It's time to humanize digital customer service channels with conversational interfaces that strengthen brand loyalty.

Conversational Service: The Next Level of AI-Driven Customer Support

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Questions posed by: Zoho
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Q. Why is conversational service important for businesses?

A. Conversational service brings two essential components to the service interaction that serve to make it important to businesses as they continue to evolve their service practices. The first, and most notable to end customers, is the humanization of the experience. The second is the scalability, flexibility, and depth of information/context/insight about the customer that it brings to the business.

Customers have been trained over time that when engaging through a computer or a digital medium with a brand, they — as individuals — need to "think like a computer." They have had to reverse engineer how they phrase a question or conduct a search through the lens of, "What is the computer expecting me to do?"

The consumerization of the internet, mobile phones, and social media with their associated shorthand communication style ("LOL," "ttyl") has put users in charge of content style. Humans have found a way to make digital interfaces more expressive. As these same end customers traverse a wide variety of channels, their experience expectations are molded by all their experiences in *any* channel. Conversational interfaces are the next interaction mode that goes one step further in "humanizing" digital channels and letting consumers express themselves in a natural manner.

This humanization is also very important to the brand. As more and more interactions are conducted online and in self-service channels, organizations are losing the opportunity to build a relationship with the customer. Conversational services give organizations an opportunity to provide a differentiated experience and leave the customer with a feel for the brand.

Further, conversational service brings scalability, flexibility, and depth of information/context/insight about the customer to the organization. Conversational service that allows for open-ended consumer questions and responses can yield additional insight regarding what is important or included in the customer's question. This flexibility allows the interface to scale across more customer content needs.

Q. Will instant messaging (IM) beat email and phone to become the most common customer service channel?

A. Instant messaging is quickly becoming an essential component of almost all interaction flows. Will it beat email and phone? Yes, in terms of raw numbers. Consumers are turning to instant messaging because of the convenience and flexibility it offers in terms of asynchronous communication. Even more complex inquiries are being answered through this channel as innovative organizations build process flows and integrations to back-end systems to allow the IM channel to complete a multistep interaction.

Additionally, IM plays an intrinsic role in journeys that require an agent-assisted or direct agent interaction. While IM will be sufficient for some inquiry types and customer types, time expectations and complexity could require direct agent contact to complete the journey. A so-called "failed" messaging interaction, where the interaction is escalated to a live agent, is not "failed" if it cannot service the customer — it's still an important contributor to the interaction flow. The conversational exchange is providing needed insight/information for prequalification to the agent. A prepared agent can join the call ready to aid the customer by understanding the customer's background, interaction history, product ownership, and entitlement, thus beginning real problem solving at the point of connection.

Q. What are factors that service and customer experience (CX) leaders need to consider before adopting conversational service for their businesses?

A. Conversational systems do need forethought on multiple dimensions, commensurate with the scope of what these systems are trying to achieve. Conversational service systems provide a mode of interaction, but their real potential is in front-ending very complex interactions.

From this perspective, organizations must answer the following key questions:

» Who will be responsible for the ongoing process, and is there budget?

» What is the content that will be fueling the system?

» What are the business processes?

Conversational systems are not "set it and forget it" systems. This is particularly true when they are driven by artificial intelligence and machine learning. Ongoing oversight responsibility and the cost associated with the system must be taken into account or engaging in the process will be a waste of money and time.

This is because the system will be in a near constant state of learning and refinement. Despite a conversational system being a self-service channel, there is manpower behind the scenes from the standpoints of architecture, domain expertise, and content. Content will be the fuel of the conversational system. Knowing what content there is, where the content resides internally, how the content is accessed, and who has overall responsibility for the content will ensure that there is oversight on a continuous basis.

Further, process ties the knot for the system's success. Without clear use cases and business process flows, it will be technology for technology's sake. This includes process flows of what feeds the conversation, the number of back-and-forth exchanges before another option is offered, and where that conversation ultimately goes if it is not resolved.

Q. Considering unit economics, quality, and productivity, what are some best practices to scale conversational service?

A. Within organizations, there will always be a balancing act between innovation and resource distribution. For organizations engaged in conversational service projects, IDC offers the following best practice advice:

» Determine whether the organization will act as a subject matter expert on conversational service — tools/content/process — or will leverage an outside partner for any of those areas. Some organizations will choose to retain all intellectual property (IP), and some will want to outsource the tools to someone else and retain content IP.

» Determine internal skill base and acknowledge potential skill shortage — therefore work with suppliers that are low code/no code and those that have prebuilt templates as a starting point to mitigate a lack of internal expertise.

» Develop good analytics practices to understand information exchanges of either successful or unsuccessful conversations that can be fed back into the development process for improvement.

Q. Do conversational interfaces have a role in improving self-service quality and adoption? Are there examples?

A. Meeting customers in an environment in which they feel empowered and engaged sets the tone for a successful interaction between the customer and the brand. An engaged customer is more open to continued interactions and loyalty activities. Conversational interfaces are key to this relationship.

Service delivery outcomes can be substantially improved by expanding the expressions used by customers and not limiting them to a predefined set of inquiry "buckets." This approach leaves the door open for organizations to expand their understanding of customer issues through analysis of conversation-based expressions and journeys. How do customers express their needs? What words do customers find meaningful? Do customers bundle multiple issues together under one overall requirement? As organizations tune their self-service channels with insight gained from analytics, customers of that brand will experience an interaction that is both personal and accurate.

Consider a customer reaching out to their auto insurance company. This particular customer actually has two separate needs. First, they have moved recently and need to update their address, and second, they are purchasing an additional car for their child and adding that automobile to the existing coverage contract. In a traditional interaction, the customer would do this in two separate interaction flows. After years of training on how to interact with computers, the customer would typically search the website for an FAQ or a knowledge base instructing them on how to change their address. This need may or may not be met depending on the customer's proficiency in poking around websites. For the second

requirement of adding a car to the automobile insurance, the customer would likely call customer service to speak to an agent. The addition of another driver has cost, coverage, and term details associated with it. For instance, Is it possible to add the car to an existing policy, or does it require a separate policy?

What if, in one conversational string, the customer could say, "I want to change my address and add an additional car to my policy," and the conversational system handled these two items in succession without pointing to online how-tos, FAQs, or knowledge bases? Instead, the customer receives the response, "Thank you for allowing me to help you. Let's tackle the change of address first, and then we can add the additional car to your insurance coverage."

Wouldn't that interaction move the needle toward increased service quality and customer satisfaction if both conditions were handled? All within a humanlike interface?

About the Analyst

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Mary Wardley is a Program Vice President in IDC's Customer Experience group of services where she leads the Customer Care and CRM service. Mary currently researches the fields of customer service and contact center applications. As part of the Customer Experience practice, Ms. Wardley's research views the customer interaction environment from the perspectives of the ultimate customer experience and the enterprise applications architecture and services that support it.

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About Zoho

Zoho's vision for the CRM/CX market is to be the technology platform that simplifies the experience economy for every stakeholder. Organizations worldwide are focusing on the customer experience now more than ever before, applying technology to enrich experiences (as opposed to making products more precise or making services more efficient). In this context, we believe that the experience of every stakeholder in the customer journey plays a role in making the customer's experience better.

Our platform vision is to simplify the underlying experiences, such as customer experiences, business experiences (employees, leadership, ecosystem partners), and technology experiences (orchestration, interoperability, extensibility). We do this by unifying functional experiences for customers, making each employee more productive, and bringing the company together for the cause of customer success.

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