



STRATEGIC PLANNING
THEATRE

Opening Keynote: Trends & horizons

- Jo Causon, Chief executive, Institute of Customer Service

#CX2019Strategy

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The Institute of
Customer Service

Importance of Customer Service in a more challenging world



Jo Causon
CEO



Introducing The Institute of Customer Service....



- Independent, not-for-profit membership body
- Our purpose is to help organisations improve their business performance through customer service
- Over 450 organisational members, over 4,000 individual members
- 80% from private, 20% from public and third sectors
- Secretariat of All Party Parliamentary Group for Customer Service

Some of our members

first direct 

BT



O₂



amazon



HM Revenue
& Customs

Legal & General 

ofwat

MARKS &
SPENCER



LLOYDS
BANKING
GROUP



DWP

Department for
Work and Pensions



Allianz

10% of our members are from the Housing sector



A challenging environment?



Changing customer behaviours?



Why customer service matters?

79%

UK GDP from the
service sector

70%

Employees who
deal with customers

114%

higher revenue per employees
for organisations higher
than sector average UKCSI

84%

Customers believe staff
need more training

26%

Customers would
pay more for
excellent service

£122 bn

Lost to the economy
through poor
customer service

0.41

Increase in customer
satisfaction for every 1 point
of employee engagement

9.9 million

Phone calls to organisation
as a result of complaints

Hidden costs because of issues relating to productivity

How many days have you spent in the last month dealing with the consequences of one of your suppliers getting something wrong for your organisation?

2.2 days
per month

£4.7 billion

How many days have you spent in the last month dealing with the consequences of your organisation getting something wrong for a customer?

2.6 days
per month

£5.5 billion

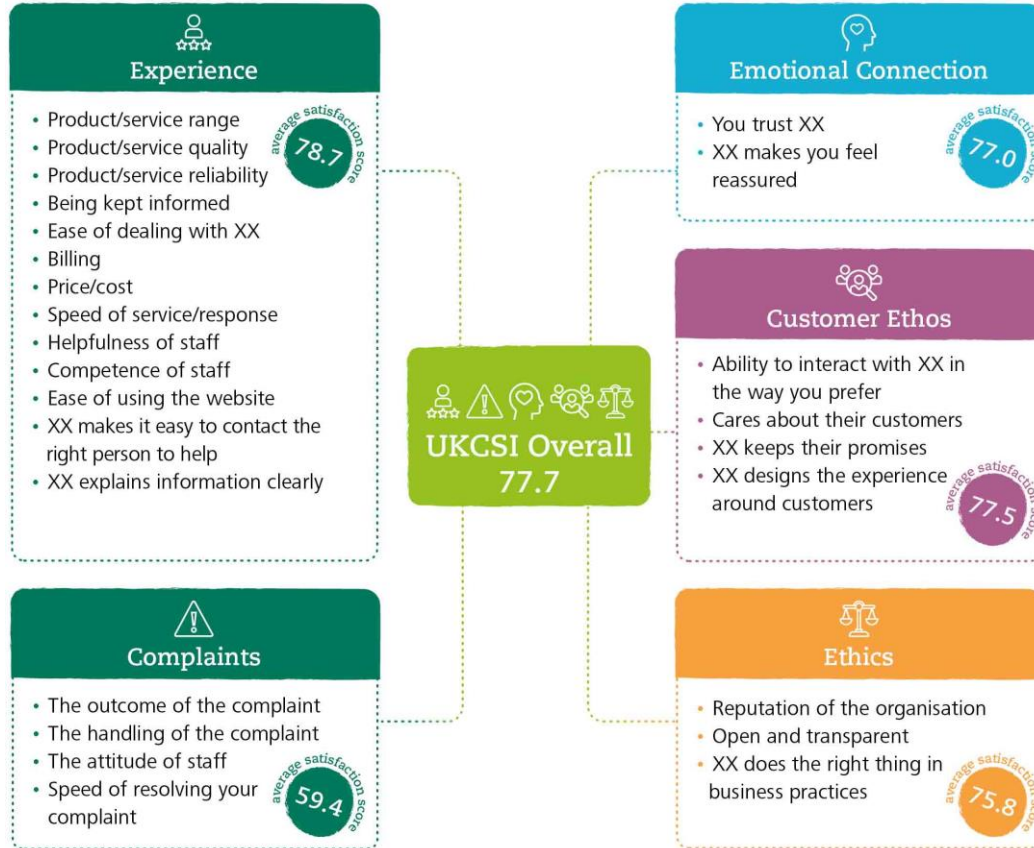
49% of employees have spent time at work dealing with problems experienced with an organisation as a domestic customer

1.9 hours
per month

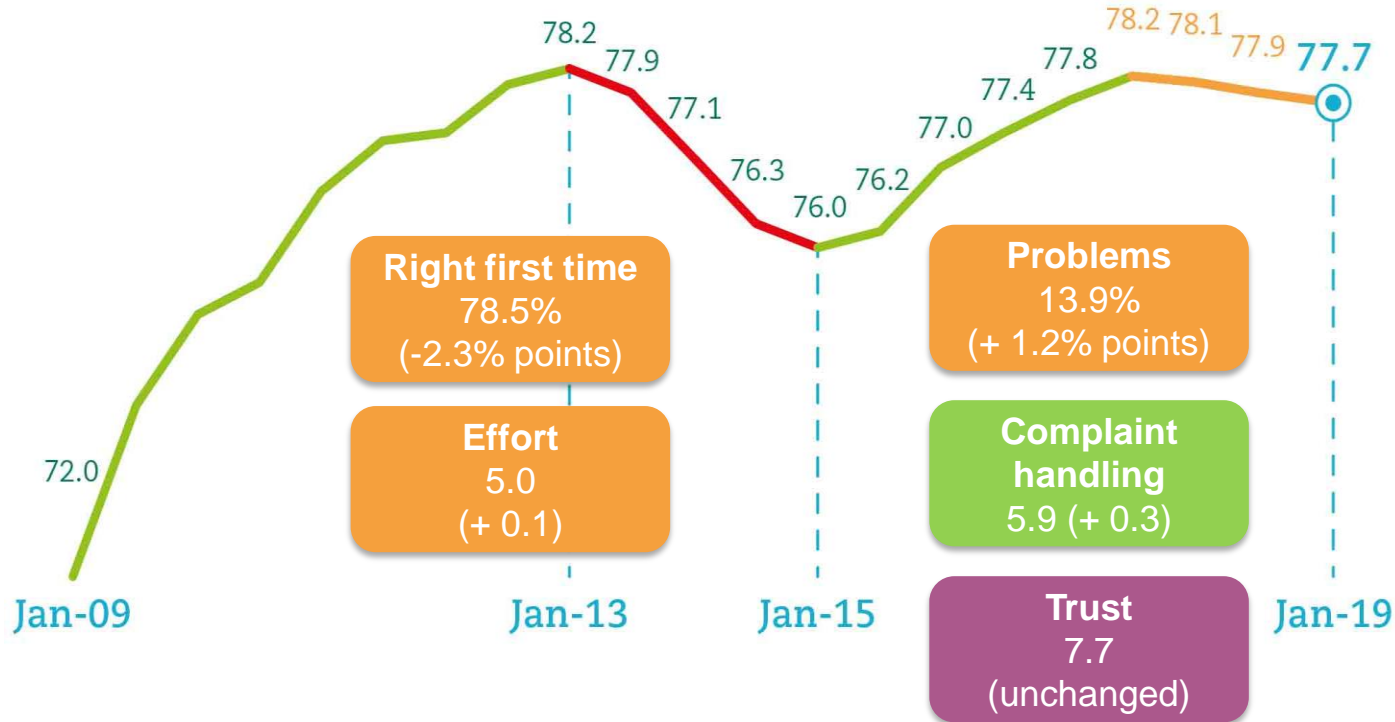
£472.5
million

Customer Service in 2019

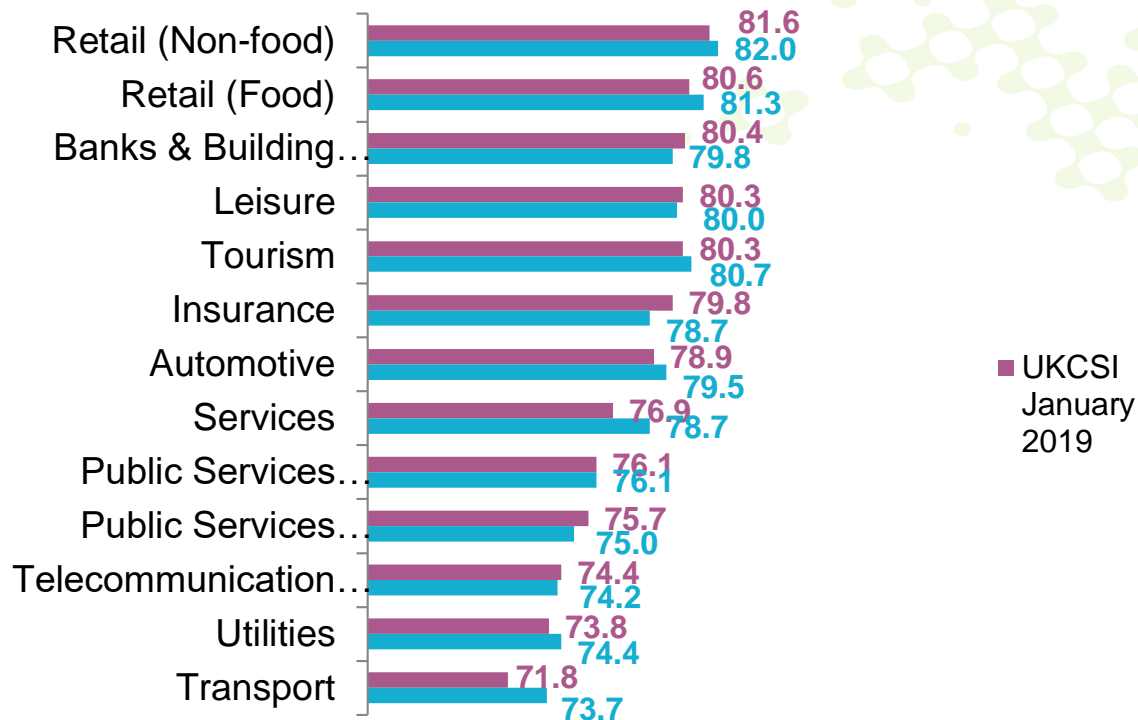
UKCSI Scorecard



The UKCSI is 0.4 points lower than a year ago.
This is the third consecutive fall in customer satisfaction



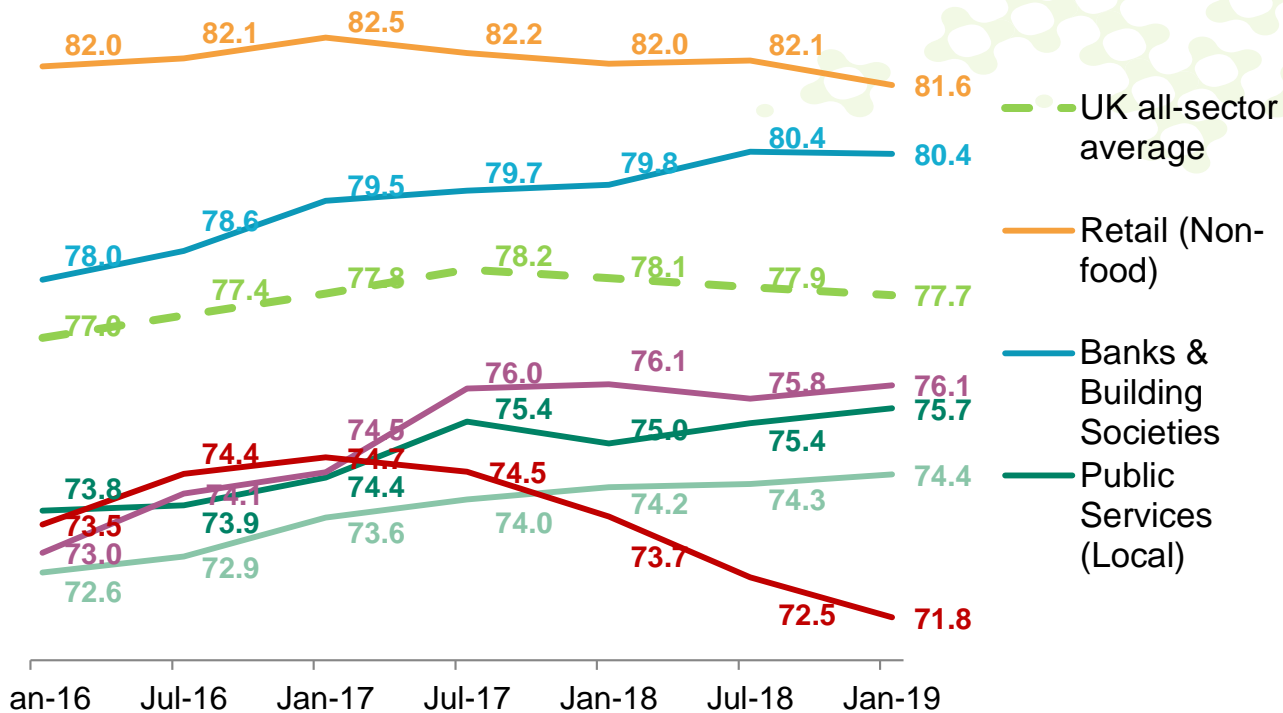
Insurance is only sector that has improved by more than one point. Transport and Services have fallen by more than one point



Top 20 organisations

Jan-19 Rank	Organisation	Sector	Jan-19 Score	Jan-18 Score	Jan-18 Rank	Change in score Jan -18 to Jan -19
1	first direct	Banks & Building Societies	86.7	86.1	2	0.6
2	John Lewis	Retail (Non-food)	86.5	85.0	5	1.5
3	M & S (Bank)	Banks & Building Societies	86.3	84.7	7	1.6
4	Next	Retail (Non-food)	85.8	83.9	13	1.9
5 =	Amazon.co.uk	Retail (Non-food)	85.4	86.6	1	-1.2
5 =	Nationwide	Banks & Building Societies	85.4	84.7	7	0.7
7	Netflix	Leisure	85.1	82.8	24	2.3
8	Argos	Retail (Non-food)	84.1	81.4	46	2.7
9	Nationwide Insurance	Insurance	84.0	83.6	19	0.4
10	LV=	Insurance	83.9	81.7	42	2.2
11	Home Bargains	Retail (Non-food)	83.5	NO DATA	NO DATA	NO DATA
12 =	Iceland	Retail (Food)	83.2	82.1	36	1.1
12 =	Specsavers	Retail (Non-food)	83.2	82.4	31	0.8
12 =	Zurich	Insurance	83.2	75.2	188	8.0
15	Suzuki	Automotive	83.0	81.5	44	1.5
16 =	Aviva	Insurance	82.8	80.8	58	2.0
16 =	Honda	Automotive	82.8	82.2	33	0.6
16 =	Kia	Automotive	82.8	78.8	111	4.0
19	Boots UK	Retail (Non-food)	82.6	79.3	99	3.3

Sector trends: a three year perspective



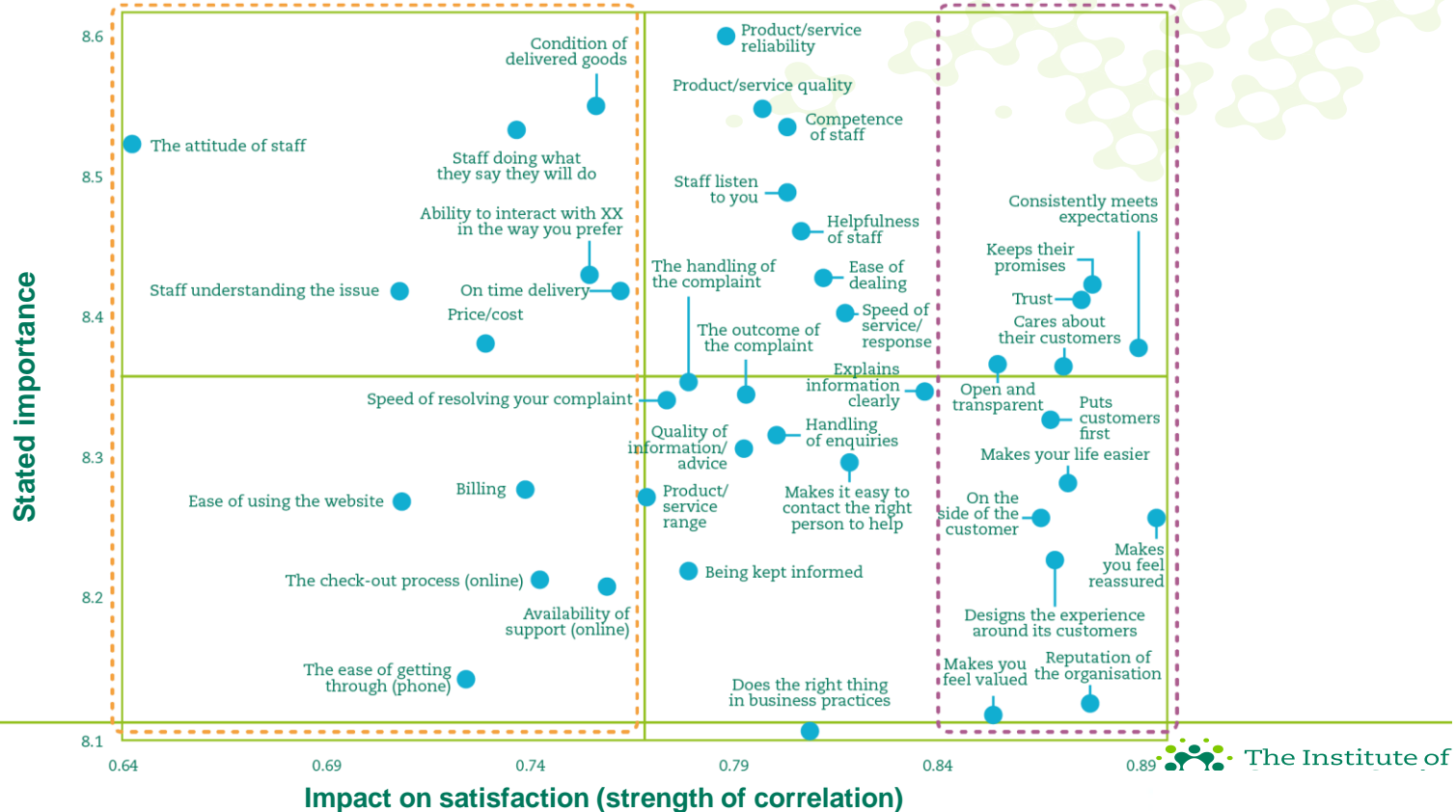
“Your housing association” compared to the UK average: key gaps

	Your housing association	UK average	Difference
Reputation	7.0	7.6	- 0.6
Trust	6.8	7.7	- 0.9
Product/service quality	7.2	7.9	- 0.7
Being kept informed	7.0	7.7	- 0.7
Ease of dealing with	7.2	8.0	- 0.8
Complaint handling	5.2	5.9	- 0.7
Cares about their customers	6.9	7.6	- 0.7
Makes you feel reassured	6.5	7.6	- 1.1
Was everything right first time ?	61.5%	78.5%	- 17%

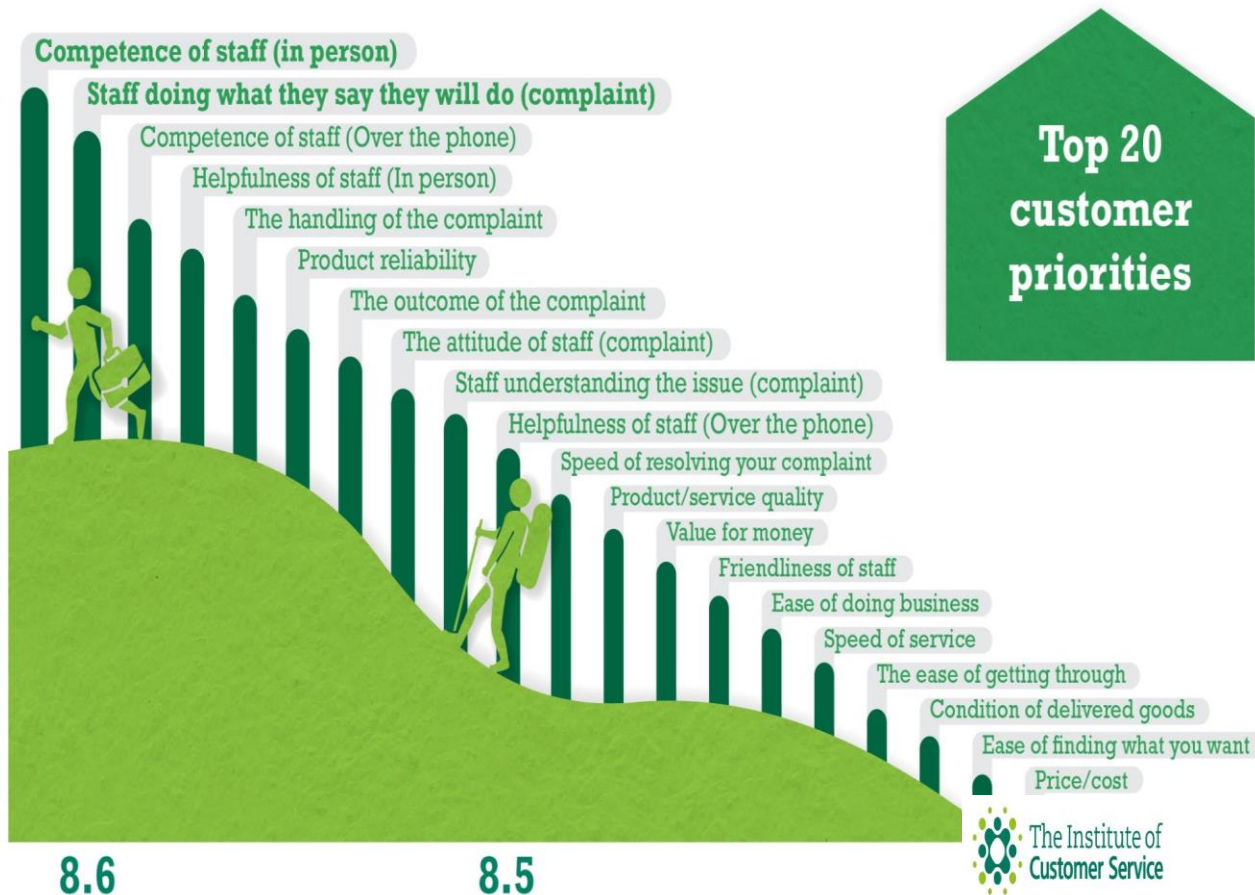
Satisfaction drivers determined by combining stated importance and impact

“Hygiene factors”

“Drivers”



UKCSI is based on customers' priorities





The Future of Customer Service



the
future

The Future of Customer Service

Why customer service matters

- 79% of UK GDP from services
- 70% of UK employees deal with customers
- Opportunity for UK to be global leader in service

Customer satisfaction in the UK 2018

- Satisfaction is broadly flat
- Banking at its highest ever
- Transport at its lowest since 2015
- “Hygiene factors” have improved but more needed to build loyalty and advocacy

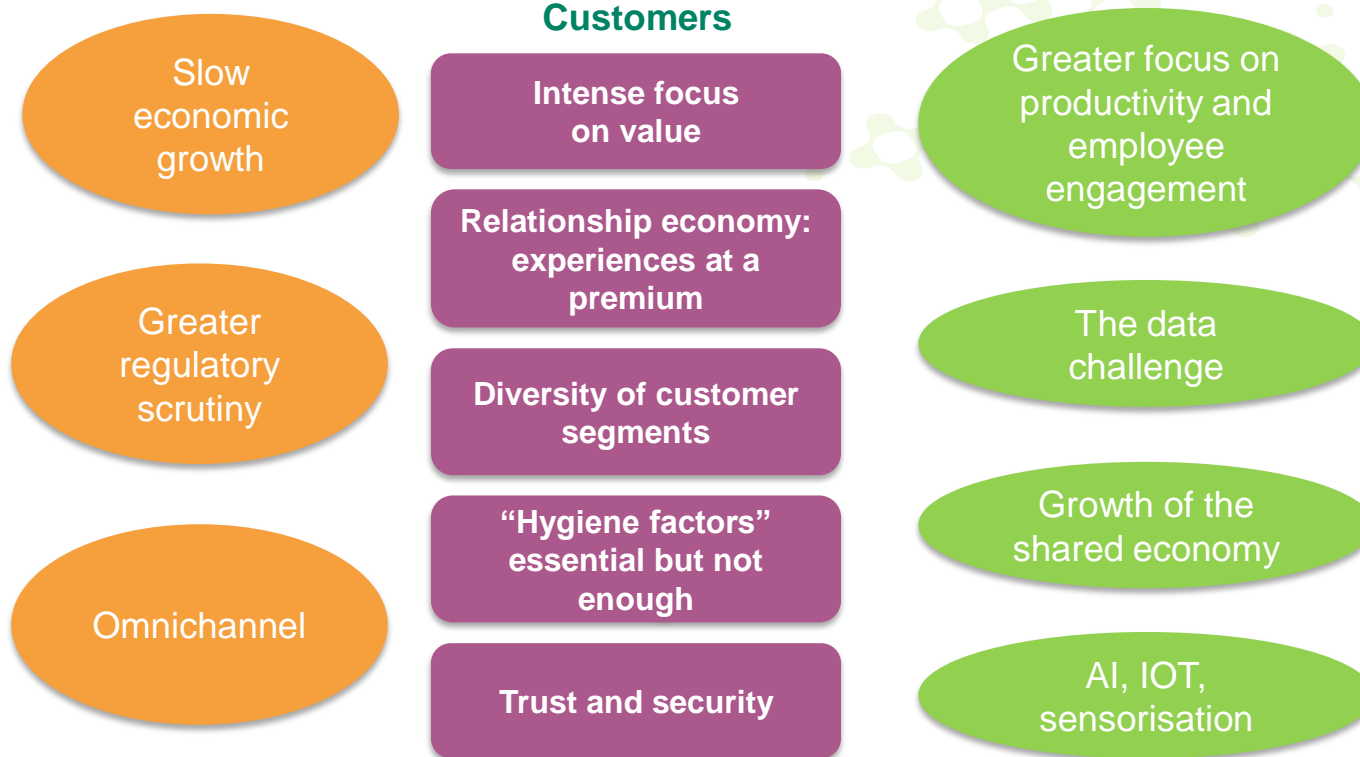
Future factors of change

- Convenience
- Regulation
- Emerging generations
- Ageing population
- AI, Internet of Things, Sensorisation
- Cybercrime
- Consumer Power
- Social Commerce

Future focus for organisations

- Leadership
- Collaboration and integration
- The data challenge
- Recruitment, training, development
- Customer experience design & creativity
- Employee engagement
- Emerging technologies & applications
- Trust

Key factors shaping the customer experience environment



Types of Customer

Pragmatic



- Integrated solutions
- Convenient & flexible
- Immediately available

Vigilant



- Security of personal data
- Life & self image enhancing product & services
- Ethics & sustainability

My friend & partner,
The organisation



- AI will underpin 50% of all interactions
- Emotional rather than rational decisions based on Brand awareness
- “Work to live” above “live to work”

Mindful
organisation



- Organisations place greater value on employees health & well-being
- Source employees & skillsets globally

8 Elements for the future Collaboration and integration

- Blurring of organisation / sector boundaries
- Potential for genuine shift to customer centric services
- Challenges of new models of partnership and collaboration
- Agile and collaborative working culture and practices

The Data Challenge

- Information about emotions, personality, values
- Persuading customers to share personal, sensitive information
- Data analytics and interpretation skills
- Security and transparency about how data is collected, stored, secured, shared and used
- Identify key datasets needed to enable AI applications

Recruitment

- Recruit for attitudes and values
- Increased focus on induction of new employees
- More organisations involved in apprenticeships, collaboration with schools, colleges and universities
- Every employee has a career development pathway

Skills and capabilities

- Higher order customer service skills
 - Emotional intelligence, empathy
 - Problem-solving
 - Investigation
 - Commercial judgement
- Merging of data analytics, marketing, customer experience skills
- Specialist data science skills

Customer experience design and creativity

- Deep insight into customer characteristics, needs, preferences
- Proactively involve customers in design of new products and services
- Seek opportunities to personalise experiences
- Deliver both fast, efficient transactional service and proactive, empathetic relationship
- Seamless omnichannel experience
- Relentless focus on right first time and dealing with problems and complaints

Assess emerging technologies and applications

- More seamless integration of channels and services
- Voice search
- Personalisation
- The integrated virtual assistant
- Asset management
- Medical diagnosis and preventative care
- Brainwave technology

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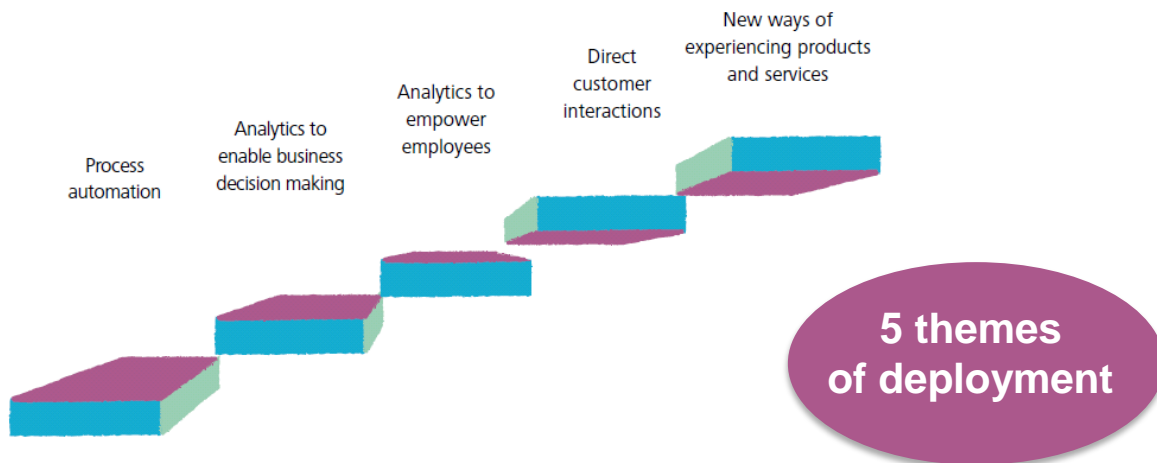
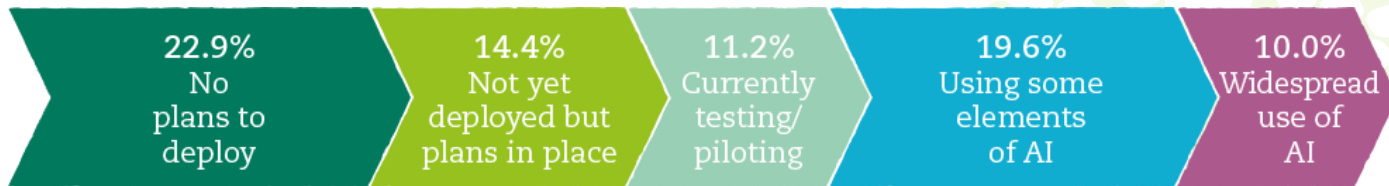
Trust

- Ethical leadership
- Demonstrate the organisation is acting in customers' long-term interests
- Security and transparency about how data is collected, stored, secured, shared and used
- Proactively engage customers in development of new products, services, technologies
- Proactive employee engagement strategies

Artificial Intelligence

Growth of AI to simplify and personalise experiences

Extent of organisations using AI in customer experience, July 2018



People or robots ?

The Customer Experience Director holds the key

Applications that enable reduced input from employees

Automation

- Order processing, correction and closure
- Form filling
- Collation of billing data
- Detecting and dealing with billing exceptions

Direct customer interactions

- Routine, high volume, low risk queries that do not require judgement or discretion
- Automated information updates
- Secure cash payments
- Identity verifications

Applications to complement and empower employees

Managing customer interactions

- Analysis of “reason to contact” to steer to the appropriate employee
- Hand-offs from chatbots

Knowledge and analytics to empower employees

- Next best activity
- Consolidated access to customer data
- Real-time compliance feedback
- Knowledge hub

Contexts requiring high employee input

Customer experiences requiring judgment, discretion or empathy

- Complaints
- High value sales
- Complex queries and issues
- Sensitive issues such as bereavement
- Emergency or safety-related situations
- Vulnerable customers

Tasks requiring technical expertise and judgement

- Technical support
- Strategy and change management

Customers are divided in their views about broader use of AI

Just because you can doesn't mean you should...

Most customers are open to use of AI

Mixed views about AI

Many customers have concerns about AI

- Recommendations about products and services
- Comparing, creating, comparing prices or

Only **17.1%** of customers feel highly confident about wider use of AI in everyday life

- Personalised management
- Personalised recommendations on a customer's individual profile relating to medical and lifestyle health

67.7% are unsure

- Interpreting thoughts and feelings
- Driverless cars
- Issues requiring moral or ethical decisions

Evolving needs for skills and capabilities

Higher order customer service skills

As more routine issues are dealt with through automation the role of customer service advisers will require a broader mix of skills

- Empathy
- Proactive advice
- Problem-solving
- Investigation
- Customer experience and process design
- Commercial judgement
- Precision of language

Technology and data

- Requirement for broad and specialist expertise
- Artificial intelligence is predicated on the ability to integrate datasets

- Integration of structured and unstructured datasets, analysis, interpretation and presentation
- Artificial Intelligence application development
- Programming and coding

Customer experience and technology broker

To ensure that deployment is shaped by a deep understanding of customer experience and needs

- Customer experience
- Proposition design
- Insight
- Technology and customer experience integration
- Innovation



What we can learn from others

Key enablers of effective investment



Leadership



Consistency



Employee Engagement



Relentless focus on
problems and complaints



Insight



Effective measurement



Customer experience
design and processes



Innovation and business
improvement

What can you do?

**Board responsibility for
customer experience**

**Coherent vision and
strategy**

**Values
and behaviours**

**Measured on
customer
experience**

**Long term
focus**

**People
development &
recognition**



**Genuine employee
voice**

**Partners / suppliers share
ethos**

**Customer service valued across the
organisation**