

Deloitte.
Digital

APRIL 2019

Future of Customer Service

OUR PERSPECTIVE



HOW WE WILL IMPROVE?

WE WILL ELEVATE THE
human experience

- Because great experiences **build connections**
- Strong connections create **loyalty** and ultimately
- Loyalty drives **business results.**

FOR EVERYONE.



Our Point of View

Seamless integration of digital and cognitive technologies will transform the role of customer service and change the way brands/companies serve their customers in a meaningful and impactful way.

- Brands are continuously looking to differentiate themselves in order to drive profitability and lead the market. In doing so, they strive to delight customers and not be content with a one-time transactional engagement. We believe loyalty is the key ingredient that creates customer stickiness, improves recurring revenue, helps command higher margins and reduces the cost of customer acquisition.
- Technology is the primary driver of business transformation. Innovative technologies like cognitive digital capabilities, machine learning, artificial intelligence etc. are embedded into every aspect across the supply-chain to derive efficiencies and cater to evolving partnerships in the marketplace.
- Customer Service is oft spoken but seldom treated at the core of digital transformation vision and roadmap. It sits in a silo and not seamlessly integrated across all channels.
- Our perspective is aimed to present the case of what the future of customer service would look like, along with thought-provoking use cases to demonstrate how it can be accomplished.

A photograph of a business meeting around a wooden table. In the foreground, two hands are shaking. In the background, another person has their hands clasped. There are coffee cups, a tablet, and a watch visible on the table.

Why should you care

The need to rethink customer service as a driver of a superior customer experience

The Market: On Customer Experience

Every two years, Deloitte Consulting performs a Contact Center Survey¹. The following are some of the key findings for the 2017 edition

Channels

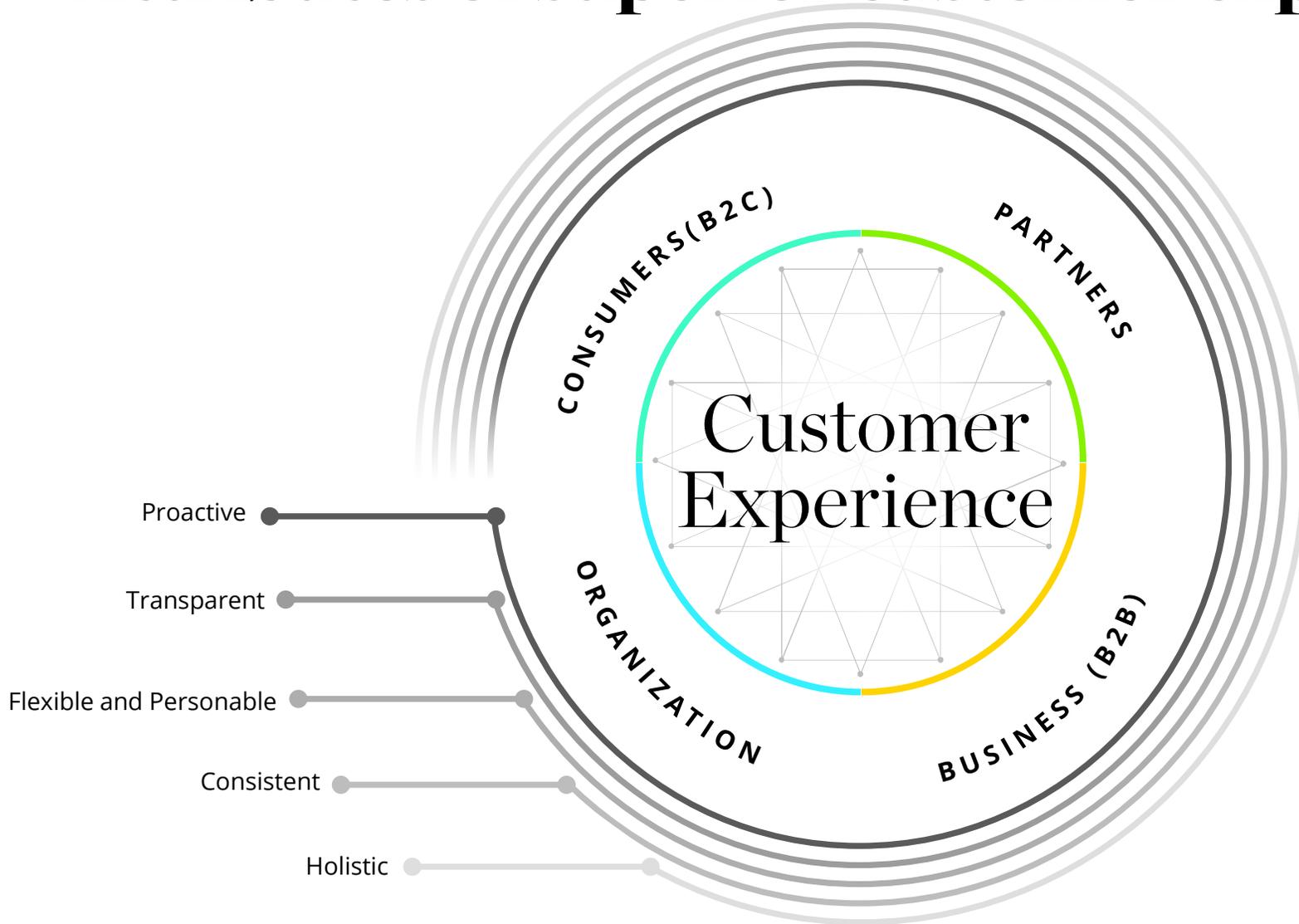
- In **2019**, **47%** of inbound contacts will be via phone vs **64%** in **2017**
- **31%** of survey respondents plan to use video chat in the next 2 years and have it account for **8%** of all interactions
- **33%** of respondents plan to invest in Robotics and Automation in the next two years
- Social media will account for **9%** of all inbound contacts by 2019

Where to Focus

- **80%** of respondents say improving the customer experience is the number one strategic objective
- Accuracy and quality of information is ranked the most critical attribute in improving customer experience (**66%**)
- Ease of interaction is ranked a close second (**62%**)

Source:
¹<https://www2.deloitte.com/us/en/pages/operations/articles/global-contact-center-survey.html>

Attributes of superior customer experience



Superior customer experience drives customer satisfaction.

Which, in turn, drives loyalty.

Why Be Loyal?

For customers, loyalty doesn't make sense.

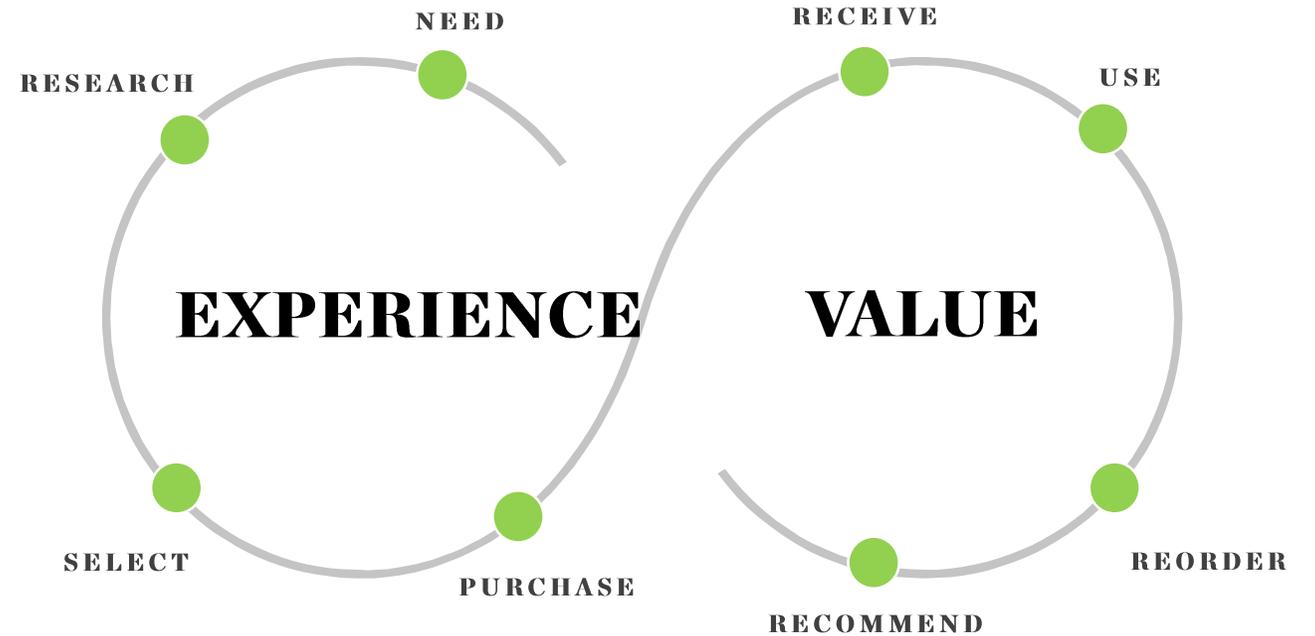
Customers would be better served by always choosing products or services with the highest perceived value based on how their budget allows to spend, not by continually returning to the same corporation or brand out of loyalty.

The Logic of Loyalty

Loyalty isn't logical.

It isn't just driven by quality or cost savings.

It's driven by emotion.

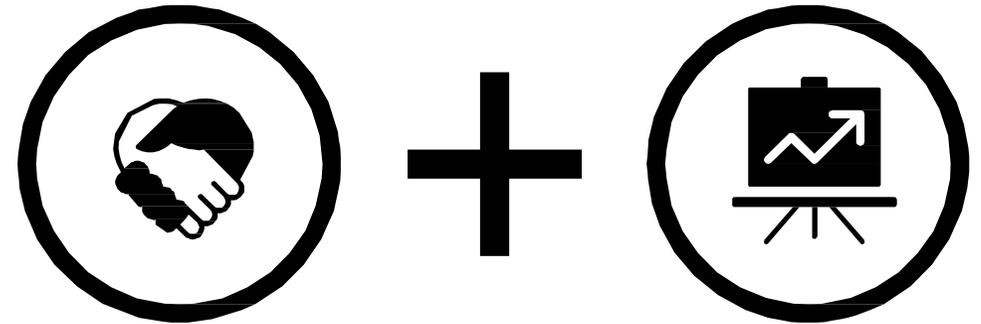


Creating Loyalty

Customer service is more than just addressing their current need.

It's about creating value...

...during the moments that matter most to customers along their unique journeys.



Incentives for Behavior

Incentives for Business

Tapping into emotion and behavior requires a contextual understanding of the individual and what they value.

What is the value of loyalty?



Spend

86%

of buyers will pay more³ for a better customer experience, but only 1% of customers feel that vendors consistently meet their expectations



Cost To Serve

33%

Reduction of the cost to serve customers by delivering great experiences⁴



Tenure

24% of B2B buyers continue to seek out vendors for 2+ years after a good experience³ while 66% of B2B buyers stopped buying after a single bad customer experience⁴



Promotion

Customers tend to mention a good brand experience to an average of nine people, but will talk about a bad one to

16 people¹

and B2B conversion rates from referrals are 2 points higher than any other channel²

Forrester estimates investing in superior customer experience drives \$6.8B⁵
of additional profits across the US economy¹

Source:

¹Forrester, 2016

²Forrester, 2016

³Walker Info Differentiator, N/D

⁴Forrester, 2016

⁵Gartner Customer Experience, 2014

Unlocking the Customer's Experience Value (CX^V), 2017

A photograph of a business meeting around a wooden table. In the foreground, two hands are shaking. In the background, another person has their hands clasped. There are coffee cups and a tablet on the table. A person in the background is wearing a blue watch.

**But it could be
more than
that...**

And the path to differentiating your
brand from your competitors

Our perspective on the future of Customer Service

The future of Customer Service will focus on personalized customer experiences throughout the user journey with consistency of brand and messaging across company's channels enabled by digital and cognitive capabilities.

Evolution of the Services Business Unit

Yesterday	Today
 Inconsistent and poor impersonal customer experiences across customer channels	 Consistent and personalized experiences including brand and messaging across channels i.e. Omni-channel
 Reactive, responding to customer requests	 Proactive, seeking out insight-driven service opportunities in every interaction
 Loss of revenue upside due to inability to cross-sell and up-sell at key customer contact moments	 Leveraging artificial intelligence to identify opportunities and experiences that are relevant for the customer
 Disjointed technologies (marketing, CRM, service, etc.)	 Cognitive and artificial intelligence capabilities seamlessly weaved into the customer and agent's experience
 Poor employee/agent experience due to multiple technologies and fragmented customer data	 Automated, proactive and predictive capabilities to increase customer loyalty and company brand
 Numerous customer data sources resulting in lack of 360° view of customer	 Running on agile, scalable systems purpose-built to support the go-to-market needs of services

Effective cloud solutions accelerate the capabilities of a Services Organization to run faster without impeding the continued operation of hardware-focused processes and systems



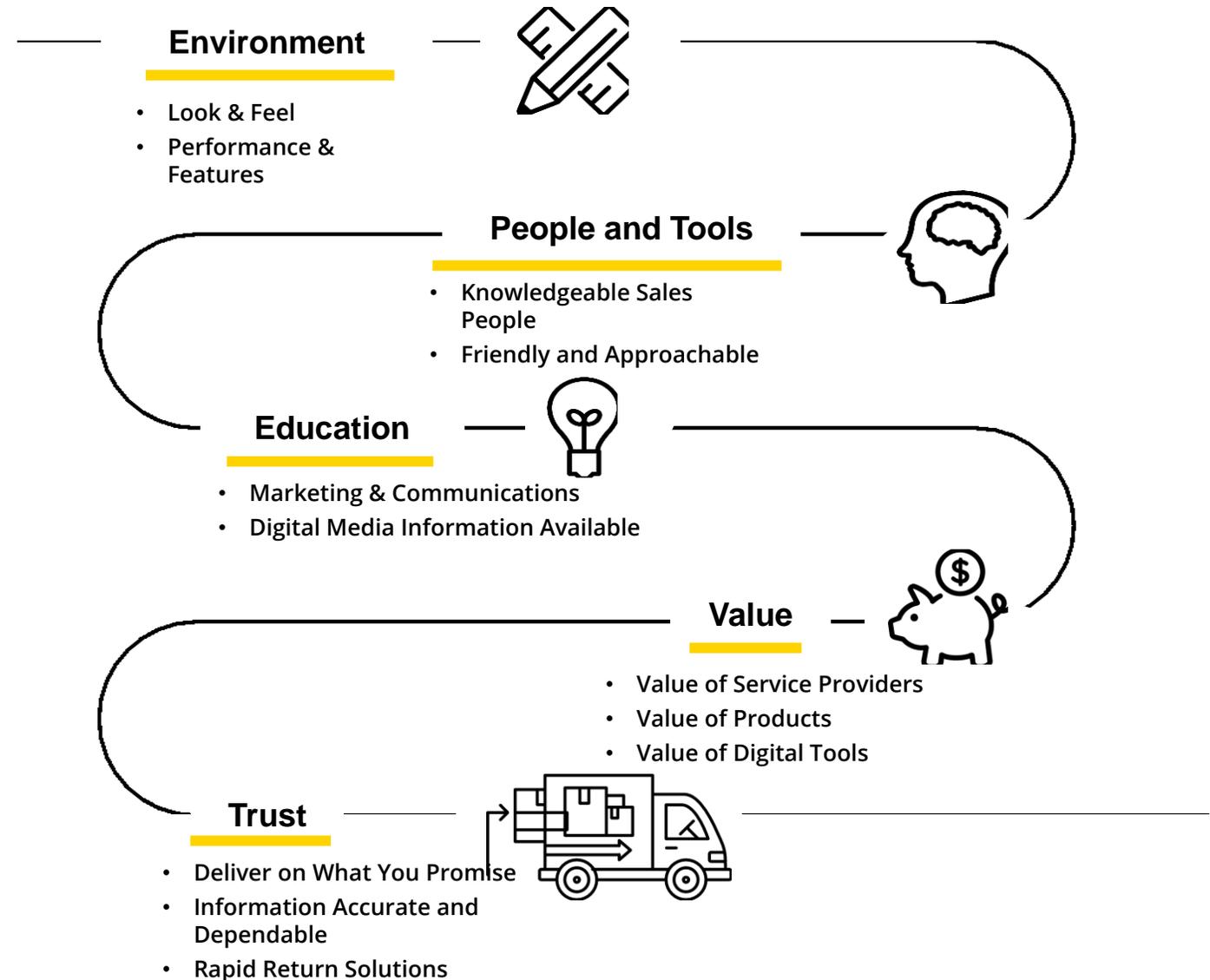
Customer Journey

Ensure the voice of the customer is periodically heard and acted upon. This will maintain reputation and customer loyalty.

Journey Mapping: Customer Experience Levers

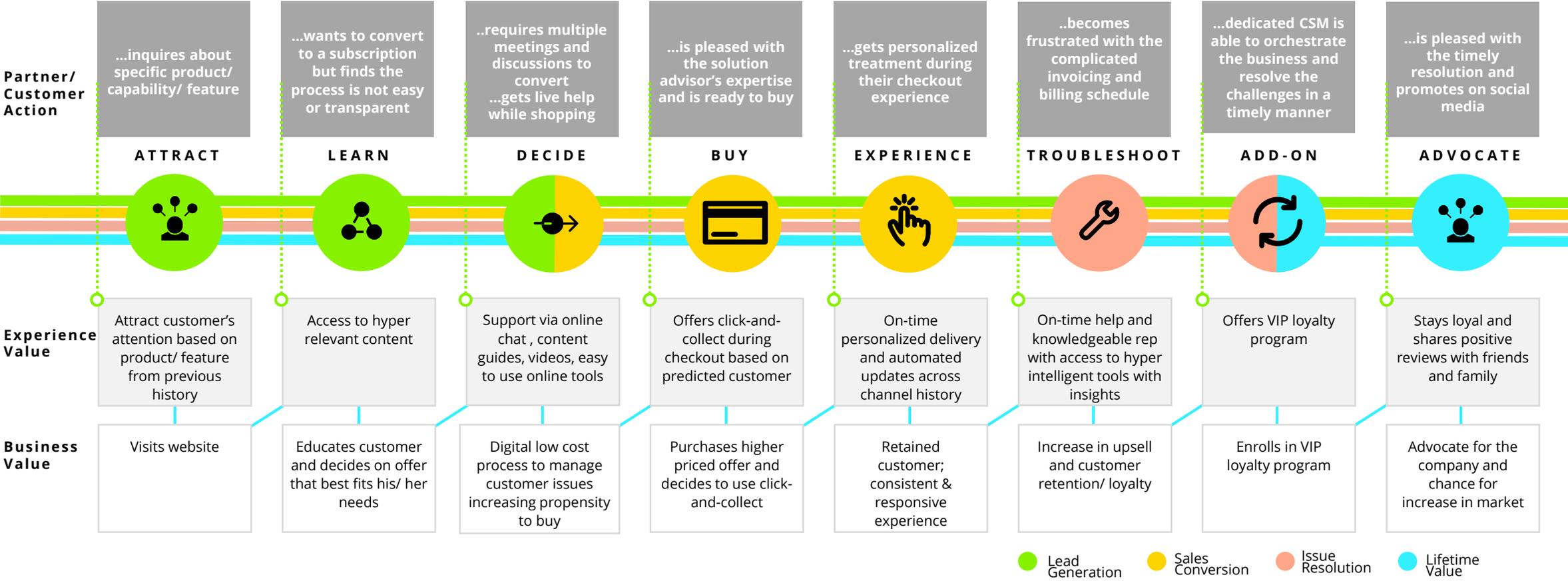
Research has shown that an increase in **customer satisfaction, loyalty, and positive word of mouth** are correlated with improvements in five key user experience levers -

1. Environment
2. People and Tools
3. Education
4. Value
5. Trust



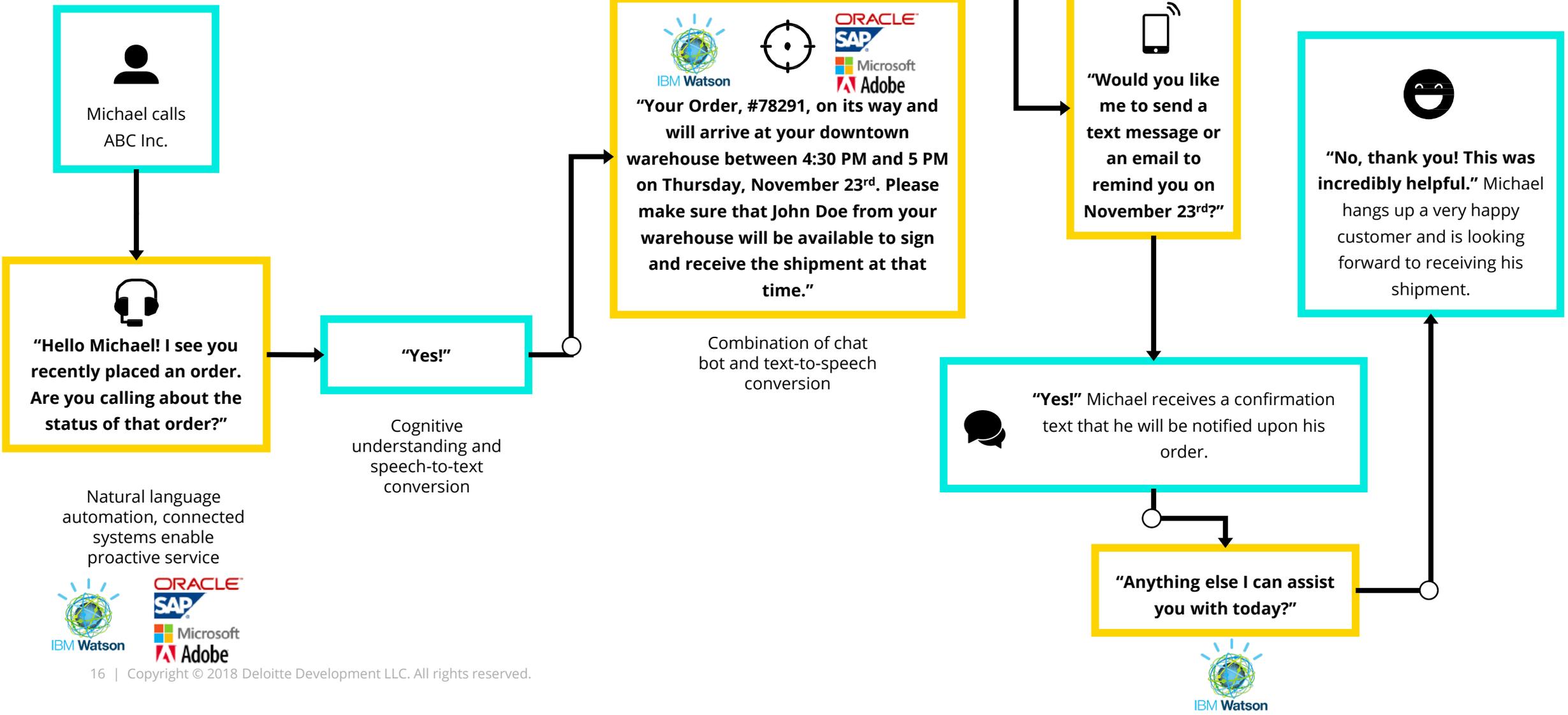
Make it part of every step of the Customer Journey

Customer Service will transform to play multiple roles along the customer journey



Where's my order?

Human
Machine



Human
Machine

Are you ready to re-order?



Natural language automation, connected systems enable proactive service

Shannon calls ABC Inc.'s customer service line in between meetings on a busy day.

"Good evening, Shannon! You normally order Resin X every 6 months and it has been 5 months since your last order, would you like me to get an order going tonight so it will arrive to you by the 25th of November?"

"Sure, that sounds great!"

"Your Order, #78291 will be shipped first thing in the morning and will arrive at your Atlanta warehouse by 4:00 pm, November 25th. Sarah is the official signatory for all warehouse shipments from us, so please make sure that she is present to sign off on the delivery."

"Would you like me to send a text message or an email to remind you on November 23rd?"

Uses text-to-speech automation to generate customer message

"An email would be great!" Shannon receives a confirmation email that she will be notified upon order delivery.

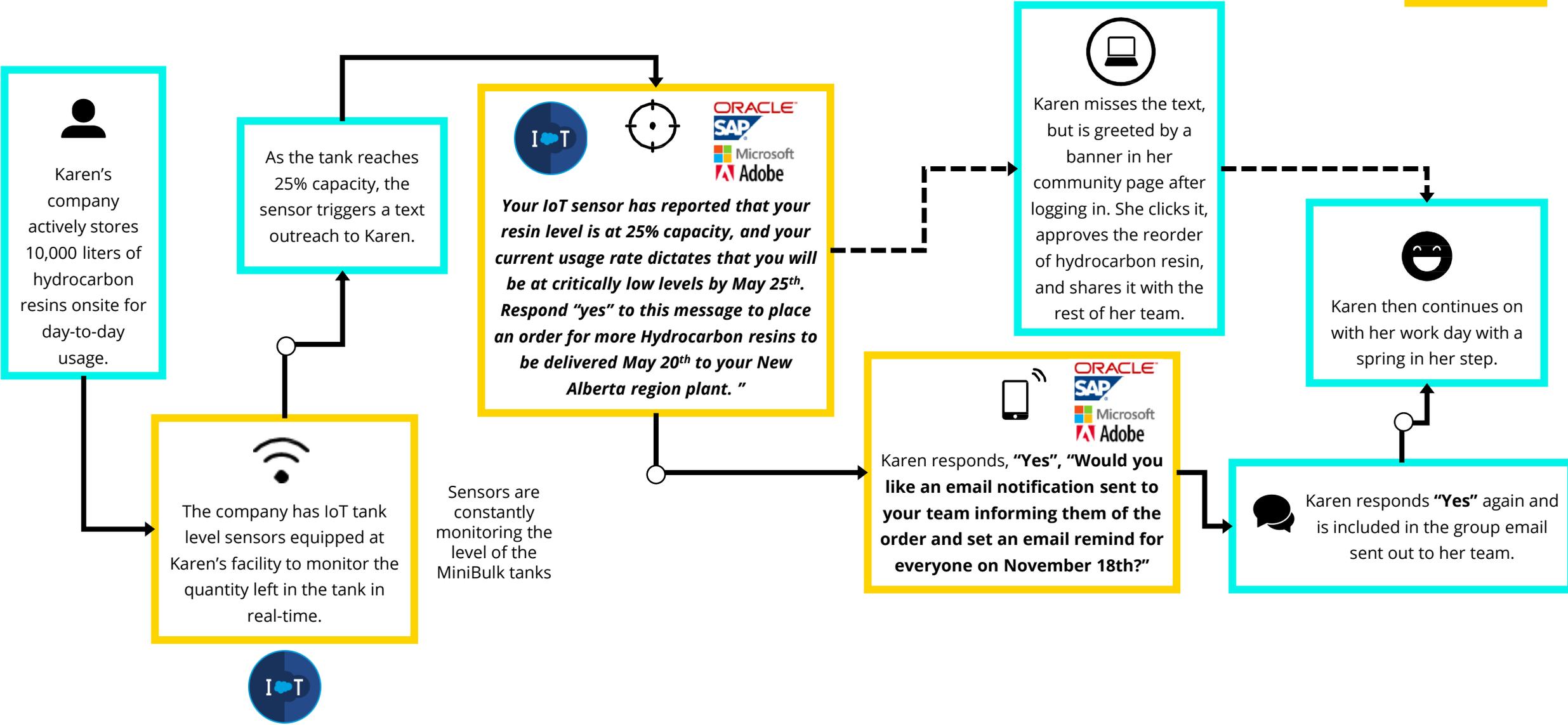
Is there anything else I can help you with before you enjoy the rest of your evening?

"No thanks, that's everything." Shannon hangs up with a smile and walks into her next meeting quicker than she ever has before having to make this call.

I see your Resin is getting low...

Human

Machine

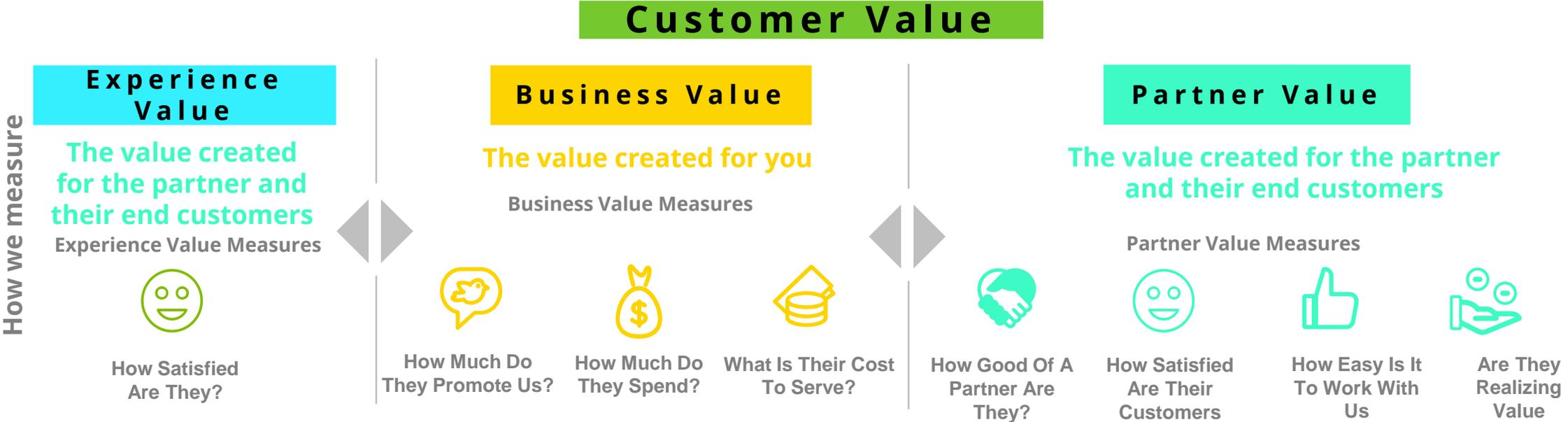


How do you
define
customer
value?



Begin by defining Customer Value

Connecting experiences to quantifiable business value amplifies bottom line return



These measures all represent customer-specific data—the cornerstone of Customer Experience Value (CXV)

In closing...

Winners may not get it right, but will learn and improve. Watchers will fall behind and lose.



Build A Digital Ecosystem

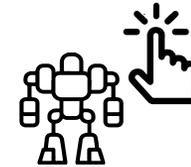
Tailor the experience for customers as well as employees to promote understanding of customer's preferences and expectations by creating a single view of the customer.

This requires more than just a collection of systems; a streamlined ecosystem that is truly cross-channel.



Establish A Customer Engagement Model

Even with a system in place, enriching customer experience requires enterprise level engagement model to orchestrate how people and systems are connected, interactions are managed, and how data is presented, maintained, and shared across the organization.



Lay The Foundation For Loyalty

To truly be a customer-first organization, a single view and rich view of customer's preferences, behaviors and most relevant transactions must be readily available to employees servicing customers.

To create loyalty, businesses must understand what drives their customers towards or away from them.



Keep Looking Forward

The "digital customer" has a new set of behaviors and expectations, shifting from "what I want to do" to "what I need to know".

Advanced cognitive operations involve a maturity runway. Today's investors in cognitive will reap first-mover advantages as machines learn and perform cognitively.



Thank you.

Barb Powers

Senior Manager

Contact: bpowers@deloitte.com

Kaeon Davis

Senior Consultant

Contact: kaedavis@deloitte.com

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Appendix

Robotic & Cognitive Automation, Vendor Landscape, Major Tech Companies

Robotic & Cognitive Automation

Robotic process automation (RPA) vendor selection



Greatest depth of implementation experience and quickest to create initial automation processes



Most advanced robot control and best ability to scale with rapid robot creation and cost efficiency with no additional infrastructure costs



Best front office automation with Remote Desktop Assistant offering that works in parallel with the human



Greatest SAP/Oracle expertise plus extensive pre-built functionality to automate Finance processes



Most intuitive UI for business-led process creation and specialized Citrix compatibility

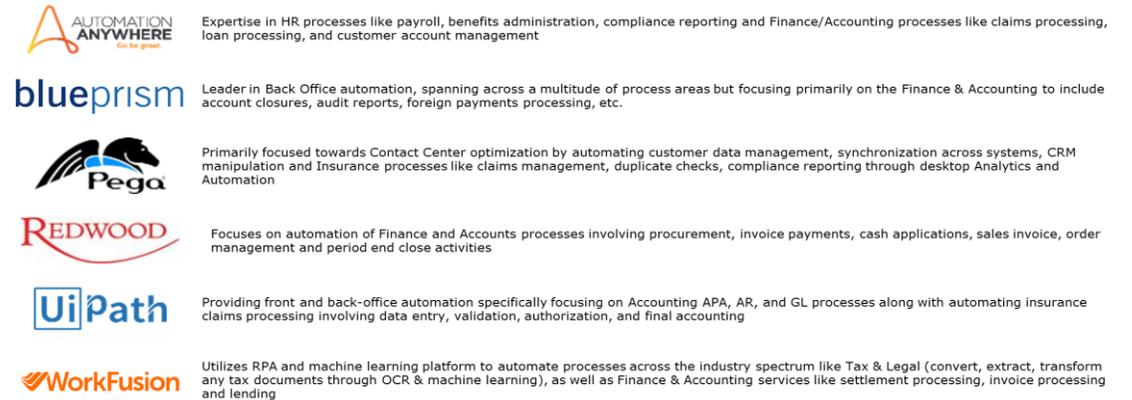


Best ability to handle unstructured data and performs smart process automation with built-in mature machine learning

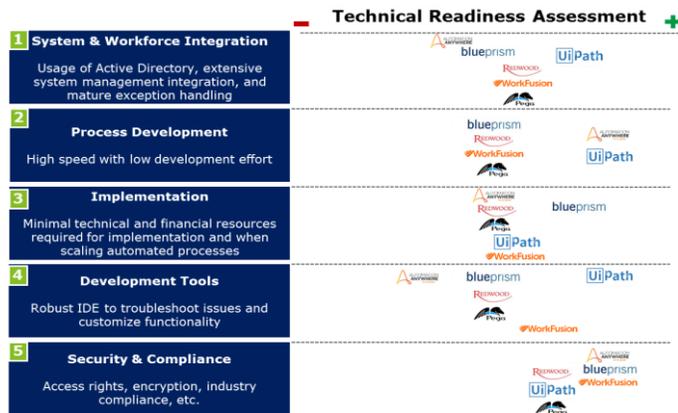
Industry Experience



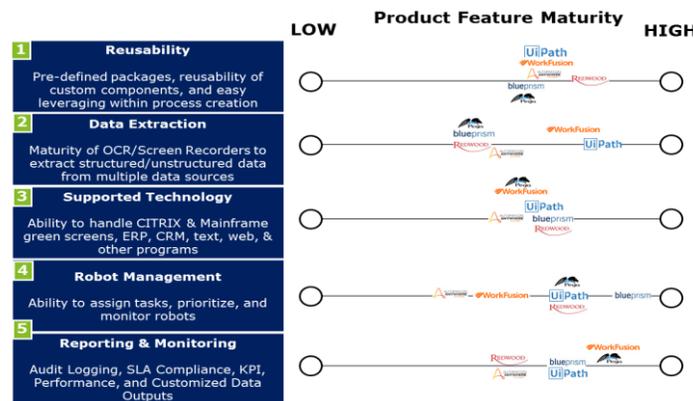
Functional Area



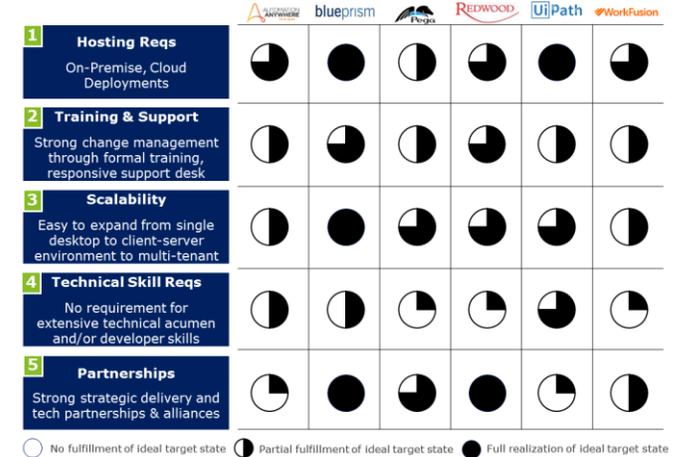
Technical Readiness



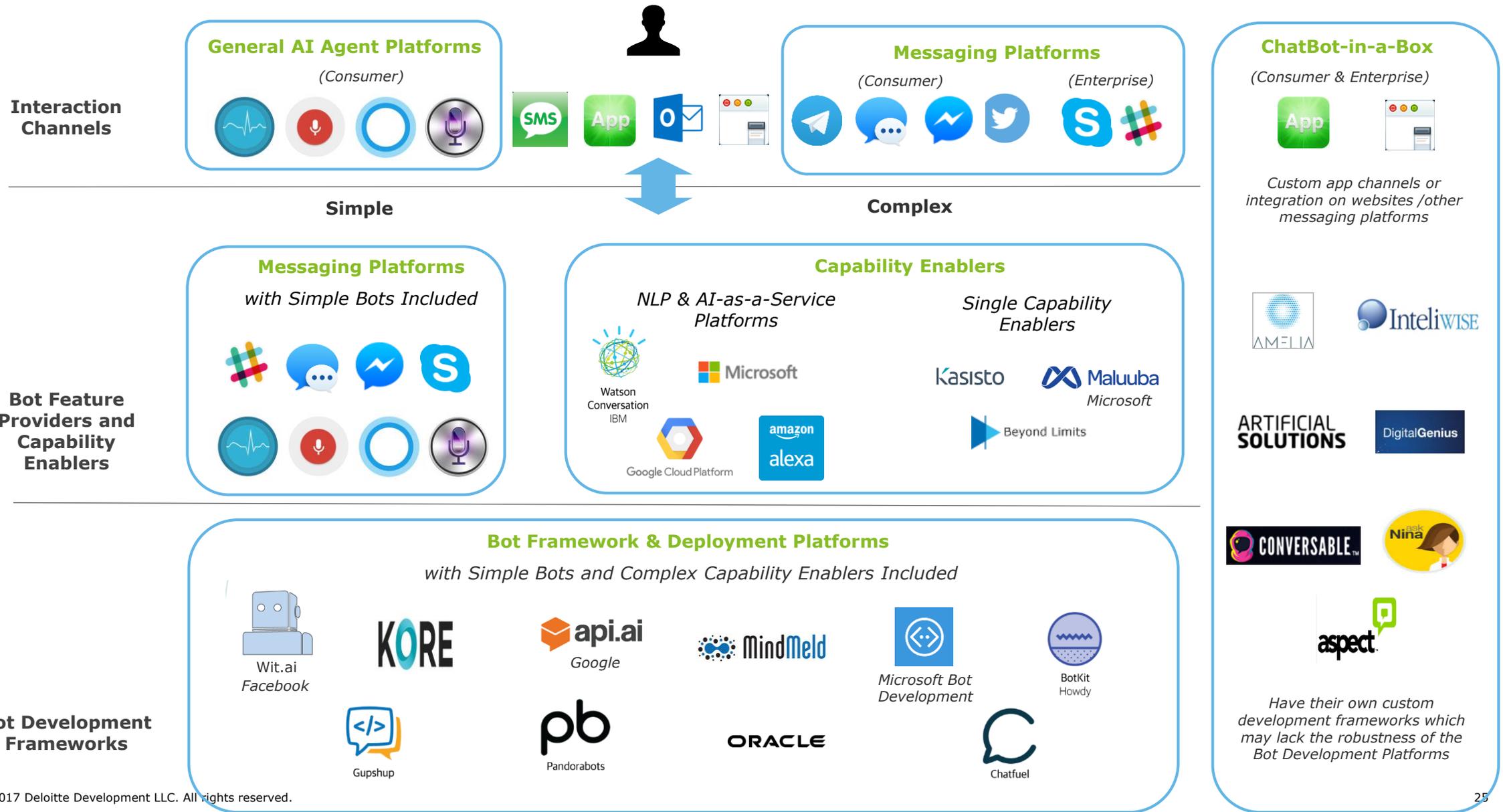
Product Maturity



Deployment Considerations



Understanding the vendor landscape



Major tech companies are consolidating the ecosystem into four types of platforms with the goal of having a vertically-integrated technology & services stack...



- **General AI agents with platforms** are currently targeted at developers focused on the consumer market and *are irrelevant for most enterprise use cases outside of that.*
- **Messaging platforms** also have tools for developers to build bots, with Slack and Skype being the primary enterprise channels, *but advanced NLP or AI capabilities are usually not available unless another vendor is used as a "capability enabler" via an API.*
- **Natural Language Processing (NLP) or AI-as-a-service platforms** can be used as a building block or "capability enabler" for a ChatBot agent, *but these vendors still require 1. a platform/framework for developing a ChatBot agent and 2. a messaging platform or interaction channel such as a webhook on a company's website*
- **Bot frameworks and deployment platforms** allow developers to build, test, train and manage *a large number of ChatBots that are then deployed on multiple messaging platforms or other interaction channels.* These can also interface with NLP or AI-as-a-service APIs to provide more robust capabilities.

IBM Watson

Category	Company & Product overview
NLP/AI-as-a-service Platform	Watson combines a number of cognitive techniques to help you build and train a bot to automate conversation, all via simplified tooling that practically anyone can use. You can then deploy your Watson ChatBot via mobile device, messaging platform like Slack, or even through a physical robot

Key Offerings & Services	Strengths & Weakness
<ul style="list-style-type: none"> • Watson Conversation • IBM Bluemix • Watson Virtual Agent • Watson Explorer • Watson Analytics • Watson Knowledge Studio <ul style="list-style-type: none"> • Languages: English, Japanese 	<p>Strengths</p> <ul style="list-style-type: none"> • Machine learning component which allows users to correct responses and advanced NLP which can be accessed via API <p>Weakness</p> <ul style="list-style-type: none"> • Does not provide the full suite of tools for bot development • Can be expensive when used at scale (\$.02 per API call) <hr/> <p>Known Use Cases</p> <ul style="list-style-type: none"> • Deloitte UK firm uses IBM Watson for Service Desk queries • Royal Bank of Scotland (RBS) uses IBM Watson ChatBot "Luvo" to answer questions online for customers and direct them to right places • Travel operator Thompson has created a ChatBot using IBM Watson to provide holiday recommendations for customers

Channels															
– Most Messaging and General AI Agent Platforms															
Understanding Language & Context						Task Automation Capabilities					Enterprise Systems				
Rule Based	Keyword Triggers	Q&A Pair Scripts	Machine Learning	Natural Language Processing	Entity Recognition	Intent Recognition	Reinforced Learning	Dialogue Mgmt.	Alerting / Monitoring/ Scheduling	Incident Triage & Management	Search & Data Aggregation	Runbook Execution	Judgment	Creativity	<ul style="list-style-type: none"> • Many integrations will need custom development.
Bot Platform / Development Framework															
Develop	Test	Discovery	Bots Mgmt.	Security	Publish	User Mgmt.	Audit Logs								

Source

- Demos
- <http://www.ibm.com/watson/>