



| 1. AI in Customer Service

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As a business leader, did you know that AI can save your company trillions which would have been lost due to poor customer service? Yes, that's right. Most successful companies today use AI solutions including Machine Learning and Natural Language Processing to provide a top-notch service to their customers.

But before diving in depth about the potential of AI in customer service, here's a brief overlook on what customer service means and why it is important.

- **Customer service** is the support you or your company offer to your customers — before, during and after they buy and use your products or services helping them have an easy and enjoyable experience.

Why is good customer service important?

Let's assume you received your takeout delivery 30 minutes late. As a customer service policy, most takeouts giveaway discounts or even free food when they deliver poor service. They are aware that any negative customer feedback or experience can hamper their overall repo and sales. The restaurant manager will be generous enough to take in your complaint and offer you free food or tons of food coupons.

They want to maintain a good customer relationship with you. This clearly explains why a good customer service is crucial for any large or small scale companies.

Excellent customer service is one of the core competencies of business. It should be one of the top priorities in your business priority matrix. Focusing on better customer service gives outstanding results in the following spheres:

- a. **Customer satisfaction**, which a customer feels after using/buying your products and services.. A business leader should be aware that the pre-purchase, purchase and post-purchase phases affect customer satisfaction greatly. Better customer service equals better customer satisfaction.
- b. **Customer retention**, i.e. more customers will continue using your products/services, increasing your customer base and loyal customer pool. A research conducted by [Zendesk showed 75% of people](#) would return to a company with excellent service and 56% would recommend it to family and friends.
- c. **Customer lifetime**, where loyal customers will spend more amount of time and money on your products during their lifetime.
- d. **Higher Upselling and cross-selling of products and services**, where upselling refers to selling high end products,a slightly better version of one they are considering. on and cross-selling refers to selling additional complementary products alongside the one they are purchasing. And the key to success in upselling and cross-selling is excellent customer service.

Here are some interesting statistics and reports on how billion dollar companies showed improvement in their ROI due to excellent customer services.

- a. According to "[The state of Customer Journey Management and CX Measurement report](#)", 2019 by Gary DeAsi, around 87% of CX experts think that customer service is **Extremely important**.
 - i. CX experts report that investing in excellent customer service increases customer lifetime value, customer retention and customer satisfaction by **90%, 90% and 95%**, respectively.

This report is available in Pointillist, which surveys multiple CX experts with few

statistics regarding what customer service experts think about customer service and experience.

- b. [Salesforce Relationship Survey](#) report from 2014-2016 customer service, prioritizing customer service and improving it results in showed:
 - i. **22% decrease in support manpower costs.**
 - ii. **26% increase in customer retention.**
 - iii. **31% increase in faster case resolution.**
 - iv. **35% increase in customer satisfaction.**
- c. [Customer Experience Impact\(CEI\)](#), 2011 reports:
 - i. **86% of customers will pay more** for better customer service.
 - ii. **89% of customers began doing business with a competitor** following a poor customer experience.

Visit Groove Blog's post on "[Why is Customer Service important?](#)" to learn eleven ways on how customer satisfaction correlates with business success.

So, where does AI stand in the dynamic field of customer service? AI is becoming a prominent part of digital customer service operations and experts believe that AI can truly automate and deliver best results in the world of CRM.

How AI can Transform Customer Service to the Next Level

AI systems are emerging as futuristic tools for support efforts. Today, a large number of businesses are taking advantage of AI in order to **automate and improve their customer services, customer relationship management(CRM), and utilize customer data analytics.** Incorporating AI tools can further **decrease the cost of hiring and training.**

Some recent reports and statistics on how AI can benefit customer service are listed below:

- a. [Juniper's research on Chatbots, 2017-2022](#) reports around **\$8 billion customer support cost savings per year** by the use of Chatbots and NLP(Natural Language Processing) systems.

- b. Deloitte study on "[Future of customer service](#)" expresses that **56%** of companies were investing in conversational AI technology.
- c. Dr. Daniela Braga, CEO of DefinedCrowd, says "AI does require some investment, but these conversational solutions can reduce customer service costs by up to 30%".

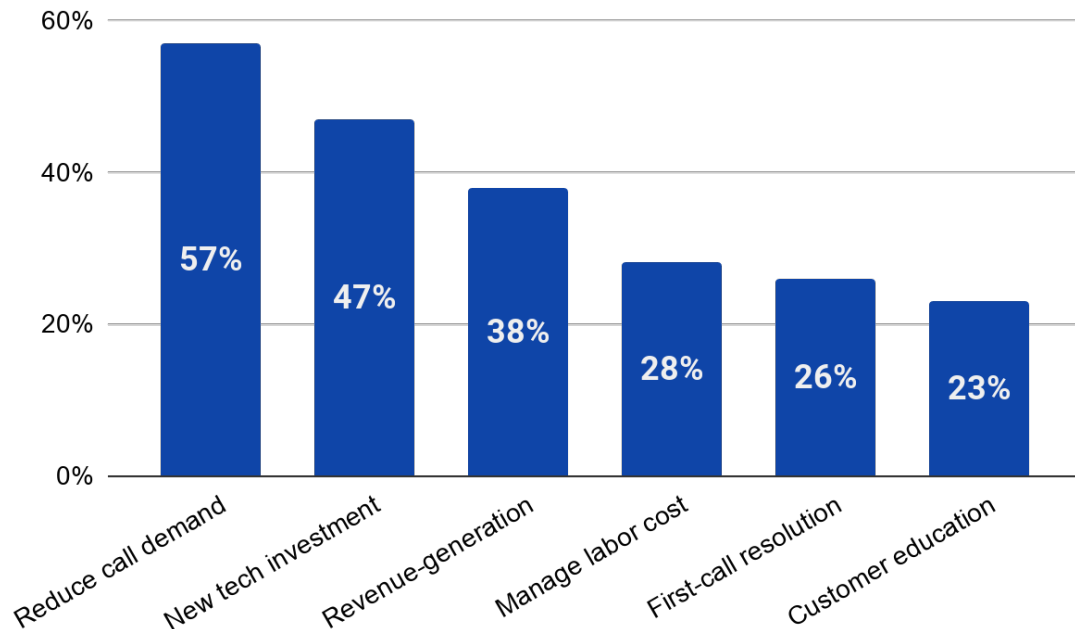


Figure : Bar graph showing top priority of customer care executive, [source](#).

- d. The bar graph taken from McKinsey and Company's article titled "[Winning the expectations game in customer care](#)" showed, almost half of the companies top priority was **investing in new technologies, such as AI**. They interviewed 50 customer care executives reporting the priorities of investment in the next 5 years, 2016-2021. Other priorities were, **reduction in call demand**, achievable using AI in customer service by reducing the number of interactions between customer and agents, and **revenue-generation improvement**, also achievable using AI, by improving customer service that consequently results in customer satisfaction and finally, revenue generation.

The facts don't lie and AI certainly caters a lot to customer service business - future for most of the business sector, including customer service. Companies, however, should not spend thousands of dollars and fall into the AI bandwagon. They should consult with AI experts and strategists to find solutions that best suit their urgent needs.

AI helps businesses in the long run, reducing the overall customer service cost by a large portion, increasing satisfaction within the customer base and entire customer service department.