Addressing Retail's Top

CUSTOMER SERVICES CHALLENGES
WITH AI

Learn how to leverage machine intelligence to exceed customer expectations and build lasting brand love.

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AI for **Retail**

Executive Summary

Retailers are increasingly turning to AI to provide the support modern customers expect.

People anticipate getting a quick, personalized resolution on their channel of choice. 24/7 support is no longer a perk, it's an expectation. Retailers are increasingly turning to AI to provide the support modern customers expect. People anticipate getting a quick, personalized resolution on their channel of choice. 24/7 support is no longer a perk, it's an expectation.

Retailers often struggle to keep up with the rising tide of increasing ticket volumes when it's more critical than ever to stay afloat. According to Zendesk, 97% of U.S. consumers say bad customer service changes their buying habits. AI can help retailers **resolve over 50% of customer service tickets** on email, chat, social and voice (an emerging - and powerful channel) within seconds.

Customer service is arguably more important today than it has ever been. Companies can no longer rely primarily on product ingenuity: Salesforce found that 66% of customers say it takes more for a company to impress them with new products and services than ever before[1]. In what used to be an after-thought for many retailers, customer support is establishing a strong foothold in dictating people's buying habits.

In this eBook, we'll explore the **widespread adoption of AI by retailers**. We'll also examine how AI can resolve the most pressing issues facing retailers to keep customer satisfaction (CSAT) high. Finally, we will dive into exactly how AI can scale high-quality customer service for retailers.

> " *66% of customers say it takes more for a company to impress them with new products.* "
>
> S A L E S F O R C E

A rapidly evolving **Global Scale**
AI Adoption is Surging

More than ever before, customer service is a crucial ingredient for building a thriving business.

Retail is a very competitive industry. The shift in consumer expectations is making it even more challenging. Shopping patterns are shifting drastically - emerging online companies are capturing the hearts and wallets of consumers, while off-price retailers are taking away a growing share of the market. As the ecosystem of retailers competing on a global scale rapidly evolves, customer expectations are simultaneously rising quickly.

As the business of doing retail becomes more challenging, retailers are turning to Artificial Intelligence to improve everything from operations and inventory management to the customer experience. AI adoption is ramping up quickly: estimates for global retail spend on AI top $7.3 billion per year by 2022 according to Juniper Research[2].

When many people think about AI, "cool" implementations often come to mind. Take the Lowe's LoweBot which travels around their massive stores to help people find items in the seemingly endless aisles[3]. Sephora's Color IQ helps people find the perfect shade of makeup[4].

While these are certainly impressive AI implementations, the growth of AI in the retail industry will be propelled not by these creative one-offs, but to **solve large-scale business problems**, including with customer service. More specifically, with a clear focus on solving widespread business issues that directly impact the bottom line.

The customer service challenges that retailers are facing today can be addressed by bringing AI into their workforce - augmenting the work of human agents to delight customers quick resolutions across channels.

> ❝ *"Global retail spend on AI is expected to top $7.3 billion per year by 2022"*
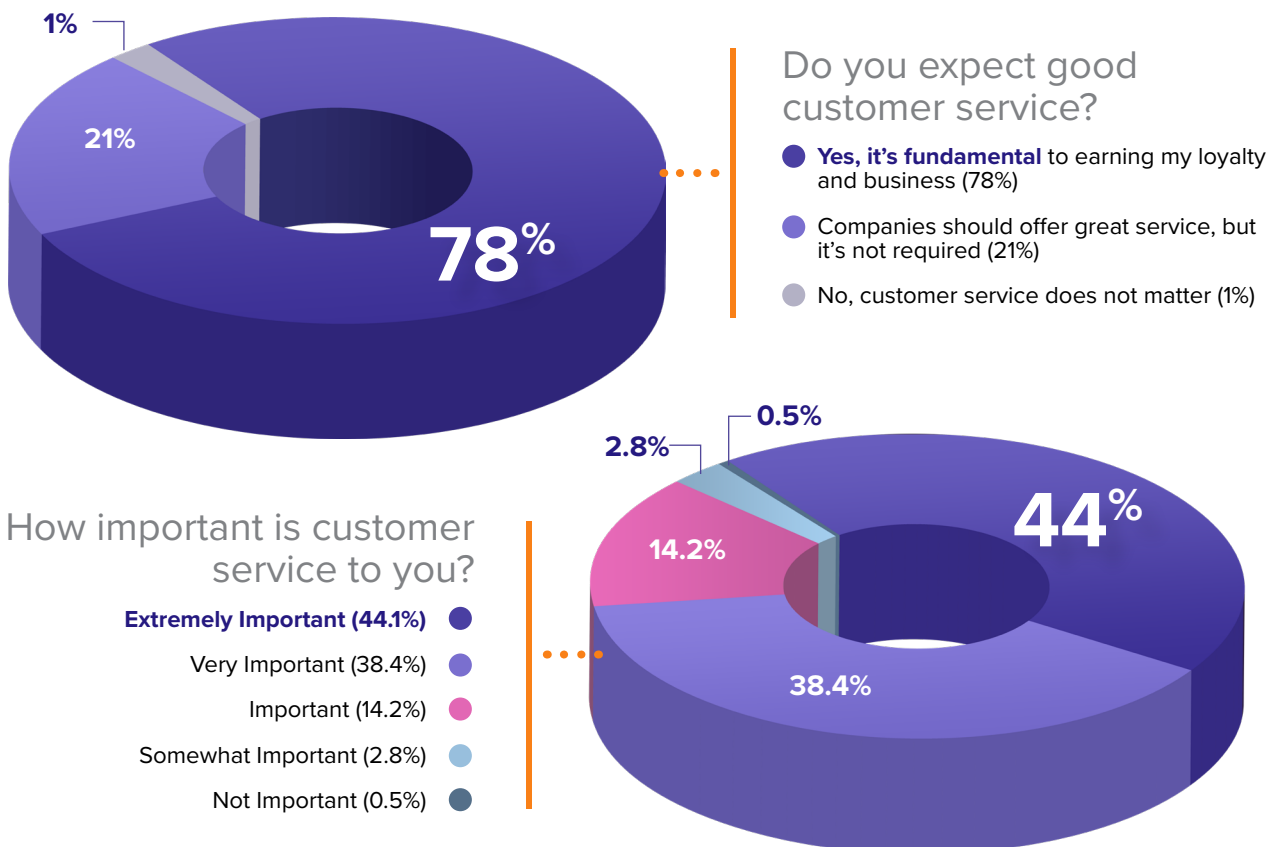>
> JUNIPER RESEARCH

Top 8 Customer Service Challenges & Expectations for Retailers

1 **Constantly increasing consumer expectations across the board**

Companies like Amazon continue to raise the bar for customer-first experiences resulting in a sweeping shift in customer expectations across the board. A few years ago, free and fast shipping was rare; today, consumers demand one day shipping instead of two.

Instant gratification and hyper-convenience are core to what people expect in our customer-centric society, and not just when it comes to things like shipping. While people expect customer service to be easy, convenient and quick, this was not the case until a few years ago. For generations, the status quo of poor service was accepted. Long wait and resolution times, unfriendly representatives and mass generalization were the norm. Today, however, **95% of consumers cite customer service as important in their choice of and loyalty to a brand**[5]. Customer service has earned a seat at the executive table.

1%
21%
78%

Do you expect good customer service?

- **Yes, it's fundamental** to earning my loyalty and business (78%)
- Companies should offer great service, but it's not required (21%)
- No, customer service does not matter (1%)

How important is customer service to you?

- **Extremely Important (44.1%)**
- Very Important (38.4%)
- Important (14.2%)
- Somewhat Important (2.8%)
- Not Important (0.5%)

0.5%
2.8%
14.2%
44%
38.4%

Findings from The Netomi Pulse Report: State of Customer Service.

2 Long resolution wait times feed into customer dissatisfaction.

Retailers of all sizes are keeping customers waiting. In fact, the average wait time for an email response to a customer service query is **12 hours and 10 minutes**, which feeds into people's general dissatisfaction with the support they receive. It's not uncommon for people to reiterate the same information to multiple agents - even simple things like account numbers - or contact customer service numerous times to resolve a single issue (86% of customers report having to do this[6]).

Retailers need to decrease the disruption in a person's life when they have an issue or question, providing a quick resolution to get them back to whatever it was they were doing before they reached out. According to a report from American Express, 40% of people want companies to focus on taking care of their needs quickly. How quickly, you may wonder. According to research, **75 percent** of online shoppers expect help within five minutes[7].

AI can resolve highly-repeatable, everyday tickets immediately, within seconds. Your customers will love faster resolutions, while agents are able to focus on decreasing resolution time on the more complex issues which they are better suited to manage.

What's important to you when it comes to customer service?

Consumers believe that excellent support is defined by having a **friendly** representative (67%), **quick resolution** (61%), favorable outcome (57%), is convenient (47%) and is personalized (16%).

Findings from The Netomi Pulse Report: State of Customer Service.

Friendly	Quick Resolution	Favorable	Convenient	Personal	Other
67%	61%	57%	47%	16%	
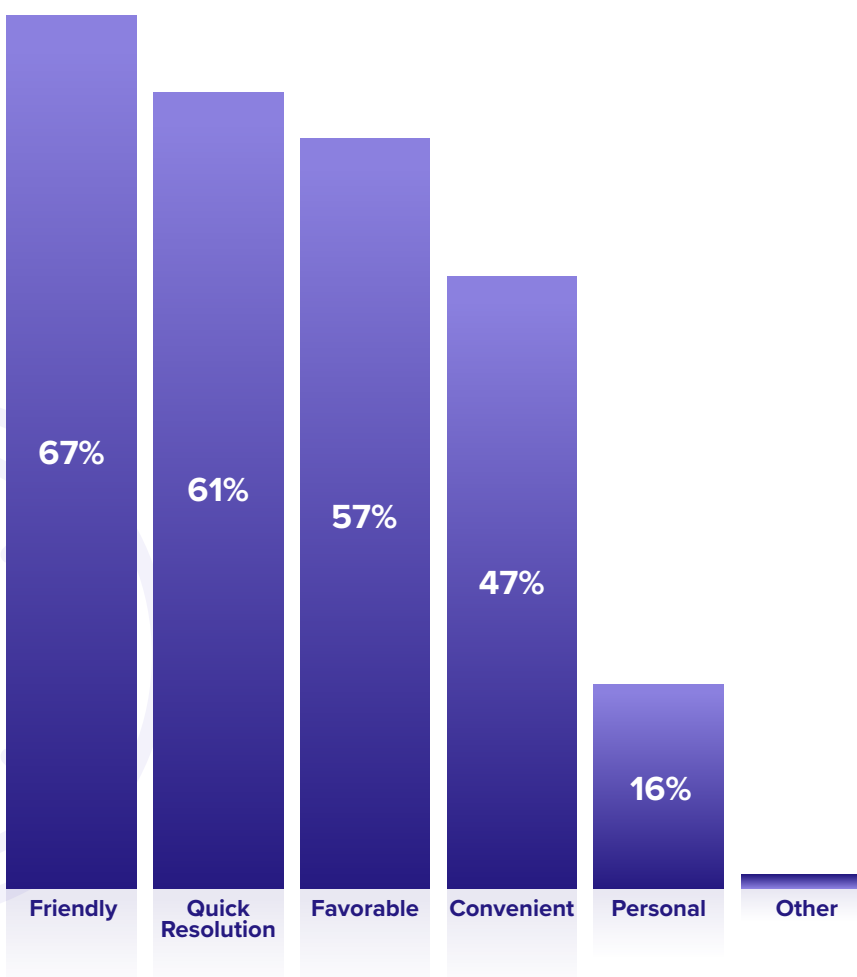
3 Managing the exploding volume of returns, exchanges and cancellations

The boom in online purchases has been quickly followed by a surge in returns.

A company's return policy has a direct impact on their bottom line: **67% of American consumers check the return policy before making a purchase**[8]. An inconvenient return policy deters 80% of shoppers and 48% would shop more with retailers offering hassle-free returns. **Returns are a reality of doing business online today.**

The volume of returns for online purchases is becoming an increasingly burdensome and expensive task for retailers of all sizes to manage. With e-commerce spend expected to exceed $4.5 trillion in 2021 (Statista), the future influx of returns will multiply.

AI can be used to facilitate online returns and ensure brand protection in a few ways. Companies can automatically facilitate the return process or gather key information from the customer, such as asking for a picture of a damaged order, without burdening a human agent with mundane information gathering.

Leveraging AI in the returns process doesn't have to be done with a broad stroke of a brush. In fact, protecting the brand requires customization for a lot of companies.

Retailers can establish rules to enable AI to manage returns under a certain amount - say under $100 - or for certain customer segments - based on things like size of wallet, loyalty status or other history. Return requests outside of the set criteria could be elevated to a human agent. For instance, a loyal customer returning a $5,000 couch would be better managed be a human agent who can pinpoint exactly why the item is being returned, suggest other items or offer rewards or discounts to maintain loyalty if the company was at fault. An AI Agent, on the other hand, could facilitate the return of a $25 doormat autonomously.

> "With e-commerce spend expected to exceed $4.5 trillion in 2021 (Statista), the future influx of returns will multiply"

Did you get my package yet?

Yes. Your return shipment arrived at our facility yesterday.

Good. When can I get my refund?

Refunds take approximately 3-5 days once we receive the items back.

Thank you!

4 Inconsistency and a lack of quality control is detrimental to the customer experience.

Customer service remains one of the top professions with the highest turnover, with contact center managers citing this as their top challenge[9]. Turnover is both costly in hiring and on-boarding costs, but it can also be detrimental to the customer experience as consistency is hard to maintain with revolving doors.

While the best customer service organizations will always use a combination of human and AI agents working together, turnover will always be inevitable. **AI can bring consistency**, though, to the repeatable issues. With AI, there is no subjectivity or old-fashioned "bad days" that are a part of human nature. AI is not going to get overwhelmed with frustrated customers; It will systematically respond in the way in which it has been trained, every time. AI can also recommend replies and actions to human agents, empowering them with the tools to respond according to company best practices and protocol.

5 Supporting customers anywhere, anytime, in their channel of choice

It's no longer a retailer's decision when and where to offer support. Customers expect a unified experience anytime, anywhere on the **channels of their choice** - whether that's email, social channels, real-time chat, phone and, increasingly, voice systems like Alexa or Google Voice.

Staffing a support organization to deliver fast, convenient support across an increasing number of channels is cost prohibitive, especially as the customer base is increasingly global with solidifying expectations of on-demand resolutions. To further complicate things, it's becoming more common for people to start something on one channel and complete it on another. Having a channel-less, fluid capability without losing history of an interaction is now required.

Deploy AI across channels to act as the first line of defense to scale a 24/7 support function. A single AI Agent can be deployed across all customer-facing channels to respond immediately to over **50% of all customer queries.**

" *"46% of consumers in the U.S. want to use email to resolve customer service issues "*

6 Personalizing interactions to every individual based on real-time sentiment
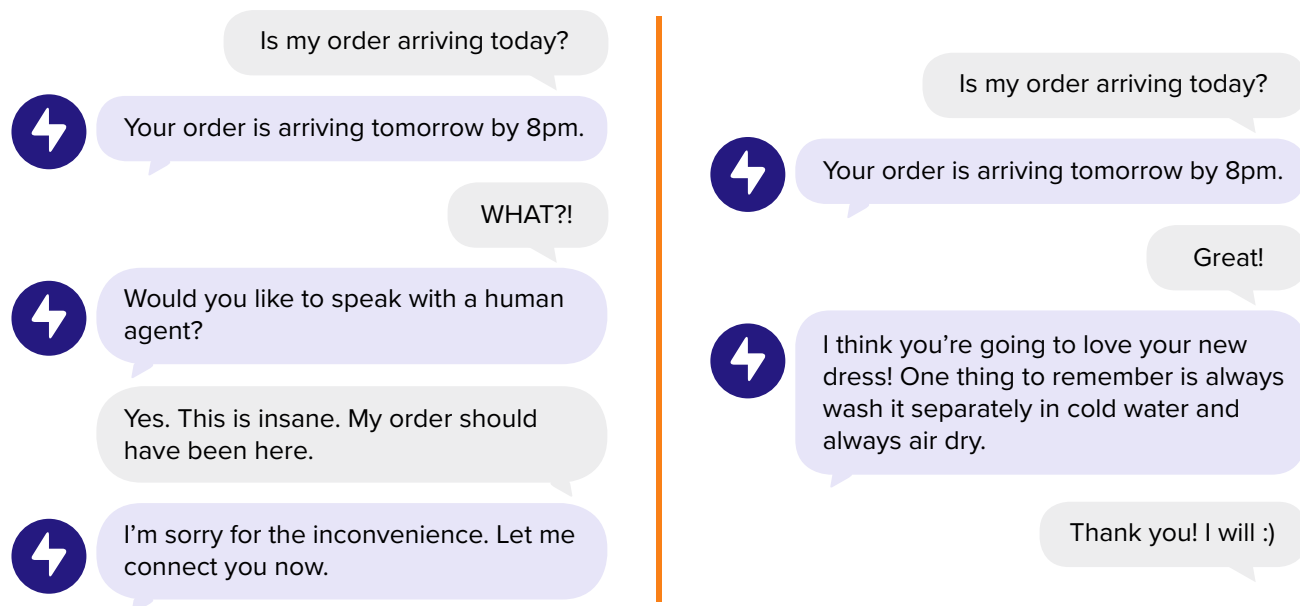
Human support agents have little insight into a person's historic relationship or past interactions with a brand when resolving issues. People want their loyalty to be acknowledged. They want love from companies they feel they are invested in, yet nearly half say agents almost never or only occasionally have the context they need to most effectively and efficiently solve their issue[5].

Tailoring support to the individual based on a 360-degree customer view is important. Personalization is derived by three core aspects: **history, sentiment and situational context.**

AI can empower human agents with the relevant data from a CRM to help **individualize experiences** in-the-moment. Human agents would no longer go into a situation with blinders on - with little, if any, insight into how long a person has been a customer or how much they have spent. Sifting through complex CRM systems is not feasible for human agents when they are also challenged to keep average handle times low. When AI is integrated into the customer support workforce, it can pinpoint specific data of relevance critical to a situation, for instance, social clout for an influencer reporting an issue with a particular product.

Customizing an interaction to an individual, though, goes much further than CRM data. It's also based on **real-time sentiment**. AI can be used to decipher how a person is feeling and react accordingly. For instance, if a person is typing IN ALL CAPS, with lots of punctuation (!!!!????), the customer can be immediately transferred to a human agent who is better equipped to be sensitive to a person's feelings.

Finally, personalization reflects a person's mindset or urgency based on real-time signals from a person's surroundings. An airline, for example, can react differently to a person requesting rebooking options if they are stuck on a highway one hour before their flight takes off and someone looking into options the next week. AI can help to anticipate these various situations, respond when appropriate and route to a human agent when best.

Is my order arriving today?

Your order is arriving tomorrow by 8pm.

WHAT?!

Would you like to speak with a human agent?

Yes. This is insane. My order should have been here.

I'm sorry for the inconvenience. Let me connect you now.

Is my order arriving today?

Your order is arriving tomorrow by 8pm.

Great!

I think you're going to love your new dress! One thing to remember is always wash it separately in cold water and always air dry.

Thank you! I will :)

Boost CSAT by training an AI Agent to decide the next best action based on a customer's sentiment.

7 Adapting complex and persistent legacy back-end systems

Human and machine customer service agents need better **real-time feedback** from back-end systems. Many companies, though, feel handcuffed by a lack of agility from archaic back-end software. It's difficult to change systems. Difficult to connect systems. And difficult to act on the data that exists in a meaningful way.

A useful AI Agent that can actually resolve issues needs to be able to pull information from various internal platforms, including CRM, eCommerce, warehouse management software, carrier systems, transport tracking, etc. Integrations make it possible to pull up the exact location of a person's package or inventory status rather than providing a generic link or standardized response. Integrations make AI Agents meaningful problem solvers.

Most **AI platforms can easily implement** with any back-end system that has an open API. It can seamlessly identify and pull information of relevance, determine the next best action from the sea of data, and resolve an issue. AI Agents can also pull information for a human agent. Agents today struggle as they navigate various systems. AI Agents can act as a curator of data, boosting agent productivity.

> " Integrations with back-end systems give AI the authority to resolve issues and empower human agents with the information they need to make informed and personalized decisions in a matter of seconds. "

8   Always offering reactive response, instead of proactive and predictive care

The ability to truly surprise and delight customers by **solving a problem they don't yet know exists** is the next frontier in customer service for retailers. It's not enough to simply respond to incoming customer queries; getting out in front of problems is a defining factor in superior customer service.

There are endless opportunities to alert consumers of things which can build brand love....

- Letting someone know a purse saved in her cart is now on sale
- Informing someone when a sweater is back in stock in their size following a previous let down
- Easing the burden of crushed expectations when a package is going to be late
- Anticipating when a piece of care advice will keep a product or service running in tip-top shape.

It's not feasible, or cost-effective, to staff human agents to offer proactive care, but it can be automated to scale predictive support. By acting on signals from various systems, AI Agents can automate the outreach to customers - surprising them the exact information, at the exact moment of relevance. This is the **customer service of the future.**

> It might be time to descale your coffee maker! To keep your coffee tasting great ☕ ☕, it's important to descale and remove any buildup in your coffee maker about every 3 months. Can I show you how?

> I didn't know that. Yes, thanks!

> It's simple. First, make sure your coffee maker is empty. Then, fill the carafe with equal parts white vinegar and water.

> Run for half a brew cycle and then let it sit for an hour. ⏰ Finish the cycle, rinse the carafe and run a cycle with water only.

> Thank you!

The AI Opportunity: Scaling the customer service your customers expect

For the first time, customer support is a business driver.

Customer-centricity is essential to building long-term relationships. Never before has customer support had such a **direct impact on a company's bottom line**.

AI needs to work with human agents to **immediately resolve repeatable, high-volume queries**, freeing up human agents to manage the more complex use cases. AI can also **boost agent productivity** by gathering information from various business systems, and recommend replies and actions, to help agents work faster.

It's important for retailers to identify the right issues to automate. Look at your historic data - such as chat and email logs - to identify the top issues that are highly-repeatable, account for a lot of volume and pose a low-medium business risk. This is the sweet spot for AI; all other queries need to remain under the human agents perview.

To drive the most value, retailers should connect with various business systems. Integrations give an AI the authority to resolve issues, for instance pulling up the precise status of a shipment for someone inquiring about the status of their order, as opposed to sending a general link of where to add in an order number to view the latest update.

Customer service has never carried as much clout as it does today. AI can empower companies to provide the support customers expect - quick, convenient, personal - and build brand love as a result.

Get Started **Today**

5 easy ways to kickstart your AI for Retail

Getting started with AI is easier than you think. Here are five steps you can start today to quickly launch a highly accurate and impactful AI Agent within your workforce.

1. Identify the right use cases

Gather historic email, chat, call and social messaging data. This will help you identify your top, highly-repeatable use cases that you should delegate to AI. The more training data that's available, the more accurate your AI will be, so don't skimp on this step. Don't know the best way to gather all that data? Let us help you. Contact us at info@netomi.com.

2.Pick your personality

You'll want your AI Agent to be true to your brand. Nail down your Virtual Agent's tone and personality with your marketing and creative teams. This is the fun part. Do you want your AI to be witty to match your fun brand or more sleek and sophisticated? Are there rich media assets you leverage to provide a really engaging experience for your customers?

3.Determine human and AI delegation

Determine when an AI should be empowered to resolve an issue and when your customers would be happier talking an agent. This might depend on loyalty status, the size of a purchase, your customer's question or various contextual factors. This will be unique to your brand.

4.Check integration capabilities

Do the human agent desk, eCommerce, inventory and other internal systems have an open API? Check with your internal teams how easily data can flow in and out of your core systems of record.

5.Choose your channel

Eventually you'll want to deploy an AI Agent across channels. If you're just getting started, choose one high-volume channel to launch initially. Let your AI learn from real interactions and then quickly scale across other channels.

What's next for AI in Retail

AI has emerged as a powerful tool to help retailers address **their most pressing challenges** in today's competitive market. AI will eventually be used by retailers in a variety of operational aspects - from accounting to inventory management. Customer service, though, presents the most pressing use case as the immediate impact it can have on a retailer's bottom line is huge.

Customer service now **serves as a primary differentiator**. It's a catalyst for loyalty and therefore spend. Without bringing AI into the workforce, it's cost prohibitive for retailers of all sizes to scale the customer service that today's customers expect.

Identify the 7-10 repeatable customer service queries that are high-volume, high-cost and pose little-medium business risk. These are queries like order status, refund requests, account management and billing questions. These are the ideal candidates to delegate to AI. Once you start delegating these mundane tasks to AI, you'll witness a swift impact on your human agent's efficiency, productivity and happiness.

How ready are your operations to implement an AI approach to customer support? You may be surprised with the answer. If you want to learn more about how AI can work to provide the convenient, personal and instant support that your customers expect, request a live demo today.

About Netomi

Netomi is the first AI platform for customer service that allows businesses to activate, manage, and train AI to automatically resolve tickets, enhance agent productivity and provide a world-class customer experience. It's a channel-agnostic platform that multiples a company's workforce by giving valuable time back to support agents, and delights their customers with faster resolutions. Backed by Index Ventures and Y Combinator, Netomi has offices in Silicon Valley, New York and India.

Request a LIVE demo today: info@netomi.com.

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