

*Case Study*

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# How BEworks Increased Debt Collection Payments *while* Preserving Brand

# *The Challenge*

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A large retailer with a credit card division experienced increased decay in its accounts receivable portfolio due to a recession and high unemployment rates. Traditional methods were unable to improve collection rates, and customers were becoming increasingly frustrated and overwhelmed, affecting intentions to shop at the company's retail stores.

We worked with the company's IVR (Interactive Voice Response telephone calls), call center agents, emails, and text messages to contact customers who had overdue bills. Our goal was to increase collections without alienating our client's customer base, effectively protecting the lifetime value of each customer.

# Behavioral Diagnostics

## Understand behavioral barriers associated with the original IVR script

We began by auditing the original IVR recording to diagnose any potential behavioral barriers that may explain why the bank's traditional collections process was ineffective.

Some of the barriers we identified included the following:

### Lack of Authority

An automatic message that does not come from an **identified individual** does not instill the same level of urgency as a important individual from the bank, such as a CEO

### Broad Intentional Cue

Individuals are more likely to follow through on a **specific intention** (I will pay by Friday) versus a **broad intention** (I will pay soon)

### Original IVR Script

This is \_\_\_\_\_ Bank.  
We have an important message for (CLIENT NAME)  
• If you are this person Press 1  
• If you are not Press 2

You have a total due amount of (TOTAL DUE)  
• If you have already made this payment Press 1  
• If you will be making this payment within 3 days Press 2  
• To speak with an agent Press 3

If 1 is selected: Thank you for making your payment  
If 2 is selected : We've noted that your account will be paid within 3 days

Did you know that you can go on line to \_\_\_\_\_ .com and simply set up an automatic monthly payments that will help you to avoid missing your due date? Thank You

# Ideation

*We developed interventions to increase debt payments among customers*

We developed numerous strategies based on concepts in Behavioral Economics to increase credit collections while protecting the brand's reputation.

The key concepts our team focused on were as follows:

1

**Specify an Intention**

Provide a specific date and time for the customer to make a payment

2

**Sign a Pledge**

Signing a pledge to confirm commitment to repay increases follow through

3

**Demonstrate Authority & Credibility**

Have the message come from an important individual at the bank

# Design Lab

## Applying identified BE concepts to a new IVR script for debt repayment

We designed a new IVR script applying the identified BE concepts that facilitates the consumer decision-making process and drive the target behavior of debt repayment

1

Specify an Intention

2

Sign a Pledge

3

Demonstrate Authority & Credibility

## BEworks IVR Script

If you are going to pay within the next 24 hours, Press 1  
36 hours, Press 2  
48 hours, Press 3  
72 hours, Press 4

1

(CLIENT NAME), you have committed to pay (TOTAL DUE) within the next 24 hours.

- Press 1 to confirm your commitment to this pledge
- To return to the previous menu, Press 2

2

(This is NAME Chief Operating Officer of COMPANY ) We value you as our customer and will mark your account as paid and up to date for the next 24/36/48/72 hours. We thank you for your commitment

3

# Experiment and Analyze

*Empirically testing our BE IVR scripts with 250,000 of our client's customers*

Our BE IVR script significantly outperformed the original (control) script in average payment amount, percentage of customers who paid, and reduced the average amount of days to pay.

