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EQUANTIIS
question everything

Surviving in a Commoditised World

Leveraging **AI technology** to guarantee your Company's future

The role of Artificial Intelligence and Automation in Excellent Customer Service.

RPA and AI technologies allow organisations to remain relevant in the age of choice.

The technology enables businesses to become operationally lean and focus on delivering superior Customer Experience (one of the few remaining differentiators).

If your company doesn't look into utilising technology such as this, your company will fast become irrelevant.

How relevant are your services to your customers?

Commotidisation *is defined as the process by which goods that have economic value and are distinguishable in terms of attributes (uniqueness or brand) end up becoming simple commodities in the eyes of the market or consumers.*

It is the movement of a market from **differentiated to undifferentiated** *price competition and from monopolistic competition to perfect competition. – Wikipedia.*

Remember Littlewoods? Initially a business focused on football pools, the company saw an opportunity to leverage the brand and diversify to appeal to working class women through catalogue retailing. The business model prevailed and allowed the company to expand into the high street by 1937 growing to become the largest private company in Europe by 1982. However, company fortunes reversed by the mid-90s. The introduction of the National Lottery, impacting the betting businesses and the retail arm suffering from increased competition and poor management.
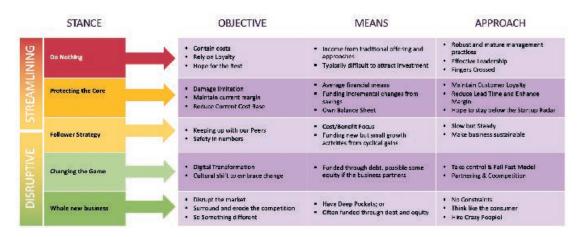
Despite numerous attempts to address the decline, the Littlewoods name never recovered, disappearing from the high street 20 years later.

Perhaps a more recent example is the Arcadia Group, bought by Philip Green in 2002, the company was still expanding its portfolio in 2005 and was integrating the BHS brand in 2009. Little over 10 years later the company-initiated insolvency procedures, unable to address the decline of the high street and failing to capture the online retailing market cornered by the likes of ASOS and Boohoo.

Whilst defending market position rather than innovating appeared to be a sound strategy for both Littlewoods and Arcadia Group, what is clear is that without continually reviewing their relevance to customers, being a market leader only provides a grace period in which to capitalise on their advantage. The advent of technology has and will continually narrow the cycle from differentiated to undifferentiated as competitors narrow the gap. If all Uber focused on was hailing cabs, they would have had 7 years as London's only hailing app before peers such as Kapten, Ola and Did Chuzing crowded their market, making their offering largely undifferentiated.
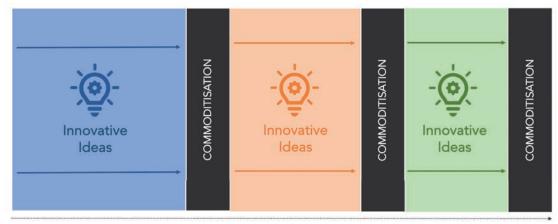
The clock is ticking the moment you are not delivering to your customers' evolving expectations.

Innovate or not, you need to be at least actively defending your position.

STANCE		OBJECTIVE	MEANS	APPROACH
STREAMLINING	**Do Nothing**	• Contain costs • Rely on Loyalty • Hope for the Best	• Income from traditional offering and approaches • Typically difficult to attract investment	• Robust and mature management practices • Effective Leadership • Fingers Crossed
STREAMLINING	**Protecting the Core**	• Damage limitation • Maintain current margin • Reduce Current Cost Base	• Average financial means • Funding incremental changes from savings • Own Balance Sheet	• Maintain Customer Loyalty • Reduce Lead Time and Enhance Margin • Hope to stay below the Startup Radar
STREAMLINING	**Follower Strategy**	• Keeping up with our Peers • Safety in numbers	• Cost/Benefit Focus • Funding new but small growth activities from cyclical gains	• Slow but Steady • Make business sustainable
DISRUPTIVE	**Changing the Game**	• Digital Transformation • Cultural shift to embrace change	• Funded through debt, possible some equity if the business partners	• Take control & Fail Fast Model • Partnering & Coompetition
DISRUPTIVE	**Whole new business**	• Disrupt the market • Surround and erode the competition • Do Something different	• Have Deep Pockets; or • Often funded through debt and equity	• No Constraints • Think like the consumer • Hire Crazy People!

The advent of technology has lowered the barriers to entry, eroding market position at a rate faster than previously experienced. Incumbents now face disruptive new entrants in the form of start-ups and Big Tech companies such as Amazon making forays into their key markets.

The increased competition makes it difficult for companies to stand out, resulting in customers being provided an overwhelming amount of choice and with that product offerings which are largely undifferentiated. What this means is that businesses with products viewed as simple commodities are faced with the risk of losing market share with one mis-step.

| Innovative Ideas | COMMODITISATION | Innovative Ideas | COMMODITISATION | Innovative Ideas | COMMODITISATION |

Time

Defending your position by continually reviewing your cost

If your product is differentiated and your customer understands the premium they are paying for, great! However, for many industries and sectors be it legal services, insurance or recruitment, commoditisation has structurally impacted the profitability of the major actors.

Think about how you, as a customer, may approach buying travel insurance. The common way to do so is through a comparison website. After inputting your desired parameters, the website is likely to return a multitude of providers all within a tight price range. Staying within the desired range has become table stakes for businesses who operate in the commoditised service area of the spectrum and thus it is important to continually review the cost base to prevent fading out of the picture.

This is not a call to initiate a race to the bottom as this ultimately leads to mutual destruction in value, but a repurposing of anything and everything a business does to increase overall value to the customer. Continually checking 'what you do' (the activities staff undertake) and why you do it (is it valued by the customer) the business is taking a continuous improvement approach focused on delivering to the end customer. Focusing on what the customer values will automatically align your cost base.

In times of difficulty, companies usually take reactive cost cutting measures to meet targets. Often the cost cutting leads to a destruction in company value as the measures undertaken are outside of any consideration for the impact it has to the end customer.

So, how should companies ensure they are as operationally efficient as possible?

Rather than disseminating reduction targets to a department level (often the case), oversight and control needs to be owned by a senior stakeholder who manages the relationship with the end customer. An exercise should then be conducted with operational leaders who are focused on:

1	**2**
stopping activities that derive no value and redeploying staff to undertake new activities.	Employing continuous improvement techniques on tasks and activities that the end customer values.

The burden of proof for demonstrating the value for each activity/task has for the end customer (whether to keep, stop or optimise tasks and activities) should lie with operational stakeholders. By actively taking this approach:

Operational stakeholders are active participants and are accountable for meeting the stated benefits.

The anticipated benefits are documented and can be tracked and measured.

The company will experience less attrition of staff numbers and loss of talent as they are repurposed for higher value activities.

The customer impact is understood if more drastic cost levers are pulled.

'Amazon like' customer service is the key differentiator in commoditised environments.

Amazon continually raises the bar for customer experience. The curse for other companies is that their customers expect them to meet this same standard irrespective of whether they operate in the same space as Amazon or not. According to recent Salesforce research; 76% of customers will switch from brand to brand to find an experience that matches their expectations.

Businesses in a B2B environment and businesses that may have a more complicated relationship with their end user (i.e. higher education and membership organisations) may feel they that they are exempt from these demands, however this is not the case. The line between consumer and business services' buyer are blurred; 82% of buyers want the same experience as when they're buying for themselves and 69% expect Amazon like experiences.

What the research tells us is clear, your businesses - whether it be services based, higher education, not for profit or membership - will be compared to the Amazon experience. If there is a significant gap between reality and expectations, there is an unmet need that will soon be met by the competition.

In the same research 57% of customers in a B2B environment have stopped buying from a company because a competitor provided a better experience and what's more is that 62% of customers shared their bad experience with others. Thus, one poor customer experience has a ripple effect that can continually damage a business.

Meeting these basic expectations makes you relevant, exceeding these expectations tips the balance in your favour. Research shows that consumers are willing to reward companies that provide a high standard of service by purchasing more from them. The research from HubSpot indicated that 74% of consumers cited the quality of customer service as a 'very important', if not the 'most important' factor when deciding on a purchase. Not only are consumers willing to buy more, they're also willing to pay more for their purchase. 68% of respondents said they would pay more for a product from a company which had a strong record of good customer service.

What do your customers want?

Consistency

Customers expect to communicate with businesses across multiple channels and they expect the experience to be consistent across all.

The HubSpot survey found that 76% of customers received conflicting answers when dealing with the same issue with different representatives.

Personalisation

71% of consumers want the companies they purchase from to know their prior history of interactions; they don't want to repeat themselves each time they use a new channel or speak to a new person.

In these cases, abundance of data isn't usually the problem. The problem lies with having disparate data points that disrupt the customer experience.

Promptness

Customers value prompt service and consciously or subconsciously correlate this with good customer service.

Care

Simple transactions may not require human interaction, for anything else, customers want the means to interact on a personal level.

Availiability

Customers will contact when it's convenient for them, not necessarily when it's convenient for your business.

"I expect vendors to personalise engagement to my needs."

72%

"I expect Amazon-like buying experiences."

69%

"I think vendors are providing more retail-like experiences than ever before."

67%

"I have switched vendors for a more consumer-like experience."

67%

Why leveraging AI technologies can enhance customer experience whilst improving operational efficiency.

RPA will enable your staff to do what they were hired to do.

How much of your staff's day to day activities are associated with their role and how much of it is administrative in nature? Unshackling staff from having to undertake monotonous and routine tasks by leveraging RPA can have significant benefits, as they have the head space to focus on higher value to a business.

For example, RPA and Machine Learning technologies were effectively applied to the workload of a two hundred strong FP&A team, reducing their workload by 50%, thus releasing 180,000-man hours to work on strategic, forward looking activities.

Used effectively, RPA is the ultimate continuous improvement lever that maximises the value of your processes by increasing staff capacity. Incremental gains are made every time a process is simplified, optimised and then automated. By continually shifting non value but necessary BAU activities into automated tasks, your staff have the capacity to generate true value to the business.

However, before considering the technology – companies should aim to understand their processes more intimately and detail whether what they do and how they do it adds value to the business.

Once that has been understood you can:

STOP

Processes/tasks/activities that are not demonstrating value should be stopped and staff re-tasked.

OPTIMISE

Employing continuous improvement techniques on tasks and activities that the end customer values.

Automating optimised processes will deliver the most value to the business and reduce the risk of unstable processes hampering your business. The benefit of using automation technology is that;

1.
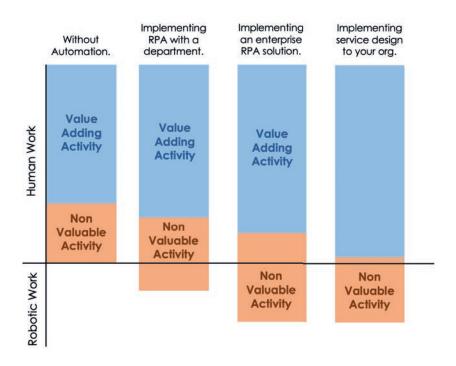Engaging staff to focus on higher value actively also increases staff engagement .

2.
It motivates staff to think in a 'continuous improvement' way to take unnecessary cost out- sustainably.

3.
It will continually derive further value, if more processes are identified and automated and if you also automate new processes.

AI and RPA can improve your CX performance now.

| Without Automation. | Implementing RPA with a department. | Implementing an enterprise RPA solution. | Implementing service design to your org. |

What do customers want?	How can the technology help?
CONSISTENCY	An RPA bot does not get distracted, they complete tasks will little or no deviation. This ensures that customers receive a consistent service at any time of engagement.
PROMPTNESS	An RPA bot can be tasked to assist with customer service queries in line with peak times so that your KPIs are not compromised.
CARE	An RPA bot can be tasked to deliver the full end to end service for simple transactional requests. This avoids the inertia of organisational challenges that compromise service turnarounds.
AVAILABILITY	An unattended bot has 24-hour, 7-day week availiability. It can deliver an end to end service for simple transactional requests that require no human interaction but satisfies your customers' requests.
PERSONALISATION	RPA can be used to integrate between customer data systems so a more effective view of the customer can be derived.

AI and related technologies can meet your customers' needs in the future.

Most customers believe that AI technologies will positively impact and provide a more engaging, differentiated experience. Whether the technology is related to IoT, voice activated personal assistants, or augmented reality; they are all expected to play a part in the future of CX. Below Equantiis has highlighted some trail blazers in the area, which may soon become table stakes for the customer in the future.

Using ML to identify customers at risk of churn.

US company Sprint reduced their customer churn by 10% whilst simultaneously increasing Net Promoter Score by 40% using data and Machine Learning to identify customers at risk of churn and proactively providing personalised retention offers. Prior to implementation, Sprint had twice as much churn as their peers.

Using AI to increase customer satisfaction

Ticketmaster turned to AI to rewrite the rules using a tool called Verified Fan. The system requires ticket buyers to register their interest before tickets go on sale and the AI system analysed each registrant to identify bots used to scalp tickets and resell. This resulted in just 5% of tickets sold using Verified Fan ending up on secondary markets. Artists and fans were much happier with the ticket buying experience.

Using Augmented Reality to help customers visualise the product

Houzz has AR technology that helps you visualise how a certain piece of furniture might fit in your living quarter. Statistics indicate that by 2020, 85% of a customers' brand experience will occur without any human interaction.

Using ML to meet a customer's need before they even realise

Amazon has deployed this technology in order to send products to their customers' homes before the customers even realize that they are running low on stock.

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