

Create More Authentic Customer Experiences with AI



Executive Summary

Customer satisfaction and loyalty continue to be key pillars for long-term business growth and success. Contact centers serve as the virtual front doors for customer assistance, making it imperative to equip agents with the ability to deliver high quality service. However, in the face of economic uncertainties and budget tightening, customer satisfaction alone is no longer the main goal for business leaders. Today, smart business leaders are re-evaluating their customer experience (CX) programs to deliver better customer experiences while maintaining budgetary considerations.

To balance greater cost efficiency and better service quality, businesses are relying on technology to better leverage their data to uncover impactful insights that fuel smarter business decisions. According to Aberdeen's *CX Leaders' Agenda* in 2023, AI is the top strategic priority technology investment within the next year with 39% of leaders planning on investing (compared to 30% in 2019 and 37% in 2020). By deploying AI across different areas, businesses can empower their employees, deliver elevated customer interactions, and uncover future opportunities, ensuring that they are able to maximize every customer touchpoint and channel along the journey.

The purpose of this ebook is to:

- Analyze the factors behind the growing incorporation of AI and its application in key business areas.
- Highlight the performance impact enjoyed by organizations using AI technologies.
- Reveal the top ways businesses are incorporating AI technologies into their operational activities.



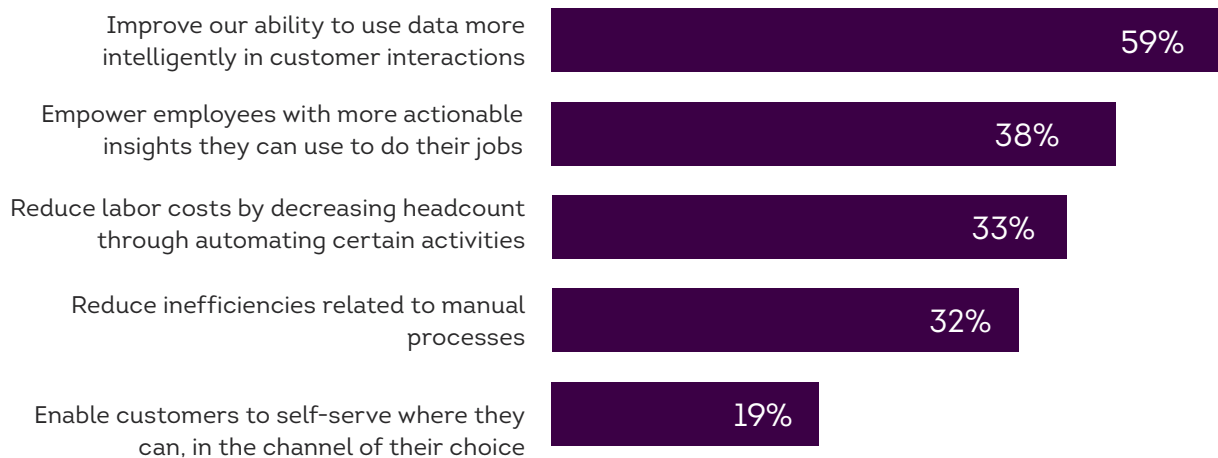
Definition: Artificial Intelligence

For the purposes of this research, Aberdeen defines artificial intelligence (AI) as any technology application that provides natural language understanding, automated reasoning, and decision capabilities.

The Changing Role of AI in CX

Today, business leaders widely acknowledge that AI will not replace agents; instead, they see AI technologies as a human-plus tool that helps agents get more done in less time and assists customers to self-serve when and where they need help. Table 1 depicts the top reasons driving increased AI usage among businesses.

Table 1: Top Reasons for Using AI



Top Reasons for Using AI (n=584) All, Source: Aberdeen, May 2023

All Businesses

Note: The percentages in Table 1 don't add up to 100%, as the corresponding question on top reasons was asked as a multi-choice question allowing respondents to pick up to two choices.

The top reason businesses are using AI technologies is to improve their ability to use data more intelligently in customer interactions, as selected by 59% of leaders. This is especially important since Aberdeen's *CX Leaders' Agenda* survey reveals that 65% of businesses are not satisfied with their current use of data when managing their CX programs. Through AI technologies, businesses can leverage their customer data to uncover impactful insights that facilitate improved and timely customer interactions.

The second most prominent reason for businesses to use AI, at 38%, is to empower employees with more actionable insights to enhance their jobs. With attrition continuing to be a key challenge, businesses can use AI to take their customer data and turn it into knowledge bases and real-time guides that employees can use when managing certain issues. In addition, businesses are using AI to reduce labor costs by automating certain activities (33%) and inefficiencies related to manual processes (32%). Automating certain tasks enables employees to allocate their time to focus on more complex issues that add greater value to customer experiences. By leveraging AI technologies, businesses can effectively support their employees while achieving operational efficiencies.

Lastly, 19% of businesses say that they use AI to enable customers to self-serve. This not only gives customers greater flexibility to help themselves via their desired channel, but also minimizes the number of interactions needed to solve simple issues, leading to higher customer satisfaction. Leveraging AI within different areas revamps current CX programs, making them more efficient and forward-thinking.

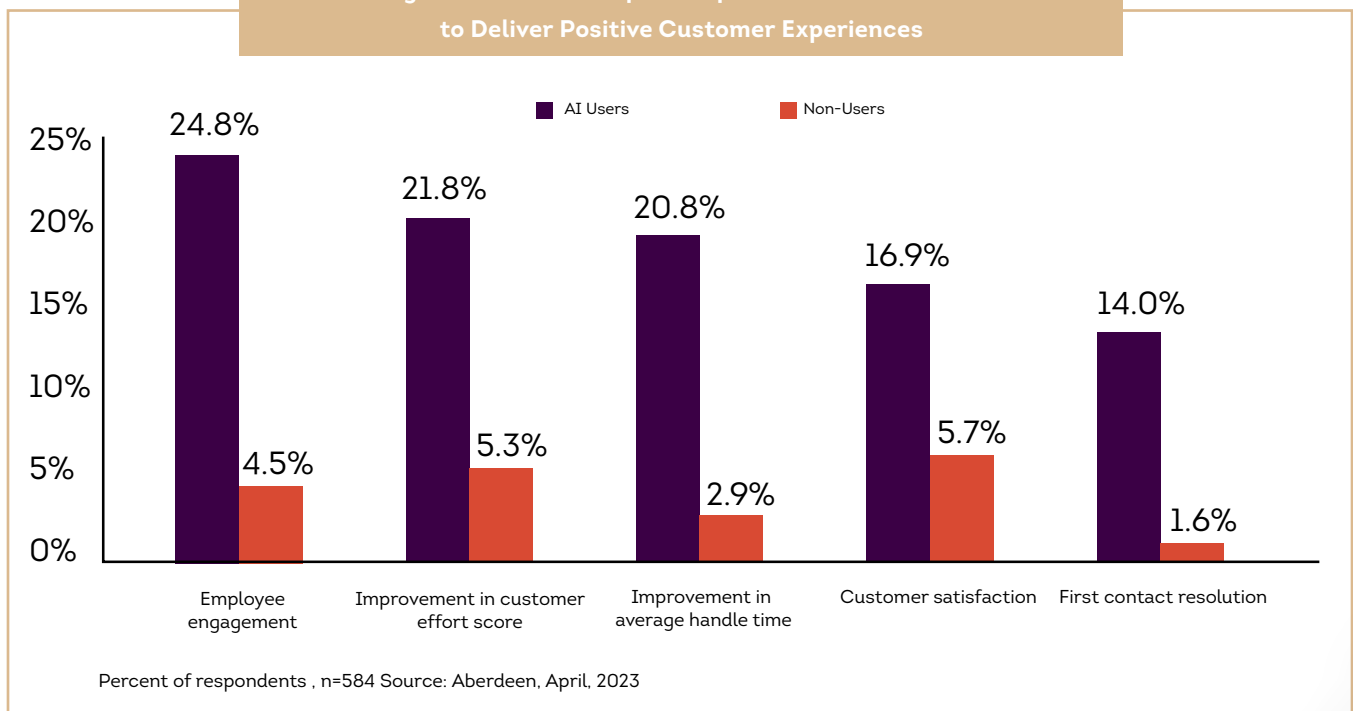
AI is used for a variety of business activities with the top 5 applications being:



ROI of AI in CX Programs

Ultimately, AI users make the most of their technology investments. By using it across the different business activities, businesses kill two birds with one stone—they improve both employee and customer experiences (Figure 1).

Figure 1: AI Users Improve Operational Efficiencies to Deliver Positive Customer Experiences



Agents play a pivotal role in the business as they reflect the overall experience customers have with the business. Therefore, ensuring agents are satisfied and empowered in their roles is critical to delivering the timely and effortless experience that customers expect. AI users achieve a 5.5x greater YoY increase in employee engagement (24.8% vs. 4.5%). Incorporating AI technologies that connect journey data to provide employees with real-time guidance or materials helps employees solve a larger number of issues. This leads to an 8.8x greater YoY improvement in first contact resolution rates (14.0% vs. 1.6%) and a 7.2x greater YoY improvement in average handle time (20.8% vs. 2.9%). Equipping employees with the resources and guides needed to efficiently solve customer challenges is necessary for creating and maintaining happy employees.

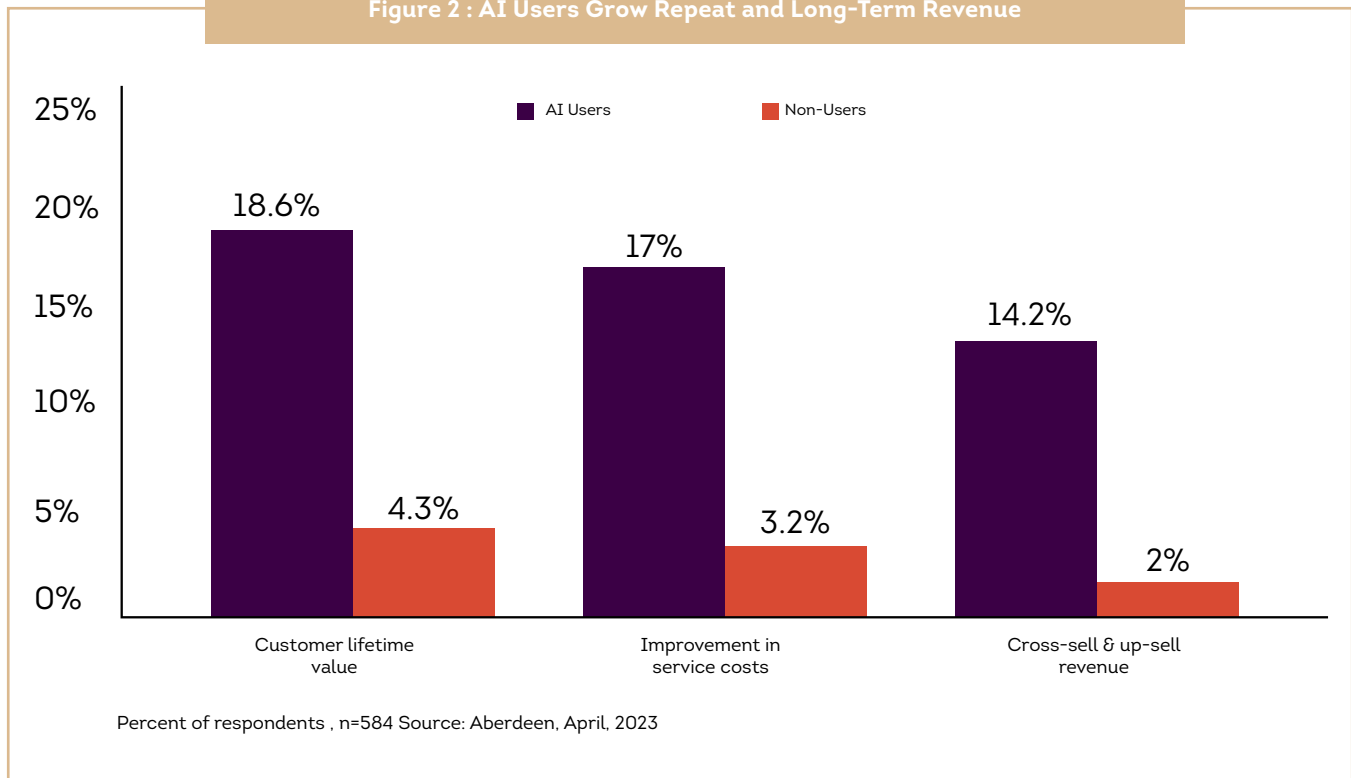
By equipping employees to deliver quick and efficient issue resolution, customers can save time and energy addressing their concerns. This results in a 4.0x greater YoY improvement in customer effort scores (21.4% vs. 5.3).

With timely responses and minimal effort, customers are happier with their experience with a business, leading to AI users seeing a 3.0x greater YoY improvement in customer satisfaction (16.9% vs. 5.7%). Having AI technologies across different business activities ensures greater efficiencies without sacrificing the quality of service given to customers.





Figure 2 : AI Users Grow Repeat and Long-Term Revenue

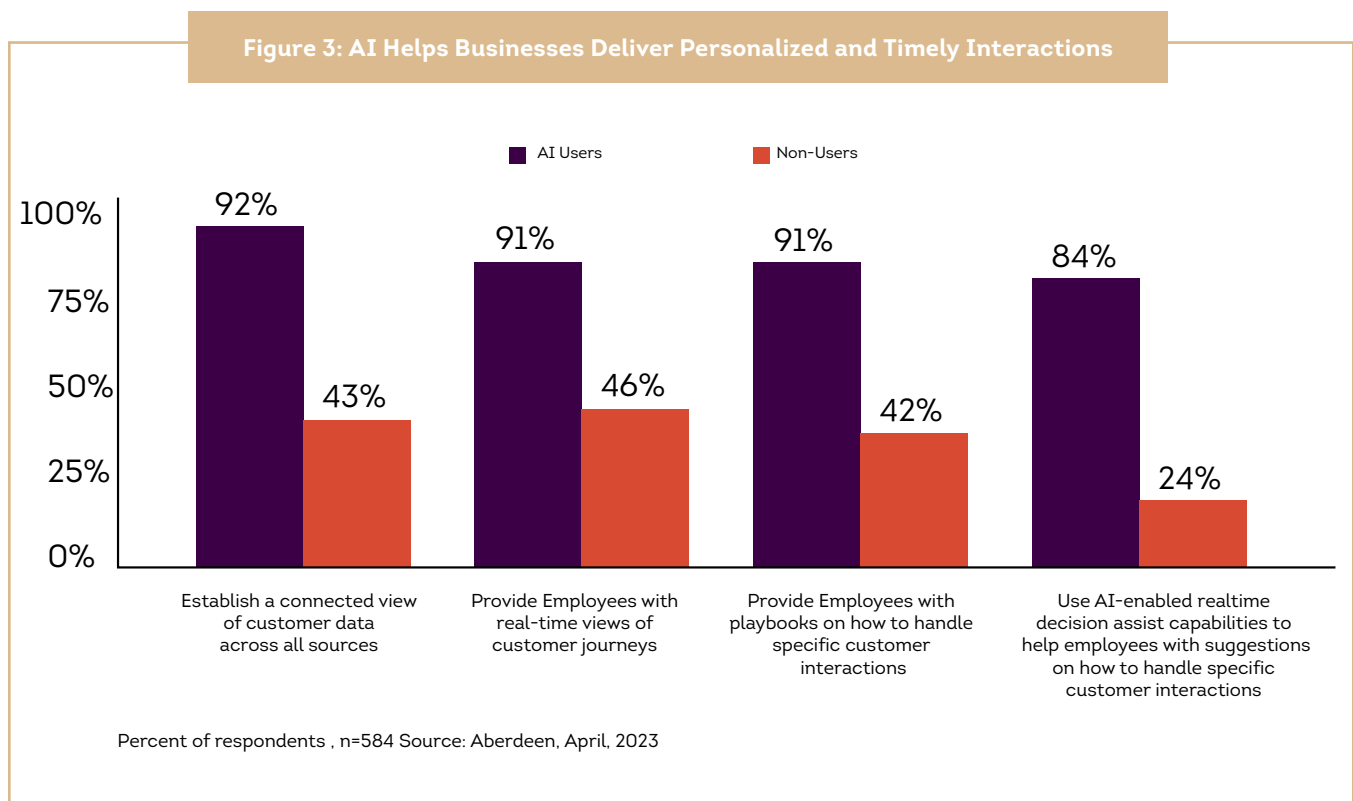


Moreover, the efficiency gains achieved through AI implementation have a direct impact on long-term financial growth (Figure 2). Businesses using AI within their activities deliver the experience that customers expect, with less time and effort from their employees. These gains in productivity lead to a 5.3x greater YoY improvement in service costs (17.0% vs. 3.2%). Positive customer experiences are key to increasing customer spend, both in the immediate term and long-term.

Specifically, AI users experience a 7.1x greater YoY improvement in cross-sell and up-sell revenue (14.2% vs. 2.0%) and a 4.3 greater YoY improvement in customer lifetime value (18.6% vs. 4.3%). This combination of maximizing operational efficiencies and customer spend contributes to long-term financial success.

Building Blocks to Maximize the Benefits of AI

While we understand the reasons behind the adoption of AI in business activities, it is important to understand how users are implementing it in their business to drive performance successes. As depicted in Figure 3, businesses use AI to create personalized and timely interactions with their customers.



Business using AI personalize customer interactions in such a way that elevates their overall experience, whether it be when they interact with an agent or when they are using self-service channels. Compared to non-users, AI users are 53% more likely to establish a 360-view of their customer data across sources, including different channels and touch points (92% vs. 43%). In addition, AI users are 49% more likely to provide employees with real-time views of customer journey (91% vs. 46%). In doing so, they avoid having to ask customers for information that they may have already provided and can identify a solution to their issues more quickly. This 360-visibility across different channels and journey touchpoints is necessary to personalize each customer interaction, ensuring that businesses are addressing any issues at the right time and through the right channel.

Although customers want personalized interactions, they also want timely ones as well. AI users can deliver on both with businesses using AI being 54% more likely to provide employees with playbooks on how to handle specific customer interactions compared to non-users (91% vs. 42%). AI technologies analyze past activity data to create relevant materials and resources for new employees to speed up onboarding and improve employee productivity.

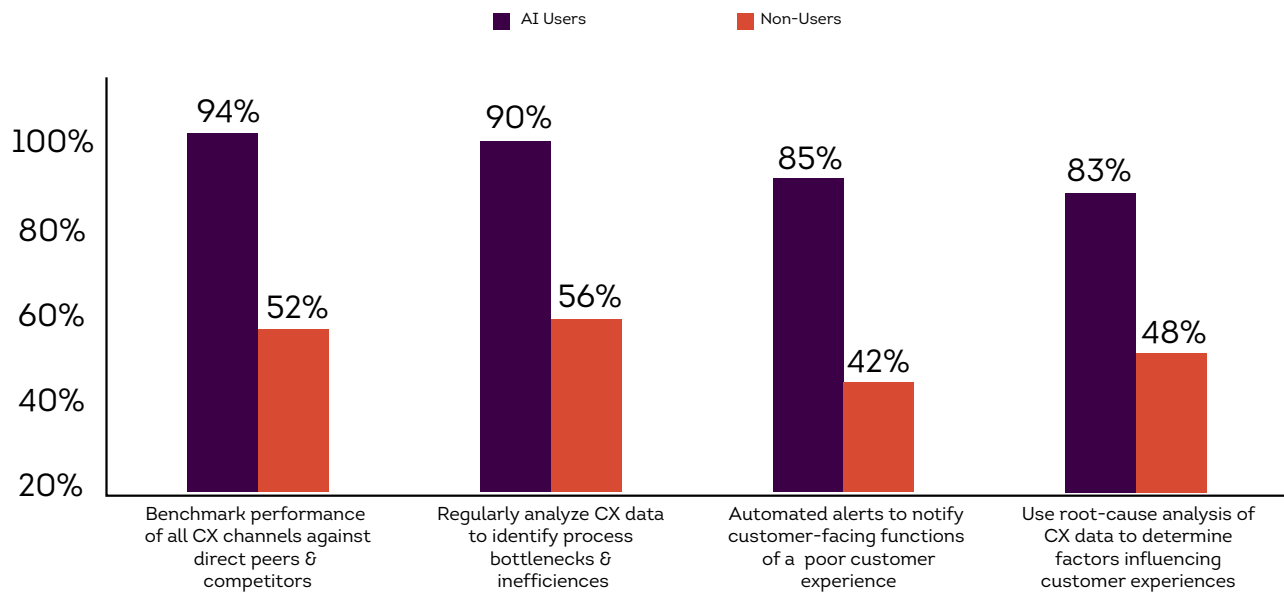
Furthermore, AI users are also 71% more likely to use AI-enabled real-time decision assist capabilities to guide employees on ways to handle customer interactions (84% vs. 24%). This enables them to revise workflows in real-time, resulting in quicker issue resolution. With the right training tools and insights to pivot workflows in real-time, AI users are more proactive and prepared to help customers.



According to Aberdeen's *CX Leaders' Agenda* survey in 2023, agents spend approximately 12% of their time looking for relevant information. This highlights the importance for business leaders to equip their agents with more timely and relevant insights to effectively adapt to customer and market dynamics.



Figure 4: AI Users Encourage Smarter, More Impactful Decision-Making for Business Strategies



Percent of respondents, n=584 Source: Aberdeen, April, 2023

Businesses using AI within their activities create more efficient and relevant touchpoints with their customers by using their data to guide decision-making (Figure 4). AI users are 45% more likely to use AI to benchmark performance of all CX channels against direct peers and competitors (94% vs. 52%). This ensures that they have the relevant channels in place and that the right channel is being used to interact with customers. For example, if a customer has a reservation at a restaurant, AI technologies can look at the past interaction behaviors and/or preferences to identify whether to send out a reminder via email or text message. Furthermore, AI users are also 42% more likely to use root-cause analysis of CX data to determine factors influencing customer experiences (83% vs. 48%), enabling them to use specific business metrics to identify specific points along the customer journey that need to be improved and what to do to improve them. Business leaders using AI proactively identify ways to maximize different channels and journey touchpoints.

In addition, AI users are 38% more likely to regularly analyze CX data to identify process bottlenecks and inefficiencies (90% vs. 56%). For example, AI technologies can automatically adjust resource planning based on customer traffic data. In doing so, AI users ensure that the right number of employees are available at a given time, that way they deliver the right service level to customers without overburdening employees. In addition, AI users are 2x more likely to have automated alerts to notify customer-facing functions of a poor customer experience (85% vs. 42%). Using AI to automatically notify business leaders when and where touchpoints are causing the most issues for customers help them develop and update playbook materials to be more effective. AI technologies helps business leaders create happier and more empowered employees.

Key Takeaways – The Value of Helpful AI

CX programs remain a critical component to business success, as interactions with agents can significantly impact the customer-business relationship. Ensuring that businesses can deliver unique experiences in a timely manner remains a top focus for businesses as they continue to face economic volatility and changing customer behaviors. By leveraging AI technologies, businesses can achieve cost efficiency while elevating their service quality, positioning themselves for greater successes. To elevate your CX program, Aberdeen recommends considering the following AI-driven strategies:

- **Create timely and personalized interactions.** Let AI analyze your customer data across all channels and touchpoints to improve resolution times. This can be creating smarter, more empowered employees with relevant training tools and materials or fueling your self-service capabilities used by customers.
- **Elevate your decision-making capabilities.** Maximize all channels and touch points by using customer data to guide strategic business decisions and identify areas for continuous improvements and efficiencies.

By implementing the strategies outlined above, businesses can efficiently adapt to changing customer behaviors while efficiently managing costs, ensuring their continued growth and prosperity in the future.

