

“Servitization” can
make customer service
a **revenue center**



Traditionally, customer service has been more of a cost center, not a revenue center. During times of crisis, however, as market disruption upends “normal” business models, many companies are rethinking their approach to service—and that applies for during the crisis, during the recovery, and in the “new” normal—particularly in industries where products may be treated as commodities.

By creating new opportunities to provide value-added service offerings, companies are finding they can create additional avenues for consistent revenue and account growth, all while delivering superior experiences for their customers and generating higher levels of loyalty.

Right-sizing customer service

One way in which this “servitization” model can work in a volatile economy is by offering tiered service levels with corresponding tiered pricing levels, enabling customers to choose the precise level of service they need—or that they can afford.

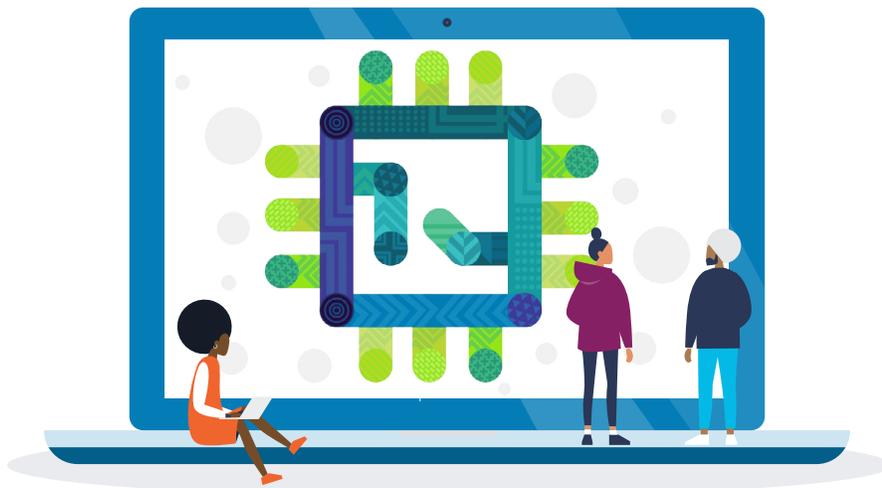
Consider a hypothetical example of an airplane manufacturer in the aerospace and defense industry. Customer A is a massive airline with a full complement of engineers and specialists. This customer might only need a very basic level of service, due to their high level of in-house expertise.

Customer B, meanwhile, is a small, niche commercial airline, with commensurately small-scale engineering capabilities. This customer might welcome a higher-tier level of service, even at an increased cost, because it may be more economical than expanding their current in-house capabilities. The customer might even

welcome the opportunity for the manufacturer to service a competitor’s products—and might be willing to pay a premium fee for that peace of mind.

By offering customized tiers of service, companies give their customers control over the service experience—ensuring every customer receives the level of service they need, with corresponding increased revenue streams for the company.





Powering service offerings with technology

Selling a product is one thing. Selling knowledge, and the operational efficiency that comes with that knowledge, is quite another.

Imagine for a moment, you're in charge of a small hospital in Iowa, and you lease an ultrasound machine from a major manufacturer. Unexpectedly, the machine stops working. Your team has to put in a service call and reschedule that day's appointments, costing you critical revenue.

However, what if the manufacturer could use predictive models and artificial intelligence (AI) to determine when service is required on your equipment, *before* the equipment breaks down?

As it turns out, they do. Currently, for example, a leading medical technology and solutions company uses the data gathered from their products to offer an ecosystem of paid support services for their products, including analytics, predictive maintenance, and product optimization. This is an extremely sophisticated service offering, but one that is well worthwhile for the right companies selling to the right customers.

Manufacturers of complex assets are also offering consumption-based "ownership" of assets. That model costs the manufacturer if the asset is not available, as revenue is only realized if the asset is being used. This increases the need for preventative and predictive maintenance of those assets.

Do all companies need to implement such advanced technology as part of their servitization model? Absolutely not. There are many options for service technology, ranging from something relatively simple to implement, like a website chatbot, to something more complex, like an AI-based analytics platform.

In other words, the technology itself is not what's important. The key driver is *how* the technology is implemented.

To illustrate, think about how a company might implement a chatbot on their website. Certainly, many of us have been annoyed by a poorly implemented chatbot, which is *unhelpful*, and can actually detract from the overall customer experience. On the other hand, if the chatbot is powered by robust data analytics and the organizational knowledge gleaned by years of serving customers, the customer experience can be incredible. Properly implemented, a chatbot can provide customers with an excellent opportunity to self-serve and quickly and easily find exactly what they need. Even better, a chatbot experience like this can free up operational resources that the company can then devote to more strategic initiatives.

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Read the full article in [DestinationCRM](#), originally published on May 18, 2020.



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