

The Good, The Bot and The Customer Experience

A report into the opportunity for
AI-driven customer service



Executive summary

The digital era has brought with it an explosion of communication platforms: from WhatsApp to email, Snapchat to Instagram, live chat to instant messaging, there are now myriad ways in which we can engage with one another and with organisations.

Yet despite – or perhaps because of – this proliferation, brands are facing an uphill battle to deliver great customer experiences. Too often, the challenge of operating at a global scale is at odds with providing more personalised service. At a time when customer expectations are such that 56 per cent of consumers have stopped doing business with a brand following just one bad customer service experience in the last 12 months, this can have a dramatic impact on business performance.

To combat this, brands have explored new ways to provide the personalisation, speed and responsiveness customers expect with the efficiency that operating in the digital era demands. This means investment in new technologies such as Artificial Intelligence (AI) is being made to augment existing teams and resources to deliver better customer experiences.

Yet according to our recent research, there is still a significant disconnect between what customers are experiencing and what brands think they are delivering, suggesting that the integration of new AI technology has not yet delivered the positive experiences brands are aiming for.

It is a complex situation and one that needs careful consideration. To get some answers, we surveyed both consumers and senior decision makers from a number of industries across Europe to understand how both brands and their customers perceive service levels, what works for them and how the introduction of technologies such as AI are shaping the way we all interact with companies.

In this report, we explore the findings and implications of that survey – covering over 6000 consumers and over 800 senior decision makers throughout customer service departments in the UK, Germany, France and the Netherlands, in September 2019 – and identify key learnings for businesses wanting to improve their customers' overall experience.

i) <https://www.freshworks.com/resources/report/the-new-rules-of-customer-engagement/>

The customer service disconnect

Marrying scale and efficiency with personal service and a quality experience has long been a juggling act brands have been forced to undertake. It can seem like trying to balance two competing priorities, and it is perhaps not surprising, therefore, that many are still failing to deliver experiences to the standard their customers expect. Ninety-two per cent of consumers* have been frustrated by customer service, with the biggest issues coming from being left on hold too long (27 per cent) and having to explain the situation repeatedly (13 per cent).

Surely businesses know many customers are dissatisfied and recognise that they need to improve? In many instances, however, that's not the case. Two-thirds (66 per cent) of senior decision makers surveyed rated their customer service as excellent, suggesting a marked disconnect between the service that brands think they're delivering, and the service that they're actually delivering.

According to [Adrian Swinscoe](#), independent advisor, speaker and best-selling author on customer service, experience and engagement,

“There's been a significant gap in brand and customer perception of the type of service being delivered and received for some time. The addition of new technology and new channels, in many ways, is exacerbating the situation, as customer expectations increase, and businesses have to manage more ways of communicating than ever before.”

But why does this gap exist? What has led organisations to believe that they are delivering a quality experience, when the evidence from consumers suggests the opposite is true?



92%

of consumers* have been frustrated by customer service

Yet

66%

of senior decision makers surveyed rated their customer service as excellent



Is there an overreliance on technology?

Part of the issue could lie in “why” organisations are deploying this technology, and in particular AI, within customer service. Of the decision-makers surveyed, only 25 per cent said that the main reasons for investing in AI was to improve customer experience. This, however, is not necessarily the right approach. As the [Deloitte Consumer Review 2019](#) states, consumers “expect personalised products and services, and want to engage with brands across multiple channels in a seamless way”, a perspective at odds with a focus on optimisation.²

Only

25%

said that the main reasons for investing in AI was to improve customer experience

Swinscoe agrees.

“What’s important to remember is that, ultimately, everyone wants a swift resolution – it costs customers time and energy to raise an issue, and it costs businesses time and money to resolve it. So, any investment needs to have that consideration front and centre. Wanting to be more efficient, or to reduce costs, is fine, but it cannot come at the expense of good service.”

2) <https://www2.deloitte.com/uk/en/pages/consumer-business/articles/digital-risk-consumer-review.html>



Are ineffective chatbots killing your brand?

Our research showed that 41 per cent of consumers saw no benefit of interacting with a chatbot to solve a customer service issue, with 39 per cent stating they would prefer to never interact with one. In fact, 41 per cent admitted that knowingly communicating with a chatbot would put them off interacting with a brand in future.

One possible answer is to mask that customers are dealing with chatbots. Putting aside the ethical ramifications of such an approach, chatbots don't always provide quick or relevant answers, according to the survey. Twenty-six per cent said they'd had customer service issues with chatbots, while over a quarter (29 per cent) said that bots responded with answers that were not personal and didn't solve the problem.

Surely the point of deploying AI-powered bots is that they enable businesses to work more efficiently. So, is it the case that brands are not leveraging them correctly? When faced with problems where the answer isn't a simple solution suited to a bot-programmed response, a human agent might be better. The bot can quickly assist the human agent with all the pre-existing information readily available so that query is handled to the customer's satisfaction.

For Swinscoe, the anti-bot sentiment may be less about reality and more about perception.

“I think that if brands focused more keenly on delivering a better overall service, what or how it's delivered to the customer becomes somewhat irrelevant.”

41%

of consumers saw no benefit of interacting with a chatbot to solve a customer service issue

29%

said that bots responded with answers that were not personal and didn't solve the problem.



Harnessing AI effectively

Alongside the deployment of chatbots, there are also the back-office benefits that AI can bring. There is immense value in being able to identify patterns within customer service departments, for example certain channels handling specific queries, or particular problems being raised at different times of day. It is true that human agents will identify these trends over time, but that requires them to have the capacity to do so – if they are focused on the day-to-day of solving customer queries or reducing time on the phone, they are less likely to have the scope to spot emerging patterns. Plus, AI can do it quickly, producing data in a form that is easily understood, without removing agents from the front line.

This data can then be incorporated into CRM systems, building profiles that determine preferences and requirements. Easily accessible, this information arms agents when dealing with customers, giving them the ability to provide a more personal level of service, and in doing so increasing the chances of a more positive outcome and experience.

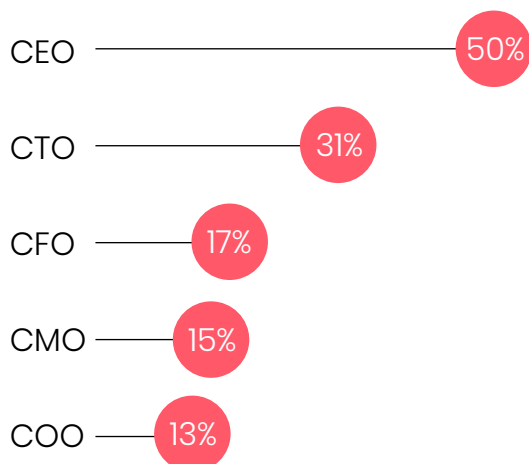
It's an approach Swinscoe backs.

“The introduction of AI simply to optimise operations is a wasted opportunity. Whether it’s to augment existing teams, or to identify trends and provide decision-makers with usable insights, deployed properly the technology has immense potential,” he says. “However, it has to be done strategically; anything else is likely to do little in closing the gap between customers and brands.”

Yet despite this, over three-quarters (76 per cent) of decision-makers were not taking advantage of AI to identify these sorts of patterns in their customer service departments. The research indicated that 75 per cent of businesses were not deploying AI to improve customer experience. With this focus on operational efficiency, consumers are wondering what's in it for them, creating this disconnect.

The reason for the disconnect may lie in the lack of clear AI ownership and strategy. Across Europe, there was marked inconsistency over who was leading on AI – 50 per cent of respondents who use AI in their customer service operations put the responsibility on the CEO, but the CTO (31 per cent), CFO (17 per cent), CMO (15 per cent) and COO (13 per cent) were also identified as leading AI initiatives. And almost a tenth (eight per cent) of respondents had no one driving adoption, rising to a quarter (26 per cent) in the UK.

Who respondents believe leads on AI



With AI not appearing to have a natural home, it is perhaps unsurprising that there is a lack of strategic use. Each of those roles have different remits and focuses – while a CEO would expect to be most strategic, their vision might not always flow down to the customer experience. Likewise, a CFO or COO may be more focused on cost optimisation, while CTOs will be wrestling with integrating AI with other technologies.

Gireesh Subramaniam, VP of Product Management at Freshworks, also raises the point that ownership of customer experience, or lack thereof, may also play a role.

“Who owns the customer experience? Some companies see it as a marketing job, others might say sales or support. If there’s not a clear vision on who is responsible for how customers feel about the brand, then there’s less likely to be coherence over implementing tools to make sure it’s a positive sentiment.”

The other issue could be the lack of investment. Overall, global investment in AI is high, with the UK ranking third behind China and the US according to a Tech Nation report.³ Yet, with so many competing priorities, this may not be translating to customer service. While 91 per cent of businesses that use AI in their customer service operations have put money into the technology over the last 12 months, just 18 per cent have spent over £500,000, dropping to 12 per cent in the UK and rising to 22 per cent in Germany.

While

91%

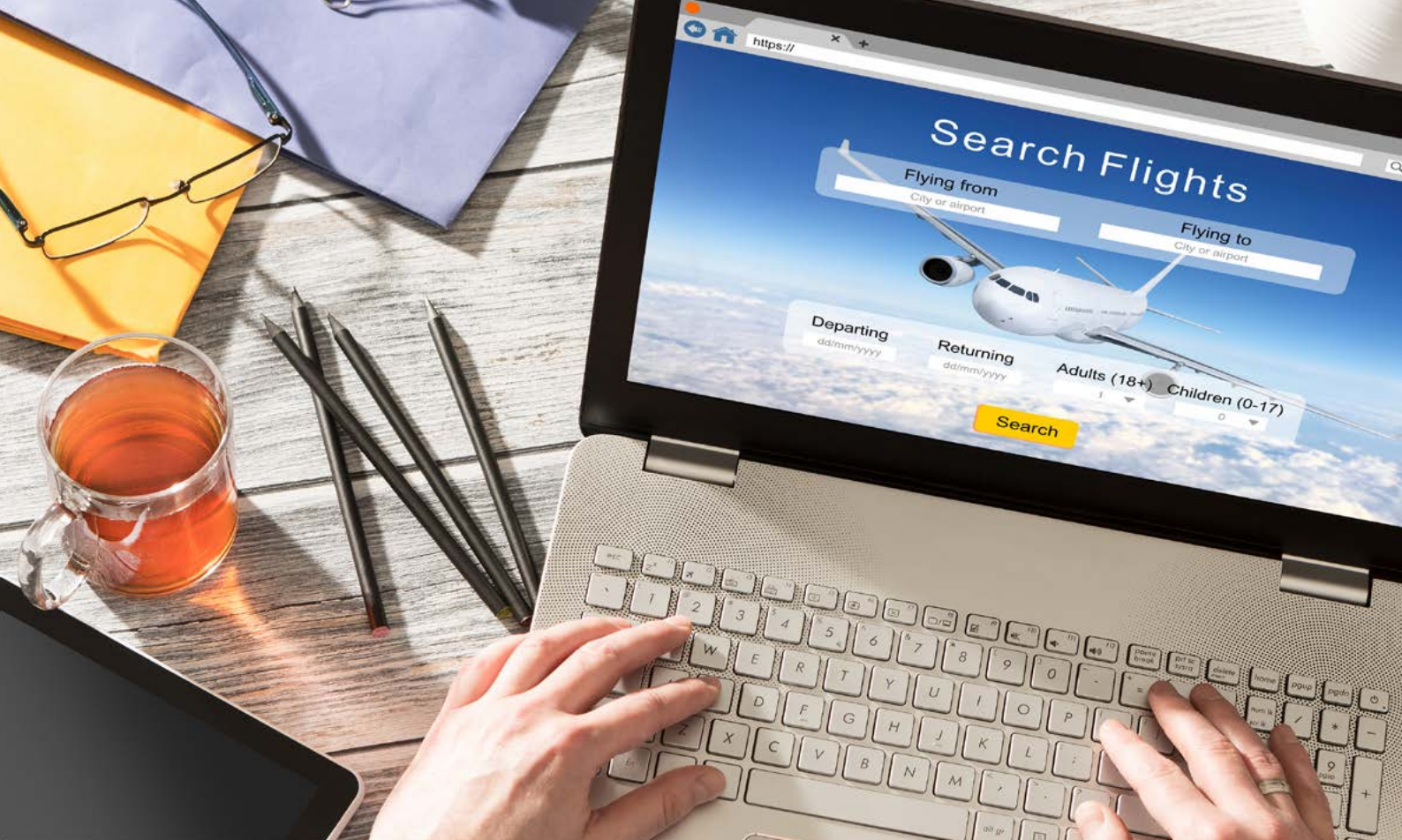
of businesses that use AI in their customer service operations have put money into the technology over the last 12 months

Only

18%

have spent over £500,000

3) <https://technation.io/report2019/>



Case study: Getaway from inefficient customer service with AI

Travel Counsellors Ltd. is an independent travel company headquartered in Manchester, England with operations across the world. The company gives over 1,800 independent travel consultants the tools they need to run their own businesses, enabling them to deliver quality holidays and travel experiences to their customers.

For the support teams at Travel Counsellors' head office, it is important to provide a streamlined and personal experience to their customer base of travel consultants, in order to match the high-level service, the consultants are providing to their end users. Priding itself on its 96 per cent NPS score, the company needed an economic way to help it continue to deliver a premium service, while maintaining strong YoY growth.

By combining cloud, automation and AI, Travel Counsellors was able to not only save its customer service agents time and reduce the risk of queries being unsolved, but also improve workflow management and speed up resolutions.

Today, around one fifth of Travel Counsellors' enquiries are solved by an AI-powered chatbot. For an organisation that deals with very complex and specific customer requests, this is impressive. The chatbot learns how best to respond to detailed and recurring questions, freeing up significant time for agents who can, in turn, focus on more complex customer issues. Its integration has also helped users solve enquiries quickly and efficiently, and the insights gathered from automation are deployed to improve the overall service, helping to boost the standard of the user experience.



Key takeaways:

How brands can address the disconnect with AI

Brands should be applauded for embracing AI to improve their customer service performance. However, it is clear that most companies are still only scratching the surface of how it can be used effectively to improve the customer experience. In order to make the best use of their investment, any company planning on deploying AI should consider the following:

- **1 The need to be strategic**

cutting costs and improving efficiency are perfectly acceptable goals, but they should be secondary aims to the overall objective of delivering a better, more personal customer experience. This can only be achieved by taking a strategic view and understanding how a combination of front and back office deployment will enhance customer service outcomes.
- **2 Bots should support, not replace**

Customers want a personal service – that means they want adaptable responses that are relevant to their current query, not a general response which could be applied to multiple contexts. That's why bots, and AI in general, should be deployed alongside human agents, not instead of.
- **3 A quality experience is most beneficial to all**

While customers cited the need for a more personalised experience speed matters. The faster queries get resolved, the happier both the brand and customer will be. Therefore, any implementation needs to have the experience front and centre, and not sacrifice it for anything else.
- **4 Integrating AI across all elements of service**

AI is not simply for a specific part of customer service – the greatest value lies in being able to deploy it across all functions, and then tying it together. From marketing and sales, to support and success functions, AI can help each department be better aligned, more productive, deliver greater customer satisfaction and, ultimately, deeper brand loyalty.
- **5 Invest and support chatbot deployment fully**

it may be challenging to secure additional investment, but if brands persist in underfunding chatbots, they will continue to see mistakes being made, customers being put off by poor experiences, and potential revenue heading elsewhere.

A woman with dark hair and glasses is looking down at a tablet she is holding. She is wearing a light-colored blazer. In the background, there are blurred computer monitors displaying technical diagrams. The overall lighting is blue and professional.

Perfecting the customer experience

It is up to businesses to improve their strategic deployment of AI, whether in the use of chatbots or in integration across systems for a more consistent customer experience from marketing, sales, service and success. Consumers still prize that human interaction, so it is important to use AI to enhance, not replace. In doing so, businesses can develop AIs that mimic the behaviour of their best agents, while freeing up headcount to focus on problem cases. This will ultimately lead to more positive outcomes, better all-round customer experiences, greater brand loyalty and increased long-term value.

About the research

Freshworks polled 812 senior decision makers for customer service departments (e.g. Heads of Customer Service, Customer Service Directors, C-suite involved in customer service operations, logistics, etc.) in the UK, The Netherlands, Germany, France using Opinion Matters. The poll took place online between 10th and 17th September 2019. Of the 812 respondents 642 use AI in their customer service operations. Any reference to senior decision makers is from this survey.

Freshworks polled 6055 adults in the UK, The Netherlands, Germany and France using Opinion Matters. The poll took place online between 10th and 16th September 2019. Of the 6055 respondents 5594 have used a customer survey channel. Any reference to consumers are from this survey.

About Freshworks

Freshworks provides innovative customer engagement software for businesses of all sizes, making it easy for teams to acquire, close, and keep their customers for life. Freshworks SaaS products provide a 360 degree view of the customer, are ready to go, easy to use and offer quick return on investment. Headquartered in San Mateo, USA, Freshworks 2,500+ team members work in offices throughout the world.

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