Changes in customer service approach, eco system and new trends in customer service

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Abstract - Globally companies are going through turbulence on customer service models, which model is best fit mode to deliver the customer service and where to invest in new technologies on customer service. Customers are moving towards digital platform, companies are finding it difficult to balance the digital and non-digital mode of customer service.

There are many factors which affects the customer service e.g. cost of fuel which affects the cost of travel and subsequently results in spike in cost of customer service. On other side _cost of mobile / data offers_ which reduces the cost of accessibility of digital platforms results in lowering the cost of service.

This presentation covers traditional ways of customer service, how changes in eco system are helping new ways of customer service, case studies and its impact.

OBJECTIVE OF STUDY

- To study traditional methods of customer service
- Changes in eco system which affects the customer service
- New trends in customer services and its impact

Major technological development which has affected changes in customer service

- ❑ Deployment of Semiconductor
- ❑ Aadhaar deployment
- ❑ Digital reach to common man

Deployment of Semiconductor

Back in 1965, Gordon Moore, co-founder of Intel, observed that the number of transistors on a one-inch computer chip double every year, while the costs halve. Now that period is 18 months, and it's getting longer. In truth, Moore's Law isn't a law, merely an observation by someone who worked for a chip-maker, but the increased timescales mean intensive computing applications of the future could be under threat. [2] and [3]
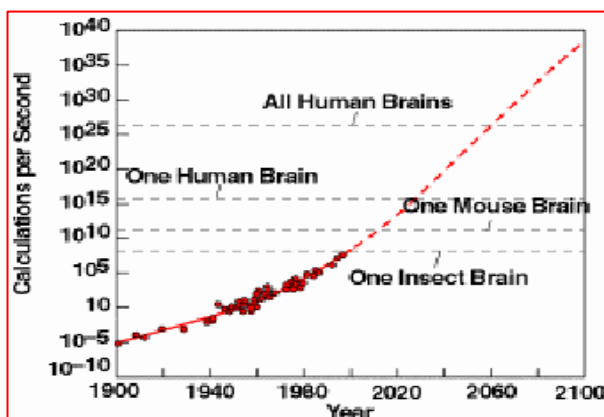
If we go with the Moore's law by 2020 computing power of semi-conductor will be equal to Human brain

Moorie's Law

Human will have more and more computing power in his hand

e.g. 32 kilogram Apollo Guidance Computer, which the Apollo 11 Command Module had on board, it was a machine that had 64 kilobytes of memory and operated at 0.043MHz.

The iPhone 5s, which can easily fit into any pocket, has a CPU running speed of up to 1.3GHz, [4]

Computing Power of Today's machine Semiconductor

Aadhaar deployment

In Indian contest Aadhaar is paying major role while deciding the customer service model. E.g. Banking KYC (Know your customer), previously KYC is required physical form but with Aadhaar availability this can be done by biometric device and 100% digital way [5]

Aadhaar and biometric process for KYC

Digital reach to common man

Increase in literacy rate, cheaper data packs, and affordable smart mobile is increasing the digital penetration in India. India's smart phone market is growing with 18% yearly growth and giving more and more opportunity of digitalization.
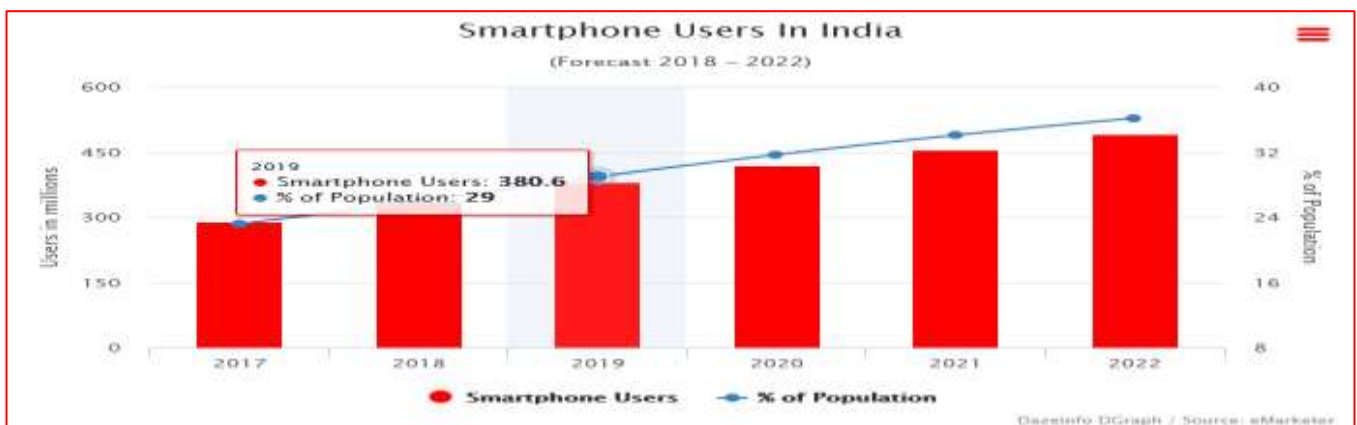
Smartphone penetration in India [6]

In India data pack and smart phones are becoming more and cheaper which is resulting higher data penetration.

Data packs are available at Rs 2- Rs 5 per GB [7] and smart phones are available at as low as Rs 2999/- [8]

Data pack prices in India

Karbon Rs 2999/-

Xiomi A1:Rs4999/-

Traditional ways of customer service:

Now we will see the traditional ways of customer service which are in practice. Most of companies are doing the customer service with these models.

These are broadly categories as below

    a.   Personal Visit
    b.   Multi Brand outlets also called as MBO
    c.   Exclusive retail store
    d.   Contact center or sometimes called as call center

Now we will see these models in detail ways, how it works and its features, advantages and limitations

    a.   Personal Visit

One of oldest model of customer service, where designated representative of company visits the customer and give complete detailing on the product, services.

This is high cost model as it required physical travel from one place to other place, also it required high investment in people / agency cost. Since each representative is visiting customer, resolution time of customer issues is very low also customer satisfaction is very high.

On other features, customer can feel and see the product as agent is coming to customer's place.

This model also gives good brand visibility as each agent is going to spread the voice about company.

This model is still used by many companies in FMCG, Banking and Insurance sector also many small companies starts promotion and services of their products though this model only [10]

    b.   Multi Brand outlets also called as MBO

In this model companies authorizes agents which can worked with other companies also, this reduces the cost of infra like building , electricity also provides service touch points to customers and companies [11]

This model is used by many sectors like FMCG, white goods etc. and having low brand visibility, as it depends on the owner of shop and competition activity in the market.

Customer can have look and feel of the product and services

    c.   Exclusive retail store

Exclusive retail store is nothing but store which sell / services products and services for only one company, it may be in the form of franchisee or company owns

This format is required high capital cost but having highest brand visibility and highest standard of services

This model is used by most of companies which are in sectors like banking, telecom, and consumer appeals. Companies like Vodafone, Bata, IKEA, and Arvind uses this kind of model, but most of companies uses mix of MBO and this model as this kind of model is useful only in dense population areas or metro cities. [18] [19] [20]

d. Contact center

This customer service model is developed and becomes popular with increase in tele-density across global.
In this model customer out call for any service related issues to agent though phone. Mobile and seek resolution on their issues.
This models provides geographical flexibility also it's the most effective way of customer service as it's easy to have load balancing.
Now a day's most of the companies is having call centers and they are using this model.
This model is very useful for rural areas, where companies are not able to use the other models because of higher cost to reach physically and geographical limitation. [21] [22]

Advantages and disadvantages

The major advantage of all traditional methods of customer service is human touch which gives emotional angle to some solutions.
On the other hand it required lot of human manpower / capital investment and human manipulation is possible in this model
Changes in eco ecosystem
Now we will see the changes in eco system which are enabling customers / companies for new ways of customer service.
There are many eco system changes happening across the India which are forcing companies to look new methods of customer services

A. Literacy rate
B. Human vs Machine : AI support
C. Cost of smart phones
D. 4G advantages
E. Smart phone penetration

Now we will see above points one by how it's impacting customer service

A. Literacy rate

As you can see in the graph India's literacy rate is moving up has touched to 72% in 2011 and few states like Kerala has already touched the same to 99%.

Urban population is having literacy rate close to 86% and its moving to 100% very fast .Higher literacy rate enables customers to explore more opportunities /avenues in customer service.

Customers also feel more empowered by education and they don't required or required less assistance.

This scenario certainly demands differential level of customer service than traditional ways [23]
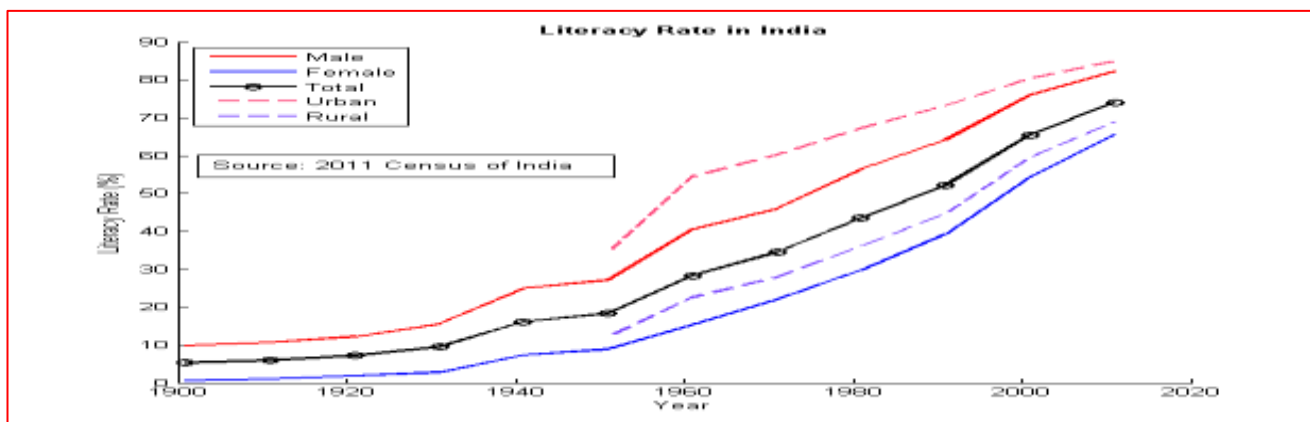
B. Human vs Machine : AI support

As we had seen in Moories law the power of machine will become more and stronger and it will start replacing Human brain. By this we can see more and more automation which is resulting faster and defect free customer interaction without human intervention.

The latest example of such techniques are CHATBOT [12], IVR, Robot etc.

C.   Cost of smart phones

In India the cost of smart phones are drastically coming down, and now a days smart phones are available from Rs 2.5 k. This means that more and more people can afford the smart phones for their use, that also means they are getting more powerful machines in their hand which can perform multiple tasks

And as stated in Moore's law, the capacity of machines are going to be continue and it may overtake human brain soon.

D.   4G advantages :

4G technology provides the higher speed to mobile devises which is backbone of today's customer service platform.

4G provides faster speed that enables easier and faster access to various applications on smart phone, with the help of these applications customers can explore the various self-assisted customer service applications As you can see the current data pricing of the data which has come down to Rs 5/ Gb and gives us data speed up 8/10 Mbps with 92% of population coverage which gives customer better value proposition.[13] [14]

Cheaper data and higher data speed enables customers more empowered with better experience on the other hand companies can develop more customer friendly solution.

E.   Smart phone penetration

We had already seen the smart phone penetration in India and its prices, if we see below trend on the Android phone prices worldwide it shows that there is drastic drop in the Android phone process which are major contributor in smart phone market [15]
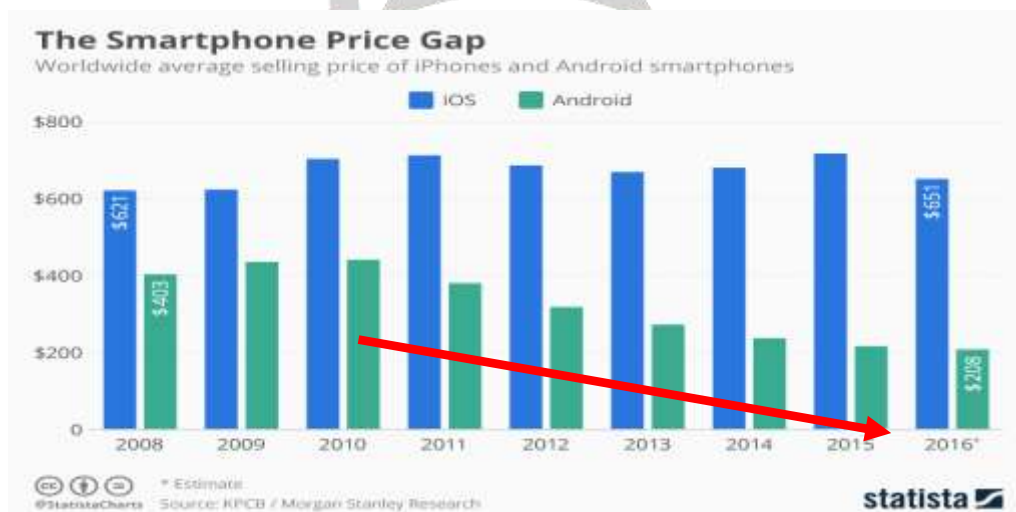
As we can see there has been high shift in eco system which is driving the customer service.

Now we will see how few technologies along with this changes in eco system is driving new customer service methodologies.

Case study: technologies affecting customer service
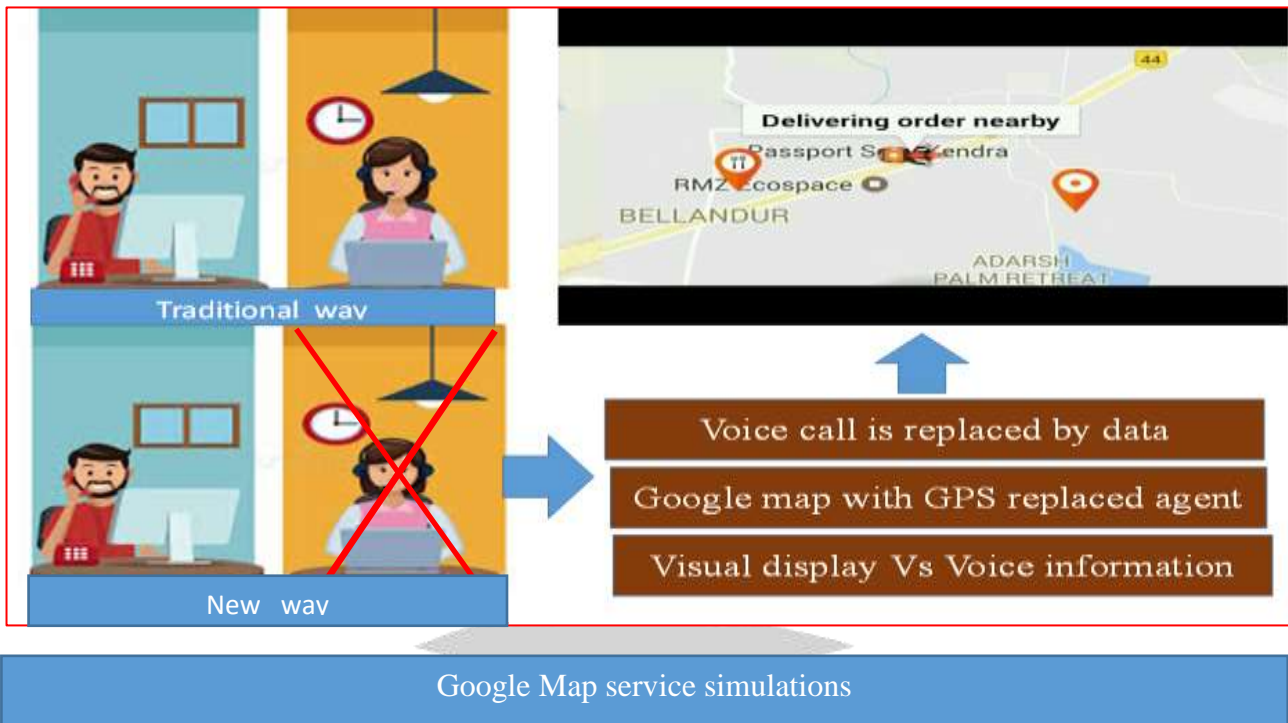
1.   Google map and GPS :

Google map with GPS provides the solutions like route planner and location tracking. [24]

Below are the main features of the this application

❑   Provides solutions to locate man ,machine , material
❑   Very high accuracy
❑   Simple and cost effective
❑   Real time location tracing

Now we will see the case study which gives visibility how customer service has changed because of this technology.

In traditional ways if we want to order the food from the restaurant we use to call the customer restaurant, and we never come to know the status / location of the delivery boy till the time we use to call.

Google Map service simulations

In new era with the help of technology

1. Data usage is replaced with voice call , you need to just check the status of delivery on your mobile
2. The agent who use to help on the location tracking, is replaced with the google map and GPS. You don't required mediator
3. Previously agent use to provide your all information on verbally., now all that is replaced with the visual display on the google map

Below are the features of this technology

1. Impacted industry : logistics, Ecommerce , food Delivery [16]
2. Visual information on the status of delivery
3. Real time Status
4. Low Cost of service
5. Error free information without human intervention

2. Aadhaar card and biometric

- **Aadhaar** is a 12-digit unique identity number that can be obtained by residents of India, based on their biometric and demographic data [5] [17]
- Aadhaar is taking biometrics like finger prints and retina while registration and provides services like KYC, authentication to various industries like banking, insurance, telecom etc.
- KYC verification using Aadhaar is done digitally , paperless and time taken for KYC is very low
- It is secured and removed the duplication and minimizes fraud

Advantages [17]

A, Connivance   B. Paperless   C. Cost-effective

Features

- Low cost of transaction
- Faster and error free authentication
- Minimizes risk of forgery
- Reduces paper
- Secured documentation

Now we will see the impact of these technologies over the companies, customer and society

1. Company
- Low cost of transaction
- Faster and error free authentication
- Minimizes risk of forgery
- Secured documentation
- Realignment of manpower skills

2. Customer
- Faster and error free way of KYC , information and solution
- Cost effective solution
- Available 24 x 7 and any location
- No human manipulation
- Copying / forging is not possible
- Secured environment
3. Society
- Immediate job loss in customer service

- Paper saving , eco friendly
- Re-skilling required for many jobs and qualification
- Major industries impacted ; BPO, Call center and frontline customer service
- Threat of replacement of human by machine and emotions

CONCLUSION

With change in eco system traditional companies are finding it difficult to manage the customer experience

Startups and new companies are having advantages of not having legacy manpower / customer expectation hence they find easy to adopt the new way of customer service rapidly giving advantage over old companies / industries

With new enablers like Aadhaar card digital EKYC has transformed the complete KYC process for most of the companies which simple, cost effective, fast and more accurate.

Change in eco system, machines and robotics are going to become integral part of customer service in near future. New ways of customer service like chatbot, robotic etc. will become the integral part of the customer service.

There is going to be skill shift requirement for most of companies in customer service, 80% current of skills on customer service are going to be outdated by 2020, hence it's required to upgrade companies and employees to quickly adopt this change.

As data is going to be more and more centralized data security is going to becoming major challenge and data leakage is becoming threat

While we are going to be more and machine friendly, it will be interesting to see how human emotions are replaced by machine, while machine can replace speed, accuracy, biasness it can't create the human emotion.

Success for using automation is going to depends on how companies deploy the same without disturbing the human emotions and proving better customer experience.

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