

the **BIG** switch

how customer service is becoming smart

January 2012

Summary

For many years, 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

But 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 turn towards people they trust (their friends, 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. All the more reason to provide good service.

Summary

The Big Switch in customer service

We're now seeing the start of the Big Switch in customer service. 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 precursor to Smart Service. Already there are some lessons, including avoiding over-use of SMS, protection of privacy, curtailing unnecessary marketing and improving channels and systems integration.

What does the Big Switch mean for today's customer service operations?

The Big Switch means going far beyond 'tacking on' outbound messaging. A complete shift in the approach to delivering customer service is required. 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?

- 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 can anticipate needs and intervene in the customer relationship.
- Invest in intelligence – Using sensors and emerging analytical tools to identify customer issues and bring together data to fix these quick.
- Combine interaction channels and technologies – Understanding channel preference and usage, 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 gain the advantage.

part 1: Cut-back customer service culture

For some time, organisations have tried to reduce customer service interactions or avoid them completely. They've used a range of strategies:

- Reducing accessibility so that customers seek alternatives or just don't bother contacting them.
- Resolving the service issue through lower cost options such as call centres, 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 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, first direct and John Lewis – have been consistently proven through benchmarking to create a differentiated service.

Why have so many organisations adopted the cut-back customer service culture?

There are three reasons. First, 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 contact centre manager said: "Service is about things going wrong, and no one particularly wants to think about that – particularly other parts of the business."

Second, 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 can't always differentiate the impact of service compared to price, product and brand.

Third, many 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 like Pierre Danon, of BT Retail, emerges and argues that better service 'obviously' leads to greater customer loyalty (in the case of telecoms). But for many leaders who have been trained to seek evidence and focus on the bottom line, this argument remains attractive but weak.

'No service is good service' – shaping current industry thinking

The most influential thinking around customer service has come in the past five years 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 trumped the more traditional thinking that 'the customer is king' or 'let's deliver "knock your socks off" service', which made the case for delighting consumers through service.

part 1: Cut-back customer service culture

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. Thousands of people work in service delivery, and new technologies and processes are deployed to improve the customer experience. But in the absence of evidence to prove value from service, the overriding objective of the industry remains to reduce costs, reduce

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

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
- limiting opening hours or maintaining queuing for service
- keeping remedial action as limited as the customer will bear
- ignoring customer satisfaction data, which tell you that 1 in 4 consumers are unhappy with the service offered.

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

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 which is endemic in all human kind.

Customer service has to work successfully so that organisations can deliver a profit to owners and a utility to consumers.

Consumer need for customer service is unlimited!

I'm in a traffic jam, how do I get back for my 3D TV delivery?
How does the electric handbrake work?
We are moving house and I wondered how you're online shopping works?
My tax code is wrong: I didn't work last year
The snow and ice have made pot holes in the road
I'm really stressed can't you just sort it out
Where did your delivery driver leave my books?
What should my passport photo look like?
I think my PC's got a virus
I want my bike steam cleaned and checked
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
The volcanic dust means I can't fly
Are you sure the present will be here on time, it my Nan's 80th?
When will you have my tyres in stock?
Can I use Google Latitude without GPS?
My boiler is making a funny ticking noise
I've forgotten what my favourite colour is for account ID
iTunes has charged me for a film which didn't download straightaway
How do I transfer money from this online account?
I read on the internet that these fuel injectors fail
We dropped it on the hard floor
Are you sure this is the best price?
When can I pick it up in store?
The Bluetooth link won't work to my phone
My contract is up what should I move onto?
I've been mis-sold this product, when will you contact me about it?
I want my council tax re-valued, because prices have fallen
Is it safe for pregnant mothers?
I pressed the wrong button on the IVR
You've taken out direct debits out instead of one
The member of staff was rude
The speech recognition didn't understand 'Warrington'
The workman cut through the telco line

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 efficiently 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

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. But 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.

Tim Harford, in his new book entitled *Adapt*, makes the point that the natural complexity of the work of business and government means that we should never hope to get things 'right first time'.¹ Rather, we need to work with problems, bottom up, adopting an iterative approach to creating solutions to issues.

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. 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

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 people. Add in our customers' behaviour and we've work forever!"

self-help trend, but even they have still found it necessary to invest in customer service.

part 3: Changing lifestyles are driving demand for 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 UK is ever widening as people draw on different cultures, beliefs and attitudes. No longer made up of families with 2.2 children, 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

More than half of the population say they never have enough time to get things done. Working, studying and

coping with the recession mean that people increasingly value speedy interactions and the fastest service.

Work anxiety

Whether in the public or private sectors, more than a third of consumers are worried about losing their job. This anxiety translates into stress and sometimes creates more difficult and frustrated customers.

Trust flutters

Recent scandals like those over MPs' expenses and the News of the World's phone tapping, 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 blind '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 more traditional ideas about service delivery and value. They are less able and likely to use self-service technologies than the less wealthy Generation Y.

Different levels of access to technology - poles apart

While some consumers are fully teched up, nearly 25% of the population do not have access to the internet and only 50% have a smartphone². 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 mobile phones, tablets and Wi-Fi. 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 jobs³.

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.

part 3: Changing lifestyles are driving demand for customer service

Consumer psychologies impact service delivery

Neuroscience

An emerging understanding of people based on 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?



Using behavioural economics to understand consumers⁴

Behavioural economics – Increasingly known as BE, 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 the understanding of consumers behaviour point not just to the increasing complexity of customer service delivery but also the need to design and plan journeys more cleverly and carefully.

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?

While working for BT Global Services and Avaya in 2010⁵, Davies Hickman Partners identified that consumers are becoming 'autonomous customers', and, in the process, threatening traditional loyalty towards organisations. The autonomous customer has distinct attitudes and behaviour:

■ Shopper swots

Of the 75% of adults who are online in the UK, 78% 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

58% 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 37% of respondents contribute to online reviews like TripAdvisor, and 51% said they trust online customer forums more than an organisation's website.

■ Super-charged by smartphones

For the 35% or more online consumers who have a Blackberry, iPhone or smartphone, the autonomous customer behaviours are multiplied. For example, 63% of smartphone users say they use online vouchers to get the best prices, compared with 43% of others.

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 – smartphones, webchat, social media, location-based services, iPad, etc – each require different interaction technology and design by organisations. Consumers want these channel options: 60% agreed with the statement "I continually change how I contact an organisation." Only price-based offers, such as Ryanair, can afford to force channel preference.

The data from the autonomous customer research show that although phone (84%), email (80%), internet self-service (72%) and face-to-face (64%) are the top future channels for contacting organisations,

other options like voice self-service (37%), customer forums (30%), webchat (29%) and Facebook (16%) 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: "I've got the screen, not the agent", as one consumer commented. 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 and as traditional marketing becomes less effective.

part 4: The autonomous customer

Streamlining and elaboration: future service design

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.”

As busy as consumers are, they are often looking for a service ‘experience’. ‘Streamlining and elaboration’ is the concept but, on some occasions, consumers are looking for a detailed and rich customer experience, while on others, they want a fast and simple service interaction. Apple seem to have this right. Elaboration in-store is encouraged, while streamlining while purchasing on iTunes or online is straightforward. Whether 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?

part 5: The Big Switch in customer service

We're now seeing the start of the Big Switch in customer service, driven by three factors:

- changing consumer lifestyles
- weakening customer relationships that challenge traditional loyalty (and revenue streams)
- 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 picks up on the emerging theme of Smart technologies.

Changing consumer lifestyles and weakening customer relationships (and loyalty)

As competition in the marketplace has risen against a backdrop of economic difficulty, and media is more fragmented, 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.

Key to the Big Switch 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. The Big Switch involves developing a culture that sees customer service as an integral part of the value proposition.

The building blocks of the Big Switch

There are a number of technologies which, linked to the right management, enable organisations to introduce Smart Service without increasing costs unreasonably. The key elements of Big Switch are:

Understanding the customer service issue

Customer segmentation
Identifying the organisation's most important customers is vital in distributing service strategies going forward and enabling the industry to move beyond 'first available agent' as a method of distributing inbound contacts and a way of capturing,

understanding, analysing and predicting customer behaviour.

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."

Customer journey auditing

– It is now becoming more possible to consistently track the service, production and delivery journey. This enables real-time auditing of customers during their interaction through web or other channels. However, the fragmentation of channels makes it a complex task.

Speech and text analytics –

Although a nascent technology, 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. Plus text analytics makes it easier to make sense of unstructured text.

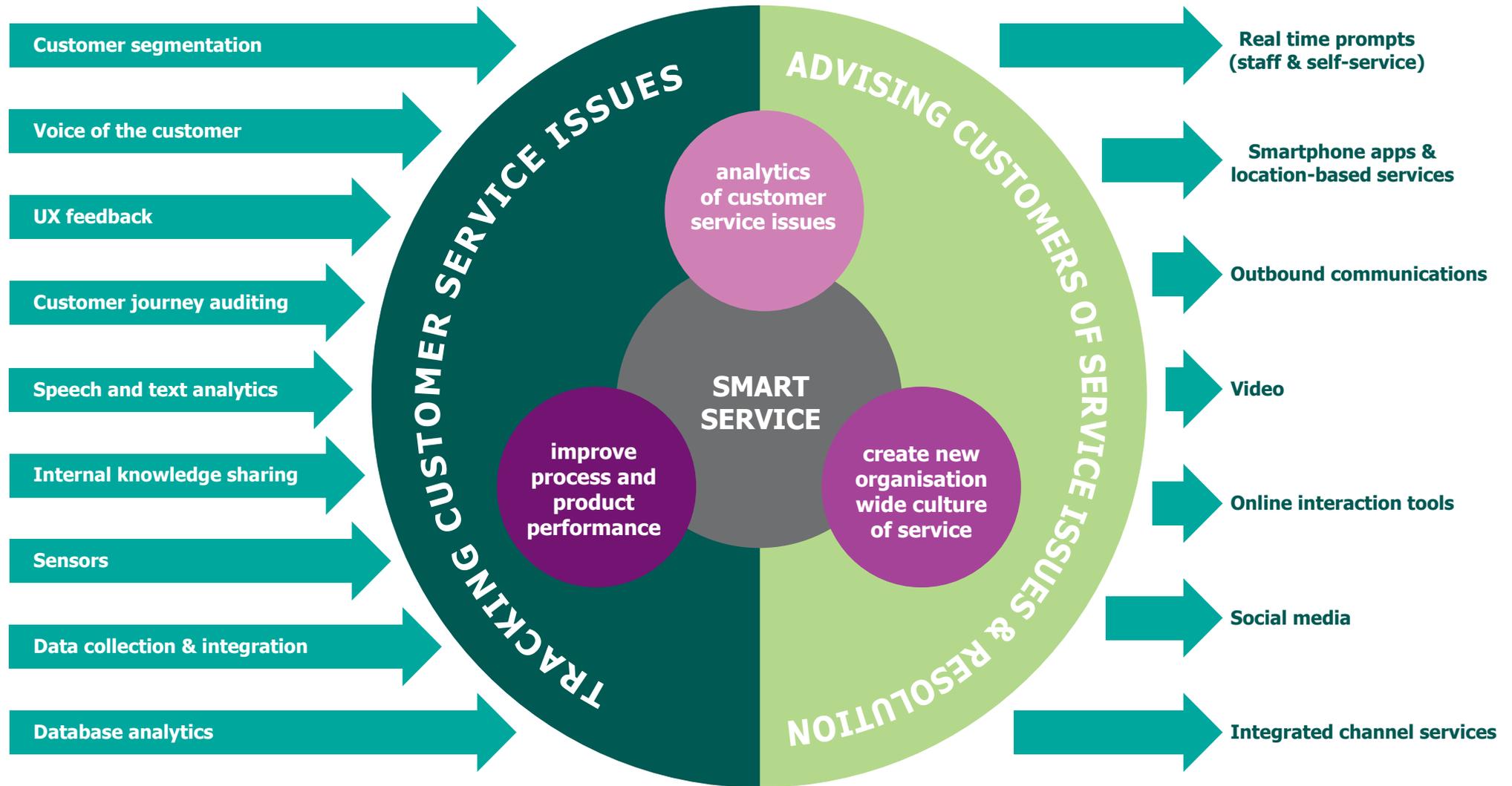
Internal knowledge-sharing

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

Data collection and integration –

A key to Smart Service is identifying and pulling together various data to enable analytics to be undertaken.

part 5: The Big Switch in customer service



part 5: The Big Switch in customer service

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.

Sensors – Growing fast, more and more products and services have in-built sensors linked to the internet which provide information, diagnostics and communication about their performance. An example is bus stop timing information displays.

Resolving the customer service issue

Real-time prompts – Providing agents and customer service representatives with information and actions at the point of interaction can help to ensure that issues are resolved more quickly and fully. These real-time prompts can be driven by database and speech analytics.

Smartphones apps and services – The pervasive growth of smartphones will

help to super-charge Smart Service. 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. One of the biggest challenges facing corporates is to develop mobile websites or mobile apps that are seamless.

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

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.

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.

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 (eg. Amazon)
- Co-browsing between consumers and agents (eg. BT)
- Pre-populated forms for 'contact us'

- Pop-up webchat interactions (eg. O2 and Thomas Cook)
- Online tracking, whereby consumers can monitor progress on production and delivery (eg. Dell and Domino's Pizza)
- Avatars which aid dialogue (eg. Royal Mail, Vodafone, etc)
- Smart FAQ engines.

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.

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 and listen to act

part 5: The Big Switch in customer service

on customer issues. A further development of this is F-Service, provided through Facebook pages, which is growing as organisations recognise they need to be where customers are spending their time.

Integrated channel service

– A key element for agents in resolving problems is to understand the customer journey history. Fragvergence is the trend whereby consumers use more and more channels to connect with organisations, but this creates additional complexity and cost for organisations. Slowly, the single view of customer is being deployed in organisations so that a fuller picture is provided.

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 monthl
	Phone	I'm getting poor signal strer

Source: Salesforce

Humanising Smart Service

The Big Switch will fail if these technologies are poorly implemented and become intrusive to consumers.

UX First

A strong human element is required in service delivery. UX centric, tested to offer the most intuitive experience possible online and through mobiles, ease of use and integration is 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 BE and gamification to engineer the Big Switch

Creating the right incentives will be vital to drive take up. The emergence of behavioural economics in customer journey design is being widely adopted. Gamification helps to understand how users behave online, and how they can be motivated and enticed to interact with organisations. Equally BE frameworks help drive particular actions among customers. Location-based services have a role in adding to incentives by making the services more relevant.

part 5: The Big Switch in customer service

Examples of Smart Service

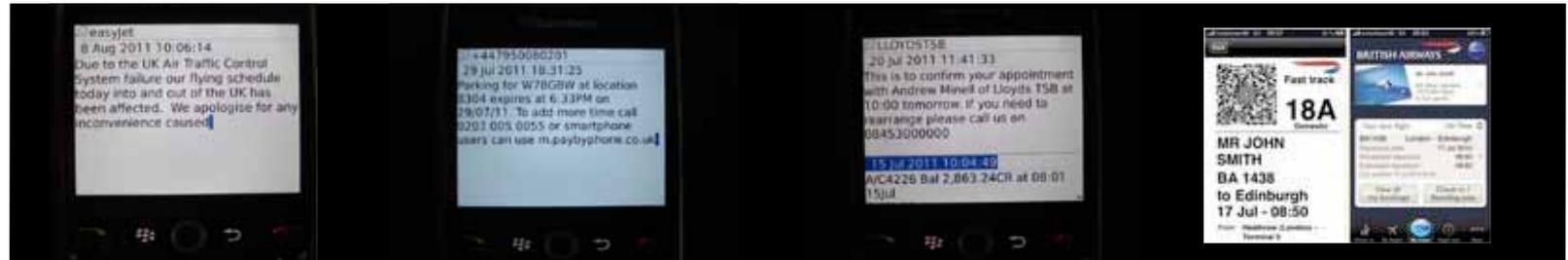
- Real-time updates for **flights, bus and train schedules**
- **Cars** that apply brakes to avert a low speed accident
- GPS location based services which give tourists with smartphones **directions to restaurants**, museums or chosen destinations
- Monitoring ships remotely to identify the correct time for **servicing** based on conditions, rather than a standard interval
- **Utilities** automatically advising customers when supply will be resumed
- Web chat conversations offered to consumers struggling to fill out **online forms**
- **Gas and electricity meters** in home which track energy efficiency and safety
- Bank alerts to customers about unusual **debits and credits** on accounts
- Banks contacting customers before freezing **credit cards**
- Credit card providers are helping customers review spending using online tools
- Sensors in **consumer electronics** linked to the internet to provide feedback to manufacturers re performance
- Online videos helping consumers **set up a new PC, TV or smartphone**
- Tracking pizza baking and delivery by **take away** restaurants
- **Broadband** providers monitoring usage and advising customers about service disruption
- Real-time notification of changes to delivery of **packages and parcels**
- Monitoring traffic flows and adjusting **traffic light** intervals
- Smartphone apps which monitor rates of **heartbeat** while exercising
- IVR systems which change messaging depending on the **caller**
- Remote systems which monitor single **elderly people's** movement at home
- Telematics which inform **emergency services** when a car has had a major accident
- Regular updating buy SMS of consumers during **mortgage** purchasing
- Parents tracking children's arrival times on **buses** based on GPS
- In-store or in-branch CCTV which monitors suspicious packages

part 6: Early learning from proactive service

Nearly eight years after Greg Gianforte talked about proactive service, some organisations have begun to experiment with outbound text as a way of notifying customers of things they might otherwise forget.

Since 2007, there have been a number of trials and 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.



Issues with outbound SMS

Although the use of outbound SMS has been successful overall, there have been some problems that highlight some of the pitfalls of organisations adopting the Big Switch in customer service.

Over-use

Over-use of outbound messaging is irritating for consumers, particularly if they are bombarded by a number of messages from more than one organisation.

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 (hacking). They also want the choice of opting out of any data collection or targeting.

System failure

Outbound messaging for deliveries and appointments can make the situation worse if the delivery process is not as planned. For example, a director commented:

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

Integration of channels

Perhaps the most significant challenge is the updating of other channels to ensure that call centre agents, in-store staff or managers know that messaging has been sent to customers, and what the messaging says.

The logistics industry has adopted an interesting variation, referred to as 'exception reporting'.

Confusing service with marketing

The natural tendency to slip from genuinely helpful service-based interactions has meant that outbound messages have a poor reputation with consumers. In an effort to counter the cut-back customer service culture, many directors have initiated cross-selling and up-selling programmes. These use outbound calls, texts and emails, and, in particular, additions to inbound calls and contacts from customers. These strategies can be successful as long as they don't mean contact centre agents wasting time pitching products to customers who have been identified as prospects or worse, just because a customer conversation is taking place.

part 7: What does the switch to Smart Service mean for today's customer service operations?

The switch to Smart Service is a fundamental change in the way that organisations operate, encompassing strategy, culture, technological deployment, process and people development. It goes beyond 'tacking on' outbound messaging. It requires a dramatic shift to taking advantage of 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 a 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 program 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, ease of use, and provide incentives for the right behaviours using BE and gamification strategies.

Invest in intelligence

- Use sensors as part of the product or service to provide information around performance and needs for intervention.
- Create analysis tools and teams to use data calibrated through systems thinking models to identify problems.

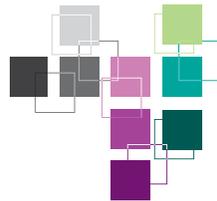
Combine interaction channels and technologies

The new culture of customer service does require investment in channels and technologies to enable the Big Switch.

- 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 and Smart Service.

Put process, people and culture at the core

- Processes need to be re-engineered to improve service. Failure does occur in organisations, but genuine reasons for customer service are not going away.
- 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 underestimated opportunity for most organisations.



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