3. Problems with traditional customer service and sources of values

Before introducing AI systems in a business, think about the problems with the traditional system which in this case is the traditional customer service system. Contemplate what sources of values are gained from solving those problems by using AI systems. Let's discuss both of the problems and sources of values below.

Starting with traditional customer service problems, around 42 billion user-agent interactions occur every year. That's a lot of interaction for about 7 billion people in the world. **A large number of interactions between them and customer service departments with limited numbers of agents** is the primary problem of traditional customer service. Large number of interactions results in dissatisfaction of both customer and service agents, because such unmanaged customer service leads to the characteristics, which are:

a. Long wait and call resolution time

Due to the high number of interactions between alot of users and limited number of customers might have to wait forever to get through your office's line.. And even if they get through luckily, their query or complaint might not get registered due to poor problem solving attitude or having to dail multiple extensions to reach a customer service representative.

According to "The problem with customer service" report by Consumersreports.org, 2015/07, **75% of the customers are "Highly annoyed"** when they cannot get to someone from the customer service within a reasonable amount of time.

b. Need to repeat themselves

One s major cause of maximum interaction is unmanaged chain of customer service agent hierarchy. On the user side, they have to deal with an unmanaged chain of customer service agents being redirected through multiple agents to solve some complex query.

Say, if you want to ask if your home's electricity bill is affected by power factor. When you call the electricity company's customer service, the first line agent picks the phone, you ask them the related query, but he isn't qualified to answer the question. So, he/she redirects the call to another expert agent, then you have to repeat the query again. This causes frustration among end-users. According to the previously mentioned report by Consumersreports.org, **around 89% of the customers are frustrated** when having to repeat information regarding their queries to multiple chains of agents.

Similarly for the agent answering FAQs is a repetitive task. They have to listen to the same query and then answer the same thing over and over again. This leads to frustration among the customer service agents.

c. Dropped calls

The final frustrating characteristic that leads to dissatisfaction of customers is dropped calls. Due to the heavy traffic on customer service phone lines, the call might not even reach customer service centers. Previously mentioned Consumerreports.org's report, states customers get really angry when they can't even contact the customer service agent. **Around 75% of the customers report** that they were "Extremely frustrated" when contacting customer service multiple times, just to have their call dropped.

These were some of the key problems with traditional customer service for an enterprise. Now that we have clarity on the problems with existing customer service, let's discuss how we can create values from solving those issues by integrating AI systems

a. Reduction in interactions between customers and agents

Customers want less interaction between them and agents. AI systems can help in reduction of number of interactions by having end-users directly interact with AI bots, removing the requirement to call the customer service department entirely. It benefits both sides, the end user might find solutions on their own after interacting with AI systems and the agent won't have to answer the same query time and again.

For reducing interaction, AI systems such as **Chatbots** are essential. Chatbots are AI enabled systems, proficient in NLP that users can "chat" with. Instead of contacting agents for FAQs, customers can send queries to chatbots. Chatbots will then easily handle FAQs, ultimately reducing the number of interactions, lowering the cost and increasing satisfaction, creating value for the company.

b. Reduction of call handling time

When users are unable to solve problems on their own and are forced to call the customer service department, we can create value for the company by reducing the issue handle time. Reducing handle time results in decrease of costs as the customer service rep is able to take more calls during the same amount of time.

AI systems such as **automatic verification** and **AI assistants** are useful for reducing the call handling time. Automatic verification, either through biometric or phone numbers allows accurate, fast and seamless authentication of users, allowing agents to know who they are talking with immediately. In addition, AI assistants can help agents identify the category of issue, caller's sentiment, helping agents empathize better with the customer. They can further display information regarding query, and reply suggestions to solve the issue faster.

c. Improving efficiency of agents and managers

Value gains aren't limited to just customers. Agents and managers can equally benefit and improve their work efficiency through use of AI systems. Ways to achieve this improvement in efficiency is by developing **information autoupdate systems** and applying customer **data analytics.**

Using information autoupdate systems automatically maintain knowledge with the customer service department whennew products/services and discounts get out. Additionally, these info systems automatically update customer information, their issues, current sentiments. Using this system, less work needs to be done to keep the same quality of customer service, improving the efficiency of members within the customer service department.

Customer data analytics helps by finding valuable information(what and whys) from customer data. Managers can analyze customer's liking, sentiments, segment customers, then act accordingly, say tackle weak points of a company or improve customer satisfaction through AI assisted recommendation.

We will discuss all of these systems in a bit more detail in section number 5, before that let's discuss the customer data ecosystem.

Optional: Concepts of self-service are emerging and replacing customer service. Want to learn more about self-service, visit this **article** by saaslist about why self-service is replacing customer service.