STEVEN VAN BELLEGHEM

CUSTOMERS THE DAY AFTER TOMORROW

How to attract customers in a world of AI, bots and automation

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INTRODUCTION

An eight-year-old boy is sitting eating a cheeseburger with his sister in a McDonald's in Ohio. Just as he pops the last bite into his mouth, the police arrive to question the two children. "Have I done something wrong?" the boy asks the policemen politely. He certainly doesn't think so. As far as he can remember, he followed all the rules of the road perfectly when he drove here in his dad's car. "So where did you learn to drive, kid?" asks one of the cops. "Me? On YouTube, of course!"[1]

A murder trial is going nowhere. The defendant protests his innocence, but there are no witnesses to support his story. His only chance for acquittal is his Amazon Echo – the virtual assistant that more and more consumers are using to make their lives easier. The device is effectively the world's first computer with no keyboard, and people have quickly started to use it for everyday tasks like checking the news, buying products or listening to music. The interface is operated by the user's voice, but it is not just the owners' words that are registered by Echo; the device also picks up every other spoken word within its range. In this ground-breaking case, the police asked Amazon to release the data from the defendant's Echo, in the hope that this might move the murder trial forward. Initially, Amazon refused, but later changed their mind, at the explicit request of the defendant. So, the key witness in the trial became a machine. Not a person.[2]

Google Translate is getting better every day. Artificial intelligence is helping the translation tool to work faster and more efficiently. Google Translate can now translate from Japanese to English and vice versa; and also from Korean to English and vice versa. So the next logical question is this: can the computer teach itself to translate from Japanese to Korean and back again? The obvious way to do this is to translate first from Japanese to English and then from English to Korean. However, artificial intelligence software discovered that it was more effective to develop its own intermediary language for this intermediary step, a language that gave much better results than English. But the developer of this intermediary language was not a human engineer. The computer, Google DeepMind, decided for itself that this was the best route to follow.[3]

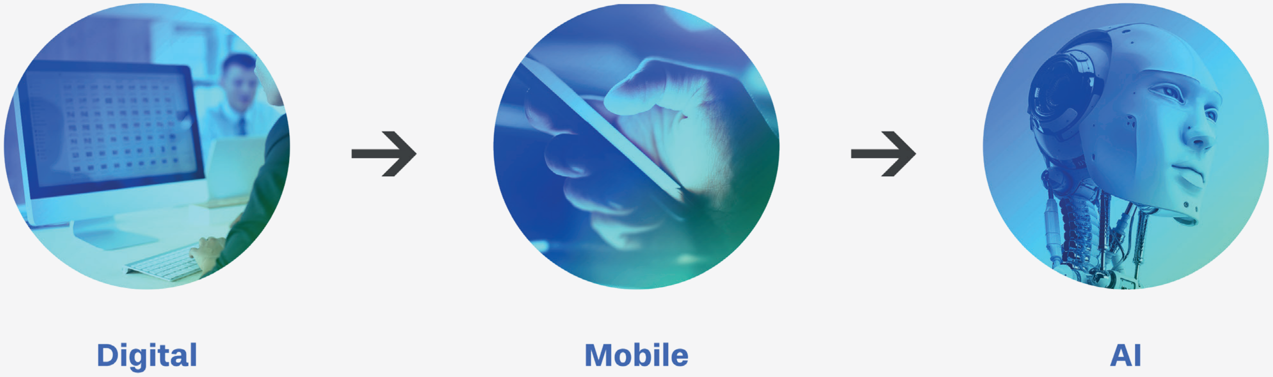
Children learning to drive with YouTube. A machine testifying in court. Computers that can think and learn for themselves. Ten years ago, it would have sounded like science fiction. Today, it is reality. In just ten years, YouTube has grown to become the second largest search engine in the world. Amazon Echo is the most popular gadget of the moment: more than 10 million American families currently have this virtual assistant in their living room.[4] Google DeepMind is widely regarded as the smartest computer in the world. And this is just the tip of the iceberg.

The third phase in digital evolution

All signs are pointing in the same direction. We are at the start of a new phase in digital evolution. The first stage was about making information available via the internet. The second phase was about mobile technology and new forms of communication. The third phase will be about automation and artificial intelligence.

In this book you will be offered far-reaching insights about the influence of this third phase of digitalization on customer relations. What impact will artificial intelligence (AI) and rapidly-advancing levels of automation have on the relationships between businesses and customers? That is the core of this book.
For customers, we are entering a period where we can expect an unrivalled quality of service. Smart technology now allows companies to identify and solve their customers' problems before they even know that it is a problem. Faster than real-time customer service is quickly becoming the new norm. The level of personalization of products and services is also increasing rapidly, based on a dramatic improvement in the quality of data management. Last but not least, user interfaces are becoming more intuitive than ever before, with the way we operate devices and software changing beyond recognition in recent years.

To make all these benefits available to their customers, companies are now making the strategic shift from 'mobile first' to 'AI first'. Initially, it will be unclear to some why certain brands are successfully improving their customer service, while others are not. The reason being that, in most cases, artificial intelligence is invisible technology. A website (phase 1 of digitalization) and an app (phase 2 of digitalization) were investments that were highly visible to everyone – customers and competitors. The unseen nature of AI means that businesses that are quick to embrace it



can quickly gain a significant competitive advantage. Customers won't understand it. It will simply seem as though company A has better staff than company B, but in reality, the staff in company A are being assisted by smarter software. In the first part of this book I will describe in detail this transition from 'mobile first' to 'AI first'.

Customers The Day After Tomorrow

My first two books, *The Conversation Manager* (2010) and *The Conversation Company* (2012), were both guides for marketing in the second phase of digitalization. The books described how companies could adjust their culture and communication in a new world of social media and smartphones.

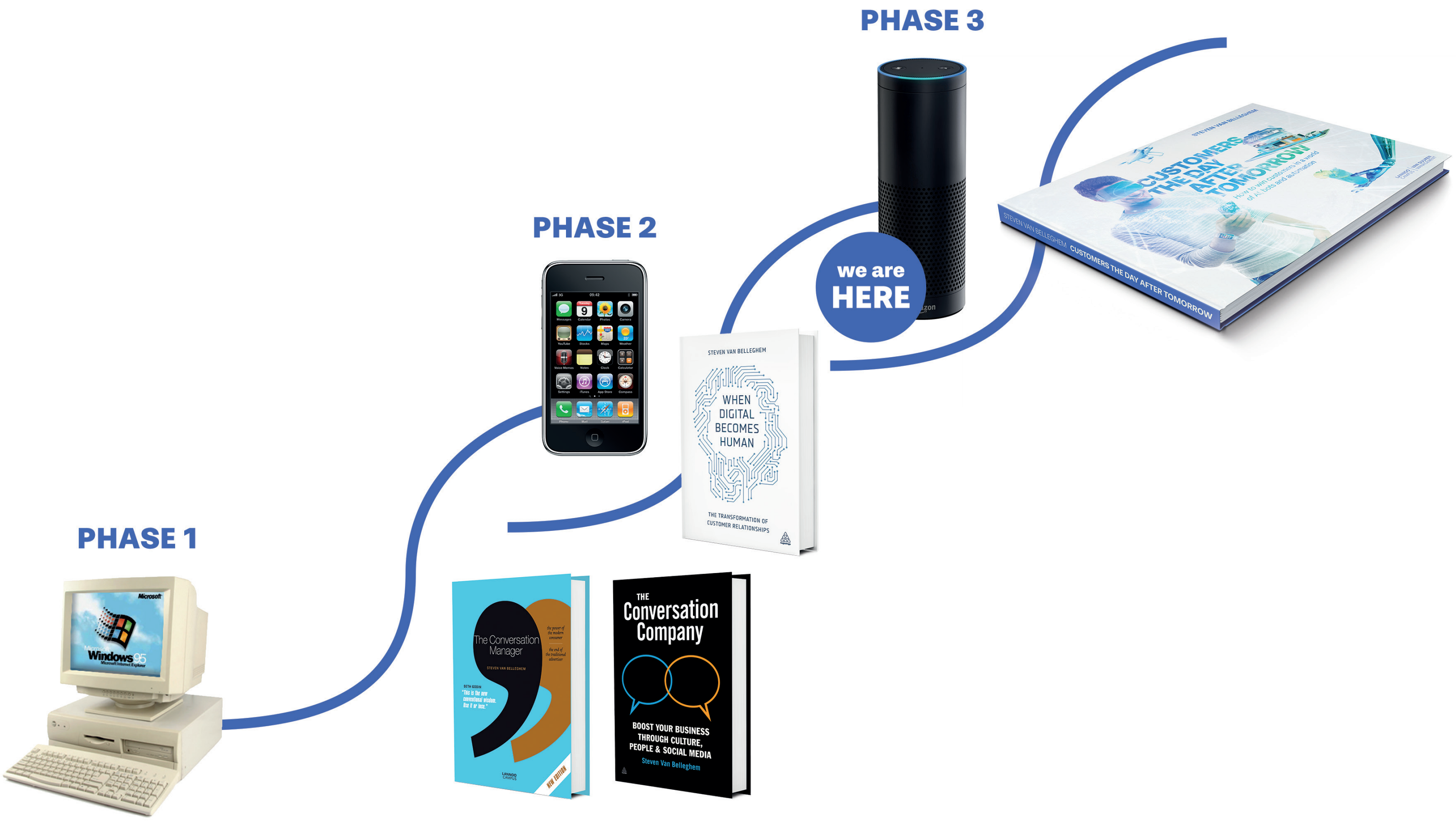
Today, the second phase of digitalization has reached maturity. That is not to say that it isn't still vital to continue investing in mobile and social media communication. The third phase of digitalization has already started, but this does not mean that consumers no longer have a need for good communication and service provision based on technology from phase 2. In fact, it is more ingrained into consumer behaviour than ever before. *When Digital Becomes Human* (2014), my third management book, focused on the initial shift from phase 2 to phase 3. It is the period in which digital transformation became *the* buzzwords, as companies asked themselves how the relationship between people and machines could be enhanced. Three years later (2017), the basic conclusion of *When Digital Becomes Human* is still relevant: computers should add value primarily through the automation of operational processes while people should focus on the more emotional tasks. People and machines are highly complementary when it comes to offering added value to customers. This will not change in the years ahead. All that will happen is that the role of the machines will become more prominent and the role of the people will be given an even sharper focus.

Customers The Day After Tomorrow, as the title implies, is all about customer relationships in the medium-term future. In this book, I will make clear where companies need to invest if they want to be successful in phase 3. The challenge is to combine this investment for The Day After Tomorrow with the further development of evolutions from phase 2. In other words, working to improve customer relations The Day After Tomorrow runs parallel with continued efforts to improve customer relations today and tomorrow.

This book is not an appeal to end investment in your current day-to-day relations. On the contrary, it is an appeal to continue investing in today, but also to set aside resources for what your customers will expect in the future. A future that will arrive much faster than you think.

Today, there is so much hype around so many emerging technologies that it can be difficult for companies to know where their focus should be. The answer is that the most important focus should always be the customer, and as this book will explain, if you take the customer as your starting point, the specific technology becomes less crucial.

To make this as concrete as possible, the second part of the book describes four axes of investment for the customer relationship of the future. Firstly, there is a need to *increasingly see customer relations as a science*. Data must be used as a lever for developing new customer benefits, and consequently, the need for data in the third phase of digital development is greater than ever. Artificial intelligence can only work effectively if it has enough data.


PHASE 3
PHASE 2
PHASE 1
we are HERE
CUSTOMERS THE DAY AFTER TOMORROW
WHEN DIGITAL BECOMES HUMAN
The Conversation Manager
THE Conversation Company
Windows 95

Secondly, there is a need for *new interfaces* to automate communication and interaction with customers more efficiently. Customers are no longer willing to wait an hour for an answer. Real time is the new expected minimum for communication, and it must be via user-friendly interfaces. Reducing the amount of effort the customer must make is the priority. In The Day After Tomorrow people will not be looking for a flawless customer experience; they will be more interested in an automated or very simple customer relationship.

Thirdly, there is the *battle against the commodity magnet*. Because customers will be taking more and more decisions based on algorithms and the power of the major digital platforms continues to grow, there is a risk that every product will become a commodity where price is the most important factor. As a business leader and a marketeer, it is vital to find ways to add value and differentiate to counter this risk.

The data lever
AI
New user interfaces
Fighting the commodity magnet
Intelligence Augmented

Fourthly, The Day After Tomorrow requires investment to *improve the performance of people via technology*. How can speed be increased and the number of errors reduced in the most personal manner possible? How can we help our team to meet the wishes and expectations of the customers of the future? This fourth axis is focused on 'augmented intelligence': enhanced human performance with the assistance of technology.

In short, customer relations The Day After Tomorrow will use data as a lever for additional customer benefits (1), employ the most user-friendly interfaces (2), succeed in escaping from the commodity magnet (3) and bring in new technology to optimize human skills (4).

The structure of *Customers The Day After Tomorrow*

Over the past five years, I have had the pleasure of following the evolution of the most innovative companies in the world from the front row. These companies include the biggest names in the field of technology (Google, Facebook, Amazon, Tesla, Tencent, Alibaba, Microsoft, etc.), established market leaders (Cisco, Oracle, Autodesk, etc.) and disruptive rising stars (Planet Labs, Fyusion, etc.).

The story of this book is based on more than 300 company visits spread across New York, Los Angeles, San Francisco, Silicon Valley, Seattle, Barcelona, London, Berlin, Dublin, Belgium, the Netherlands, Singapore, Shanghai, Shenzhen and Hangzhou.

I have also carefully selected and interviewed nine experts, whose thoughts add further insights to the most important aspects of my story. All the interviews were filmed and can be viewed on *www.youtube.com/stevenvanbelleghem*. You will, of course, also read their comments and opinions throughout the book.

Feedback

I would be delighted to receive your questions and comments. My email address is *Steven@VanBelleghem.biz*. It is always a pleasure to read your feedback.

I hope you enjoy my book *Customers The Day After Tomorrow*.
Steven Van Belleghem

www.stevenvanbelleghem.com
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Bringing the book to life via Augmented Reality

This book is about the future. One of the technologies that looks set to boom in the years ahead is Augmented Reality (AR). I will be talking about it a lot in the next few pages. But I want to do more than just talk about it; I want to use it as well. So, this is one of the first books in which AR applications have been integrated.

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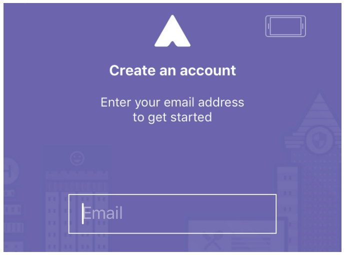

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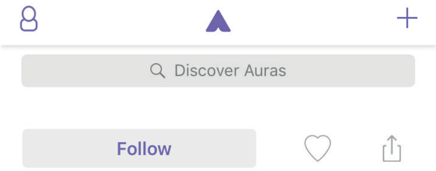

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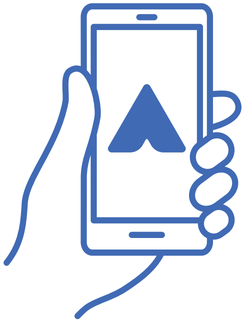
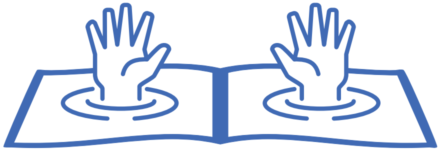


Watch how the book comes to life



CHAPTER 1

CUSTOMER EXPERIENCE IN THE THIRD PHASE OF DIGITALIZATION

Success today? Process – Measuring – Culture

Before we look forward into the future, I would first like to look back at the recent history of customer experience management, using three seminal books as examples. Each of the three books added fundamental insights to the customer experience debate.

The first is *The Disney Way*[5] (Bill Capodagli, 2001). Since its earliest days, Disney has been a reference for customer experience. This book describes the entertainment company's service philosophy. In short, it is a story of perfectly designed processes to make the life of the customer as enjoyable as possible. The first step towards satisfied customers is to make sure that all your transactions run smoothly. And if you visit one of the Disney parks, you will immediately notice that each and every one of their processes is still thought out to the very last detail. They have even set up a separate division, the Disney Academy, to share this philosophy with other companies.

The second book is *The Ultimate Question*[6] (Fred Reichheld, 2006). It was this book that introduced the Net Promoter Score (NPS). To calculate your Net Promoter Score, you ask your customers to give you a score between 1 and 10 to reflect how willing they would be to recommend your company to others. Whoever gives a score of 9 or 10 is a promoter. If you give a score of 0 to 6, you are a detractor. By subtracting the number of detractors from the number of promoters, you end up with your Net Promoter Score. The central proposition of this book is simple: if you measure your NPS, this single score will tell you whether your company is performing well or not. If the score is higher than zero, your company will grow faster than the market. If the score is lower than zero, you have a problem. The most important impact of NPS was felt in the boardroom. Many top executives now suddenly had a way to measure and interpret how customers saw them. The concept has always had its supporters and opponents, but it is impossible to deny that it had a huge effect on the business world. Customer experience evolved from something you had to 'believe' into something you could 'measure'. As a result, it brought customer experience management higher up the agenda.

The third influential book was written by Tony Hsieh, the CEO of Zappos. *Delivering Happiness*[7] (2010) tells the story of one of the world's largest online shoe stores, which is now generally regarded as a leading pioneer in the development of enhanced customer experience. They first became famous as a result of a number of seemingly extreme decisions, which all worked to the benefit of the customers, but at times appeared detrimental to the company. However, Tony is convinced that if you choose what's best for the customer, you will also be choosing what's best for the company. So just how extreme were these decisions? Here's an