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THE POWER OF AI IN CUSTOMER SERVICE: IMPROVING EFFICIENCY, REDUCING COSTS, AND ENHANCING SATISFACTION

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Customers are the heart of a business

Every business aims to grow its revenues and profits. However, it's no secret that selling to existing customers is much easier, with a success rate of nearly 70%. Additionally, a small group of loyal customers - typically around 20% of the customer base - can account for as much as 80% of a company's profits[1]. Given these facts, spotlighting customer service is a wise strategy.

Sam Walton's famous quote[2] - "The goal as a company is to have customer service that is not just the best, but legendary," has never been more relevant as intense competition, growing customer expectations, pressure to contain costs and a continuously evolving business environment challenge companies worldwide. And the pandemic has only intensified the need for better customer care. As a result, there is significant pressure to enhance customer care levels to not only satisfy customers but also make employees happier. Not surprisingly, McKinsey's 2022 State of Customer Care Survey[3] states that customer care has become a strategic focus for businesses.

A ray of light in this seemingly complex environment is the surge of digital technology, specifically artificial intelligence (AI), as it has the potential to transform customer care by automating and improving many aspects of the customer experience.

This paper discusses many scenarios where AI can play a decisive role in augmenting customer care. Remember that customer care spans across domains, so AI's manifold benefits can extend to retailers and telco players, or for that matter, any service or product vendor, irrespective of industry.

10 innovative ways AI is revolutionizing customer care and reducing costs

1. Conversational AI and intelligent AI assistants for improved customer care

In the pre AI days, customer care relied on tools such as chat, in-app help and IVRs which lacked a human touch while serving an important purpose. Companies guided customers to use these tools to make it cost-effective for themselves even when realizing that this service was not at desired levels. Access to human agents added costs and was limited to specific conditions only. As a result, customers interacted with an automated response system that was noticeably non-human in its behavior.

With the advent of AI, the situation changed. It is possible to have an almost human-like interaction with Generative AI solutions like ChatGPT and Chat Sonic. Moreover, these AI solutions address the business goal of reducing calls to the call center and hence support costs.

In addition, sentiment analysis can automatically classify customer feedback into different categories based on their emotional tone. It can happen in real-time or offline using inputs in the form of text, audio and other forms of media. This can be especially useful for companies that receive a large volume of customer feedback, as it can help them quickly identify areas where customers are particularly satisfied or dissatisfied. Based on this analysis, companies can generate appropriate responses that are bound to improve customer satisfaction and loyalty.

AI assistants can intelligently guide the user to the right content, reducing support calls and costs while increasing customer satisfaction. In addition, AI assistants can act as a ready reference for support agents and help them to share relevant customer or product/service insights required to complete a support conversation faster.

[1] Why Customer Service is Important: 16 Data-Backed Facts to Know (hubspot.com)

[2] Sam Walton Quote: "The goal as a company is to have customer service that is not just the best, but legendary." (quotefancy.com)

[3] Customer care in 2022 and beyond | McKinsey
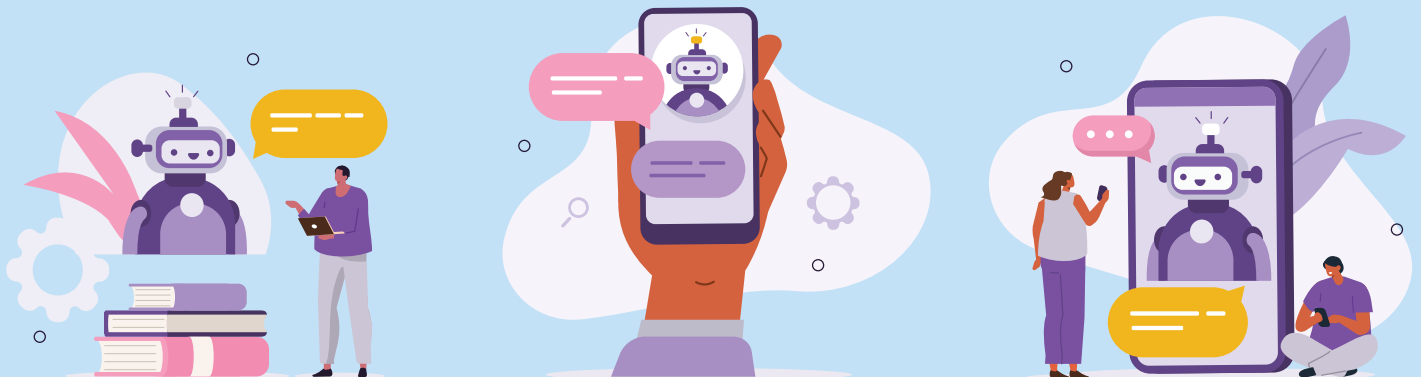
2. Personalization for customer care

Until recently, analytics played a big part in studying customer data to produce insights that could be harnessed to enhance customer care. However, this analysis was restricted by specific rules of behavior. So, while the insights were a jump from earlier levels, they were not conducive to imparting superior service.

AI has been a game changer in providing personalized service. AI can sift through customer data to segment and identify patterns for a personalized experience. With this as a starting point, the possibilities are plenty. It can be utilized to analyze and detect customer preferences. AI can also help enterprises better grasp the intricacies of the customer journey and optimize support channels to provide the best personalized care. Furthermore, issues can be identified proactively, and corrective actions unleashed as notifications or technical solutions. With this kind of attention, customers have little reason to switch to other brands.

3. Seamless switching between channels for customer service

A familiar scene for many is dealing with no context transfer when support channels change. For instance, a user has had to repeat why support is required through an IVR, chat and a call center agent. Legacy chatbots, which are template driven and loaded with exception scenarios, cannot handle context-driven conversations optimally. Companies must take note of this issue as it takes only one negative customer experience to motivate over 70% of customers to think about moving to another brand[4].

Sophisticated AI chatbots solve this issue by deriving insights from the support channels. It draws out relevant details of the problem and provides a summary to ensure customer care is offered in their channel of choice.
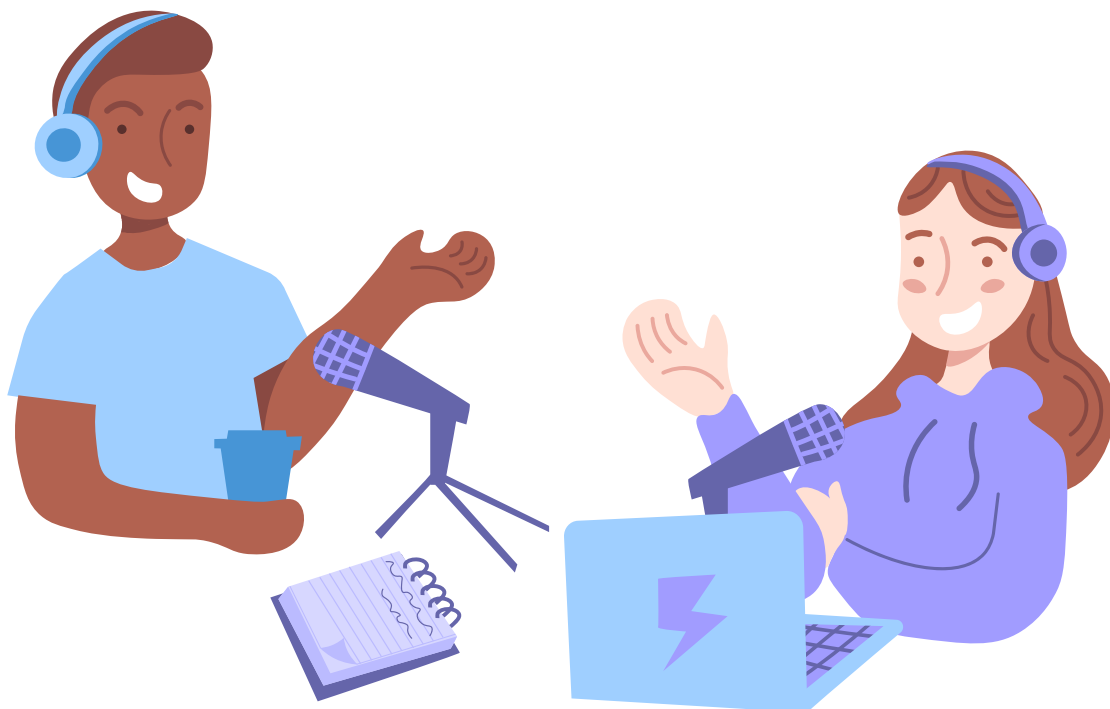
[4] PowerPoint Presentation (northridgegroup.com)

4. Multilingual support with language translation

Previously, multilingual support meant having agents with proficiency in specific languages. So, support conversations were limited to one language, or every language was handled separately, again creating silos of interactions. In the backend, developers had to define the translated content for app support in different languages. All these extra steps can only drive up the costs for companies in addition to providing a less than satisfactory experience to customers.

AI's live language translations and natural language processing allow users to get support in different languages. At the same time, AI systems can be trained to support one or multiple languages, enabling the organization to save significantly. In addition, multilanguage voice assistants can further elevate the service levels by switching to contextual voice support in apps from text support. Customized voice assistants with personalized avatars can give a personal touch to voice assistants amplifying the customer's experience.

5. Understanding the customer and optimizing channels through service records

Analyzing all the service calls placed to gather insights was impossible in a no-AI world. The huge manual effort ensured that only a smaller set of calls was considered for analysis. So, agents had to contend with details limited by the skillset of the manual listener, or the analysis rules set. Call centers generate volumes of data which, when analyzed, can yield valuable insights into the customer. Unfortunately, older call center technology is not geared to analyze this data in an automated manner.

In the AI world, summaries and insights can be extracted from all service records. By training with service records over time, the AI system can offer more personalized care and proactively address issues with action handling and notifications to reduce support calls and improve customer care. AI's call center and conversation analytics can tap into this data and use the findings for channel optimization. Conversation analytics can help call centers identify trends and patterns in customer interactions, evaluate the performance of agents, and improve customer satisfaction. By analyzing the content and sentiment of customer conversations, companies can also identify potential sales opportunities, detect customer churn risks, and optimize their marketing strategies.

6. Replacing and optimizing existing support channels

By handing insights about the customer, issue, and resolution methods to the existing support interface, AI adds huge value by increasing the effectiveness of web chat, call center and other support channels. This leads to the optimization of the existing support channels. With more human-like interactions and better support, AI is expected to replace support systems like IVR and web agent chat.

7. Sentiment analysis leads to more appropriate responses

When support heavily depended on the agent's skills, responses lacked empathy as it was difficult to gauge the user's emotional state from chat messages and emails. Again, offline analysis of records for sentiment analysis was restricted to a select set of records in deference to the massive volume involved.

AI can be a gamechanger in such cases as it can identify user sentiment using keywords in the text or voice. The response can be optimized to ensure empathetic care and satisfy the customer. For example, consider sarcastic responses with emotion embedded in them and can be identified only by analyzing a collection of words or sentences. Such analysis was beyond legacy chatbots. With the latest advancements in AI, many words and sentences can be analyzed as a complete data set, and appropriate responses formulated. In addition, offline sentiment analysis can help improve personalized care.

8. Active call deflection by determining real-time intent

Most callers to a support center would have likely experienced several frustrating moments trying to reach the correct place to resolve an issue. In older systems, support requests were not automatically routed to the appropriate channel, and context was seldom shared. As a result, valuable time was wasted waiting in queues.

AI's superior intelligence enables it to assess the quality of support in a channel. If the service is lacking, it deflects the active call to another support channel that it considers more effective. Naturally, context details are passed on to ensure a smooth transition.
Such interventions reduce the call time or sometimes eliminate the need for a call without impacting customer satisfaction.

Research shows that presenting suggestions to customers based on their sentiments expressed in previous experiences increases customer satisfaction by 90 %[5].

9. Proactive customer communication and issue fixing using AI insights

Sometimes call centers log support tickets across channels by not proactively communicating or fixing issues. It could be as simple as failing to notify the customer of an issue's progress, provoking them to escalate through support tickets.

AI possesses predictive analysis capabilities that can identify and fix issues before they arise. Similarly, it can proactively

communicate with customers based on the derived insights. AI's ability to generate insights through detailed analysis can activate automated actions for various scenarios, which would have been too complex to execute in a rule based scenario. In addition, such capabilities can be extended to enable the customer to perform self-care in an app or support interface.

[5] 15 Sentiment Analysis Statistics in 2023 (aimultiple.com)

10. Automated classification, prioritization, assignment to appropriate queues and issue resolution of support tickets

Anything that involves manual intervention implies higher costs and time. It's the same case with manual classification, prioritization and assignment of support tickets.

However, with AI's help, the time taken to resolve tickets and associated costs drop dramatically. Furthermore, it makes it possible to automate the classification and prioritization of issues and route tickets to the right resolution queue. Finally, automated issue resolution for several tasks can be managed without assignment to any queue.

Final thoughts

In a world where customers expect personalized and satisfying experiences, AI can play a massive role in elevating customer service levels significantly. It presents a great opportunity for companies to engage with customers in intelligent ways and pave the way for long-lasting and mutually beneficial relationships.

The ten ways we recommend to harness AI and boost customer care, must be woven into the enterprise's digital transformation strategy On the business side, it ensures improved operational efficiency, reduced customer care costs, increased customer satisfaction, modernized customer care channels, better utilized existing customer care channels, optimized customer care work force, and much more. On the technical end, it involves changes in the customer interface systems, agent interface systems and backend systems, to utilize features of AI. Executing an ""AI first in Customer Experience"" strategy, is essential to retain existing customers and expand the customer base.

About the authors

Venkat G

Venkat is the Unit Technology Officer in Digital ExperienceUnit.

Yamuna Sri Kannaian

Yamuna is a Senior Technology Architect with DX-Enterprise Content management (ECM) practice.

Dr. Jithesh Sathyan

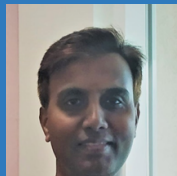Jithesh is a Principal Technology Architect, working in Digital Experience unit.

Anup Sinha

Anup is a Senior CMS Consultant, working in Digital Experience unit.

Navin Narayan

Navin is a Senior Technology Architect in the Digital Experience Unit.

Mohan Basavarajappa

Mohan is a Senior Technology Architect working in Digital Experience Unit, Infosys.

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