

The future of service? Optionality

Advance service excellence and stand out
with transparent service optionality.

March 2024



Please listen carefully, as your service options have multiplied.

Customer expectations of service haven't changed much over time. They want their needs met quickly and easily.

But thanks to technology, the variety of channels by which customers seek service has changed. Where once we walked into stores or dialed a phone, consumers are now also served through email, chatbots, text, messenger apps, online FAQs and communities, even social channels. Not only has that created complexity, it's heightened customer expectations of consistency and efficiency too.

Take tax preparation, for example. A fintech company might maximize service for Cathy, who's willing to pay higher fees for guaranteed live video consults, while minimizing service for Fran—who's comfortable with self-serve filing if she can pay less. Both options meet expectations. Cathy knows she's paying for the peace of mind that a professional consult offers, while Fran knows she'll be taking more ownership of the process and effort to save money. The shift meets the fintech's needs, too, because service teams can properly scope, plan and resource to execute flawlessly for each customer.

Leading brands are eliminating mediocre service by acknowledging that high-end service experiences are differentiators that should either be paid for or minimized.

This ever-expanding service multiverse has ushered in an era of service mediocrity. As companies work to deliver differentiating services across all channels, all people, all at once, the quality of the service itself is routinely less than stellar—frustrating customers, undermining brand trust and leaking revenue. Deloitte Digital sees that changing quickly as companies—forced to rethink and modernize service experiences—begin offering differentiated service options to consumers and price for them transparently upfront.

This revolution, sparked by the twinned worlds of tech and commerce, is called *transparent service optionality*. It's a move we see taking hold and improving service and brand loyalty across industries—from retail and hospitality to health care and B2B industrials. In this article we look at optionality's fast rise, how companies can use it to create distinct experiences, and the key steps and technologies it takes to make it work for everyone.

Necessity is the mother of optionality.

Technology has been steadily changing what powers a customer service journey since the days of “You’ve got mail!” and flip phones.

And while that hasn’t changed what customers expect of service—empathy, speed, clarity and resolution—it has dramatically changed expectations of *how* customer needs can and should be met. That shift was accelerated in 2020 when pandemic shutdowns forced brands and consumers alike to move customer response and services online and via remote call centers almost exclusively.

Since then, customer expectations have been reset and companies have prioritized moving technology off-premises by continuing to invest heavily in cloud, data and cyber technologies. According to a recent Deloitte Digital study, experience leaders say that by 2025 a wide range of platforms such as customer relationship management platforms (CRMs) (72%), knowledge management (70%) and analytics (60%) will have moved to cloud.¹

The combination of necessity and technology is powering service options and opportunities

More than 70% of customers today prefer different channels for service depending on context.²

for everyone. New more humanistic chatbots and self-service tools are capably providing options for brands to reduce cost. Agents now have the option to work remotely from home more than ever before, improving work/life balance. And customers have become adept at seeking service across remote channels.

In short, the typical service journey has been largely reshaped by tech-driven options that give consumers the power to choose in the moment. Do I want to go to the website or talk to a person for this? Can I wait a couple days for a resolution? Is the answer already available in an online FAQ?

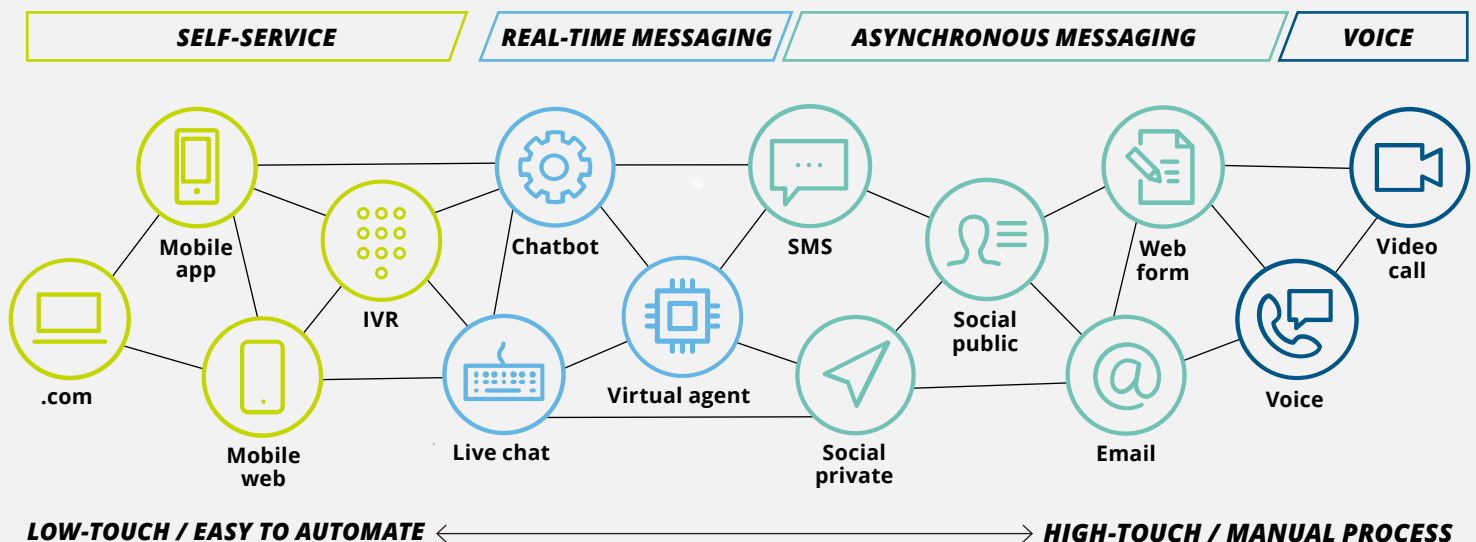
The costs of these choices, in effort or dollars, however, haven’t been transparent to consumers and that’s become a challenge for brands. Self-serve and white-glove options

require different levels of time, skill set and monetary investment.

Today, service-smart brands realize that to deliver excellent service they need to bring consumers into the equation, transparently. Yes, service choices need to be clear to consumers, but so do costs. It’s like knowing how much of the cost of a medical procedure you’ll be responsible for *before* you book the appointment.

And it’s working. With transparent service optionality, high-end service experiences are fast becoming differentiators that certain customers believe are worth paying premium prices for, while more basic levels of service are being streamlined in ways that ensure competent and efficient delivery to other customers.

Future channel ecosystems will support a variety of different channels, and focus on driving customers to the channel that provides effective and efficient customer service based on the intent.



Customers know they've given you data and expect a return.

All that virtual interaction is generating customer data for engagements, purchases, channel preferences and resolution times at unprecedented volume and granularity. Consumers know it, and it raises their expectations. A Deloitte Digital survey in 2020 found that 35% of customers wanted brands to use personal information to proactively reach out and solve issues related to negative experiences.³ The expectations are likely even greater today.

In the hands of the best experience teams, that's what customers are getting. Data is being used to right-channel, personalize and drive new kinds of service experiences. Companies are embedding different experiences into products at different price points. And customers are being offered service options based on known preferences and purchase histories.

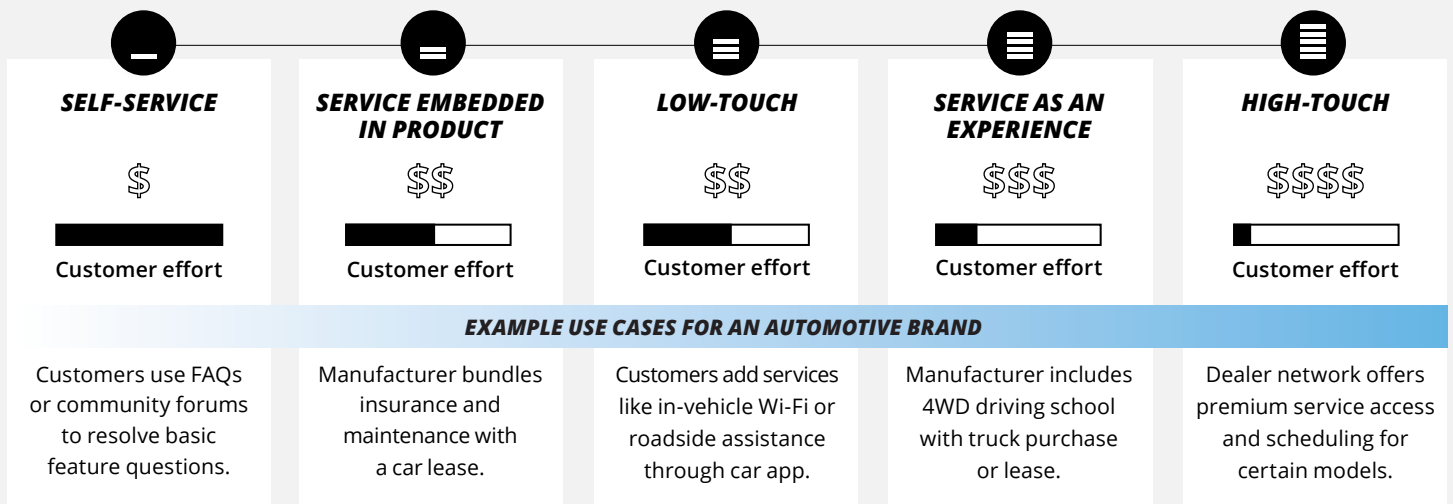
With transparent service optionality, companies are setting new standards for customer experience and convenience. Ones that help distinguish their brands, are more personalized and predictive, and can be monetized because customers value them. That's how service mediocrity gives way to experience excellence.



OPTIONS FOR WHAT AILS YOU.

Waiting for a doctor appointment has become all too common. But for many patients—particularly ones with chronic conditions—that can not only cause frustration, it can lead to diminished health outcomes. That has led trend-setting health care providers to rethink service by creating experience options. For example, patients can get same-day appointments, often at a lower cost, if they choose a virtual health option vs. physical appointment.

EMPOWERING CHOICE THROUGH TRANSPARENCY.



Technology scales choice. Optionality returns the favor.



To be clear, providing higher-end experiences to customers willing to pay more isn't new. First-class travel has been around in the United States at least since the Pullman Palace Cars first steamed down tracks in the 1870s.⁴ Preferred seating at plays and concerts based on ticket price has been around since the time of Shakespeare.⁵ The differences today are scale, complexity and volume. It's one thing to divide a 50-car train or 500-seat theater into sections and quite another to personalize service options to millions of customers across dozens of channels at any given moment.

The volume of customers and variety of digital touch points has not only given rise to transparent service optionality, but it has also driven the scaling of the technologies that make optionality work.

One of the leading difference-makers is artificial intelligence (AI), which helps companies better handle volume and complexity in three ways: *prevention*, *automation* and *cognitive support*.

If you've ever been notified via text that a power outage has been reported in your neighborhood, you've experienced AI-powered *prevention*. That simple notification prevents you and your neighbors

from adding unnecessary call volume to the energy company's service center. In addition, it frees up agents to handle other issues, while instilling confidence that the outage is being addressed.

Beyond notifications, AI *automations* are also being used to predict and self-heal. For example, internet service providers can use machine learning to assess performance data on their networks to tag and resolve speed issues before customers are affected at all—elevating trust and helping to ensure loyalty right alongside continuance of service.

AI-powered virtual agents are not only more humanistic today but have also advanced the world of service by helping customers resolve issues on their own. Today, a customer has options like interacting with a chatbot to quickly set up a streaming service or using conversational AI via phone to update a medical prescription.

These intelligent automations are fast, convenient, and—because they keep phone lines from lighting up needlessly—they enable companies to segment experiences and serve a range of customers well.

That brings us to the third category of impact: *Cognitive support*. As pointed out earlier,

data is essential to personalizing service and options by customer. Nowhere is this more evident than in cognitive support. Human agents have long been able to pull up information on a customer's account and service history while on a call. But accessing information isn't the same as applying it to the moment.

AI tools can solve for that in a variety of ways—determining which channel a customer should be routed to, assisting a human agent in prioritizing actions during a call, and/or providing real-time voice analysis of a customer's emotional state.

And now, with Generative AI, companies have discovered a way to better leverage their 360-degree views of customers. Coined *Customer 3.6*, the process uses Generative AI to support human agents by analyzing the full customer view, culling what's necessary from it (hence 3.6), and using that to guide the human conversation with scripts generated in real time. The AI can even provide a summary of the interaction, including system notes. With Customer 3.6, both brand and customer win. Agents are equipped with precisely what they need and therefore better able to focus their attention on emotional connection and creative problem-solving, while customers get greater clarity and speed of resolution.



MONETIZING DISTINCTIVE SERVICES.

AI-powered systems reduce call volume, improve agent focus and—importantly—help brands efficiently monetize service. For example, if you're a service leader for a travel brand you could deploy AI to proactively market specialized services to customers based on spend and interaction. If a platinum-level customer has shown he prefers direct access to travel assistance by repeatedly calling the help line, his activity can automatically trigger an AI bot to offer him travel concierge access for an additional fee. The personalized option shows that you know him and helps you capture the value of the service you provide.

Brick-and-mortar optionality.

Up to this point, we've covered how optionality applies in the digital world. But more and more, technology is driving optionality in physical stores, too. Walk into a big-box retailer today, and you'll likely see at least two types of checkout options—traditional checkouts with human cashiers and self-service checkouts where customers scan, bag and pay for items with little or no assistance.

This is a clear example of service optionality in the physical world. Customers who have carts heaped with items may prefer to wait in line at a traditional checkout, so they don't have to scan everything themselves. Customers with a hand basket of quick-to-scan items may choose self-serve to avoid long queues. In either case, customers are satisfied knowing that based on their choice they're trading assistance for their time. Retailers benefit too. Self-serve means retailers can run more checkout lanes per store with fewer staff, which improves traffic flow and reduces cost.

When deployed well, self-checkout has proven that what customers and brands value about optionality online applies in-store—it reduces friction, builds loyalty and creates points of differentiation.

In fact, some retailers are using self-service to reimagine the in-store experience by more seamlessly integrating checkout into the act of shopping. They're doing this by enabling customers to scan items as they put them into carts or even by deploying smart carts that scan RFID-tagged items as they're dropped into the cart. For some retailers, these types of self-serve checkouts have become points

of differentiation for which they charge higher membership fees or per-time use fees for smart carts.

As with any service approach, self-checkout can create challenges. The technology can be less than intuitive, causing customer frustration when scanning or paying. And, where retailers are concerned, self-service can lead to increased shrinkage from either inadvertent mistakes or outright theft by customers.

Transparent optionality offers as much or more potential in-store as it does online.



STANDARD

Customer effort

Customers shop then scan items at a self-serve station, acting as store clerks by ringing up their own purchases.

Retailer effort

Easiest implementation with proven technology.

Desirability

Customer perception—can be positive/negative depending on situation.



ADVANCED

Customer effort

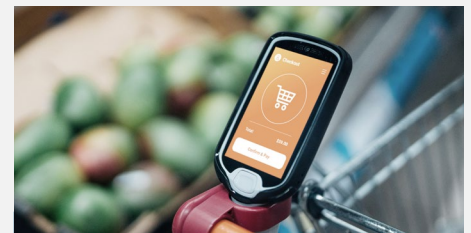
Customers scan items as they add them to carts, then confirm and pay via digital app (SAMS CLUB).

Retailer effort

Adds new processes technologies.

Desirability

Customer perception—it takes some effort with the app, but generally positive.



REIMAGINED

Customer effort

Customers shop as they always have but use smart carts that scan RFID tags and automatically ring up items as they're added to the cart.

Retailer effort

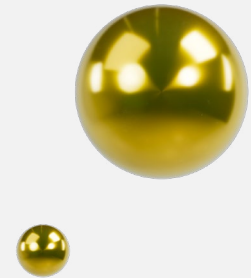
Demands tech innovation and process reinvention.

Desirability

Customer perception—positive, like the ease of enhanced tech.

Regardless of the route retailers choose, optionality offers as much or more potential in-store as online. But it does require careful consideration that accounts not only for customer impact, but the operational and technical ability it takes to bring options to market at scale. How will your employees enable and support the new options? How will you make tech-driven experiences feel more human? What processes need to be in place to integrate the in-store experience with other channels? What promotions and incentives are required to speed customer adoption? And more.

Brick-and-mortar optionality is likely to become common place as brands look to efficiently create rewarding, cost-effective experiences and as customers become more adept with technologies. Will there be speed bumps? Yes. But the same could be said of every customer experience innovation. It wasn't long ago that people were unsure of using a credit card online or paying for parking with a phone app or a thousand other tech-driven conveniences we take for granted today.



Excellence isn't optional.

Circumstance, volume and technology may have sparked the service optionality revolution, but those factors can't help brands deliver it with excellence. And make no mistake, excellence is a requirement. That's where intention and strategy come in. As a company, you need to make clear strategic choices regarding your servicing ecosystem, where and why you incorporate technologies like AI, and the talent you invest in.

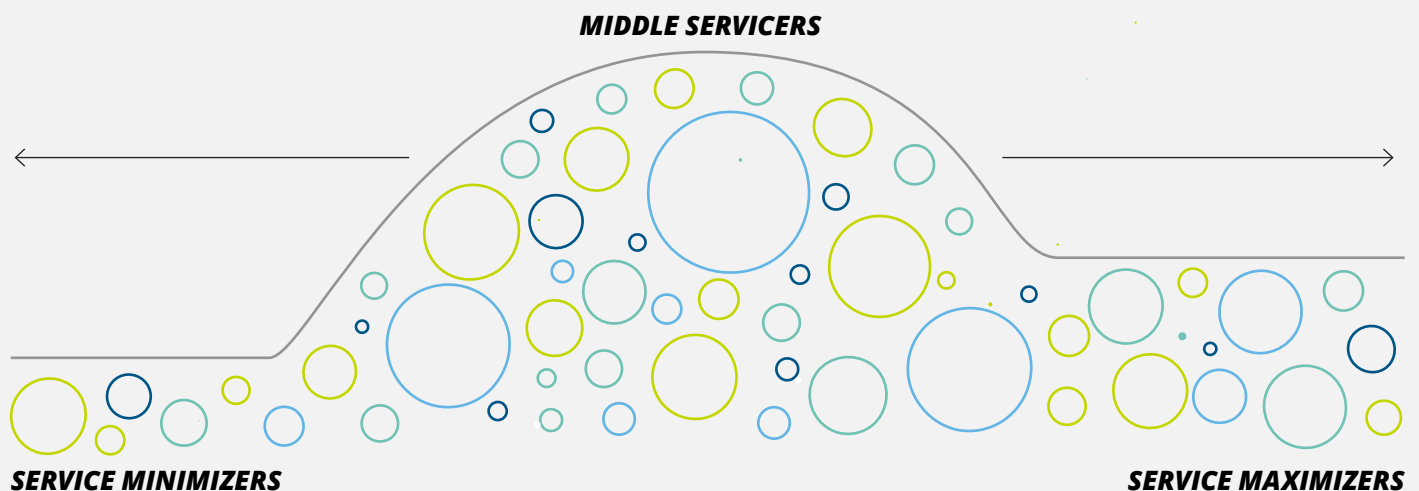
Strategic questions focused on customer want, technologies and investment are keys to optionality success.

Remember, the point of optionality is *not* to be everything to every person all the time. Your goal should be to elevate the timely and relevant experiences you choose to offer through competence, consistency and transparency. Customers decide which options they value through the choices they make.

Some brands will choose to create premium positioning that increases loyalty and exclusivity. That might mean maximizing service quality by investing in more highly skilled human agents, embedding service levels into purchases and proactively promoting concierge access to certain customer profiles. For other brands, the opposite will be true. The goal then will be

to automate, encourage self-service and price products with an eye toward value and volume. Your customer base, brand perception, geographic reach and range of offerings all play roles in making the right calls.

Future service leaders will avoid service experiences that position them in the middle by intentionally minimizing or maximizing their services as fits their brands and customers.



Of course, it's possible to do both. In those cases, intention becomes even more important. What percentage of your customer base will value high-end services and at what price points? Which data best predicts the right option to present at any given moment in the sales or service cycle? How much should be invested in each service option and what elements—like online or app-based troubleshooting—might overlap?

Regardless, as you think through your strategy, prioritize the following ideas:

GUIDE FOR CONSISTENCY

Yes, you want to provide customers with options. But your goal should be to guide customers to the most effective channel for them and the most cost-effective for you for any given issue. Even a high-value customer may be better served by self-service for some needs. That requires intentional design across the service and contact center stakeholders responsible for digital, virtual and physical experiences.

PROVIDE OPTIONS WITH CLARITY

Look for opportunities to create transparency around trade-offs. For example, telling a customer who's on hold that wait times average 23 minutes but that it only takes 10 minutes to file a claim on your website, might nudge her to your preferred channel.

STAFF FOR NEXT

High-volume, low-complexity interactions will soon be handled by AI and self-serve

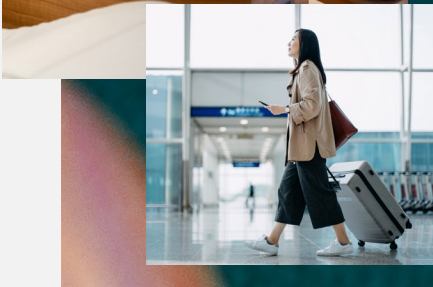
models, exclusively. So, the days of staffing a center with lower-skilled, lower-cost labor as a proving ground are gone. Service leaders need to rethink traditional training models and hire agents with the problem-solving skills to handle the most complex interactions or issues that carry significant consequence from day one.

Be intentional to achieve consistency, clarity and pay-worthy points of difference.

MONETIZE TO DIFFERENTIATE

Customers who understand their service options from the very start of a purchase or relationship aren't just willing to pay more for it, they appreciate the transparency and exclusivity. By letting customers be part of the service equation from the start, brands can build loyalty and distinction while generating new centers of revenue.

Excellent service has long been a differentiator for top brands. In an era where service is delivered in volume and driven by technology, transparent optionality amplifies that truism. It can help you improve service delivery and consistency across all levels and even monetize it to differentiate your brand.



TRANSPARENCY IS FOUNDATIONAL.

Optionality must be transparent and intentional. If it isn't, it can feel like you're nickel-and-dime customers for services they should already have or expect. That leads to backlash. Variable seat pricing in movie theaters or airlines charging for a checked bag are recent examples.

What's interesting, though, is even backlash can reveal opportunity. Cineplexes ditched variable pricing after complaints, but some improved front-of-theater seating to set themselves apart. And while some airlines do charge for bags, others proclaim they never will. Ultimately, optionality gives consumers choice while giving brands new ways to stand out.



Opting into optionality.

Transparent service optionality begins where service always does—with your customers in mind. Be intentional about your service strategy and carefully consider how it fits your customers' experience as well as how it reflects on your brand. You want customers to see the shift as intuitive, efficient and

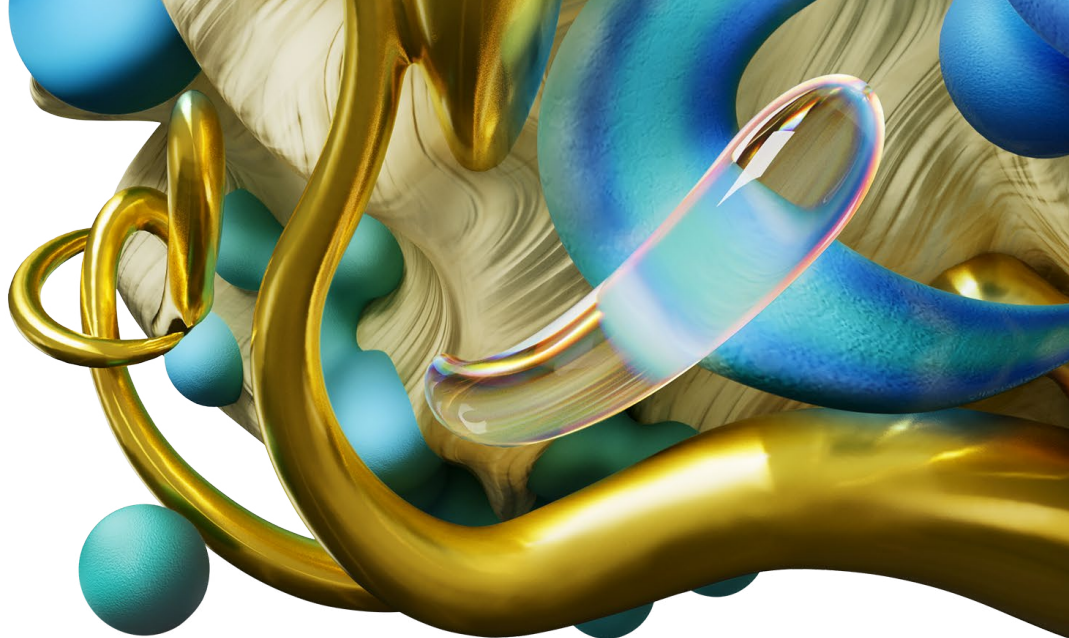
modern—a response to their needs. To make it happen, move toward a holistic service ecosystem that enables a complete view of the experiences and optimizes efficiencies. Centralize AI applications to power consistency, security and predictability. Based on your design and approach, consider how your

workforce fits in and retool talent investment, development and structure, accordingly. When you bring this all together smartly—the customer, the options and the technologies—you can deliver servicing differentiation at scale in your ecosystem and create true transformation for your brand and customers.



HERE ARE A FEW QUESTIONS TO HELP YOU GET STARTED:

- 01 How could your enterprise better align digital, physical and virtual service experiences?
- 02 How might you support a minimized service model for customers? Example: Implement robust promotion strategies to drive customers to new self-service and AI-assisted channels that add value and ease.
- 03 How will you maximize services? Example: Identify and pilot differentiated service strategies that include value-added offerings you believe clients are willing to pay more for.
- 04 How will you prepare your workforce? Example: Equip and empower staff to personalize customer interactions and deepen relationships through empathic problem-solving.
- 05 How will you fund the transformation? Example: Make new service commitments public to help gain stakeholder investment or protect operations from being targeted for cuts.
- 06 What is the next generation of metrics that you should be tracking? Example: If you're intentionally driving some interactions to phone, do your cost-per-call or average handle time benchmarks need to be refreshed? Or should you focus more on outcomes of the interactions?



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GET IN TOUCH

Jaden Herrin

Managing Director
Deloitte Consulting LLP
jherrin@deloitte.com

Anthony Downing

Managing Director
Deloitte Consulting LLP
adowning@deloitte.com

Jeff Nicola

Managing Director
Deloitte Consulting LLP
jnicola@deloitte.com

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