CUSTOMER ENGAGEMENT

HOW TO PROTECT AND ENGAGE CUSTOMERS
BUILDING A STRONGER BRAND THROUGH VALUABLE, FREQUENT ONLINE CONTACT

CYBERSCOUT®

1 |

MINIMIZE CUSTOMER CYBER SECURITY RISKS WITH AN ENGAGEMENT TOOL THAT MAKES YOUR BUSINESS STAND OUT AND REINFORCES CUSTOMER RELATIONSHIPS.

INTRODUCTION

Think about the many devices and channels your customers use today and the barrage of marketing messages coming across them. It's overwhelming. How do you break through to meaningfully engage with customers, keep them loyal, and increase incremental revenue?

Finding ways to stand out from entrenched competitors and innovative upstarts is becoming increasingly difficult. Traditional offerings and marketing continue to decline. At the same time, your customers and employees face a host of evolving and confusing cyber threats that can quickly derail their lives. That, no doubt, partially explains why 79 percent of consumers prefer to do business with companies that provide identity monitoring services, according to a GfK Survey.

Yet the complexity of threats requires more than monitoring. Additionally, most identity and data protection service offerings haven't kept up with the times and consumers' expectations about self-service. At this intersection of evolving threats and customer needs lies a rare opportunity for you to establish a new type of valuable and ongoing engagement with customers through CyberScout HQ®. It is an innovative engagement tool that promotes consistent interaction with customers through an online marketplace for identity and data defense services.[1]

In this white paper, we'll explore this new opportunity for protecting and engaging your customers, examining:

- Technology's impact on customer interactions and loyalty
- The tight correlation between security engagement and risk
- Why it's time for a new identity and data defense solution model
- How a marketplace approach to identity management, privacy and cyber security can help you regularly engage customers, improve loyalty and grow revenues

THE RAPID EVOLUTION OF CUSTOMER INTERACTIONS

Just 30 short years ago, when touchpoints were limited, managing customer relationships was a reasonably straightforward affair. In the ensuing years, constant and rapid technology innovations have added layer upon layer of

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[1] GfK Survey.

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1

2|

ALONG WITH CHANGING CUSTOMER ENGAGEMENT COMES MORE COMPETITION. THIS CAN LEAD TO THE FINANCIAL CONSEQUENCES OF CUSTOMER CHURN.

complexity to customer interactions. Today, most engagement is technology-driven, and customers expect nearly instantaneous responses for any type of query or request.

At a glance: how engagement has changed		
1987-2003 Contact Points	**1998 - 2007 Additions**	**2010 - 2017 Additions**
• Office • Branch • Telephone • Facsimile	• Websites • Cell phones • BlackBerry • Geolocation • Smartphones • Apps • Social media	• Crowdsourcing • Mobile wallets • Artificial intelligence • Proximity and • micro-location marketing • Intelligent virtual assistants (Echo Dot) • Wearables

But dealing with more customer touchpoints is only part of the challenge. Technology innovations have also led to new business models and new sources of competition. Differentiating your brand and growing revenue in this fast-paced, hypercompetitive business environment is difficult because customers:

• Can easily find and switch to other providers

• Often have little reason to regularly interact with providers, and little reason to trust one over another

• Expect and prefer easy-to-use services and solutions, reducing relationship-building interactions with sales or service representatives

Of course, the worst part of the uncertainty that come with increased competition and poor engagement are the increased likelihood and financial consequences of customer churn. After all, it costs 5 percent more to acquire a new customer than to keep one, and 82 percent of companies agree that retention is cheaper to execute than acquisition.[2] Not to mention that a 2 percent increase in customer retention can lower company costs by as much as 10 percent.[3]

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2 "B2B Customer Experience Priorities In An Economic Downturn: Key Customer Usability Initiatives In A Soft Economy," Forrester Research, 2008; "15 Fascinating Insights from eConsultancy," 2014.
3 Ibid.

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2

3|

YOUR CUSTOMERS WILL REMAIN LOYAL TO YOU, IF YOUR ORGANIZATION DELIVERS CYBER SECURITY SERVICES THAT HELP DEFEND THEM AGAINST SKYROCKETING IDENTITY THEFT AND DATA FRAUD INCIDENCES.

At a glance: industry challenges with churn		
Insurance	**Financial Services**	**Employee benefits**
• Only a 2% growth in new policyholders[4] • 5–8% of policyholders switch annually[5]	• 66% of executives say acquiring new customers is a top strategic objective for their loyalty program[6] • Customer retention is their second priority[7]	• 75% of employees are more likely to stay with their employer because of their benefit program[8]

SECURITY ENGAGEMENT AND RISK LEVELS: A DIRECT CORRELATION

It's not just technology that has been evolving rapidly over the years. We've also seen a corresponding progression in the sophistication and types of identity and data fraud. And while cases of identity theft and credit card fraud were first discovered in the 1950s and 1960s respectively, these crimes really started to accelerate in the 1990s when the internet and associated technologies opened up new avenues for fraud. The proliferation has been staggering, now reaching new heights in 2016:[9]

- 15.4 million identity theft victims

- 1.4 billion compromised records

- 1,792 breach incidents

This all brings us to a second layer of the engagement discussion that ties closely to customer value: how engaged businesses and are with security. Specifically, the less a business or customer is engaged in security, the greater the likelihood they will become a crime victim or switch to another provider that offers cyber security services. Conversely, customers who are engaged with security are less likely to suffer a data breach or fraud and are more likely to remain loyal, leading to higher lifetime value as a customer. We've found a direct correlation between the level of security engagement and risk to businesses and customers, as illustrated in figure 1.

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4 Customer Loyalty in P&C Insurance, Bain Brief.

5 Ibid.

6 Forrester Consulting survey.

7 Ibid.

8 "Willis Towers Watson annual surveys find U.S. employers and employees embracing the marketplace experience for benefits," Willis Towers Watson, June 15, 2017.

9 Javelin Strategy & Research, Breach Level Index.

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3

4|

INCREASING LEVELS OF CYBER SECURITY ENGAGEMENT MEANS YOUR BUSINESS AND CUSTOMERS BECOME MORE AWARE OF EVOLVING THREATS AND MORE INVOLVED IN DEFENDING AGAINST THESE RISKS.
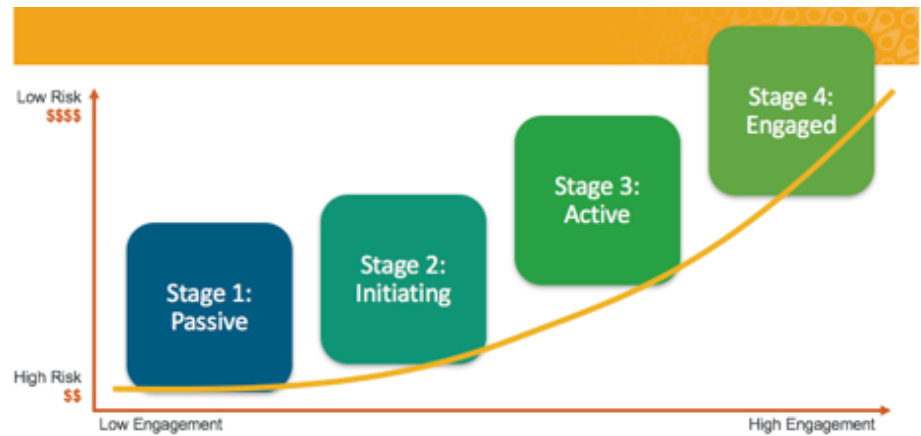

Figure 1: The engagement maturity curve. The various stages in the engagement maturity curve are similar for businesses and consumers. The table below summarizes the attributes of businesses and consumers in each stage.

Stage	Business	Customers
1	Unprepared for a data breach or ransomware attack (no response plan or root-cause analysis procedures), which leads to higher damage and remediation costs, should a crime occur.	Individuals who are either unaware of cyber risks or are choosing to ignore them. Consumers who are passive about security often are equally passive about their providers.
2	Awareness that they need a plan and resources for confronting security challenges, but systems, processes and protocols remain undefined and inoperative.	Aware of the need for cyber security, and may be pursuing solution options. Many are confused by the solutions available through their various service and solution providers, which often include confusing terms and service agreements.

5

ENGAGED CUSTOMERS ARE MORE LIKELY TO BUY MORE FROM YOUR COMPANY, GENERATE MORE REVENUE AND BOOST YOUR PROFITS.

3	Actively working to establish the necessary cyber security systems and protocols and monitoring for threats and incidents.	Have signed up for a service or solution, but don't pay much attention to it.
4	Have established critical cyber security systems, response plans and protocols and are actively updating them as risks increase.	Have signed up for a service or solution that they refer to regularly for status updates and information about evolving threats. The most engaged consumers often are previous victims of cyber- or identity-related crimes.

A BETTER WAY FORWARD: CLIMBING THE CURVE

CyberScout understands how important it is for organizations to keep their customers engaged. After all, engaged customers:

- Are 5 times more likely to buy from the same brand[10]
- Generate 12 to 18 percent more revenue (loyalty program members)[11]
- Boost profits—a 5 percent increase in retention can boost profits 25 to 95 percent[12]

We also recognized the growing potential of cyber and identity protection services as a unique opportunity for ongoing necessary engagement. That's why we took a step back and reconsidered everything from the changing threat landscape to changing customer preferences and began working on an innovative approach for organizations to engage customers.

We realized that what the industry needs is a new kind of approach that can help with three big needs:

- Supporting your product and communication strategies
- Reaching beyond core customers and engaging more elusive demographics, such as millennials, through their preferred channels
- Facilitating regular engagement to stay relevant with customers.

10 "Customer Engagement From the Consumer's Perspective," Rosetta Consulting, 2014.
11 "Members of Loyalty Programs Generate Significantly More Revenue for Retailers Than Do Non-Members," Accenture Interactive, 2016, https://newsroom.accenture.com/news/members-of-customer-loyalty-programs-generate-significantly-more-revenue-for-retailers-than-do-non-members-accenture-research-finds.htm.
12 "The Economics of eLoyalty," Bain & Co., http://hbswk.hbs.edu/archive/1590.html.

6|

CYBERSCOUT'S NEW ENGAGEMENT MODEL DELIVERS CYBER AND IDENTITY PROTECTION TO INDIVIDUALS AND BUSINESSES THAT ESTABLISH AND SUPPORT-LOYAL, HIGH-VALUE RELATIONSHIPS.

To do this we envisioned a new engagement model based on a single centralized portal that provides leading-edge cyber and identity protection services to individual and business customers to underpin loyal, high-value relationships. Figure 2 illustrates the fundamentals of the model using the engagement curve.
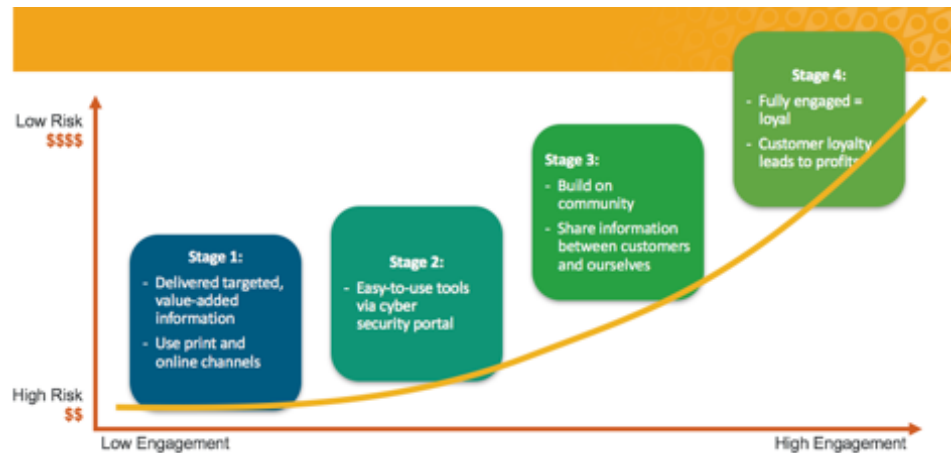

Figure 2: The security-focused engagement model.

The first step is to give customers a reason to engage. The marketing process starts with delivering targeted, valuable information out of the gate using preferred channels. In stage two, customers are encouraged to take responsibility over their own cyber security protection measures through easy-to-use tools, such as security scoring and password protection which can be gifted or purchased. The approach continues to encourage active engagement through community, information sharing and gamification until customers are fully engaged and more likely to remain long-term customers.

CYBERSCOUT HQ

CyberScout's new product delivery model—the industry's first online portal for identity management, privacy and cyber security services—is called CyberScout HQ. It can position your company or organization to climb the engagement curve in support of consistent customer interactions that reduce cyber risks and minimize churn. CyberScout HQ was designed with flexibility in mind. The cyber services delivery model makes it easy to configure offerings based on your portfolio and customer needs or business goals. Through products that complement CyberScout service offerings, including configurable opportunities, HQ also can be a source of incremental revenue.

7 |

CYBERSCOUT HQ MEETS YOUR NEED TO GROW MARKET SHARE AND REVENUE WHILE PROVIDING CUSTOMERS WITH CYBER SECURITY SERVICES THAT TIE YOUR BRAND TO TRUST AND VALUE.

Your individual and business customers can log on to CyberScout HQ via phone, computer or other devices. Once signed up, they have easy access to everything they need to proactively manage their identities and cyber security. Resources include education and support to minimize risk, monitor personal information and manage a data breach or identity theft.

• Unique cyber services delivery promotes consistent interactions

• Comprehensive options for reducing cyber and identity risks

• 24/7 identity management support

It all builds on our experience and success serving more than 660 client partners, 777,000 businesses and 45 million people in 17.5 million houses globally.

CONCLUSION

Customer engagement is more important than ever to maintaining and growing market share and revenue. Yet finding ways to stand out in the face of all of the things distracting your customers and competitors vying for their attention get harder every day. That's why an approach to identity and data protection that is designed to promote engagement with your company is game changing. CyberScout HQ enables you to provide the leading-edge services and solutions that customers need and want in a more convenient way that is closely tied to your brand—creating a strong association of trust and value. And that can only be good for your customer relationships and your bottom line. ■

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7