



Basis Points – July 13, 2021

 westwoodgroup.com/weeklyblog/basis-points-july-13-2021/

Above the Fold

The Biggest Challenge for Digital/Artificial Intelligence

As more and more digitally-driven companies push into the marketplace, consumers may face a bigger, uphill battle for customer service. According to market intelligence firm IDC, a vast number of global corporations are having to digitally transform the way they execute their business and how they interface with customers (or face dire consequences). Obviously, app- or internet-based interactions, which use automation and artificial intelligence (AI), can help businesses deliver goods and services more quickly and efficiently; but what happens when things go wrong? As physical locations disappear, where do consumers go to talk to someone?

Many online platforms ironically use automated chat features and even AI-driven customer service software to buffer the influx of complaints, information requests, returns and so forth. Since customer service is a cost center for many, most pundits expect these cost-cutting automated trends to continue. Experts believe that virtual agents, working in unison with human counterparts, will be necessary to ensure successful operations in the future. Others see a renaissance of high-touch, knowledgeable, human-staffed service and sales teams that are paid for as a “premium service.” Only time will tell how much tech humans will tolerate when it comes to more complex problem solving.

Three Things

1. *Branson Bests Bezos* – Billionaire Richard Branson and a crew of five successfully traveled to the edge of space (just 53.3 miles up) aboard the Virgin Galactic-owned VSS Unity. The flawless flight was a public relations win as Virgin Galactic plans to initiate regular commercial space flights next year. And although Jeff Bezos was the first to launch his space-exploration company Blue Origin in 2000, fellow billionaires (and competitors) Elon Musk and Branson both have reached key milestones ahead of him.
2. *Right-to-Repair Movement Gets New Boost* – President Biden signed an executive order on Friday calling on the Federal Trade Commission to help reduce anticompetitive restrictions that limit consumers’ right to repair our gadgets on our own terms. The right-to-repair movement has been gaining steam [state](#) by state, giving users and third-party repair facilities access to original equipment manufacturers (OEM) repair manuals, parts, software and more. Even though right-to-repair laws help reduce the amount of gadgets we toss and save consumers money, many manufacturers are not giving in that easily.
3. *Thirsty Investors Push Junk Bond Yields Below Inflation Rate* – Lower-rated debt, also known as junk bonds, are getting investors’ attention. The drive to find yield and increase return has led bond-buyers to higher-risk opportunities in this corner of the market (which is known for its higher returns). But as investors buy up these bonds, the average yield has dropped to around 4.57%. Consumer prices, on the other hand, rose 5% in May compared to the same period in 2020. Experts see this rise in junk bond prices transitory.

Did You Know?

Inflation Hits Collectable Video Game Market

Heritage Auctions in Dallas, Texas, just sold two pre-owned video games at record prices. An unopened copy of Nintendo’s “Legend of Zelda” fetched \$870,000, while a near flawless untouched copy of “Super Mario 64” sold for a whopping \$1.56 million on Sunday. The Super Mario sale was the most anyone has ever paid for a video game (and it’s just the cartridge). A regular, used copy of Super Mario 64 costs around \$25.

The information contained herein represents the views of Westwood Wealth Management at a specific point in time and is based on information believed to be reliable. No representation or warranty is made concerning the accuracy or completeness of any data compiled herein. Any statements non-factual in nature constitute only current opinion, which is subject to change. Any statements concerning financial market trends are based on current market conditions, which will fluctuate. Past performance is not indicative of future results. All information provided herein is for informational purposes only and is not intended to be, and should not be interpreted as, an offer, solicitation, or recommendation to buy or sell or otherwise invest in any of the securities/sectors/countries that may be mentioned.