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Customer Experience

Inflation? Recession?
Double-Down on the Customer
Experience, powered with AI

About the Deloitte AI Institute

The Deloitte AI Institute helps organizations connect all the different dimensions of the robust, highly dynamic and rapidly evolving AI ecosystem. The AI Institute leads conversations on applied AI innovation across industries, with cutting-edge insights, to promote human-machine collaboration in the "Age of With." Deloitte AI Institute aims to promote a dialogue and development of artificial intelligence, stimulate innovation, and examine challenges to AI implementation and ways to address them. The AI Institute collaborates with an ecosystem composed of academic research groups, startups, entrepreneurs, innovators, mature AI product leaders, and AI visionaries, to explore key areas of artificial intelligence including risks, policies, ethics, future of work and talent, and applied AI use cases. Combined with Deloitte's deep knowledge and experience in artificial intelligence applications, the Institute helps make sense of this complex ecosystem, and as a result, delivers impactful perspectives to help organizations succeed by making informed AI decisions.

No matter what stage of the AI journey you're in; whether you're a board member or a C-suite leader driving strategy for your organization, or a hands on data scientist bringing an AI strategy to life, the Deloitte AI institute can help you learn more about how enterprises across the world are leveraging AI for a competitive advantage. Visit us at the Deloitte AI Institute for a full body of our work, subscribe to our podcasts and newsletter, and join us at our meetups and live events. Let's explore the future of AI together.

www.deloitte.com/us/AIInstitute

Advantage AI

With lowered barriers to switching and increased sensitivity to digital-physical frictions, how can companies gain advantage?

With a focus on the customer experience and by eliminating pain points!

AI is an enabler companies need.

Digital-physical friction

Open a news feed today and you'll be hit with reports of sustained record-setting inflation rates coupled with continued prognostications of a coming recession.

Bracing for the impact, common measures by companies include:

Reducing operating hours and inventories

Increasing customer service wait times and trimming services

Overall lever pulls on corporate cost containment

Tightening belts including technology development

However, this comes with new risks...

COVID-driven advancement of digital customer interactions have elevated consumer expectations for a seamless experience. Therefore, despite the focus on digital, customer dissatisfaction with the integration of digital and physical services is becoming commonplace across industries.

Real stories of
customer dissatisfaction

Grocery delivery

- A fully app enabled digital experience with one critical error – poor quality product delivered.

- *Digital/Physical break –* Customer asked to bring receipt to store to claim a refund.

- The customer's original intent to not visit the store is invalidated!

Quick service restaurant (QSR)

- Customer orders and pays for food through app – simple and seamless!

- *Digital/physical break –* the restaurant is closed and no recourse available for easy refund on the app.

- Similar breaks occur when the menu item ordered is not available, coupon not accepted, app says store closed when it is open, etc.

Online vehicle ordering

- Automobile manufacturer announces breakthough product and opens for reservations.

- *Digital/physical break –* Supply shortfalls result in customers being asked to come into a dealership to complete their order; further impacts include 2022 model year configuration changes, price increases and delayed deliveries.

- Poor execution destroys customer trust.
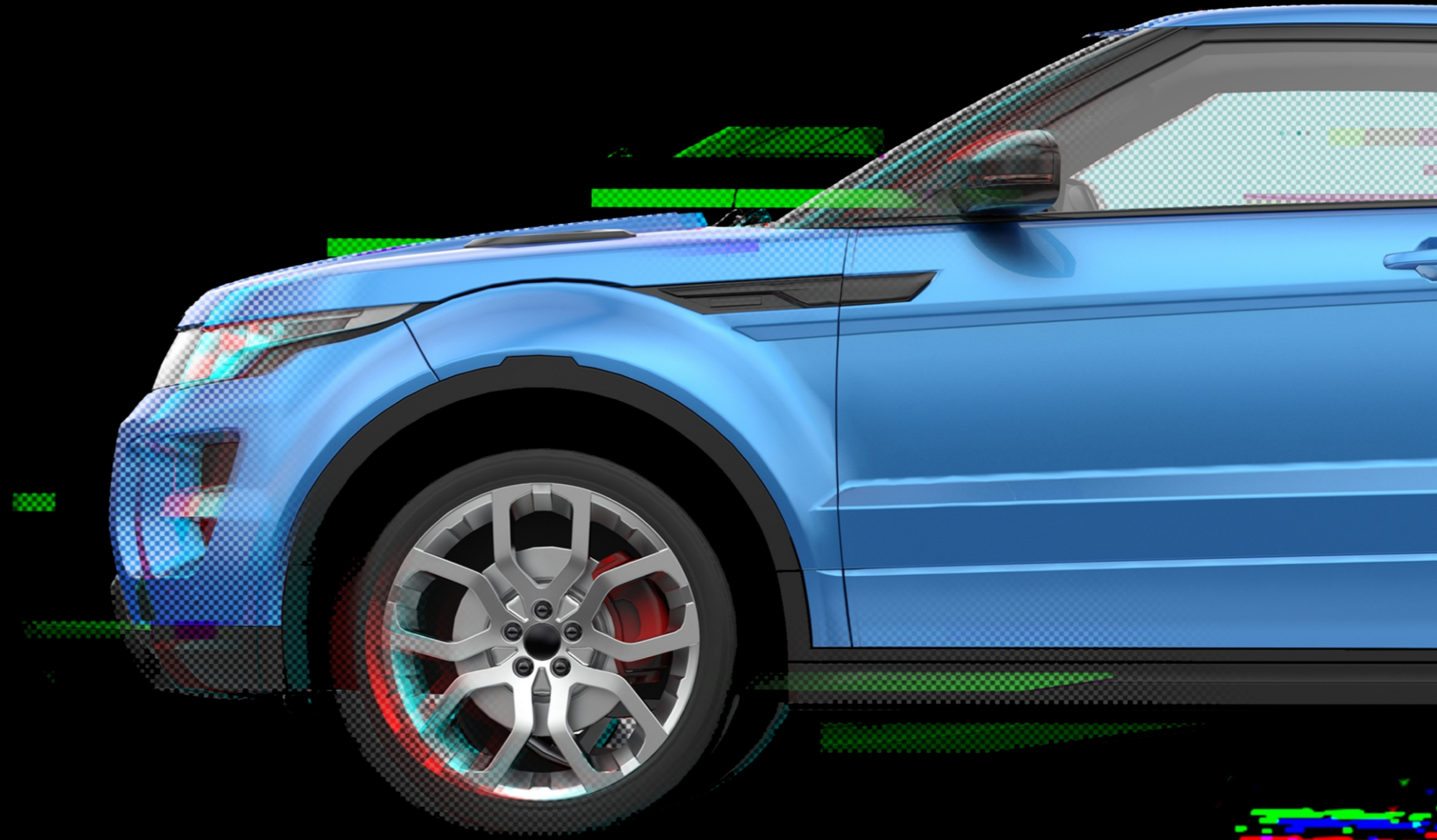
Theme park

- Company tests a new 'virtual line' for a very popular attraction but fails to notify their on-site customers.

- *Digital/physical break –* a loyal customer staying at a premium on-property hotel to benefit from early park hours and express lines is unable to get on the ride line because the virtual queue was full for the entire day.

- Loss of customer loyalty.

Digital done wrong can destroy customer value

How did we arrive as this point?

Digital has improved customers' experience with many companies, with one major benefit - flexibility in choosing product delivery methods and timings.

- Telehealth has opened access to many that could not physically meet with their doctor.

- Financial transactions are easier than ever to execute and track, to both businesses and friends.

While these technology developments were already being planned, COVID quickened the pace.

According to a recent Deloitte study, companies have accelerated the digitization of their customer and supply-chain interactions and of their internal operations, with three-quarters seeing the pandemic as fostering the formation of new partnerships and alliances.

While companies have responded with speed and focus, they have also created new pain points for the customer when the digital with the physical were not fully integrated. The result is that there is an increase in customer dissatisfaction, with added inconveniences that overshadow of the benefit of the digital.

AI can help solve for customer experience

AI can identify where the customer journey is not meeting expectations and help remedy it.

This advance of digital interactions with customers brings an added asset to companies – more data about the details of their experience. By itself, this data is valuable and drives insights, but the true monetization comes from joining this new source with other internal and external information sets.

From grocery order to insights

In any grocery order application, AI can:

Detect anomalies at scale, spotting changes in a consumer's behavior compared to self, to similar customer profiles, and to the overall customer set.

Detect negative feedback through changes in ordering patterns, without asking for direct feedback.

Connect changes in buying patterns (e.g., reduction of sales in a product category such as produce) and trigger alerts to an underlying problem.

Diagnose deeper connections through further machine learning - is the anomaly connected with store sales patterns - day of week, supplier, weather, operational conditions like labor staffing, or a combination.

Power next best action recommendations for customers.

AI and your data

Data scientists are well equipped with current tools and platforms to attack these business issues. Often though, they are limited by the quality of the data available. Data quality is determined by several factors, including completeness, accuracy, reliability, and timeliness. If information is not up to par, the data scientists will be limited in developing useful and actionable algorithms.

AI can aid with data management in multiple ways such as:

○ Automatic data capture

○ Synthetic data creation to fill in gaps in existing data

○ Identification of erroneous data and duplications
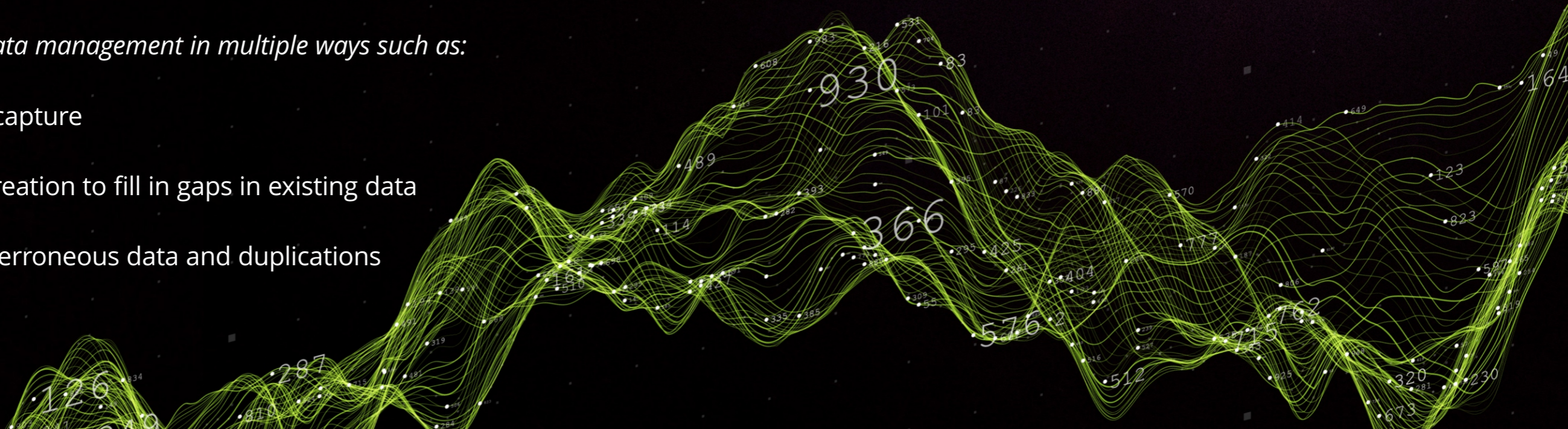
Seamless food delivery online

In the example of the restaurant discussed earlier, detecting bad data in stored operating hours can prevent the customer ordering from a closed restaurant, as well as multiple other failure modes. This includes helping restaurant operations detect variations in performance and providing them with potential root causes to address. Synthetic data can be a proxy for actual data, allowing scientists to run models even when source data capture fails.

AI across the customer experience journey

AI can also be instrumental to predicting and avoiding future issues in the overall customer experience.

To be effective, this mandates a well-defined customer journey map, with clear identification of failure modes or friction points along the map.

Minimizing customer distress due to delayed automobile supplies

The potential of AI to prevent issues across the entire customer journey can be demonstrated using the example of the automobile manufacturer discussed previously. Here AI can:

- Use collected customer communications to alert the OEM to common inquires as well as ensure that future responses and notifications address key concerns.

- Combine production operations and supplier performance data with detailed order information to aid in better prediction of delivery dates for vehicles, as well as optimize production lines given order configurations.

- Optimize options packages to align to customer orders, as well as minimize options changes that the customer must accept, in situations where orders must be converted to the next model year. This also has the indirect effect of improving production operations.

The business case for AI

The business cases for increasing the use of AI in the customer experience are clear. A study by Harvard Business Review found that customers who enjoy positive experiences are likely to remain customers for five years longer than customers who had negative experiences.

In addition, delivering positive customer experiences can reduce your cost to serve customers by up to 33 percent.

Companies that keep the focus on preserving long-term customer value will better balance the immediate demands of cost containment with continuing to improve the customer experience.

AI can be the differentiator that helps eliminate the digital-physical frictions that are still common today.

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