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How to Meet Evolving Customer Expectations with Artificial Intelligence

Mastering the waves of CX and CS operations in the AI era.

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In today's fast-paced market, businesses face the dual challenge of effectively meeting rapidly evolving customer expectations and integrating Artificial Intelligence.

We explore a strategic approach that matches the human element with operational innovation and the latest technology. This report highlights the importance of a holistic framework emphasising the synergy between personalised service and AI-driven efficiency.

It provides actionable insights for companies looking to refine their customer experience and service strategies, ensuring they remain competitive without sacrificing the personal touch that customers value.

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A Transformative Approach to Meeting Modern Customer Expectations

Customer expectations are changing the way businesses operate. Today's market demands fast and efficient communication as a fundamental skill.

This urgency is amplified by the advent of Artificial Intelligence (AI), pushing customer service's 'need for speed' to new heights. Businesses now face the challenge of adapting to this accelerated pace as AI-driven solutions set new benchmarks for responsiveness and efficiency, transforming how companies engage with their customers.

This report addresses these challenges with a transformative strategy that marries the irreplaceable human element with a fresh look at operational designs and the strategic deployment of modern technology.

Our comprehensive approach aims to equip businesses with the insights and tools needed to excel in today's fast-paced market. By focusing on the synergy between people, processes, and technology, we lay out a roadmap for delivering exceptional customer experiences that are both efficient and deeply personalised.

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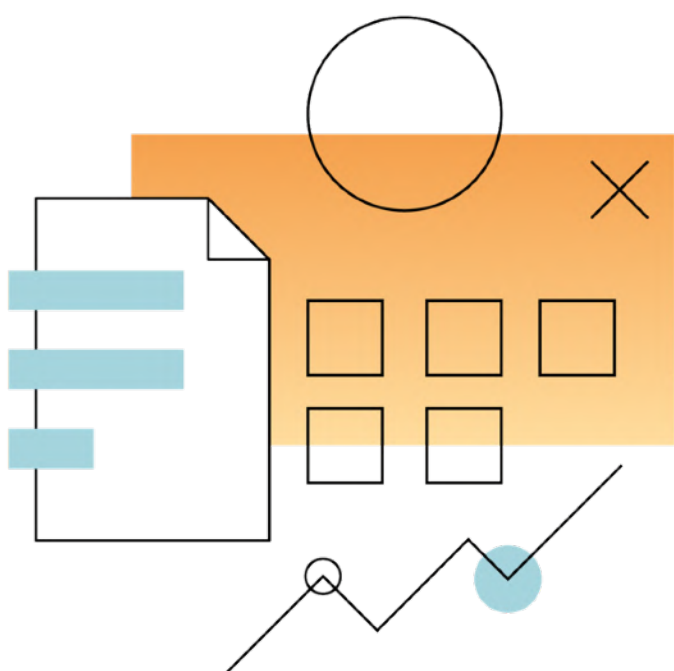
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The Three Pillars of CX Transformation

In the journey toward customer experience excellence, businesses stand at a crossroads where understanding, innovation and delivery converge.

This chapter draws on Forrester's report, The Three Pillars of CX Transformation, and guides you through each critical phase of the CX journey.

You must guide, shape, or contribute to key activities across three domains: understanding customer needs, crafting and refining solutions, and seamlessly delivering products and services.

Each step represents a strategic area where CX teams can exert influence, drive change, and foster a customer-centric culture.

> "To succeed, CX functions — regardless of their size or structure — must direct, influence, or inform activities that determine what customers need; design and test solutions; and deliver products and services."

The Three Pillars of CX Transformation, Forrester Report

Salesforce State of the Connected Customer 2022.

48%

Of customers have switched brands for better customer service.

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Determine What Customers Need

A deep, nuanced understanding of customer needs lies at the heart of any CX transformation. Forrester highlights the importance of engaging in robust activities to gain insights into customer desires, expectations, and behaviours.

These activities form the bedrock of effective CX strategies, encompassing customer research, insights, voice-of-the-customer programs, and journey mapping. In prioritising the customer's perspective, businesses can pinpoint exactly what their customers want, need, and expect from their interactions.

Implementing these strategies means going beyond the surface level. It involves a commitment to truly listening to your customers through diverse channels and methodologies.

By employing tools like customer perception and behavioural metrics, businesses will craft a detailed map of the customer journey, identifying key touchpoints and opportunities for enhancement.

This customer-centric approach ensures that solutions are innovative and deeply aligned with actual customer needs, reducing the risk of misalignment between offerings and customer expectations.

Salesforce, State of Service.

60%

Of service professionals say customer expectations increased during the pandemic.

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Design, Create and Iterate to Validate Solutions

The next pillar of CX transformation focuses on the iterative process of designing and testing solutions. This stage is all about turning insights into action through journey management, product and service design, and inclusive design practices. It's a phase marked by creativity, ideation, and rigorous testing to ensure that the solutions meet and exceed customer expectations.

The essence of this pillar is encapsulated in the practice of design thinking—a methodology that empowers teams to innovate, prototype, and test solutions in a cycle of continuous improvement. By embracing a human-centred approach, or as we call it "CRM by Design" approach, businesses can ensure that their products and services are functional and resonate on a deeper level with their customers.

This collaborative process, involving cross-functional teams from research, design, development, and operations, ensures that every aspect of the customer journey is thoughtfully considered and optimised.

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Refine the Delivery of Experiences

Delivering exceptional experiences is the culmination of understanding and designing; it's where strategy meets execution. Forrester emphasises the critical role of CX functions in orchestrating the delivery of products and services across digital, physical, and human touchpoints. This involves a seamless alignment with, and often the direction of, various operational teams to build, launch, and scale solutions that meet the high standards of today's customers.

This pillar is not just about the technical aspects of product management and development but also encompasses the human elements of customer service and success. It's a holistic approach that considers the employee experience as integral to customer satisfaction. Businesses must encourage collaboration between CX teams and adjacent functions such as marketing, IT, and operations. This ensures the customer experience is consistent across all channels and continuously evolves to meet changing needs and expectations.

The three pillars of CX transformation offer a comprehensive framework for businesses aiming to elevate their customer experience. By adopting these strategies, companies can meet their customers' ever-evolving demands and set new benchmarks in customer satisfaction and loyalty.

The journey toward CX excellence is both challenging and rewarding, requiring a steadfast commitment to innovation, empathy, and collaboration.

Key Takeaways

▶ **Grasping customer needs is key to CX success**

▶ **Iterative design and testing tailor products to real user needs**

▶ **Cross-functional teamwork ensures consistent, high-quality experiences.**

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Case Study
Consum Supermarkets

Consum achieves customer service excellence and sees a 40% improvement in customer query resolution with Zendesk and redk

Consum is one of the leading cooperatives within the retail sector that operates across the Spanish Mediterranean. Founded in 1975, it has grown to have more than 800 supermarkets, hiring more than 18,000 employees and serving more than 4 million customers in six regions of Spain.

The impact: tangible improvements in performance indicators and happy customers

As a result of the implementation of Zendesk, Consum has seen significant improvements internally and externally, with data that speaks for itself:

◢ 40% improvement in customer query resolution

◢ 41% increase in response speed

◢ 90% of calls answered in the first attempt

◢ An 8.4/10 CSAT score

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Artificial Intelligence is as a Customer Service Capability Creates a Competitive Advantage

There is an abundance of information about AI and customer service online. In this chapter, we aim to cut through the noise and distinguish AI as a powerful customer service capability.

We draw on insights from Forrester's report, Generative AI: What It Means for Customer Service, to explore how AI is changing the way businesses connect with customers.

We dive into the transformative impact of AI across three critical areas of customer service: knowledge management, insights from conversational data, and agent productivity.

Design, Create and Iterate to Validate Solutions

AI's transformative role in knowledge management is pivotal. It enables customer service teams to navigate and utilise vast information landscapes with unprecedented efficiency.

Forrester underscores the potential of generative AI to revolutionise customer service by transforming existing knowledge into new, more accessible formats. This capability ensures that representatives can access the most current and relevant information swiftly, enhancing the speed and accuracy of customer support.

Generative AI's strength lies in its ability to maintain consistency across all knowledge formats, acting as a dynamic single source of truth that empowers teams to deliver superior customer interactions.

83%

Of customers expect to interact with someone immediately upon contact

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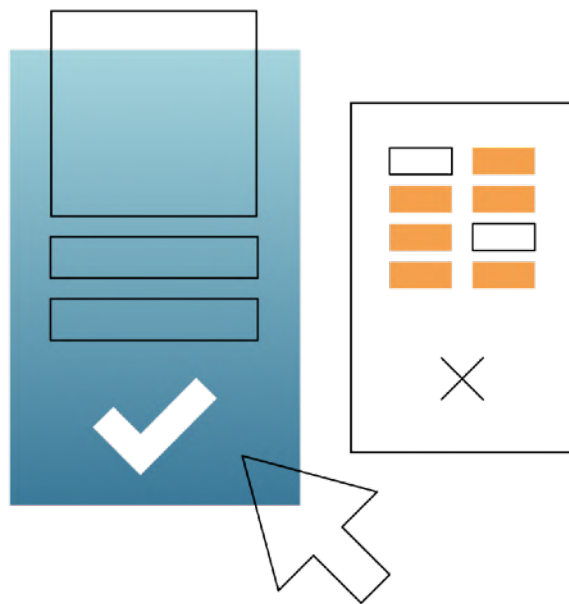
Agent Productivity

Generative AI profoundly impacts agent productivity, demonstrating how AI tools can significantly enhance the efficiency and effectiveness of customer service operations. By automating routine responses and equipping agents with contextually relevant suggestions, AI allows human agents to concentrate on more complex inquiries. This streamlines the customer service process and elevates the customer experience by ensuring timely, personalised, and accurate responses.

A recent study by the National Bureau of Economic Research found that integrating AI tools increased agent resolution rates by up to 14%, alongside other benefits such as improved customer sentiment and reduced agent attrition rates. This underscores the crucial role of AI in augmenting human capabilities and creating a more engaging and satisfying work environment for customer service professionals.

AI's role in customer service extends far beyond automation. AI is reshaping customer service through sophisticated knowledge management, deeper insights from conversational data, and significant improvements in agent productivity. As businesses further integrate AI into their operations, the emphasis should be on using these technologies to foster a customer service experience that is efficient, deeply empathetic, and personalised.

The journey with AI in customer service is just beginning, with its full potential yet to unfold, promising a future where technology and human insight combine to create exceptional customer experiences.

Salesforce State of the Connected Customer 2022.

83%

Expect to resolve complex problems through one person.

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Better Insights from Conversational Data

The ability of AI to distil actionable insights from natural language data marks a significant leap forward in customer service strategy. According to Forrester, the advent of Large Language Models (LLMs) and natural language processing techniques is set to redefine the landscape of conversational intelligence.

This shift promises a deeper understanding of customer interactions and the ability to harness this data for more effective engagement strategies and problem-solving approaches.

By tapping into conversational analytics, businesses can uncover trends, preferences, and areas for improvement, turning each customer interaction into an opportunity for growth and enhancement.

Key Takeaways

▶ AI speeds up customer service by quickly updating and organising information.

▶ AI analyses conversations for better customer engagement and service improvements.

▶ AI boosts agent efficiency, automating simple tasks and aiding in complex queries.
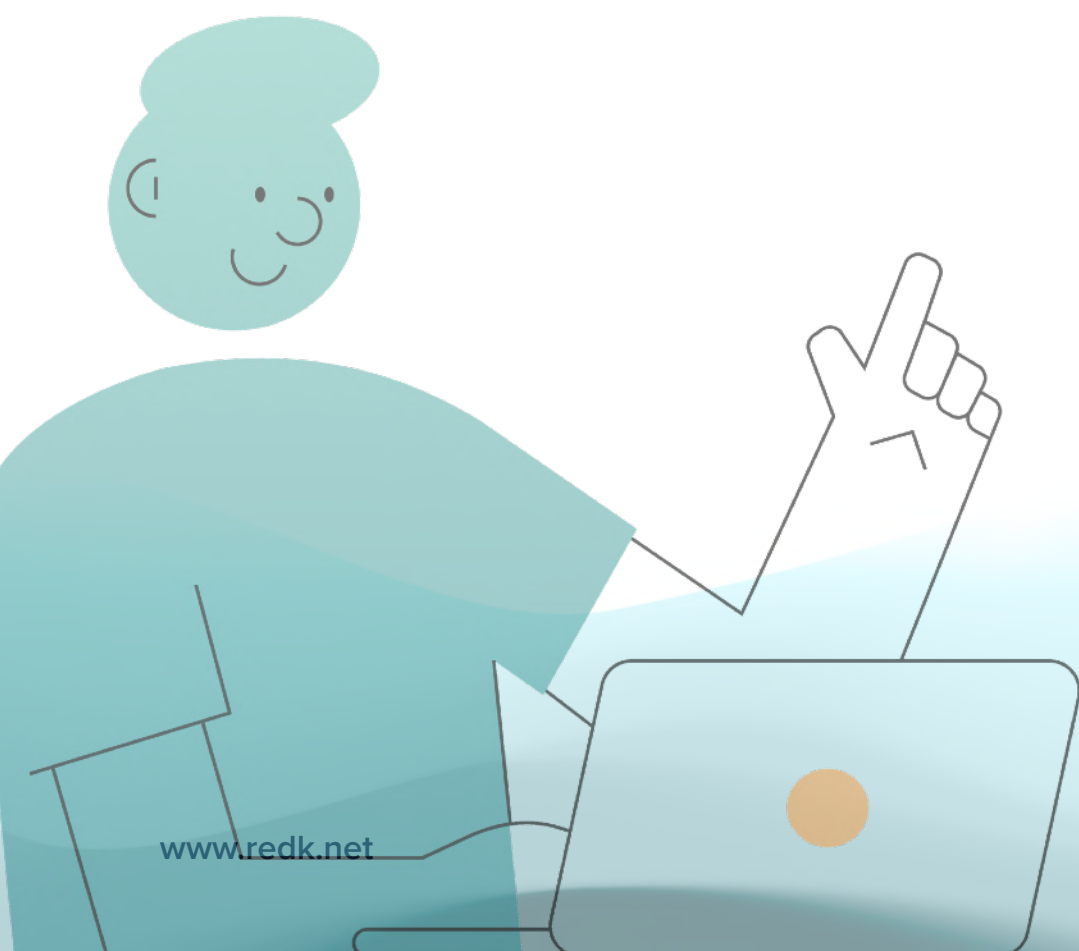
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Case Study
Balearia

Zendesk AI solutions and redk's expertise helped Balearia minimise routine tasks and optimise teamwork so they could focus on a robust, omnichannel customer experience.

Baleária is one of the giants of the Spanish transport industry with 1,800 employees, 30 ships, and €452 million in revenue.

They are leaders in transporting passengers and cargo between the Iberian Peninsula, the Balearic Islands, the Canary Islands, and Ceuta and Melilla. They also operate internationally in three continents.

Price is their determining factor as clients expect a similar if not better experience than the provided by airlines. That is why they've created a customer service department focused on digitalisation to improve both customer and stakeholder satisfaction.

Main challenges

Complex conditions in a traditionally non-digitalised sector made digital transformation a must. In order to ensure a frictionless omnichannel experience.

▸ Multiple locations: They operate in three different continents – Europe, Africa, and North America.

▸ Different lines of business: passenger and freight transport, hospitality and retail, servicing three different types of clients (B2C, B2B, and B2B2C).

▸ High dependency on high occupancy rates: to be able to minimise costs for travellers and provide them with different alternatives.

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Transforming Service Organisations to Deliver Better CX

Navigating the intricate balance between empathetic, personalised customer service and operational efficiency presents a formidable challenge for service teams.

Salesforce's State of Service report highlights this critical dynamic, emphasising the need for a comprehensive understanding of the customer journey. This enables service professionals to connect with customers efficiently and with genuine empathy.

Many customers feel their unique needs are often overlooked by customer service teams, leading to a sense of being undervalued.

In response, service organisations are overhauling their approaches to ensure every customer interaction is impactful and individual.

This chapter explores how achieving this balance is not just a goal but a necessity for high-performing teams amid the push for cost savings and the quest for deeper customer connections.

Salesforce State of Service report

62%

Of service pros say all departments use the same CRM software

86%

Of decision-makers at organisations with field service say it's critical to scaling their business

The Efficient, Cost-Effective, and Empathetic Customer Experience

Today's high-performing customer service teams strike a delicate balance between delivering personalised, empathetic service and achieving cost efficiency amidst economic uncertainty. Salesforce's State of Service report emphasises the critical need for service professionals to have a complete view of the customer journey, enabling them to engage with empathy and efficiency.

The challenge is clear. While 73% of customers anticipate personalised recognition of their needs, 56% still feel they are treated impersonally like mere numbers.

Service organisations are adapting by ensuring agents have access to comprehensive customer data across all touchpoints and by implementing more flexible policies that consider individual circumstances.

This approach not only meets customer calls for empathy but also addresses the growing demand for speedy resolutions.

Expanding to Digital Service Channels

The digital transformation of customer service channels has accelerated, significantly increasing customer service interactions via social media, customer portals, online chat features, and video support. Salesforce's State of Service report highlights that the use of digital channels remains strong, reflecting a sustained preference for digital engagement among more than half of customers.

This shift towards digital-first customer service meets current customer expectations. It aligns with efficiency initiatives, such as case deflection through self-service tools, which have seen a 20% increase in tracking since 2020. Service organisations are leveraging these digital platforms to deliver quick, cost-effective solutions while maintaining the quality and personalisation of the service.

Salesforce State of the Connected Customer 2022.

57%

Of customers prefer to engage companies through digital channels

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The Underrated Value of Field Service

Field service is emerging as a critical component of the customer service strategy, extending beyond traditional industries to become a significant sales channel for high-touch consumer brands. Salesforce reveals that 86% of decision-makers view field service as critical to scaling their businesses, with investments in field service management software (FSM) seeing substantial benefits in productivity.

However, challenges in equipping a growing contractor workforce and maximising the return on FSM investments underscore the need for continuous improvement and training in this area.

Service organisations are navigating a complex environment where the demand for empathetic, personalised service must be balanced with the need for efficiency and cost-effectiveness. The expansion into digital service channels and the strategic investment in field service are key trends driving the transformation towards better CX.

The journey towards transforming service organisations is both challenging and rewarding, demanding a steadfast commitment to innovation, empathy, and collaboration.

59%

Of customers prefer self-service tools for simple questions/issues.

Key Takeaways

◤ **Balancing personalised service with efficiency is crucial in meeting customer expectations for empathy and quick resolutions.**

◤ **Digital service channels are key, with the growing customer preference for online interactions and self-service options.**

◤ **Field service is essential for direct customer engagement across various industries, not just traditional sectors.**

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Navigating the Intersection of AI and Human Empathy for Business Transformation

Businesses are at a pivotal juncture. The challenge of delivering cost-effective, efficient customer service while ensuring personalised, connected experiences has never been more pressing.

Artificial Intelligence (AI) emerges as a critical ally in this journey, enhancing agent productivity and alleviating workloads to foster a more satisfying work-life balance.

The demand for flexible schedules, wellness benefits, and career development opportunities in customer service teams underscores the need for a holistic approach to employee well-being and effectiveness.

At redk, we understand the complexities and demands of modern customer service environments. Our expertise lies in empowering CX and CS teams to deliver excellence in this connected and customer-centric era.

Leveraging cutting-edge technology, strategic operational redesign, and a deep understanding of the human element, we offer tailored solutions that bridge the gap between technological potential and human empathy.

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Our services are designed to help businesses navigate the intricate balance between operational efficiency and personalised service.

From integrating AI to optimise service operations to designing digital service channels that meet customers where they are, redk is committed to driving the transformation towards better CX.

The journey towards exceptional CX and CS is both challenging and rewarding, requiring a steadfast commitment to innovation, empathy, and collaboration.

With redk as your partner, you're equipped not just to meet the ever-evolving demands of your customers but to exceed them, setting new benchmarks in customer satisfaction and loyalty. Together, let's shape the future of customer service by creating experiences that are efficient, cost-effective, and deeply connected.

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