33%**

reporting that they are finding it difficult to make their regular rent or mortgage payments.

All this will amount to a new wave of people getting into financial difficulty – and a new wave of businesses facing barriers to collecting money they're owed. Time Finance uncovered that 42% of small businesses believe that late payments from customers is one of the greatest challenges and threats hampering business success, and less than one in three businesses are actually paid by their customers within the agreed 30-day terms.

Businesses that want to weather the economic storm by maintaining high collections rates, while being sensitive to and supporting customers in financial difficulty, need to ensure their collections strategy is carefully considered – especially when it comes to how their customers prefer to be contacted.

Let's take a closer look at those preferences – and discover why combining technology with the human touch could be the key to boosting collection rates.



# Why you can't ignore consumer preference when it comes to collections

The collections landscape has altered drastically in the last two decades. Whereas previously customers were being contacted solely by traditional methods like landline calls and post, now there are myriad technologies available for businesses to connect with their customers.

Most customers have embraced the new communication technology available, especially in simple scenarios like making a payment, or checking a balance and due date. But whether it be due to age, accessibility issues, or situational differences specific to the debt, contact preferences do still differ amongst those in financial difficulty.



## The demographic divide

Research has shown that millennials value the convenience of being able to access their debts, payment solutions and payment methods at a time that works for them – something that many online platforms allow. On the other hand, an ONS study in 2020 found that only 7% of over 70s are likely to have the capability to shop and manage their money online.

However, in a wide-ranging study by The State of the Connected Consumer, it was found that a sizeable 83% of customers still expect immediate interaction with a human agent – suggesting that an omnichannel approach would provide customers of every demographic with the element of choice that's so often missing. The human approach has also been found to be much preferred in circumstances that require complex and specialised agent assistance, namely, in complaints situations and in cases involving more vulnerable customers.





## Timing is everything

When it comes to resolving debt, or even interacting with a company on the journey to resolving debt, 9-to-5 is not always the most preferable time period for customers. Exus found that over 20% of customers prefer to resolve their debt outside of business hours and want to engage with the collector when they're ready. A large part of this is due to people not wanting to make sensitive phone calls concerning debt in the workplace or during office hours, or being unable to spend time going through digital channels when they're in the middle of the working day. With the cost of living crisis pulling people in different directions, giving your customers more convenience when it comes to making payments is important for driving positive engagement with their debt.



## But why does all this matter?

As customers are less likely to engage if they're not contacted on their channel of choice, it's best to start off on the right foot if you want to lay the foundations for a positive resolution from the get go.

Despite this being the case, our research with Arum found that of the

**69%**

of organisations that capture their customers' communication and channel preferences,

**ONLY 44%**

actually use those preferences to tailor their contact strategy

And worse still, 72% of organisations don't change their channel strategy if there's no response on that channel – continuing to communicate in the same way, regardless of customer behaviour.

Organisations cannot afford to ignore their customers' preferences in the current climate – and it's clear that an omnichannel approach, combining both digital and voice activities, will ensure customers are always reached at the right time, in the right way.

# Omnichannel vs multichannel – the key differences

Organisations that opt for a multichannel collections strategy make use of several different channels – including web, mobile, social, and phone – when contacting customers about their payment. While this may be seemingly simple, it often involves working with many different technology vendors, and with little coordination. For example, a customer may have already been engaging via email to go on to receive a phone call chasing their payment. Not only does this mean that information can be repeated, but it can also lead to communication being attempted at overlapping times, which can quickly become overwhelming for a customer in financial difficulty – and may negatively impact collections as a result.

An omnichannel strategy is a holistic approach that integrates the communication channels to allow organisations to seamlessly track touchpoints across phone, email, and digital channels. But more importantly, omnichannel collections cater to every customer – giving people the choice and convenience to handle a collection request via a channel that works for them, at a time that works for them.

And it's an approach that works. Research by Aberdeen Group found that companies with omnichannel customer engagement strategies retain on average 89% of their customers – compared with a 33% retention rate for companies with weak omnichannel strategies.



5 **Omnichannel**



**Multichannel**

## > The benefits of an omnichannel approach

1

### **It enables seamless channel switching**

It's not unusual for a customer to start their collections journey via a digital channel, and then wish to speak to an agent further down the line, and vice versa. When organisations don't opt for an omnichannel strategy, digital and voice channels are largely siloed, and channel switching isn't made easy for customers. In fact, our research with Arum found that while over 72% of surveyed responders provide customers with the ability to speak to an agent while engaged in a digital channel, 28% do not actively promote the option to speak to an agent during the digital process. With an omnichannel collections strategy, your customer will be able to seamlessly move between digital and voice channels based on their preferences, working towards a payment resolution.

2

### **Data can be captured and used in real time**

Omnichannel collections systems are developed to capture and store data throughout the collections journey for use in real time. Not only does this data often inform the next steps when it comes to communication, it also builds a valuable picture of the person over time – including contact information, credit history, channel preferences, and demographics. Using data around prior communication outcomes with your customers can determine the strategy that is likely to see most success in the future, saving you time and money.

3

### It saves time

When you understand your customers' communication preferences – and put these preferences to use in the collections cycle – you gain back the time you would have spent attempting to reach them on channels they don't tend to engage with. For example, customer groups who respond quickly to outbound digital activity such as email or SMS can be excluded from dialler activity, thus allowing agents to refocus on the customers who prefer to have a conversation, or who are experiencing a more complex collections situation.



One of the biggest advantages of an omnichannel strategy is the way it enables you to bring a human touch to the collections experience.



Read on to learn why this is so important for improving brand loyalty, speeding up payments, and supporting your most vulnerable customers.



# The power of the human touch

When you're dealing with customers in financial difficulty, maintaining the human touch is essential. The State of the Connected Customer research found that a huge

**83%** of customers still expect immediate interaction with a human agent

– and the recent cost of living crisis has only heightened the demand for real, human conversations with businesses.

The human touch and omnichannel collections go hand-in-hand, because it's a strategy that provides a holistic experience across both voice and digital channels. There can be a number of reasons why your customer may be late making their payment, and this data can't always be captured by digital sources alone. For example, Go Cardless found that

**34%** of customers in financial difficulty missed a repayment due to technology issues when trying to pay, and

**32%** didn't know the date a repayment was due.

If an omnichannel approach had been used in these instances, the customers would have been able to speak to someone before they missed the repayment, and it's likely the outcome would have been different.

Services like Sigma Connected's ReachOut initiative is great for engaging vulnerable customers who find they are struggling to pay a bill, as they focus on getting to the root of the problem, rather than following a generalised process when a customer is late with their payment.

Of the 25% ReachOut manages to reengage with, 2 in 3 customers reconnect with the client organisation and work together to agree a positive way to resolve their debt.

**reachout**  
BY SIGMA CONNECTED



And not only is the human touch important for improving collections rates, it's also been found to positively impact customer opinions of a business in the future. Epsilon research found that 80% of customers are more likely to make a purchase when businesses provide a personalised experience, and 73% of customers say they stay loyal to brands that have friendly agents. The most effective omnichannel collections strategies not only enable successful payments but encourage customers to return even after they've been through the entire collections cycle. So, how do you go about implementing one?

# How you can begin implementing an omnichannel collections strategy

Introducing any new strategy within your business isn't without its challenges and considerations, but by taking things step-by-step, you'll create a seamless transition for your customers and team members. You may already hold a lot of the answers when it comes to knowing which channels your customers positively engage with, so now it's about putting that data to best use.

## > Analyse your data

Any company that deals with customers will already have data available, and this data can provide great insight on late payers. The first step is to find out as much as possible about your customers, including:

- > **Their online behaviour**
- > **Their shopping habits**
- > **Their purchasing habits**
- > **How, when, and why they interact with your company**
- > **The communication channels they engage with most**

This data can be used to identify the typical journey late payers take and ensure you're reaching them via the digital and voice channels they're most likely to positively engage with.

## > Segment your customers

Once you begin making the most of your customer data, you can begin to segment your customers and tailor your messaging based on their preference or circumstances. For example, some organisations have found success using A/B tests within their app to present users with different language choices and journey options to determine which are most effective – a method that could also be applied to outbound messaging and voice. Our research with Arum found that a huge 91% of businesses are able to tailor their contact preferences, so this presents a real opportunity for most businesses to transform their collections strategy.

Here, you can also identify individuals who may be in a vulnerable position and develop pre-emptive communication methods to ensure these people don't slip through the net and become unresponsive.

## > Engage with your customers via their preferred channels

Our research with Arum discovered that 72% of organisations don't change their channel strategy if there's no response from customers – i.e., they continue to take the same approach, regardless of customer behaviour. This eye-opening statistic shows just how many organisations aren't listening to their customers – and how many could be missing out on receiving their payments as a result. It's important to collect and act on customer preferences and outcome data and invest in better digital technology to take care of the simpler transactions – so your agents will have the time to focus on helping customers who really need a human conversation.

## ➤ Automate the simple

Advancement in technology has led to a major uplift in the number of organisations utilising push digital messages in real time to help customers quickly take care of simple tasks. These include things like sending links to online payments, sending SMS confirmation or receipts, and prompting customers to complete digital affordability assessments. Identifying these 'quick win' areas will free up agent time, and help customers move through the collections journey more quickly.

## ➤ Invest in training for front-line customer advisors

As the number of customers in financial difficulty increases, and your data capture identifies which of these customers truly need to experience the human touch in the collections cycle, having skilled advisors to handle these calls well is essential. These advisors need to be able to act with empathy and sensitivity, while also engaging with and encouraging your customer to pay – something which requires specialist training.

## ➤ Utilise outsourcing

If you're unable to commit to the investment of training your internal team of advisors, outsourcing could be an option to move towards an omnichannel collections approach. By carefully choosing a skilled collections partner, you'll have access to a team that's highly trained in customer interactions, and who will act as an extension of your business. As 96% of customers say customer service plays a key role in their loyalty to a brand, outsourcing to a team that can provide the highest levels of service, no matter how sensitive the situation may be, could be a real investment in your brand's future.



Not every organisation will have the time and resources to dedicate to moving towards an omnichannel collections strategy alone. But there are services that can bring the best of voice and digital communications together for the benefit of you and your customers, all in one place – including Sigma Connected's Collections Ecosystem.

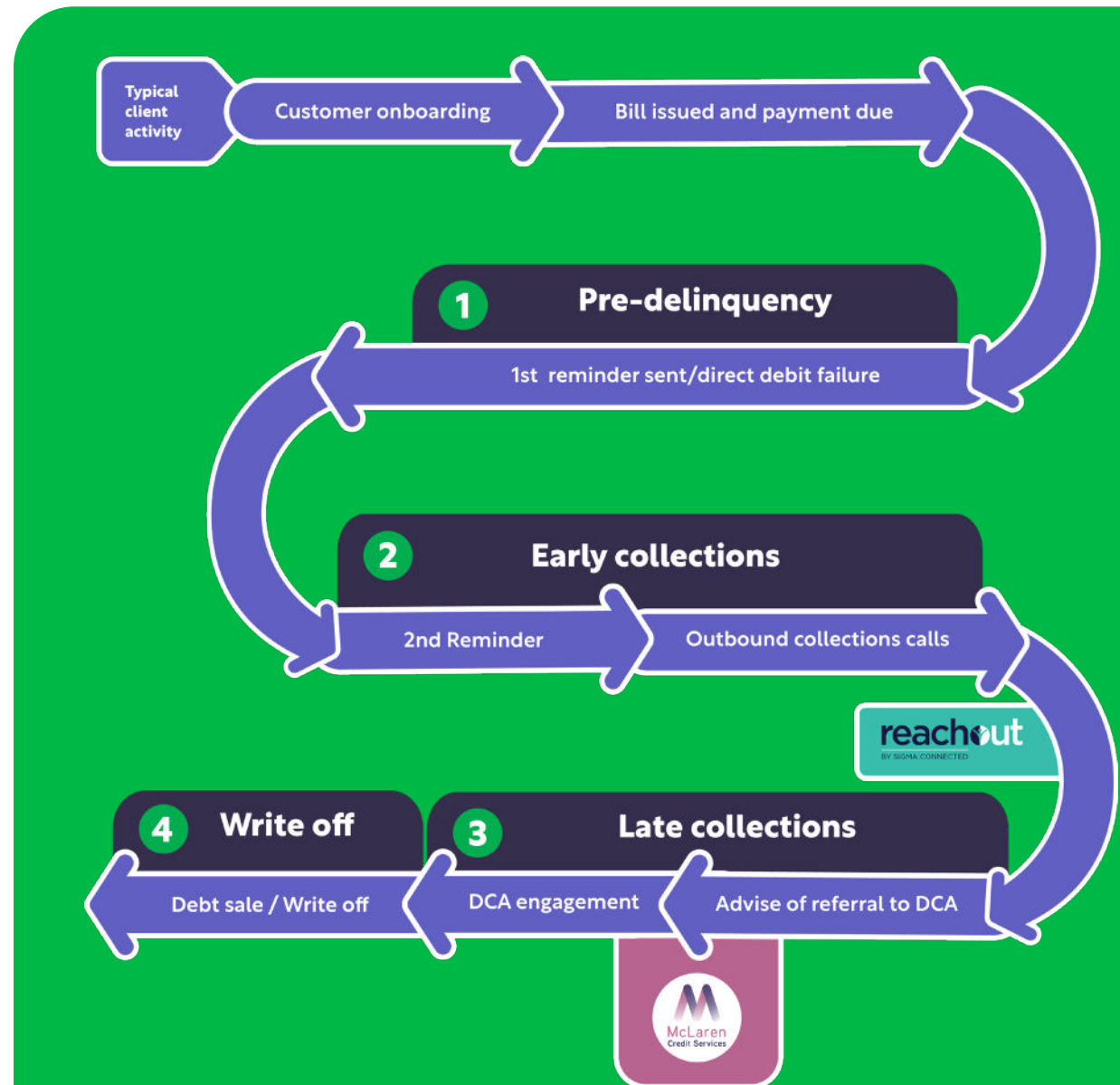
# Introducing the Sigma Connected Collections Ecosystem

At Sigma Connected, we've created our Collections Ecosystem to help organisations just like yours take a different approach to collections. Our omnichannel system covers the complete payment collection process, while offering the flexibility to allow you to pick and choose parts of the ecosystem that meet yours and your customers' needs. It also gives you a clearer overview of the debts owed, and the stage these debts are currently at, providing you with rich data to continually evolve your customer acquisition process in the future.

Beginning with filling gaps left by automated credit risk checks, our ecosystem offers digital and voice-based support from our expert team at every stage of a typical collections journey – including pre-delinquency, early collections, late collections, and finally, advice on debt write off. Unlike many collections processes, we even have our own in-house debt collections agency, MCS, meaning we can complete the whole cycle for you.

But one of the things that really makes our Collections Ecosystem different is that it includes access to ReachOut – a unique, empathetic service that helps you engage with customers that have become hard to reach, and aims to improve outcomes for everyone.

By outsourcing parts, or the entirety of your collections cycle through our Collections Ecosystem, you'll alleviate collections stress, keep your operations running smoothly, and put our signature human touch at the centre of your customers' collections experience.





## Connect with Sigma Connected

To find out about how you can make omnichannel collections a reality with our Collections Ecosystem, get in touch with our friendly team on [enquiries@sigmaconnected.com](mailto:enquiries@sigmaconnected.com) or visit [sigmaconnected.com/collections](https://sigmaconnected.com/collections) for more information.



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**Where people**



**with people**



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