

A Forrester Consulting  
Thought Leadership Paper  
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# Pick Up The Phone: Your Best Customer Is On The Line

Why Customers Who Initiate Inbound Calls Convert Faster, Spend More, And Have A Higher Retention Rate

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**Project Director:**  
Rudy Hernandez,  
Market Impact Consultant

**Contributing Research:**  
Forrester's B2C Marketing  
research group

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# Executive Summary

We all know it: We are in a digital economy. Marketers will spend nearly half of their budget in 2021 on digital channels.<sup>1</sup> At the same time, customers will continue to adopt new technologies at a faster rate, consume more content digitally, and transact more online.

But marketers cannot ignore offline channels. Customers no longer see a difference between digital and physical. In fact, in this age of digital connectivity, inbound phone calls are on the rise. And it is often these customers who call directly to a business who are a marketer's most valuable asset.

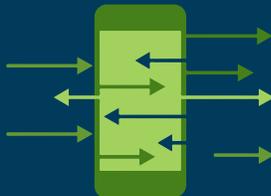
In May 2017, Marchex commissioned Forrester Consulting to examine how customers who initiate an inbound call during the customer journey perform against those who do not. Through an online survey of 213 marketing decision makers in the US, we found that the phone customer converts faster, spends more, and churns less.

## KEY FINDINGS

- › **Ads that prompt customers to initiate a phone call see higher engagement.** Marketers in organizations deploying ads that initiate phone calls report that their other channels — online and offline — are more effective at increasing customer engagement than marketers in organizations that do not have these ads.
- › **Customers initiating a phone call convert faster.** Sixty percent of marketers say that those who initiate an inbound call in the course of the customer journey convert an average of 30% faster.
- › **Customers initiating a phone call spend more.** Sixty percent of marketers say that those who initiate an inbound call spend an average of 28% more.
- › **Customers initiating a phone call have a higher retention rate.** Fifty-four percent of marketers say that those who initiate an inbound call have a 28% higher retention rate.



The phone customer converts faster, spends more, and churns less.



# Marketers Want To Be Customer-Centric But Struggle To Do So

Customer centricity is not just marketing speak — it’s the guiding principle that organizations need to be successful today. Indeed, organizations now prioritize marketing objectives that ultimately seek to deliver value to customers in addition to traditional acquisition and retention goals. While customer centricity may be the goal, marketers still struggle to find the solution: Understanding the ever-shifting needs of consumers today is a consummate challenge for which no one has pinpointed the perfect answer.



In this study of US marketers, results confirm that:

- › **Winning and retaining customers are top priorities.** Customer loyalty is a high or critical priority for 80% of marketers, alongside the traditional acquisition (79%) and retention (77%) priorities. Long-term engagement (71%) and maximizing relationships (78%) are even prioritized more than increasing conversion rates (68%) (see Figure 1).
- › **A majority are challenged to achieve their goals.** Winning and retaining customers are still highly challenging for over half of marketers in this customer-empowered landscape, considering that 61% are challenged in increasing engagement and 60% are challenged in maximizing relationships (see Figure 2).

Figure 1

“How much is your organization prioritizing the following marketing objectives over the next 12 months?”

(Showing those selecting “high” or “critical” priority)

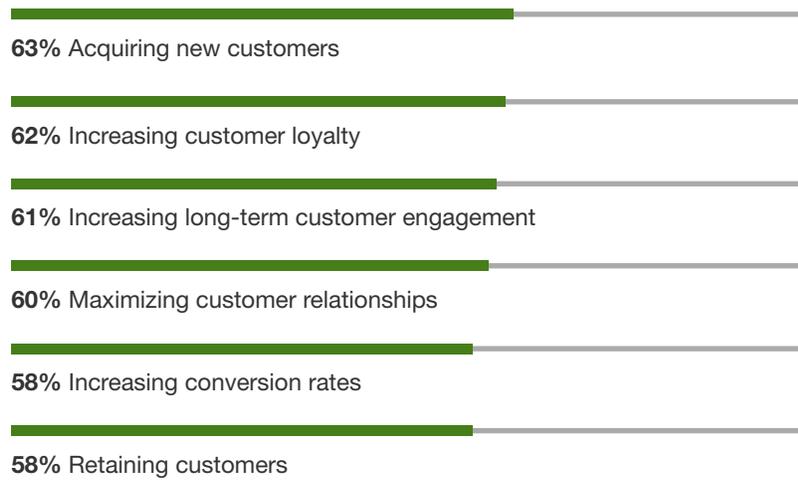


Customer loyalty and relationships are prioritized as highly as acquisition and retention. . . .

Base: 213 decision makers responsible for marketing strategy across digital and offline channels at US companies with 500 or more employees  
Source: A commissioned study conducted by Forrester Consulting on behalf of Marchex, June 2017

**Figure 2**

**“How much of a challenge are the following for your organization?”**  
(Showing those selecting “very” or “extremely” challenging)



... and are equally  
as challenging  
for marketers to  
master.

Base: 213 decision makers responsible for marketing strategy across digital and offline channels at US companies with 500 or more employees  
Source: A commissioned study conducted by Forrester Consulting on behalf of Marchex, June 2017

# Marketers Manage Many Customer Touchpoints

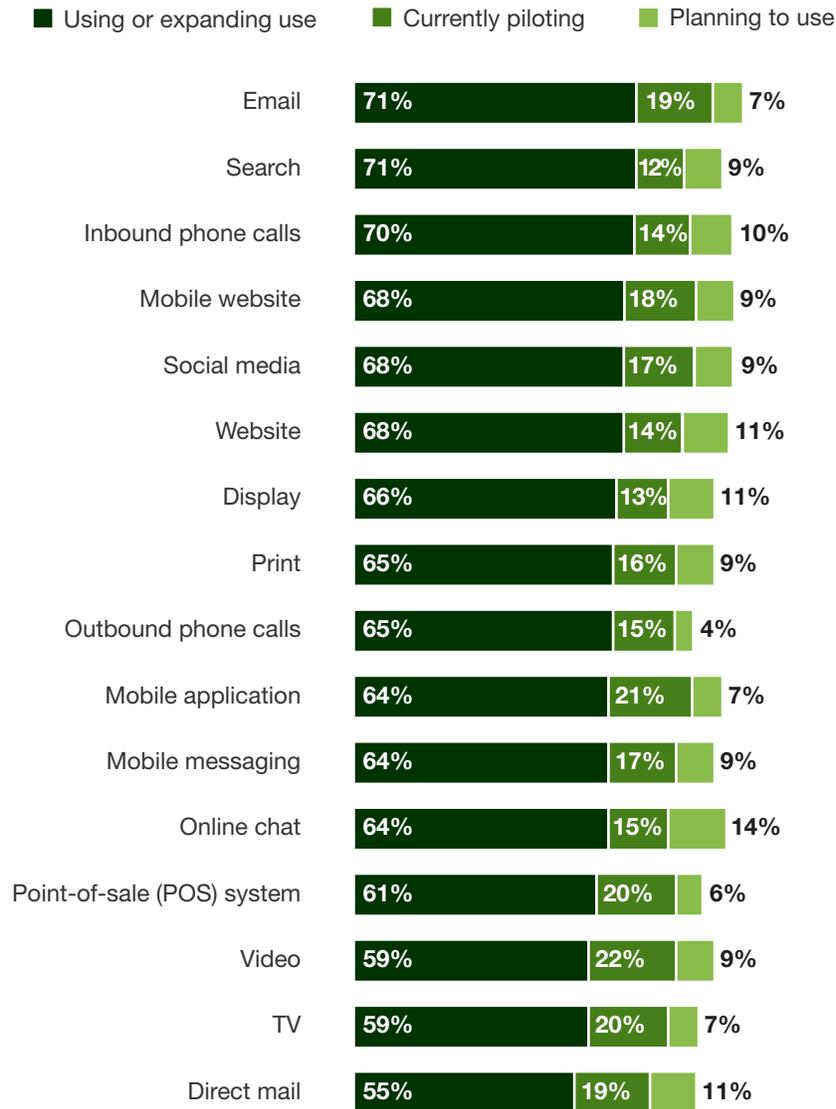
Marketers are plagued with managing the various channels that customers use to discover, explore, buy, and engage with throughout their life cycle. Additionally, customers like to interact with ads and offers in different ways. This can often distract marketers from identifying and optimizing for the channels and actions that are most valuable.

This study found that marketers have many ways in which they can engage their customers, but no one channel or offer stands out. Specifically, marketers:

- › **Use a wide range of channels to engage with customers.** More than ever, customers demand that brands offer as many opportunities to interact as possible, based on the time and place of their choosing. In response, marketers are managing an average of eight channels — both online and offline (see Figure 3).
- › **Offer lots of different actions for a customer to take.** Customers want variety in the form of actions they can take to interact with a brand. But this also complicates a marketer's life when understanding the value of customer interactions. For example, the majority of marketers are still using last-click attribution, and the gap between connecting online activity to offline sales has still not been solved (see Figure 4).

**Figure 3**

**“What best describes your organization’s use of the following channels for marketing to your customers?”**

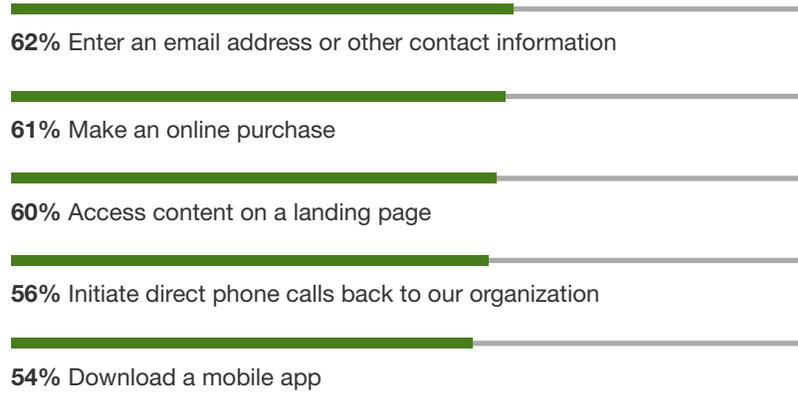


Average number of channels using or piloting: 7.7

Base: 213 decision makers responsible for marketing strategy across digital and offline channels at US companies with 500 or more employees  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Marchex, June 2017

**Figure 4**

**“Think of the ads that you serve to customers. What actions do these ads prompt consumers to perform?”** (Select all that apply)



Average number  
of actions  
prompted: 3.0

Base: 213 decision makers responsible for marketing strategy across digital and offline channels at US companies with 500 or more employees  
Source: A commissioned study conducted by Forrester Consulting on behalf of Marchex, June 2017

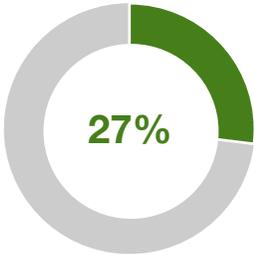
# Marketers Must Prioritize Calling Customers

Providing contextually relevant calls to action requires strong facilitation between online and offline channels: A customer may begin interacting with an organization through a display ad but could end up making a purchase over the phone. As such, incorporating offline channels into online plans becomes increasingly important.

To showcase this point, this study focused on the value of customers who initiate inbound phone calls at some point within the customer journey, as well as the importance of phone calls within an organization’s marketing channel strategy. As mobile adoption is nearly omnipresent, increased digital engagement through mobile translates to increased inbound calls; mobile searches generated 30 billion calls to businesses in 2013 and will inspire 73 billion more by 2018.<sup>2</sup> This means that customers initiating inbound calls are more likely to be engaged and are more likely to make a purchase. Results from this study confirm that inbound calls:

- › **Contribute to over a quarter of all sales.** Marketers say that customers who initiate an inbound call at some point in the customer journey comprise an average of 27% of their overall sales (see Figure 5).
- › **Increase the ability of other channels to engage customers.** Marketers from organizations that use ads that prompt their customers to initiate an inbound call report that their other channels — online and offline — are more effective at increasing customer engagement than those who are not employing ads that prompt a call (see Figure 6).

**Figure 5**  
“Think about sales where, at any point during the customer journey, a customer initiated an inbound phone call. What percentage of your organization’s overall sales does this account for?”



Base: 207 decision makers responsible for marketing strategy across digital and offline channels at US companies with 500 or more employees  
Source: A commissioned study conducted by Forrester Consulting on behalf of Marchex, June 2017

## CUSTOMERS WHO INITIATE A PHONE CALL ARE MORE VALUABLE

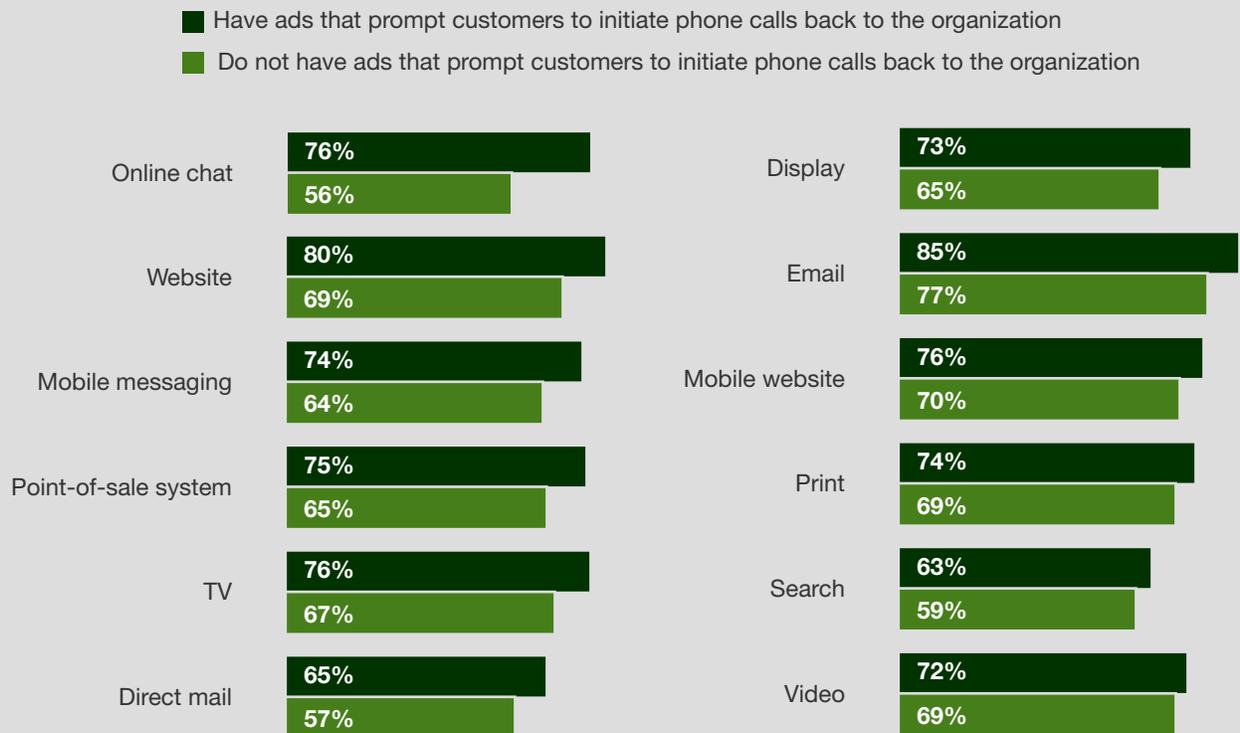
A customer who is more engaged with a brand will convert faster, spend more, and have a higher retention rate than one who is less engaged. As such, the more engaged phone customer is more likely to convert faster, spend more, and churn less — making these customers more valuable to organizations.

Marketers in this study indicate that, compared with the rest of their customers, those who initiate inbound calls during the course of the customer journey (see Figure 7):

- › **Convert faster.** Sixty percent of marketers say that those who initiate an inbound call convert an average of 30% faster.
- › **Spend more.** Sixty percent of marketers say that those who initiate an inbound call spend an average of 28% more.
- › **Have a higher retention rate.** Fifty-four percent of marketers say that those who initiate an inbound call have a 28% higher retention rate.

Figure 6

“Based on the metrics/key performance indicators (KPIs) that you use, how effective are the marketing channels that you currently use in increasing customer engagement?” (Showing those selecting “very” or “extremely” effective)

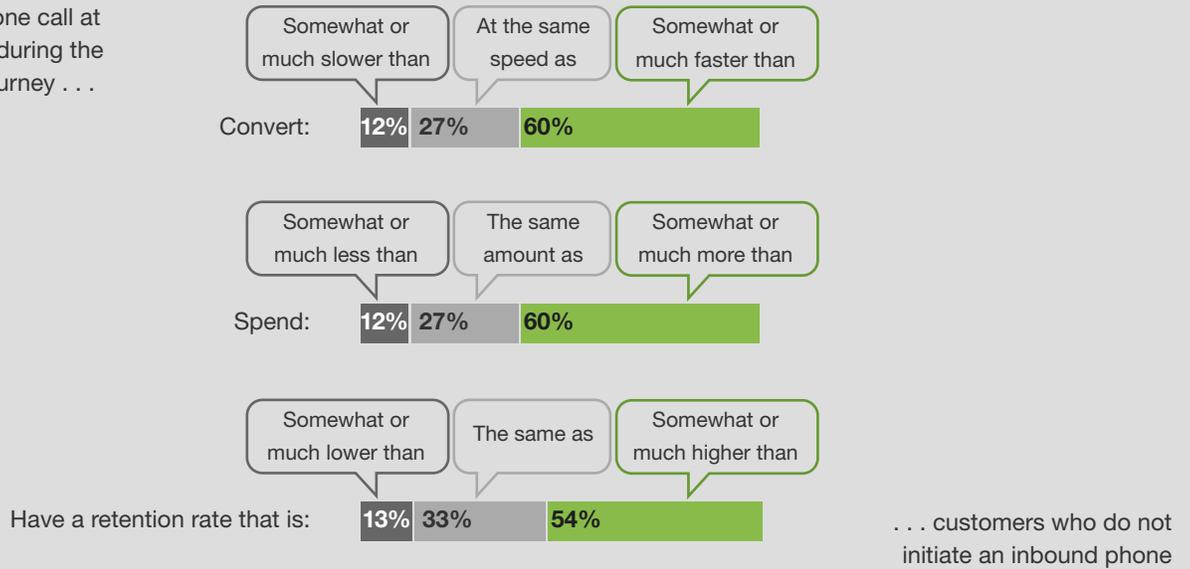


Base: 70 to 110 decision makers responsible for marketing strategy across digital and offline channels at US companies with 500 or more employees  
Source: A commissioned study conducted by Forrester Consulting on behalf of Marchex, June 2017

**Figure 7**

**“Thinking again about those customers who initiated an inbound phone call, please select the response that most accurately completes the sentences below in relation to your experience within your organization.”**

Customers who initiate an inbound phone call at some point during the customer journey . . .



Base: 197 decision makers responsible for marketing strategy across digital and offline channels at US companies with 500 or more employees  
 Note: Percentages may not total 100 because of rounding.

Source: A commissioned study conducted by Forrester Consulting on behalf of Marchex, June 2017



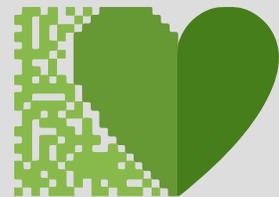
They convert an average of **30% faster.**

Base: 118 decision makers responsible for marketing strategy across digital and offline channels at US companies with 500 or more employees who say customers who initiate inbound calls convert faster



They spend an average of **28% more.**

Base: 91 decision makers responsible for marketing strategy across digital and offline channels at US companies with 500 or more employees who say customers who initiate inbound calls spend more



Their retention rate is on average **28% higher.**

Base: 106 decision makers responsible for marketing strategy across digital and offline channels at US companies with 500 or more employees who say customers who initiate inbound calls have a higher retention rate

Source: A commissioned study conducted by Forrester Consulting on behalf of Marchex, June 2017

# Key Recommendations

Sophisticated marketers will realize that they need to prioritize customers who dial into their call centers or directly to their businesses, and marketers should not forget about the rich data that can be tracked from those phone conversations. B2C marketers should look to leverage phone data from the best customers to:



**Optimize marketing campaigns.** Data from phone calls can help marketers understand keywords that are semantically related as well as how certain offers drive phone calls. This information should be funneled back into existing marketing campaigns to test and optimize advertising programs.



**Understand voice search potential.** There is no doubt that voice searches on both mobile and home-based agents are on the rise. And the way customers search via voice is different from how they search through text. Marketers should consider the questions customers are asking over the phone and use those questions to shape content strategy to enable discovery on intelligent agents.

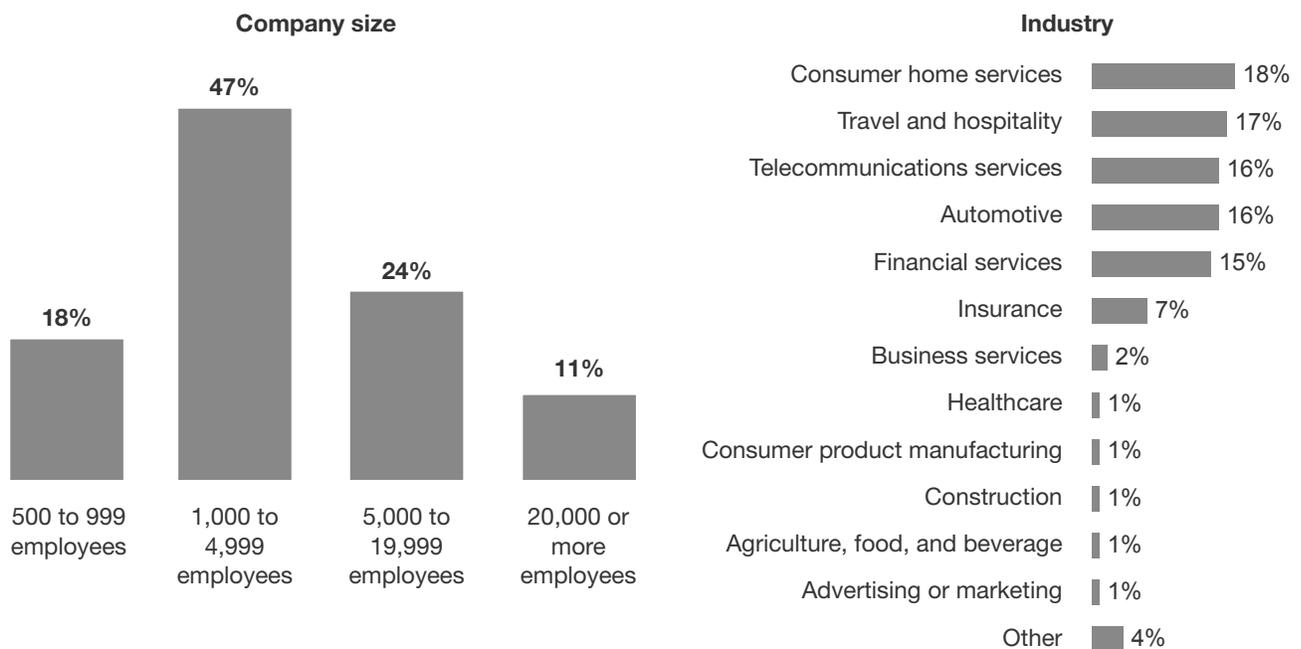


**Shape business strategy.** There are more phone calls than ever coming in to businesses. Customers look to simple human interactions to help them make decisions. In a post-digital world, marketers' new remit is to be human, helpful, and handy. Business leaders need to consider how they can accomplish each of those objectives starting with phone interactions with their customers.

# Appendix A: Methodology

In this study, Forrester conducted an online survey of 213 marketing decision makers in organizations with 500 or more employees in the US. These individuals were managers or higher with decision-making authority over strategy across both online and offline channels. Questions provided to the respondents asked about their organizations' overall marketing priorities, challenges faced, channels used, and channel performance. The study began in May 2017 and was completed in June 2017.

# Appendix B: Demographics/Data



Base: 213 decision makers responsible for marketing strategy across digital and offline channels at US companies with 500 or more employees  
 Source: A commissioned study conducted by Forrester Consulting on behalf of Marchex, June 2017

# Appendix C: Supplemental Material

## RELATED FORRESTER RESEARCH

“Brief: Capture Customers With Click-To-Call,” Forrester Research, Inc., February 16, 2016.

# Appendix D: Endnotes

<sup>1</sup> Source: “US Digital Marketing Forecast: 2016 to 2021,” Forrester Research, Inc., January 24, 2017.

<sup>2</sup> Source: “Brief: Capture Customers With Click-To-Call,” Forrester Research, Inc., February 16, 2016.