



Service Excellence Cockpit

Excursus – The digital Service Center

October 2017



The digital Service Center

Digitalisation is currently on everyone's lips and does not stop at the service centers. In this context, the 'Doomsday scenarios' are also prophesied in the media. Headings such as 'The call center agent has had his day' or 'Call center: Do we just have to talk with robots?' are not a rarity.

from Prof. Dr Nils Hafner, Lucerne School of Business

But this is not yet the case. In 2017, nearly 20% of all incoming customer contacts are processed in the Self Service. Also, new touchpoints are planned, where self-service is possible or even obligatory. However, their share of the contacts is still low, as shown in Figure 1.

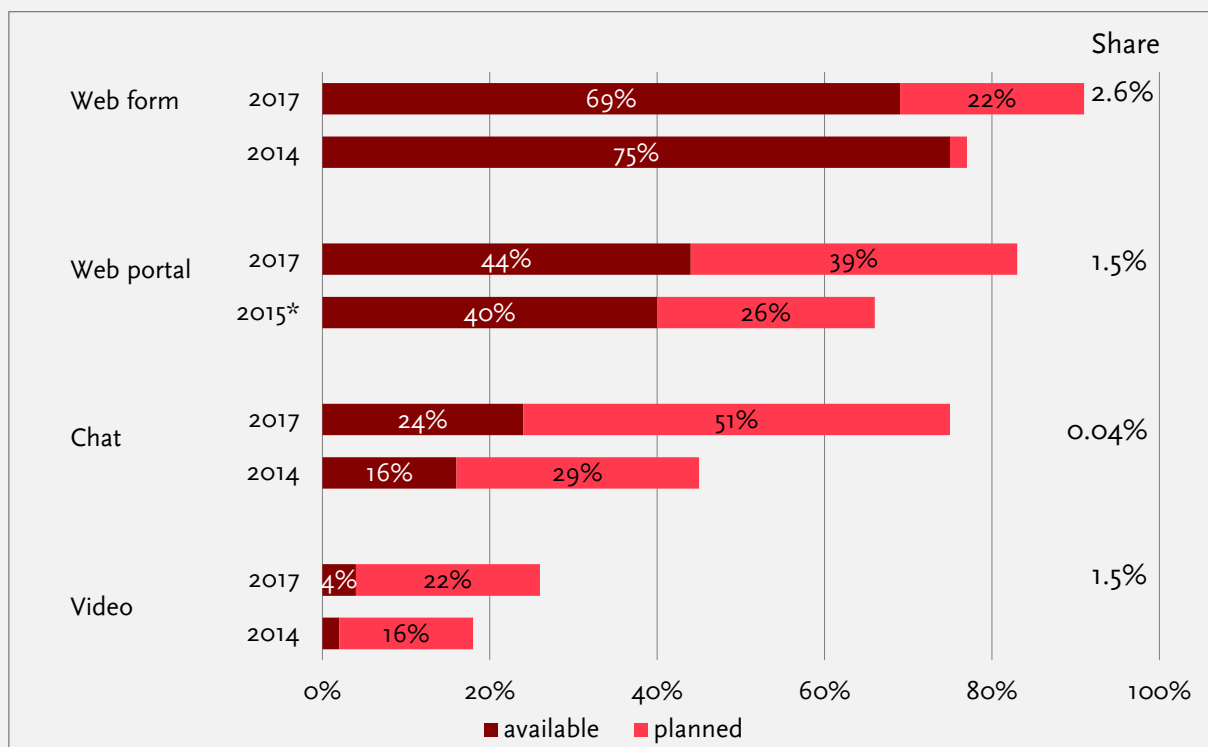


Figure 1: Omnichannel – new channels on the advance, but still with a small proportion of the total contacts

Chat on the advance and first applications of chatbots

Just from chat, companies are hoping for high automation possibilities thanks to a combination of Big Data and Machine Learning. The goal is the development of so-called chatbots. This is software that is able to enter into a meaningful dialogue with people. This must be taught through dialogues between customers and companies.

Merchandise dialogues with chatbots still largely unsatisfactory by 2016, since the client's different phrases were not partly understood by the bot, so we expect a big leap for the next few years. Alexander Weidauer, Chatbot expert and CEO of the conversational AI start-up LASTMILE, explains that the conversation between bot and customer is not only about the learning speed of the system, but also about directing the customer to the dialogue with a skilful question technique. If the bot asks specific questions, the customer's decisions, and hence his will, are clearer. 'Who asks, leads' applies also to chatbots.

The basis for the coming success of such bots is an infrastructure that has emerged since 2008 on the smartphones of more than 2 billion people. It is about messenger environments like Facebook Messenger, WhatsApp, Amazon Echo or the Chinese WeChat. The good thing about this, is that since 2010, companies have been increasingly concerned with the phenomenon of social media. Today, for example, more than 60% of all companies surveyed by the Service Excellence Cockpit, monitor the dialogues of their customers on Facebook and determine how the brand is being talked about.

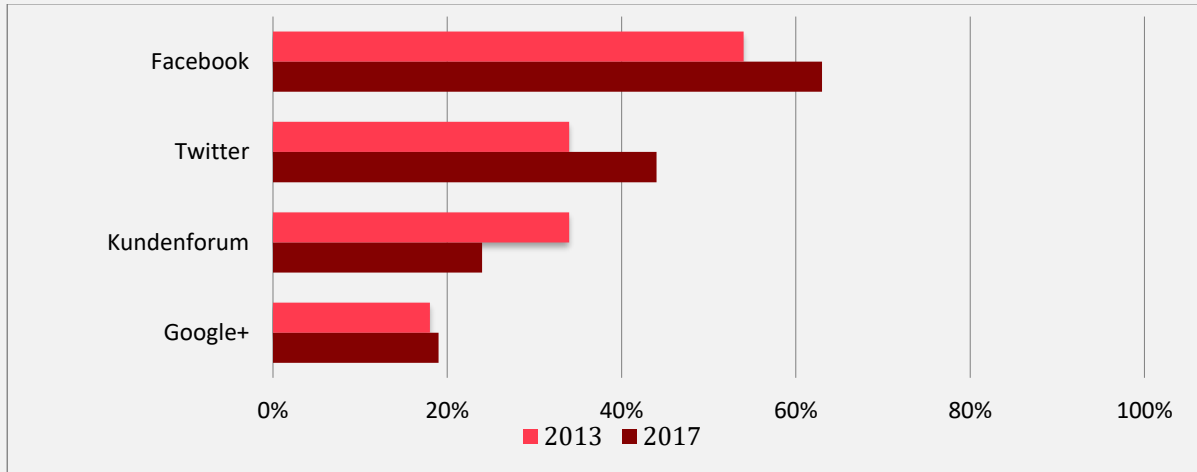


Figure 2: Track the communication about the company in 2013 and 2017

Now, the next step is to go from a pure 'monitoring' to value-creating dialogues about this infrastructure. The more individual dialogues are now responding to the needs of customers, the more successful they become. On this 'Conversational UI', companies can now chat with their customers. This has the advantage over the development of own service apps, that a generally accepted dialogue infrastructure is used, which is accessible to most users and thus to the customers and easily understandable.

And here the bots come into play, because these can lead to thousands of parallel conversations. Bots serve the users as a conversation partner or integrate into the dialogue between several human users. The core idea behind this is that the participants of the dialogue are guided automatically by the bot to products and services, which play a role in the dialogues. For example, holiday planning can take place entirely from flight bookings, to the hotel reservation, to the selection of excursions or restaurants in a conversation without leaving the messenger environment, in order to call up commercial apps or websites, for example, to do research on prices and alternatives.

Such transactions, which are concluded by means of communication, are subsumed under the keyword '*Conversational Commerce*'. If the chatbot is integrated into a commonly used messenger platform, e.g. Facebook, it simplifies the daily routine, since less effort is required, for example, to order a flight with a short message and not have to go through the airline's app. However, the correct potential is only reached if a trip planned by means of a bot does not go according to your wishes: For example, when a flight is delayed, the bot can make booking changes automatically to ensure that the planned dates are adhered to. The customer is unaware of what is happening. The airline is spared an abundance of unwanted service dialogue.

Since service requests occur in different degrees of complexity, the monitoring of the dialogues plays a special role. This applies, in particular, to the case when new or unusual service requests which are unknown to the bot are made. Here, the bot is not able to answer or the answer is unsatisfactory for the requesting customer.

It is important that the dialogue is taken over by a human contact person if the bot is not 'able to continue any further'. Afterwards, it is recommended to return the new service case to the learning bot. In order to provide the bot with a foundation for 'service knowledge', experts recommend the piloting of bots together with customers.

Thus, unsatisfactory dialogues should be reduced over time. In general, companies are only at the beginning of this development. Bots begin slowly with the solution of standardised problems and open up to the complexity of human dialogues bit by bit. An exciting perspective.

Increase in efficiency through automation of processes with large volumes

When it comes to digitalisation and automation, it is always important to assess the extent to which efficiency can be increased in the end-to-end view. The combination of processing time and First Contact Resolution (FCR) is a good indication of the efficiency of a channel. Figure 3 shows the comparison of telephone and email. Here the telephone channel still scores well. With almost the same FCR, the machining time is almost two minutes shorter.

Precisely because email ping-pong can be avoided here, companies with a high degree of maturity in the customer service, steer meanwhile more in the direction of telephone or chat. The rule 'input channel is equal to the output channel' has thus more and more become obsolete in times of digitalisation. Because: when a customer mail arrives, which the employee does not understand, because it is, for example, poorly formulated, this employee should call the customer back. For the probability that the customer suddenly writes more intelligently does not increase, just because the employee sends him a query by e-mail.

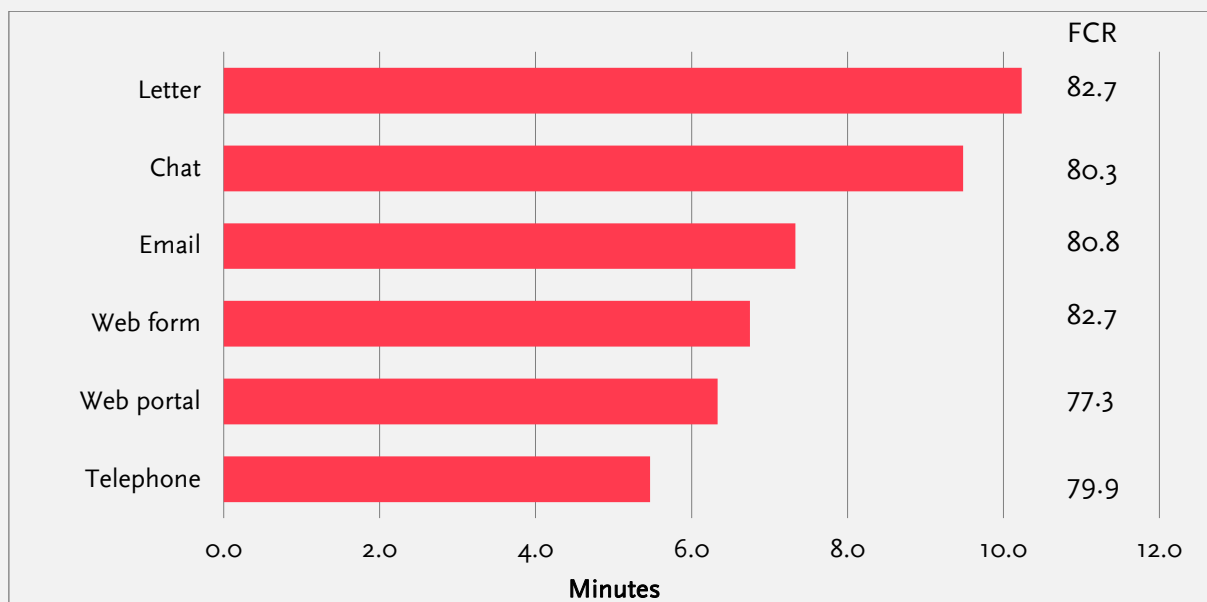


Figure 3: Average processing time and First Contact Resolution

Digitalisation must therefore take place where the processing time can be shortened. In the Service Excellence Cockpit, we have examined the technologies in which the written communication will be invested. We have asked how automatic email response, content analysis, or text building blocks are used. When looking at the currently used technologies, however, there is conspicuously large expansion potential, as shown in the following Figure 4.

On the basis of the current quantity structure, companies have to consider which customer requirements can actually be automated in the service, which must be simplified and which, for example, result from mistakes of the company and thus could be completely avoided. Because at least 20% of all customers have to contact the provider for a second time because of a single request.

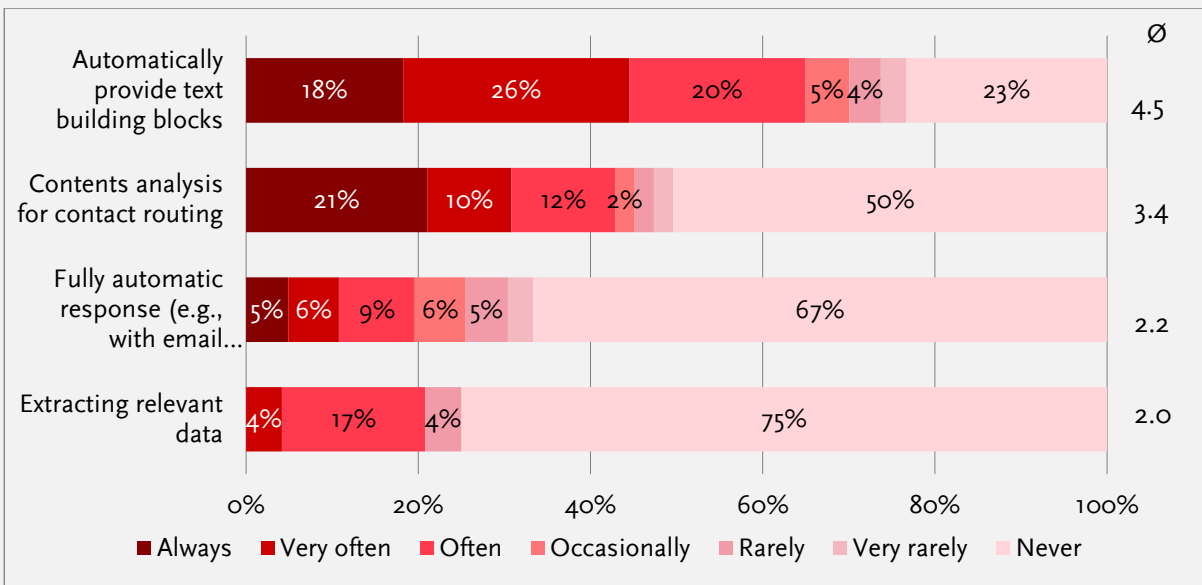


Figure 4: Technological support for written communication

Great development in speech technology

There is still little use of digitalisation tools in the language area, but this can change rapidly. It is, for example, now possible to digitise and evaluate spoken dialects. A health insurance company, for example, tries to measure and control customer satisfaction with individual telephone contacts. That was not the case two years ago. This raises the question of what information the company needs in order to understand the customer better than the competition. This also creates new automatic possibilities for assessing customer satisfaction. Certainly, this is more empathic than to ask the customer after each contact with expectancy. 'So, darling, how was I, will you recommend me to others?'

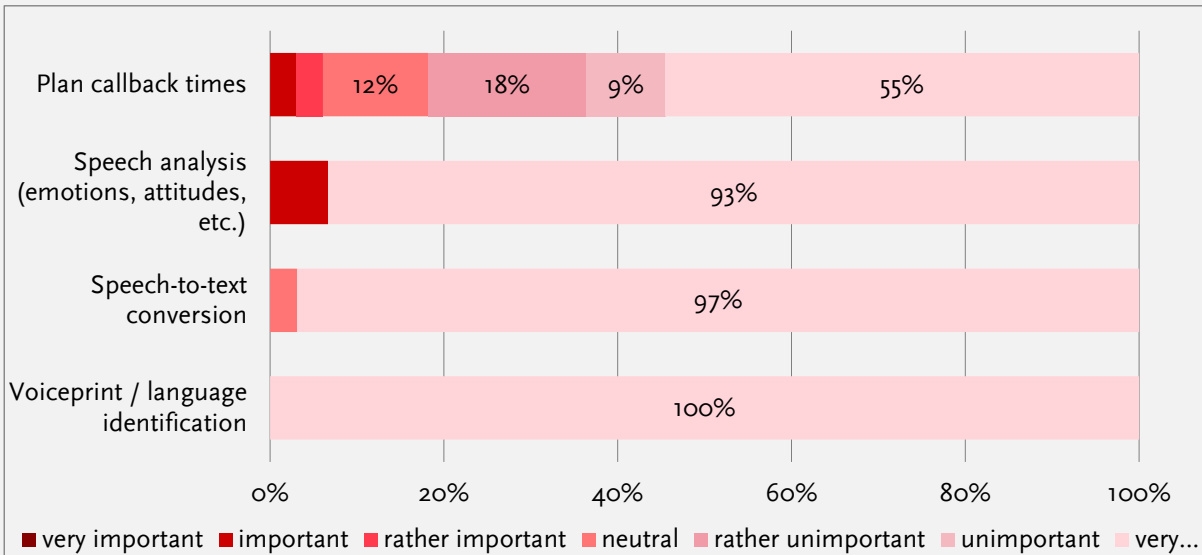


Figure 5: New still little used technology for voice communication

Analytical instruments and Big Data

In the cockpit, it can be observed that the use of analytical engines has evolved over the last two years. In this context, the distribution of the contact volume of companies to individual touchpoints cannot be taken as a surprise. After all, new data is constantly being produced by the customer via the digital touchpoints. For example, in the form of always new successive dialogues.

In this context, for many service departments, of course, the question is: When do you measure what? In addition, there is still the perspective on the integration of external service data. For example, a coffee machine manufacturer has linked his database with the knowledge about the degree of water hardness at the customer's place of residence and the knowledge about the material fatigue of his own coffee machines and can predict exactly when a machine will give up the ghost. At the same time, the manufacturer knows what it costs if a customer has a machine defect: What the buyer DOES NOT buy and how likely it is that he will switch to the competition because of this defect. And because of this knowledge, the company can make the customer a great deal for a new coffee machine before the problem arises. This is called '*Predictive Servicing*'. This is also new.

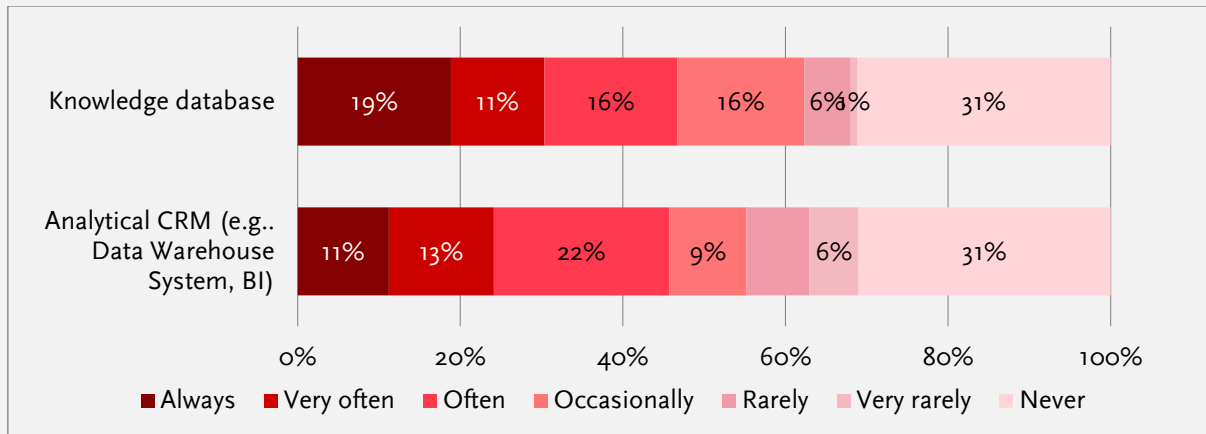


Figure 6: Knowledge and data usage in the service center

What is striking in this context is that, Big Data or not, analytics and knowledge databases are still far less widespread than surgical customer service tools like CRM, workflow systems, Universal Queuing, collaborative tools or ticket systems. There is potential for development.

This is counteracting the investment in the technology made last year. One can interpret the results of the Service Excellence Cockpit 2017 so: Strategic differentiation with modern technology yes, only the method is still missing. Let us hope that the future benchmark year will have a new perspective!

Conclusion – Digitalisation in the Service Center

1. Omnichannel is widely available; only with consistent channel control and use of self services can the full potential of the digitalization be used.
2. The conversion of linguistic automation and text automation still leaves much to be desired. Here lies much more potential to unlock.
3. Social media provide the basis for a conversational UI and create new commerce offers from service dialogues.
4. Strategic considerations on the use of analytical data are scarce. At present, new technologies are first being tested.
5. The findings from Analytics and Big Data are still not being very much used in increasing automation and simplification. Here there is a lack of continuous processes and a meaningful use of artificial intelligence.