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Smart Service

How the Internet of Things will impact customer service management

Part 1 Global customer service culture

Digital, social, mobile technologies and our hyper-connected world provide organisations with increasingly sophisticated ways to interact with consumers. Providing a seamless global customer experience is a source of competitive advantage, yet few organisations are equipped and trained to take their global customer service to the next level by offering smart customer interactions with the Internet of Things.

In fact, most organisations have tried to reduce customer service interactions or at worst ignore them completely. They use a range of strategies:

- Limiting accessibility so that customers seek alternatives or struggle to find suitable channels to contact them.
- Resolving the service issue through lower cost options such as call centres using IVR and offshoring.
- Driving customers to use self-service, which means they do more of the work.
- Using lean service or demand management techniques to reduce 'failure' and the number of service issues.
- Encouraging customers to help solve each other's problems through forums and social networking.

There is a continuum for these strategies, with some organisations opting for severe restrictions on the provision of service while others have continued to advertise their investment in the customer experience as a point of value to customers. Only a few, often-quoted brands – including Amazon and First Direct – have consistently proven through benchmarking to create a differentiated service.

Why do organisations adopt a cut-back customer service culture?

There are three reasons.

1. Few organisations develop customer value propositions which explicitly identify the role of service in the offer to consumers. Price, product, and even brand are explicitly researched and often core to marketing, but after-sales service is tacked on as an undesirable necessary. As one Customer Experience Director said: "Service is about things going wrong, and no one particularly wants to think about that – particularly other parts of the business."

2. Despite the best efforts of 'black-box' methodologies, it has been difficult to measure and to prove the value of customer service in purchase, loyalty and re-purchase. Correlating customer service event satisfaction with revenue has proven inconsistent across industries, and while 'silver bullet' solutions like the Net Promoter Score and Customer Effort Score are being widely adopted, they don't always differentiate the impact of service compared to price, product and brand.

3. Many global organisations regard customer service simply as a cost, and naturally shareholders (and taxpayers) want to reduce that cost. From time to time, a Chief Executive Officer emerges and argues that better service 'obviously' leads to greater customer loyalty and advocacy. But for many leaders who have been trained to seek evidence and focus on the bottom line, this argument remains attractive but weak.

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Part 1 Global customer service culture

'No service is good service' – shapes industry thinking

The most influential thinking around customer service came from those who have argued for the downsizing of unnecessary customer service through the application of techniques like lean service and demand management. This literature has sometimes trumped the more traditional thinking that 'the customer is king' or 'going the extra mile', which made the case for delighting consumers through service.

Common examples of the cut back customer service culture

LIMIT VARIABILITY IN TIME TAKEN FOR CUSTOMER INTERACTIONS

REDUCE AVERAGE HANDLING TIME

INCREASE CROSS-SELLING ON CUSTOMER TRANSACTIONS

GAIN REVENUE-SHARE ON INBOUND NGN CALLS

LENGTHEN QUEUES FOR SERVICE

CREATE 'DEAD-ENDS' IN IVR PLATFORMS

DON'T ALLOW STAFF TO CALL CUSTOMERS BACK

KEEP CUSTOMER SERVICE STAFF SALARIES LOW
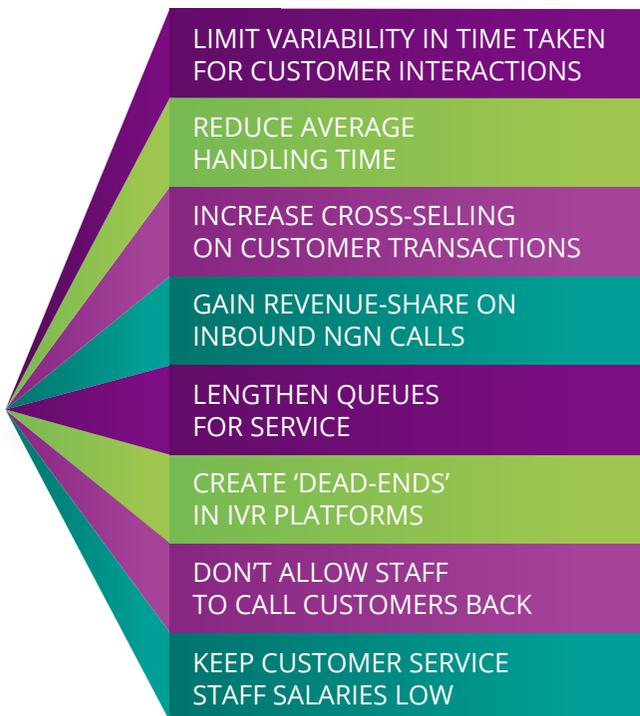
Experts have argued that neither organisations nor customers really want service experiences or interactions. Reducing product and customer failure would certainly help us all attain a better world of low-cost and low-hassle customer relationships.

To some organisations, the 'no service is good service' argument suggests that customer service is undesirable and should be curtailed or reined in, thereby further encouraging cut-back customer service culture. Other experts have argued that we need to prevent customers from 'failing', which gives the impression that customers themselves are at fault, rather than the organisation.

Many organisations have adopted the cut-back customer service culture, believing that costs can be cut while service is improved. Millions of people work in global sales and service delivery, and technologies and processes are deployed to deliver customer experiences. But in the absence of evidence to prove value from service, the over-riding objective of the industry remains to reduce costs, and reduce the number and depth of interactions with customers. But what does this mean in practice? It means:

- waiting for the customer to come to you with a problem

- maintaining queuing for service or limiting access to customer service

- keeping remedial action as limited as the customer will bear

- analysing customer satisfaction data, but not reacting to unhappy consumers.

Although cost will always be a factor, the real driver of this culture is a mindset among many leaders and senior managers that when it comes to customer service, we should 'leave well alone' (if at all possible).

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Part 2 Customer service is here to stay

The 'no service is good service' approach and the cut-back culture outlined above suggest that customer service is undesirable and unnecessary. This can encourage organisations to under-resource a vital part of the value proposition to customers, and a long-term source of brand strength.

Customer service isn't a sign of failure

Customer service isn't something to be avoided or a sign of failure – rather, it's integral to the product, service or government policy on offer. It's also an outcome of the nature and complexity of human endeavour (we can't design perfect products and services that allow for every exception to the rule). It is also a consequence of the variability and lack of consistency that is endemic in human kind.

Customer service has to work successfully so that organisations can deliver a profit to owners and a product or service to consumers, at a national and international level.

The natural equilibrium of customer service is millions of daily interactions around necessary issues, topics, questions and problems:

- **Delivery:** grocery, furniture and white goods that need to be delivered to homes or businesses

- **Instructions:** which the customer needs to follow to install washing machines, TVs, etc

- **Maintenance:** products that need to be serviced and maintained (eg, cars, hot water systems)

- **Ongoing products and services:** bank balances that customers want to monitor or mortgages which take time to apply for

- **Switching:** products which need switching as a result of natural market dynamics

- **Failure:** recalls in response to product flaws

- **Uncertainties:** "Events, dear boy", unexpected circumstances

- **Psychologies:** people's need for reassurance, trust and help

I'm in a traffic jam, how do I get back for in time for the delivery of my Smart TV?
How does the electric handbrake work?
How do I attach my GoPro to my bike's handlebars?
Have you received the property valuation for my new house?
My last electricity company wants a verified meter reading.
There were too few brackets in this flat-pack bookcase.
If only I'd known my flight was going to be delayed.
Are you sure the present will be here on time, it's my Nan's 80th?
My gas company keeps changing my tariff.
When will you have my tyres in stock?
My boiler is making a funny ticking noise.
I've forgotten what my favourite colour is for my account ID.
We are moving house and I wondered how your online shopping works?
My tax code is wrong: I didn't work last year.
The rain has overloaded my drainage system.
Where did your delivery driver leave my books?
What should my passport photo look like?
I think my PC's got a virus.
I've paid for the subscription, but my music's not streaming.
You've taken two direct debits out instead of one.
My gas company keeps changing my tariff.
We dropped it on the hard floor.
I'm really stressed, can't you just sort it out?
I spent ages looking for a parking space.
I can't connect my phone to my car.
Are you sure this is the best price?
When can I pick it up in store?
My contract is up, what should I move onto?
I lost my wallet abroad.
Is it safe for pregnant mothers?
I've been mis-sold this product, when will you contact me about it?
I read on the internet that these fuel injectors fail.
The member of staff was rude.
I pressed the wrong button on the IVR.
The speech recognition didn't understand 'Blaenau Ffestiniog'.
The workman cut through the telco line.
I want my council tax re-valued, because prices have fallen.
How do I transfer money from this online account?

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Part 2 Customer service is here to stay

'Products don't break down any more' (really?)

A common refrain is that products are less likely to fail now, which further encourages the idea that customer service is expendable. As consumer wealth has increased over the past 30 years, the number of products owned per capita has risen, putting pressure on consumers' time when interacting for service. Indeed the pace of business change means that new products are being designed, developed and released faster than ever. 'New' also means different – for those making the product or service as well as those consuming it. Consequently, there is a stream of 'learning curves' for people to climb when using new products and services.

Underestimating complexity

Behavioural economists have identified a human trait called 'planning fallacy', which is a tendency to underestimate the time taken to complete tasks. This alone ensures that products will never be perfect, or indeed the consumers who use them. Companies like Apple have made huge improvements around ease of use, but most products and services still come to market with a large customer service support requirement.

The natural complexity of the work of business and government means that we should never hope to get things 'right first time'. Rather, we need to work with problems, bottom up, adopting an iterative approach to creating solutions to issues. As one Customer Service Director said:

> "
>
> "It's not quite Murphy's Law, but it's always impossible to think of everything that could go wrong in our products, processes or with our people. Add in our customers' behaviour and we've work forever!"

Customers helping customers in service

There is no question that customers have a role in the delivery of service, as they always have through one to one interaction. The rise of social media means that consumers are now more willing to turn to each other for help and advice through mediums such as Facebook, Twitter and online forums. There are, of course, limits to what is possible:

- Interactions which threaten privacy or require confidentiality

- The exchange of personal account or password details, which are often required to solve customer service issues

- Brands and government not always being happy with the solutions suggested by one person to another.

The customer-powered mobile phone company giffgaff is a prime example of the customer self-help trend, but even they have still found it necessary to invest in customer service.

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Part 3 Changing lifestyles are driving demand for smart customer service

At the same time as products and services are becoming more numerous, with added built-in complexity and shorter lifecycles, consumers' lifestyles are also changing. There are many more demands and pressures on people's time and money, which means there is an unmet need for customer service that makes living easier. What are the key trends?

Lifestyle diversity

The range of lifestyles in the world are forever changing as people draw on different cultures, beliefs and attitudes. Consumers look for organisations to respect their lifestyle choices rather than adopt a 'one size fits all' mindset.

Life bumps

Changing jobs, partners, locations and family relationships mean consumers are re-drawing their housing, transport, financial and shopping arrangements. This results in more need for interaction with organisations, particularly for switching.

Time pressure, lack of energy

Working, studying, and coping with the global recession mean that people increasingly value speedy interactions and the fastest service.

Work anxiety

Whether in the public or private sectors, consumers are often worried about losing their job or making a living in the case of the burgeoning number of self-employed people. This anxiety translates into

stress and sometimes creates more difficult and frustrated customers.

Trust flutters

Recent major scandals such as data fraud breaches, as well as other corporate errors, have challenged the public's traditional trust in institutions. In moving from a top-down world to a peer-to-peer one, consumers are less willing to accept 'broadcast' messaging from organisations. This means customer service needs to be more convincing and conversational to reassure consumers as well as rebuild their trust.

Ageing population

Well understood as a European-wide phenomenon, the over 50s have deep pockets but some have more traditional ideas about service delivery and value. They are less able and likely to use self-service technologies than the less wealthy Generations Y and Z.

Different levels of access to technology - poles apart

While some consumers are fully teched up, we know for example that in the UK nearly 15% of the population do not have access to the internet and

89% have a smartphone[1]. Again, this limits the uptake of self-service technology.

Increased mobility

In their everyday lives, consumers are able to move around as never before, and keep in touch while they're on the go, thanks to smartphones, tablets, Wi-Fi and better mobile networks. Service interactions are not always initiated from a comfortable chair at home, with all the account details to hand.

Service savvy

More than 50% of consumers say they know about good service interactions because they have to provide service in their own jobs[2].

Taken together, these trends create a more complicated and less homogeneous customer. In turn, the design of products, services and policies needs to encompass these variabilities and deliver customer service that doesn't try to avoid consumers but actively helps them lead their demanding lives and make the best use of their limited time.

Consumer psychologies impact service delivery

Neuroscience

The emerging understanding of people's behaviours based on an analysis of brainwaves and neural connections is helping academics and marketing experts alike to identify what drives decision-making and perceptions of service. What do consumers experience through customer service journeys which they don't articulate in research? Where are the pressure points? What language of agents and UX design of websites creates the best experience?

Behavioural economics

Increasingly known as the behavioural sciences, these are a basket of academic techniques and approaches which help to influence consumers in a variety of marketing, public policy and retail environments.

BE suggests that consumers do not make objective assessments about customer satisfaction, delight and perceptions of effort. Rather, this can be heavily influenced by the way service is delivered including conversational frameworks, trade-off architectures and loss aversion theories.

Psychometrics

A well used discipline in recruitment, psychometrics have been used to improve the matching of customer to contact centre agent, thereby supporting service delivery.

All these advances in understanding the behaviour of consumers point not just to the increasing complexity of customer service delivery but also the need to design journeys more cleverly and carefully.

Using neuroscience to understand consumers[3]

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3. Daniel Kahneman, Thinking, fast and slow, 2011.

Part 4 The Autonomous Customer

If changing lifestyles point to a greater need for customer service in future, how are consumers changing the way they interact with brands and organisations?

Autonomous Customer

While working for BT Global Services and Avaya in 2015[4], Davies Hickman Partners identified that global consumers are becoming 'autonomous customers', and, in the process, threatening traditional loyalty towards organisations. The autonomous customer has distinct attitudes and behaviour:

Shopper swots

79% plan their purchases and carry out product research on the internet before they interact or buy. This means they are less dependent on marketing and advice from the organisations involved.

Internet self-service is no longer second rate

57% of online consumers agreed that self-service is good because it puts them in control. 59% agreed with the statement:

> ❝
> "I prefer purchasing online because no one tries to sell you anything."

Customers helping customers

More and more, consumers are helping each other. Some 46% of respondents contribute to online reviews like TripAdvisor, and 54% said they trust online customer forums more than an organisation's website.

Super-charged by smartphones

Smartphone users have more consumer power. 45% comment on social media by smartphone about the customer service just received.

Less loyal

Consumers are less reliant on brands and switch easily. 43% say loyalty is a thing of the past.

Consumers say they want more channel options

Organisations have pursued strategies of driving customers towards one channel interactions, principally through the internet. But the wide range of new channels such as webchat, social media, location-based services, smartphones, iPads - each require different interaction technology and design by organisations. Consumers want these channel options: 81% agreed with the statement:

> ❝
> "Organisations should offer different channels to meet my needs."

The data from the Autonomous Customer research shows that although email (71%), phone (70%), internet self-service (60%) and face-to-face (55%) are the top future channels for contacting organisations, other options like webchat (24%) and Facebook (18%) voice self-service (17%) and customer forums (15%) are becoming popular options which require investment.

Customers turning their backs on organisations?

The popularity of internet self-service is partly driven by the element of control, as one consumer commented:

> ❝
> "I've got the screen, not the agent."

Customers crave control of their interactions, but at the same time they often find it hard to make choices. The objective of customer service must not be to limit choice but to help consumers navigate decision making while "no one tries to sell you anything". Organisations have increasingly deployed cross-selling as a way to get value from their call centres as traditional marketing becomes less effective.

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Part 4 The Autonomous Customer

Streamlining and elaboration: future service design

As busy as consumers are, they are often looking for a service 'experience'. 65% agree good service makes them trust organisations more. 'Streamlining and elaboration' is the concept that, on some occasions, consumers are looking for a detailed and rich customer experience, while on others, they want a fast and simple service interaction. As one customer of Porsche commented: "I tried buying it [the new Porsche] online, but actually I wanted the glass of wine in the showroom with the expert running me through the new model and the options."

Apple seem to have this right. Elaboration in-store is encouraged, while streamlining when purchasing on iTunes online is straightforward, whether it's making a purchase or sorting out an issue.

Customer effort?

The conclusion of the Autonomous Customer research was that improving ease of business was vital. The growing popularity of the customer effort measure is a further sign of the need to design the right experience.

If the consumers are turning away from brands and organisations, what are the implications? On the one hand, it could be an opportunity to lower customer service costs, while on the other, it means losing control of the relationship – and possibly revenues. So how should organisations react to this changing customer?

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Part 5 Smart Service

We're now seeing the growth of what we at Davies Hickman Partners call Smart Service, driven by three factors:

- **changing consumer lifestyles**
- **weakening customer relationships that challenge traditional loyalty (and revenue streams)**
- **new technologies and management which make actively monitoring and responding to customers much easier.**

This is leading to a new era of Smart Service where organisations actively identify and resolve customer problems. This relates to the emerging theme of Smart Cities, which governments are pursuing.

Changing consumer lifestyles and weakening customer relationships (and loyalty)

As competition in the marketplace has risen, and media channels are fragmenting, boards have recognised the difficulty in communicating to consumers. The complicated consumer lifestyles and ongoing time pressure and anxiety mean people are looking for organisations to resolve problems rather than just sell them more products and services.

This is a switch from the previous 'cut-back customer service delivery' approach, which limited accessibility, low-cost sourcing options, self-service, demand management and lean service to drive down costs.

The key to Smart Service is recognition of the need to rebuild the trust of customers who have become cynical of organisations. This requires organisations to invest in product, price and brand, but also to go beyond traditional measures of customer service delivery strategies. These are defined by cut-back metrics like average handling time (AHT), abandonment rate, call calibration, compensation cost, etc. Smart service involves developing a culture that sees customer service as an integral part of the value proposition.

The building blocks of Smart Service

At the heart of it, Smart Service gives organisations the potential to pull together and analyse vast quantities of information, thereby allowing then to fully understand customer concerns. Empowered by 'Big data', organisations can then proactively deliver a more personalised, dynamic and efficient customer service, resolving issues before they develop into major problems. Therefore, a two-stage

process, facilitated by cutting-edge technology, must take place:

1. Monitoring and understanding the customer service issue

Sensors

Growing fast, more and more products, processes and services have in-built sensors linked to the internet which provide information, diagnostics and communication about their performance. For example, our 2015 research shows that 70% of UK consumers are interested in home gas and electricity utility usage monitoring (32% would use it, 37% might use it). Alternatively, 73% of UK consumers are open to the idea of being notified by their smartphone when they have a house fire or break-in (38% would use it, 35% might use it). Sensors can be combined with other forms of technology, such as mobile networks, microchips and GPS location services, to optimise the customer service.

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Part 5 Smart Service

Wearables

Rapid growth in the market for wearable technology has taken place over recent years. Smartwatches, for instance, allow consumers to monitor their health (51% of the UK consumers we surveyed would be happy to measure their steps taken with a smartwatch, and 49% would like to use one to know how many calories they've burned). If health data is shared with organisations, smart service alerts can be offered to resolve underlying issues before serious symptoms appear. More generally, wearables allow businesses to collect data on the habits of consumers, enabling them to offer a more personalised and relevant customer experience.

INTERNET OF THINGS
New Technology For ease of life

Database analytics

Siloed customer databases and systems have acted as a barrier to understanding the full customer journey but analytics is developing so patterns in customer behaviour and process weakness is now realistic. In the health industry, database analytics offers a major opportunity to anticipate individuals' long-term health risks. Of the UK citizens we surveyed, 32% would be happy to provide a saliva test to detect predispositions to certain genetic health problems, and 34% might do this.

Voice of the customer

Organisations have much more insight into customers' overall perceptions of their operation through automated survey tools, mobile data collection, and now social media, including reputation management tools. Understanding what the pressure points are is much easier if managers are listening and willing to react. Consumers still complain that: "I did a survey and told them, but I didn't hear anything more."

Speech and text analytics

Speech and text analytics have great potential to 'listen to' and categorise the majority of individual customer interactions. This makes it much easier to spot customer problems across the whole base, rather than relying on agent feedback or complaints initiated by the customer. Academic research has shown that only a small percentage of customers with a complaint will actually take the step of contacting the organisation. Moreover, text analytics makes it easier to make sense of unstructured text.

Internal knowledge-sharing

Large customer service centres, with thousands of employees, often struggle to share knowledge effectively. A range of internal communication tools, such as Avaya's Communicator, help communication flows which can access answers in real time.

Customer Relationship Management

Identifying, tracking, capturing and analysing customers is vital going forward and enabling the customer service industry to move towards predicting customer behaviour.

Customer journey auditing

It is now becoming easier to consistently track the service, production and delivery journey experienced by consumers through a range of software tools. This enables real-time auditing of customers during their interaction through web or other channels. However, the development of omnichannel makes it a complex task.

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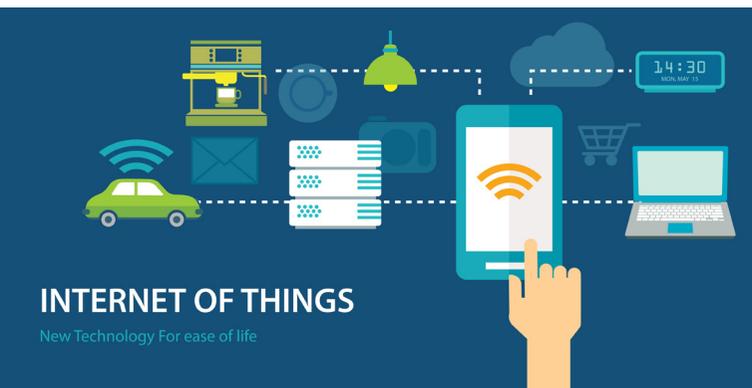
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2. Resolving the customer service issue

Real-time prompts

Providing staff, agents and customer service representatives with information and actions at the point of interaction with customers can help to ensure that issues are resolved more quickly and fully. These real-time prompts can be driven by database analytics and speech analytics. Smart Service technology, for example, has the power to resolve issues through real-time proactivity in the motoring sector, where almost 60% of the UK consumers we surveyed in 2015 are interested in the idea of their car breaking independently to avoid a collision (24% would be happy to use it, 32% might be).

Smartphones service

The pervasive growth of smartphones will help to super-charge Smart Service. One of the biggest challenges facing corporates is to develop mobile websites or mobile apps that are seamless. Using mobile apps and browsing so that consumers have access to relevant information at the correct time is vital, and can resolve problems quickly and simply as well as provide ongoing service. Developments in this area are possible in the finance industry, where most of the UK consumers we surveyed would like to be notified about a depletion of account funds below a specified minimum balance (27% would definitely, 32% would probably).

Equally, location-based awareness opens up a new raft of potential active messaging to customers to resolve transport or guidance needs. NFC and QR codes enable point of purchase information about products, and stores globally are deploying Wi-Fi to give consumers access to their smartphones.

Omnichannel

A key element for agents in resolving problems is to understand the customer journey history. Omnichannel is the trend whereby consumers use more and more channels to connect with organisations, allowing organisations to gradually gain a fuller, single view of consumers' interactions and behaviour so that their service can be retuned.

Video

Communicating with customers using video, rather than the written word, is a great opportunity to get your key messages across in a more interesting and compelling media. Earned media is becoming more powerful than bought media in attracting customer views.

Social media

Using social media to create forums or enabling customers to help customers is a proactive way of communicating messages more widely or benefiting from the knowledge of customers. Social media centres are fast developing to listen to act on customer issues with organisations like Tesco being particularly successful at using Facebook and Twitter.

Outbound communications

Messaging, email and phone calls can be automated and sent to consumers cheaply and effectively, enabling agents to make outbound calls and follow through on particular customer service cases. In addition, messages while consumers are queuing can be tailored instead of using standard scripts. It's also important that communication is two-way: if you send a text to a customer, allow them to text you back.

Online interaction tools

While consumers are online and actually seeking a service or a product, a range of capabilities are being developed to actively provide better service, including:

- Personalisation of pages depending on the preferences, behaviours, location and device being used by the consumer

- Co-browsing between consumers and customer service

- Pre-populated forms for 'contact us'

- Pop-up webchat and videochat interactions

- Online tracking, whereby consumers can monitor progress on production and delivery

- Avatars which aid dialogue

- Smart FAQ engines.

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Part 5 Smart Service

Examples of Smart Service include:

- Inter-vehicle communication to avoid collisions

- Computerised insulin pumps for diabetics

- Monitoring of traffic flows and adjustment of traffic light intervals

- Sophisticated voice recognition systems for call help-lines

- Cars able to read drivers' emails and texts

- Smartwatches with the ability to measure heartbeat, distance travelled, calories burned, sleep patterns and blood oxygen levels

- Control of brightness and colour of lighting via a smartphone

- Automated, driverless tax pods will become available in Milton Keynes

- Remote video camera with live stream available on smartphone notifying owner of house break-ins

- Weather sensors used to improve companies' logistics by redirecting transport vehicles

- Headphones with mood sensors able to select suitable songs for listeners

- Real-time monitoring of available parking spaces

- Bluetooth connected toothbrushes analysing the brushing habits of users

- Apps such as Apple Pay and Google Wallet enabling users to pay for items with their smartphones

- Gas and electricity meters in homes which track energy efficiency and safety

- Automatic contacting of the emergency services when an elderly person has an accident thanks to sensors measuring heart rate and blood pressure

- Option to pay in restaurants with smartphone rather than chip-and-pin

These techniques have the Google-esque advantage that customers have chosen to interact with an organisation, rather than receiving a cold marketing approach based on some form of predictive model. Further, these tools can reduce customer energy and time by assisting their self-help behaviour and ensuring that goals are achieved.

Source	Case Origin	Subject
	Website	I was over charged on my l
	Chat	Increase my monthly minut
	Email	Can I add a family member
	Phone	My iPhone screen cracked
	Facebook	Will my phone charger work
	Email	Add data plan to my month
	Phone	I'm getting poor signal stren

Source: Salesforce

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Part 5 Smart Service

Humanising Smart Service

Smart service will fail if the technologies are poorly implemented and become intrusive to consumers. In our research with the public on this matter, invasion of privacy or marketing bombardment is cited as a potential danger of Smart Service.

A strong human element is required in service delivery. UX should be tested to offer the most intuitive experience possible online and through mobiles, ease of use and integration are vital. Focusing on intuitive and emotional design will be a sign to consumers that organisations are trying to engage and build trust. Planning for complexity is critical: 'Customers have an alarming way of flouting our expectations by behaving in ways we don't understand and would have difficulty predicting' – hence the need to allow for human intervention and exceptions.

There are various techniques to make the on-site experience more human, but remembering what consumers are looking for is core:

- **Control in the relationship, but control which is aided by helpful information, alerts and prompts**

- **Anticipation of problems and issues by organisations to ease the consumption of products and services**

- **Resolution of these issues by the organisation, in collaboration with the customer or other customers**

- **Offers that are relevant**

- **Interest and fun – creativity in the way that service is provided.**

Using Behavioural Science and gamification to engineer the change

Creating the right incentives will be vital to drive take up. Gamification helps to understand how users behave online, and how they can be motivated and enticed to interact with organisations. Equally behavioural science frameworks will help drive particular actions among customers. Location-based services have a role in adding to incentives by making the services more relevant.

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Part 6 Early learning from proactive service and trialling Smart service

Since the introduction of proactive service, organisations are currently actively using outbound text as a way of notifying customers of things they might otherwise forget.

There has been a number of rollouts of this type of prompting of customers. Some of the most common uses of outbound SMS have included:

- an upcoming appointment – NHS, bank, hairdresser, etc

- limit on service provision – overdraft, parking meter expiry, etc

- payment being due on an account

- delays to flights.

However, the volume of these texts is beginning to flatten.

Smart service pitfalls

There has been some negative feedback from consumers about proactive service that highlight some of the pitfalls of organisations adopting Smart Service.

Privacy

Consumers get annoyed or even lose trust in organisations when they don't make it clear what data they're collecting and what they'll do with it, or when they don't look after it. Indeed 91% of consumers surveyed by Davies Hickman were concerned that Smart Service and new technologies could be used by organisations to threaten their privacy. They also want

the choice of opting out of any data collection or targeting.

System failure

More than 80% of consumers are worried about technological failure when it comes to Smart Service being embedded in products and processes. We have learnt from proactive service for example, when outbound messaging is used to advise of deliveries and appointments it can make the situation worse if the delivery process is not as predictable as planned. One director commented:

> "
>
> "We can't be sure our van drivers will always take the same route to make deliveries – that makes prediction tough."

Consumers concern extends beyond this: will the technology behave in the way it should?

Omnichannel service

The next decade will see the rise of organisations offering Smart Service through multichannels. Organisations will track the performance of their products or services and contact the user in case it seems likely that something is about to go wrong. The role of the contact centre in this new world, will be in

contacting consumers to anticipate problems or set up renewals of their products. That contact could be by text, e-mail, phone call, push notification and other channels. Additionally, when consumers call contact centres the agents will be better informed about issues with products and services, thereby reducing customer effort.

Confusing smart service with marketing

The natural tendency to slip from genuinely helpful service-based interactions has meant that targeted campaigns to customers have sometimes created a worsening relationship with consumers. In an effort to counter the cut-back customer service culture, many directors have initiated cross-selling and up-selling programmes using outbound calls, texts and emails, and, in particular, inbound calls and contacts from customers.

Over-use

Over-use of messaging is irritating for consumers, particularly if they are bombarded by a number of messages from more than one organisation. In fact, for Smart Service to be successful over use of cross-selling and up-selling to prospective customers should be avoided as 90% of consumers surveyed say they were worried about marketing bombardment.

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Part 7 What does the switch to Smart Service mean for organisations?

The switch to Smart Service is a fundamental change in the way that organisations operate, encompassing strategy, culture, technological deployment and product, process and people development. It is an all-round shift in the approach to delivering customer service.

The case for Smart Service is one of re-engagement with a customer base which is fast becoming independent and autonomous from organisations. By re-engaging organisations can hold customers by differentiating their value proposition and avoiding pure-play price strategies.

How best can today's customer service operations respond?

Up-rate service in corporate strategy

- Understand and build the role of customer service into the value proposition to the customer.

- Create a vision for the Smart Service experience which is then backed up by clear work plans, business cases and implementation goals.

Start with the customer

- Create detailed and constantly updated customer journey maps that reflect changes in the way consumers are buying and seeking service through product, brand and channel choices. This needs to be provided across an increasingly fragmented channel offering.

- Collaborate with customers to understand where proactivity is valued, and their needs for information and reassurance

- Optimise Voice of the Customer programmes

to enable better listening through research, interactions and employees to create an active tool for engaging with consumers.

- Deploy speech and text analytics to understand and audit customer interactions, looking for opportunities to fix broken processes.

- Build UX combined with session replay into channel development to ensure uptake and ease of use, and provide incentives for the right behaviours using Behavioural Science and gamification strategies.

- Use sensors as part of the product or service to provide information around performance

- Create analysis tools and teams to use data calibrated through systems thinking models to identify problems.

Fragment interaction channels and technologies

- The new culture of customer service does require investment in products, processes, channels and technologies.

- Understanding channel preference and usage is important in understanding the customers' experience.

- Investing in outbound channels and integrating inbound is vital to give organisations a 'single view'.

- Investing in mobile channels to take advantage of the personal nature of these devices, their always-on character, and location-based services.

- Building a social media centre to track and respond to consumers' comments about brands, products and prices.

- Enabling active communication with customers will facilitate trust and transparency in Smart Service.

Put products, process, people and culture at the core

- Products and processes need to be re-engineered to reduce the need for customer service interactions. Failure does occur in organisations, but genuine reasons for customer service will continue until life is fully automated.

- Across the organisation, work to change the culture so that customers are viewed as opportunities rather than problems.

- This requires putting in place objectives, incentives and training which supports this culture.

- Providing customer service people with upper management support and the skills and capabilities to resolve issues is an ongoing challenge for most organisations.

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Summary

For some time, organisations have tried to reduce customer service interactions or avoid them completely. They've used a range of strategies including limiting accessibility, cheap sourcing, increasing self-service, deploying lean service principles, and getting customers to help other customers.

Cut-back customer service culture

This cut-back customer service culture has arisen because organisations have not been sure of the importance of service in the value proposition. In the absence of clear evidence about the link between customer satisfaction and bottom-line revenue, service has been treated as simply a cost centre.

Recently, lean service, demand management and 'no service is good service' thinking have encouraged organisations to eliminate customer and product 'failure' and improve efficiency further.

Customer service is here to stay

Customer service isn't something to be avoided or a sign of failure – quite the opposite: it's integral to the product, service or government policy on offer. It's also an outcome of the nature and complexity of human endeavour (we can't design perfect products and services that allow for every exception to the rule). The pace of product development, combined with the ever-increasing growth in consumption, makes customer service all the more important.

Changing lifestyles are driving demand for customer service

Consumers' lifestyles are changing, and there are many more pressures on people's time and money. A number of consumer trends point towards people looking for more, not less, assistance from organisations. Consumers value ease of doing business with organisations.

The autonomous customer

Yet customers' relationships with organisations are becoming more distant, as people turn away from brands they trust towards people they trust (their friends and families and also those online) for advice. Consumers are now much more powerful, with many being shopper swots (fuelled by online product research and reviews) and endorsing self-service channels (for the control it affords). The rise of smartphones means customers are also much better informed on the move and more able to communicate. Re-building relationships with customers is becoming a real priority for business.

The Smart service

We're now seeing customer service developing to meet customers' expectations and needs. Organisations are beginning to change their strategy and culture by introducing 'Smart Service'. This means customer problems and issues are actively identified and resolved. The emphasis now is on being pre-emptive – anticipating the inevitable problems and concerns that are part and parcel of the customer relationship, and fixing them quickly. This represents a huge shift away from the cut-back customer service culture, where organisations waited for consumers to initiate contact.

Lessons from proactive service

Organisations have been experimenting with proactive service for some time, a pre-curser to Smart Service. Already there are some lessons, including avoiding over-use of SMS, protection of privacy, curtailing unnecessary marketing and channels and systems integration.

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Summary

What does Smart Service mean for today's customer service operations?

The Smart Service means going far beyond 'tacking on' outbound messaging to an all-round shift in the approach to delivering customer service. It's no longer about waiting for the customer to contact an organisation – the initiative is switched. But how best can organisations respond and make the switch to Smart Service using the Internet of Things?

Up-rate service in corporate strategy
Understanding and re-defining the role of service in the value proposition.

Start with the customer
Creating detailed customer listening, collaboration and data collection tools so that organisations know when to intervene in the customer relationship.

Invest in intelligence
Using emerging analysis and analytical tools to identify customer issues and bring together data to fix these quick.

Combine interaction channels and technologies
Understanding channel preference and usage, and investing in outbound channels and integrating inbound. This is vital to give organisations a 'single view'.

Put process, people and culture at the core
Monitoring and repairing processes that create problems, building incentives, and instilling a new people culture is core to changing the way you deliver customer service and gaining the advantage.

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