

# Next Generation Customer Service Strategies

**Harnessing the Power of the Internet and Web 2.0 for Delivering Customer Care**

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# 1 Abstract

Customer service plays an important role in combating churn and operators should look at extending their portfolio of customer service channels by leveraging the Internet and Web 2.0. Developing web-based consumer care will enable operators to “be where the customer is” and consequently, also find user acceptance. Key next generation customer service strategies include the use of social media interactions, chat-bots<sup>1</sup>, and multi-channel integration. The power of social media can be harnessed for delivering customer care through the proactive identification and dissemination of important information. Social networks can also be used for delivering consumer care. And existing customers can be encouraged to solve other users’ problems. Operators can make the customer service even more cost-effective and efficient by leveraging interactive chat-bots. These are computer programs designed to simulate the responses of real customer service agents. In addition, operators should offer integrated multi-channel service experience to customers. This entails consistent user experience across channels, persistence of context while switching from one channel to another, and the recommendation of optimal channels for problem follow-up and resolution. However, operators should be cognizant of the possible implementation challenges and proactively adopt appropriate mitigation measures. Some of the key challenges that operators need to anticipate include managing customer expectations from social media and chat-bot care, escalating problems from one channel to another seamlessly, handling complex queries through chat-bots, recording customer interaction history across channels, and integrating customer data scattered across multiple silos. Lastly, operators should quickly develop a presence in the new channels and aim to improve their services in a phased manner based on a defined, long-term roadmap and customer feedback. Once implemented, these next generation customer service strategies promise to provide a significant boost to the churn management initiatives of operators.

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<sup>1</sup> A chat-bot is a computer program designed to simulate the responses of a real support agent.

## 2 Introduction

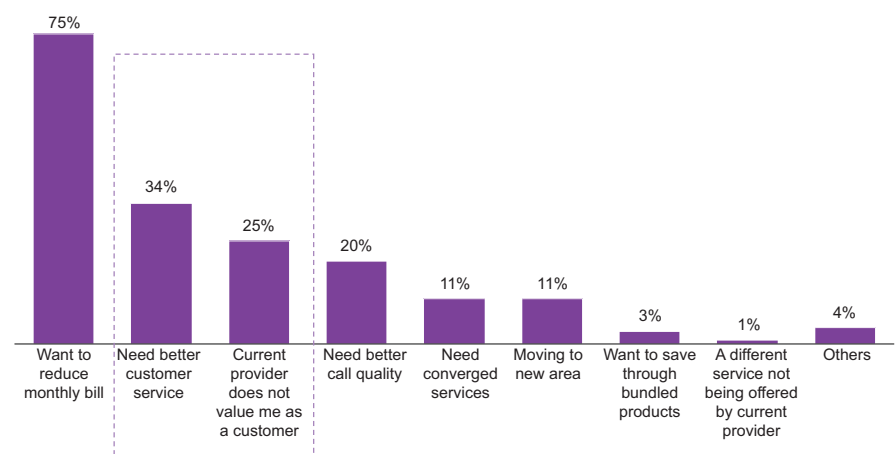
### High-quality customer service is a key element in the battle against customer churn

Fixed and mobile operators, who continue battling stagnation and high subscriber acquisition costs in developed markets, do not underestimate the importance of customer retention. High-quality customer service is a key element in the battle against customer churn. In fact, customer service is one of the most important factors affecting customer experience; poor delivery on this front is highly likely to lead to churn (see Figure 1).

Moreover, as communications products and applications are often critical from customers' point of view, they expect customer service to be readily and globally accessible. Therefore, operators are continuously trying to identify new customer service channels that can help to quickly solve problems in a cost-efficient manner.

Although operators have started complementing traditional customer service channels such as call-centres and IVR<sup>2</sup> with messaging (e.g. e-mail, SMS) and online self-service, there is an opportunity for operators to extend their portfolio of customer service channels further by leveraging the Internet and Web 2.0<sup>3</sup>. Customers are spending increasing amounts of time on social networking sites and are also using the Internet extensively for researching and buying new products (see Figure 2). Developing web-based consumer care channels will enable operators to "be where the customer is" and consequently, also find user acceptance.

**Figure 1: Selected Key Reasons for Churn among North American Voice Customers\*, 2009**



\* Base of 106 US online consumers who were looking at switching home phone providers; multiple responses were allowed. Source: Forrester Research, The Science of Churn: When and Why Consumers Switch Service Providers, January 2009

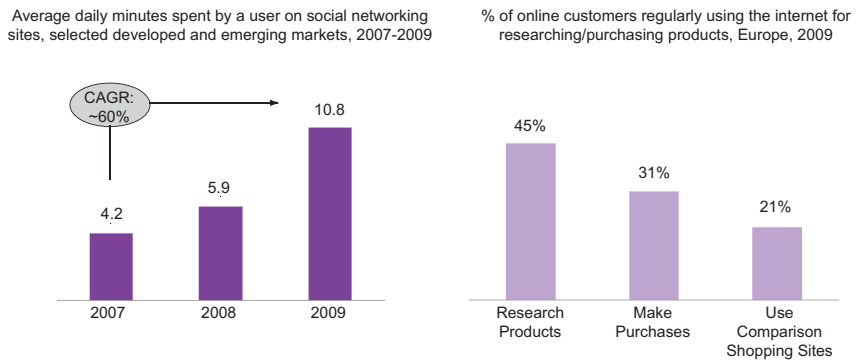
<sup>2</sup> Interactive Voice Response.

<sup>3</sup> Web 2.0 includes applications, services and sites such as social networking, video-sharing, blogs and wikis.

**Operators can extend their portfolio of customer service channels further by leveraging the Internet and Web 2.0**

In this paper, Capgemini identifies ways in which operators can leverage the Internet and Web 2.0 to develop next generation customer service strategies and deliver smarter, more efficient customer experience. We also highlight key challenges and mitigation measures that operators should focus on to ensure effective use of these new customer service channels.

**Figure 2: Average Daily Minutes Spent by a User on Social Networking Sites, Selected Developed & Emerging Markets\*, 2007-2009 and % of Online Consumers regularly using the Internet for Researching / Purchasing Products\*\*, Europe, 2009**



\* Countries include US, UK, Australia, Brazil, Japan, Switzerland, Germany, France, Spain, and Italy  
 \*\* Responses of European online consumers to the question "Which online activities do you do at least monthly?"; multiple responses were allowed  
 Source: Capgemini TME Technology Services Lab Analysis. Nielsenwire, Led by Facebook, Twitter, Global Time Spent on Social Media Sites up 82% Year over Year. Forrester, A Deep Dive Into European Consumers' Online Behavior, 2009, August 2009

## 2 Key Next Generation Customer Service Strategies

**Key next generation customer service strategies include the use of social media interactions, chat-bots, and multi-channel integration**

The key next generation customer service strategies include the use of social media interactions, chat-bots, and multi-channel integration to offer quick and optimal response to customer queries or problems. We will now discuss these strategies in detail.

### **Social Media Interactions**

The power of social media can be harnessed for delivering customer care in three ways—proactive identification and dissemination of important information, customer service through social networks, and encouragement of existing customers to solve problems of other users.

#### ***Proactive dissemination of important information***

Operators can monitor consumer discussions of their products / services on social networks and other Web 2.0 sites such as blogs and discussion forums to proactively identify customer issues, pain-points, or information needs. Having identified these requirements, operators can proactively make available the desired information through their websites, e-mails, or other media. For instance, Comcast monitors Twitter for customer conversations and proactively contacts the customers to address their concerns and resolve issues<sup>4</sup>.

Additionally, operators should also leverage the interactivity and rich-media delivery capabilities of the Internet to convert their plain-text FAQ / self-help / product-overview sections into an audio-visual experience for the users. Device vendors such as Apple have started using this route to educate their customers about the finer aspects of their products<sup>5</sup>.

#### ***Customer service through Social Networks***

As discussed earlier, to “be where the customer is” will be important for operators going forward. An effective way of accomplishing this is through fostering an active presence on popular social networking sites such as Facebook and Twitter. Dedicated agents can be used to monitor user activity / queries.

For instance, AT&T has a team of dedicated social media care agents. Each agent has a Twitter ID and handles approximately 1,000 tweets per day<sup>6</sup>. AT&T also has a Facebook page where users can post their queries on the wall or click on the links to other customer care channels<sup>7</sup>.

Similarly, Vodafone UK has a Facebook page where customers can post issues for discussion. Simple queries are resolved by the web relations team. For complex issues, users are directed to other care channels and are advised to provide a reference to Facebook conversations<sup>8</sup>.

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4 Businessweek.com, *Comcast's Twitter Man*, January 2009.

5 Company website.

6 SocialMediaToday.com, *How 5 Top Companies Win with Twitter*, February 2010.

7 Facebook and AT&T websites.

8 Vodafone UK's Facebook page.

## Operators should also leverage the knowledge of existing customers for query or problem resolution

### Encouragement of peer resolution

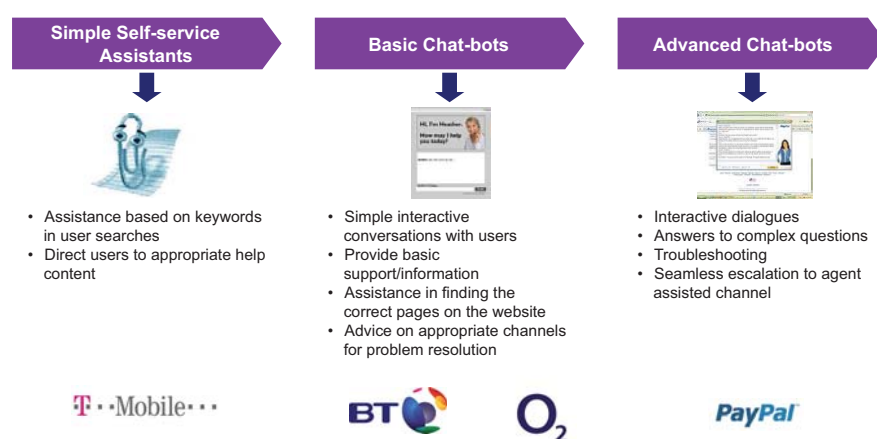
Operators should also leverage the knowledge of existing customers for query or problem resolution. This can be accomplished by encouraging customers, especially those who are technology—or product-savvy, to respond to problems that are posted on social media applications / platforms by other users.

One way to implement this is to create discussion boards that allow posting of customer issues and also encourage peer resolution. Another way is to use existing social networking sites such as Facebook and Twitter. For instance, Twitter pages of AT&T and Comcast allow peer resolution in addition to dedicated support provided by social media agents. Vodafone UK's Facebook discussion board also allows customers to respond to problems reported by other users<sup>9</sup>.

### Chat-bots

Customer service can be made more cost-effective and efficient by leveraging interactive chat-bots. A chat-bot can participate in intelligent conversations wherein a customer can ask a question or request a task and the chat-bot responds with appropriate answer or action. Chat-bots vary in maturity based on the degree of interaction and query resolution capabilities (see Figure 3).

Figure 3: Key Types of Chat-bots



Source: Capgemini TME Technology Services Lab Analysis. CreativeVirtual.com News. Virtuoz PayPal case study

Simple self-service assistants typically direct the user to appropriate web-pages based on selected keywords in the user's query. For instance, 'Ask Laura' from T-Mobile (UK) allows users to write a question and in response, directs them to the appropriate answer in the FAQ section<sup>10</sup>.

The next level of chat-bots entails simple interactive conversations through which customers are guided towards appropriate web-pages, offered advice on using the correct channels, and provided basic support or information.

For instance, O2 UK's 'Ask Lucy' service can remember user names across sessions, answer customers' queries, and offer support by suggesting solutions or providing directions to the appropriate knowledge source. BT's 'Ask Emma' is a similar virtual agent service. 'Ask Verizon' also has a virtual agent called Frank who answers customers' support queries and points to other appropriate channels if he (it!) is unable to answer them<sup>11</sup>.

<sup>9</sup> Vodafone UK's Facebook page.

<sup>10</sup> Company website.

<sup>11</sup> Company websites and press releases. Creativevirtual.com news articles.

Advanced chat-bots can perform a multitude of tasks and support extended natural language conversations with users. For instance, they can ask pointed questions to dig deeper into a problem or seamlessly escalate the issue to an agent-assisted channel. PayPal's 'Sarah' is a multi-lingual chat-bot capable of bringing up dynamic pages based on context and addressing complex issues, such as disputes and refunds<sup>12</sup>.

Early results indicate that chat-bots will gain consumer appeal and acceptance. For instance, O2 UK's 'Ask Lucy' gets about 1,000 questions per day and BT's call center volumes were reduced by 700,000 annually after the launch of 'Ask Emma'<sup>13</sup>. Moreover, these chat-bots can also help position an operator as market-leading in deploying customer-friendly new services/technologies. Verizon's website was regarded as the best support site for a US operator in a survey conducted by the Customer Respect Group with a special mention of Frank, the chat-bot featured in 'Ask Verizon'<sup>14</sup>.

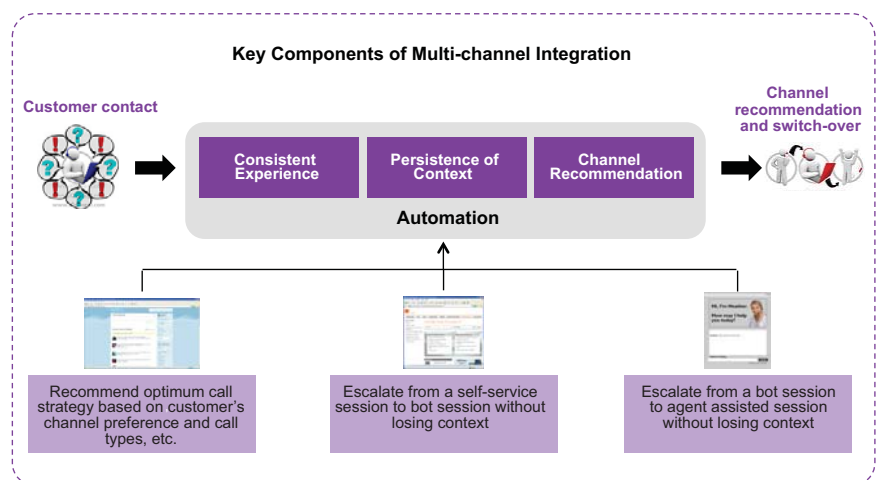
### Multi-channel Integration

Customers now have access to multiple customer care channels such as call centers, websites, SMS, emails, social media, and chat-bots. Faced with these choices, consumers can select any of the channels based on their convenience to initiate contact and follow-up on inquiries. At times, consumers may want to use different channels for initiation and follow-ups. For instance, a consumer may flag a problem first through a chat-bot, and follow it up with calls to a contact center in case the query has not been resolved.

In such cases, it would be user-friendly if the operators can remember the context of those calls. In that case, consumers would not have to explain the problem from scratch when they use a different channel for follow-up as compared with the channel used for initial contact.

Therefore, operators should look towards offering an integrated multi-channel service experience to consumers (see Figure 4).

**Figure 4: Key Components of Multi-channel Integration**



Source: Capgemini TME Technology Services Lab Analysis

12 Company website. VirtuOz 's (www.virtuoz.com) PayPal case study.  
 13 Chatbots.org and Creativevirtual.com news articles.  
 14 Creativevirtual.com news articles.



An integrated multi-channel service experience entails multiple components. First, the user should get consistent experience across all channels in terms of services and resolutions offered. In other words, consumers should be sure that they will get the same response regardless of the chosen channel.

Next, the user should be able to seamlessly switch over from one channel to another for further discussion of a problem. An important aspect here is persistence of context; information about the customer, the current problem, and the solutions already tried out. For instance, a user should be able to switch from a chat-bot discussion session to live discussion with an agent without losing context of the situation.

Lastly, the integrated service should be able to recommend optimum call strategy, in terms of customer care channels used for problem follow-up and resolution, for a customer based on her preferences and call history. This would also entail switching from one channel to another in case the initial contact is made through a less preferred channel. In turn, this would help operators to delight customers while reaching out to them proactively or while following up on calls.

The key benefits of next generation customer service strategies discussed above include enhanced consumer convenience, potential reduction of voice call traffic to contact centers through offloading of queries to web-pages or social networking sites, and resultant decline in customer care expenses.

However, implementations of these strategies bring forth a set of challenges as well. We now discuss the key challenges and their mitigation.

# 4 Key Challenges and Mitigation

**The foremost challenge associated with using social media for customer care is managing consumer expectations**

## **Challenges with Customer Care Delivered through Social Media**

The foremost challenge associated with using social media for customer care is managing consumer expectations. If the user is not clear about who is going to resolve issues—customer care agents or fellow customers—it can lead to confusion and dissatisfaction. Similarly, if a customer expects immediate problem resolution while using social media and if that expectation is not met, the customer will not only become frustrated but also become averse to using the platform again.

Therefore, operators should specify who is going to respond to their queries and also indicate approximate turnaround times to consumers using next generation customer care channels. Additionally, operators should moderate discussions on forums and blogs to ensure that correct advice is provided to a customer by fellow users.

Customer identification through social network IDs is also an important issue. For problems such as billing disputes, operators would need to know details such as customer ID or phone number. Here, the customer can manually provide the details or the operator can use a mapping software to link social network IDs with customer billing, Customer Relationship Management (CRM), and other records. In either case, privacy issues become important, and operators should either seek explicit buy-in from customers or restrict the usage of social networking and Web2.0 sites to technical problem resolutions.

Another important challenge is the seamless escalation of a customer query or problem to other channels in case it cannot be solved through social media. Some operators have started using partially manual solutions to make social media interactions available to other customer care channels. For instance, Comcast enables social media data integration with CRM data by manually entering social media and account data (phone number) into a system called Grand-Slam<sup>15</sup>. However, the need of the hour is to implement integrated multi-channel system architecture, discussed in detail later.

## **Challenges with Bot-care**

Operators need to be careful while deploying chat-bots for customer service as they might not be able to handle complex queries or decipher the use of slang or abbreviations by customers. The key challenge here is to ensure that customers do not get frustrated while dealing with a chat-bot.

In order to mitigate this, operators should ensure that they set reasonable customer expectations in terms of the kind of problems that their chat-bots can solve and also provide chat-bot interaction guidelines.

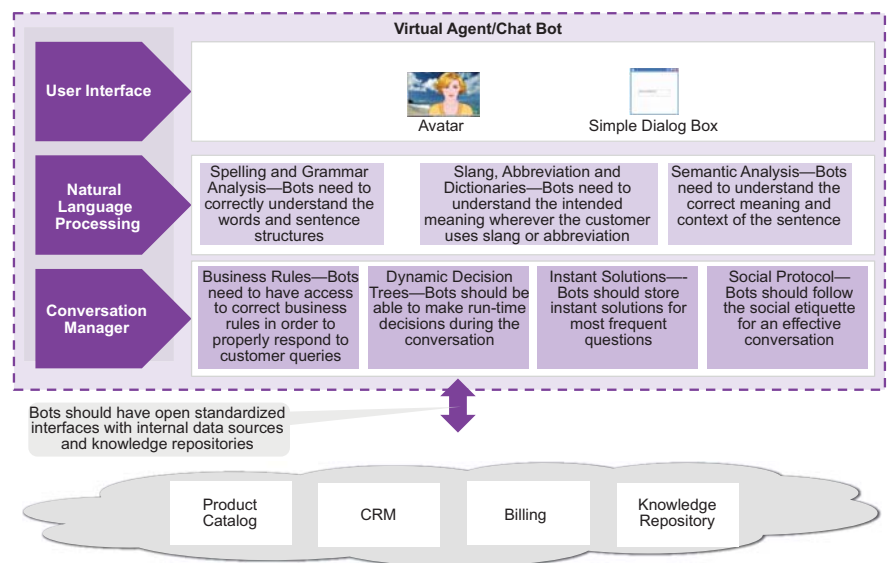
Operators should also work towards deploying sophisticated chat-bots with advanced natural language processing and conversation capabilities. The key

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<sup>15</sup> Techtarget.com, *Social CRM Customer Data Management can be the Hard Part*, February 2010.

components of natural language processing include spelling and grammar analysis, slang / abbreviation and dictionary support, and semantic analysis. Enhanced conversation capabilities can be developed through well-defined business rules, dynamic decision support trees, instant solution support, and social protocol adherence. Lastly, chat-bots should have open standardized interfaces with internal data sources such as Product Catalog, CRM, Billing, and Knowledge Repository systems. Figure 5 highlights the conceptual structure of a sophisticated chat-bot.

**Figure 5: Conceptual Structure of a Sophisticated Chat-bot**



Source: Capgemini TME Technology Services Lab Analysis

### Challenges with Multi-channel Integration

The lack of customer interaction history across multiple channels and customer data scattered across multiple silos are the key challenges faced by operators in their attempt to enable integrated multi-channel customer service.

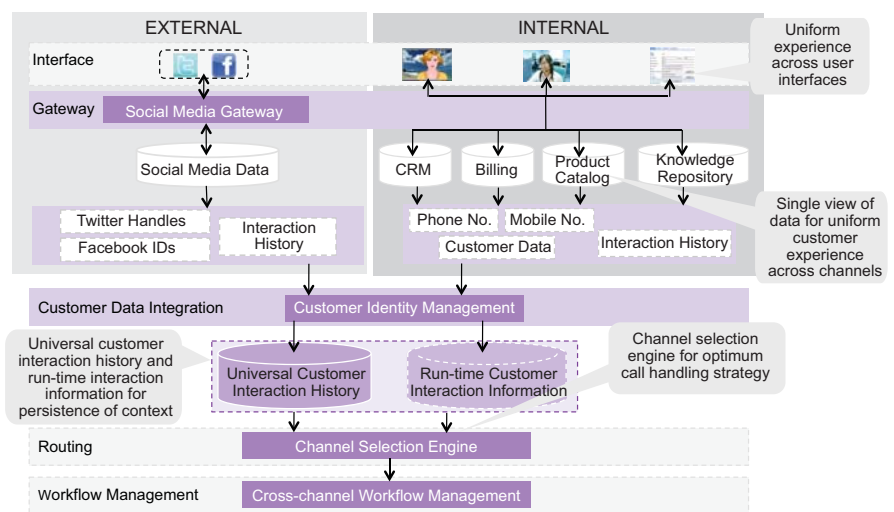
To elaborate, existing systems would typically not include history of customer interactions over new media / applications such as social networks and chat-bots. Therefore, context and history information could be lost easily, leading to sub-optimal customer service.

Moreover, customer information has multiple aspects and different types of data are usually stored in different types of databases/systems such as CRM and Billing. However, with next generation customer care, the traditional integration of databases/systems is not enough. Information such as social networking IDs and interaction history need to be cataloged and stored as well.

Therefore, operators need to implement integrated multi-channel customer service architecture with new channels, shared customer history, and single view of data (see Figure 6).

**Operators should quickly develop a presence in next generation customer care channels and improve their services in a phased manner**

**Figure 6: Schematic of Integrated Multi-channel Customer Service Architecture**



Source: Capgemini TME Technology Services Lab Analysis

In conclusion, next generation customer care delivered through social media, chat-bots, and multiple integrated channels will enable operators to “be where the customer is” and help deliver superior customer service. Developing these channels should be seen as a continuous process by operators.

Operators should quickly develop a presence in next generation customer care channels and aim to improve their services in a phased manner by not only using a roadmap but also incorporating customer feedback that will help them customize their services appropriately.

Once effectively implemented, these next generation customer service strategies promise to help operators to position themselves as leaders in customer care. Consequently, they would boost the arsenal of fixed and mobile operators in their continuing quest against churn. Not adopting next generation care is hardly an option for leading operators.

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