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AI in CX:

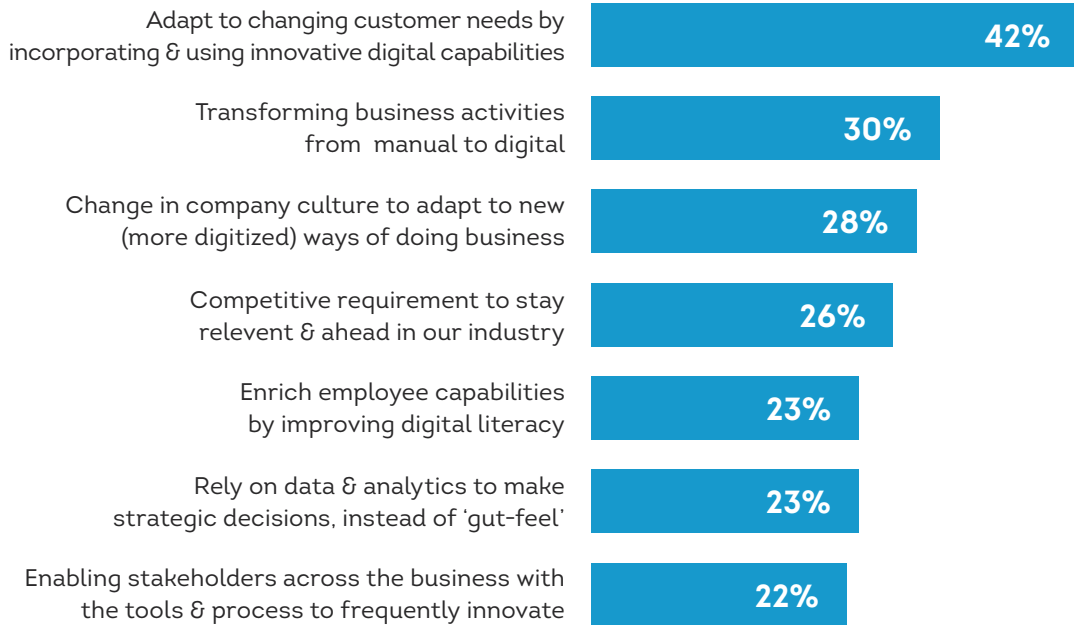## Three Steps to Use AI to Foster a Customer-Centric, Competitive Organization

Introduction: CX Digital Transformation is Reshaping the Business Landscape

Customer experience (CX) trumps everything in the contact center. It's the number one priority driving service and other activities. Yet, findings from Aberdeen's Contact Center Executive's Agenda 2021 survey shows that companies face a variety of challenges affecting their ability to keep up with changing customer needs and business conditions. Furthermore, as firms increase their use of digital channels to engage their current and potential clientele, achieving operational efficiency and reducing costs are still relevant and important objectives.

Faced with the need to gauge and adapt to these pressures, contact centers are accelerating the pace of their digital transformation efforts. In 2021, Aberdeen surveyed 1,357 businesses regarding their customer (service) operations activities. When asked about the top factors influencing their digital strategy, respondents have cited the need to adapt to changing client needs as the number one goal driving their activities. In other words, **contact center & customer experience (CX) leaders prioritize adapting to customer needs over everything else when setting and managing their digital strategies**.

Adapt to changing customer needs by
incorporating & using innovative digital capabilities — **42%**

Transforming business activities
from manual to digital — **30%**

Change in company culture to adapt to new
(more digitized) ways of doing business — **28%**

Competitive requirement to stay
relevent & ahead in our industry — **26%**

Enrich employee capabilities
by improving digital literacy — **23%**

Rely on data & analytics to make
strategic decisions, instead of 'gut-feel' — **23%**

Enabling stakeholders across the business with
the tools & process to frequently innovate — **22%**

% of respondents (n = 1,357)
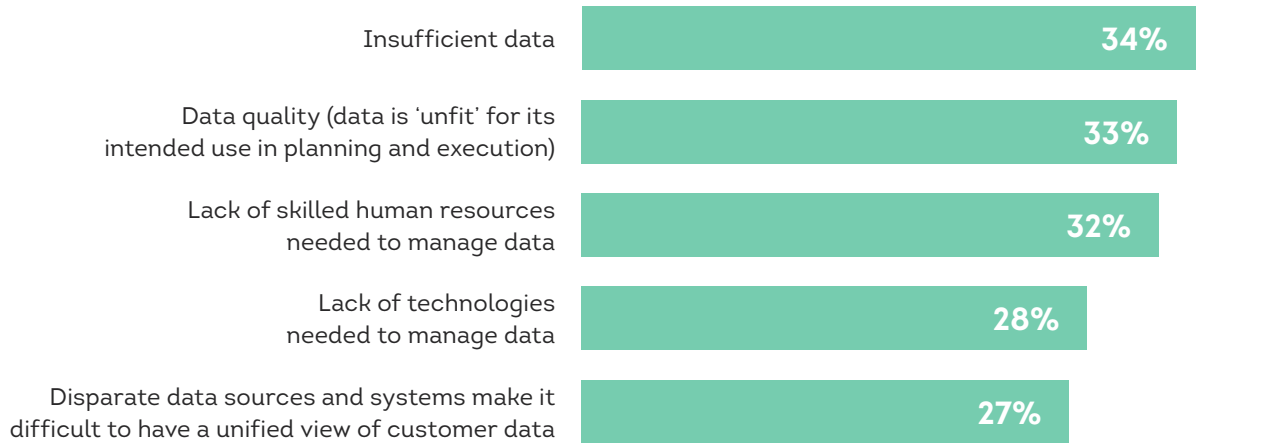Source: Aberdeen, February 2021

All respondents

Besides using digital transformation as an opportunity to keep up with evolving buyer needs, the above figure shows that contact center leaders also use it to enrich employee productivity and provide better and more timely data to make accurate business decisions. In fact, enhancing the ability to use data in contact center and CX activities is a challenge for 78% of firms participating in Aberdeen's CX Executive's Agenda 2021 survey.

Figure 2: Top Challenges Impacting Firms' Ability to Use Data in CX Activities

Challenge	All respondents
Insufficient data	34%
Data quality (data is 'unfit' for its intended use in planning and execution)	33%
Lack of skilled human resources needed to manage data	32%
Lack of technologies needed to manage data	28%
Disparate data sources and systems make it difficult to have a unified view of customer data	27%

Top challenges (n = 405)
Source: Aberdeen, February 2021

Ironically, despite the wealth of data companies have from the myriad of channels they use to serve customers (e.g., phone, email, chat, text messaging), the top reason why firms struggle using data to achieve their goals is insufficient data. That's because not all the data companies have in their systems is relevant for every interaction. Furthermore, the data firms may have in their systems may be outdated and not reflective of current customer behavior and needs. Indeed, data quality is the second top challenge firms cite impacting their activities.

Other challenges affecting the ability to leverage data to achieve CX goals include lack of employees with the technical skills needed to manage the data as well as lack of technologies needed to better use existing data. This is where technology capabilities such as business intelligence, root-cause analysis, machine learning and predictive analytics come into the picture – See Definition: AI in the Contact Center. Using these technologies, firms can extract insights more quickly and accurately than analyzing the same data manually.

Definition: AI in the Contact Center

For the purposes of this research, Aberdeen defines AI capabilities as follows:

Artificial Intelligence:
Automated reasoning and decision-making capabilities based on insights uncovered through machine learning algorithms.

Machine Learning:
Technology applications that learn by themselves by analyzing a pattern of historical and recent data.

Prescriptive Intelligence:
Tools used to analyze structured and unstructured historical data to make predictions and suggest decision options.

Predictive Analytics:
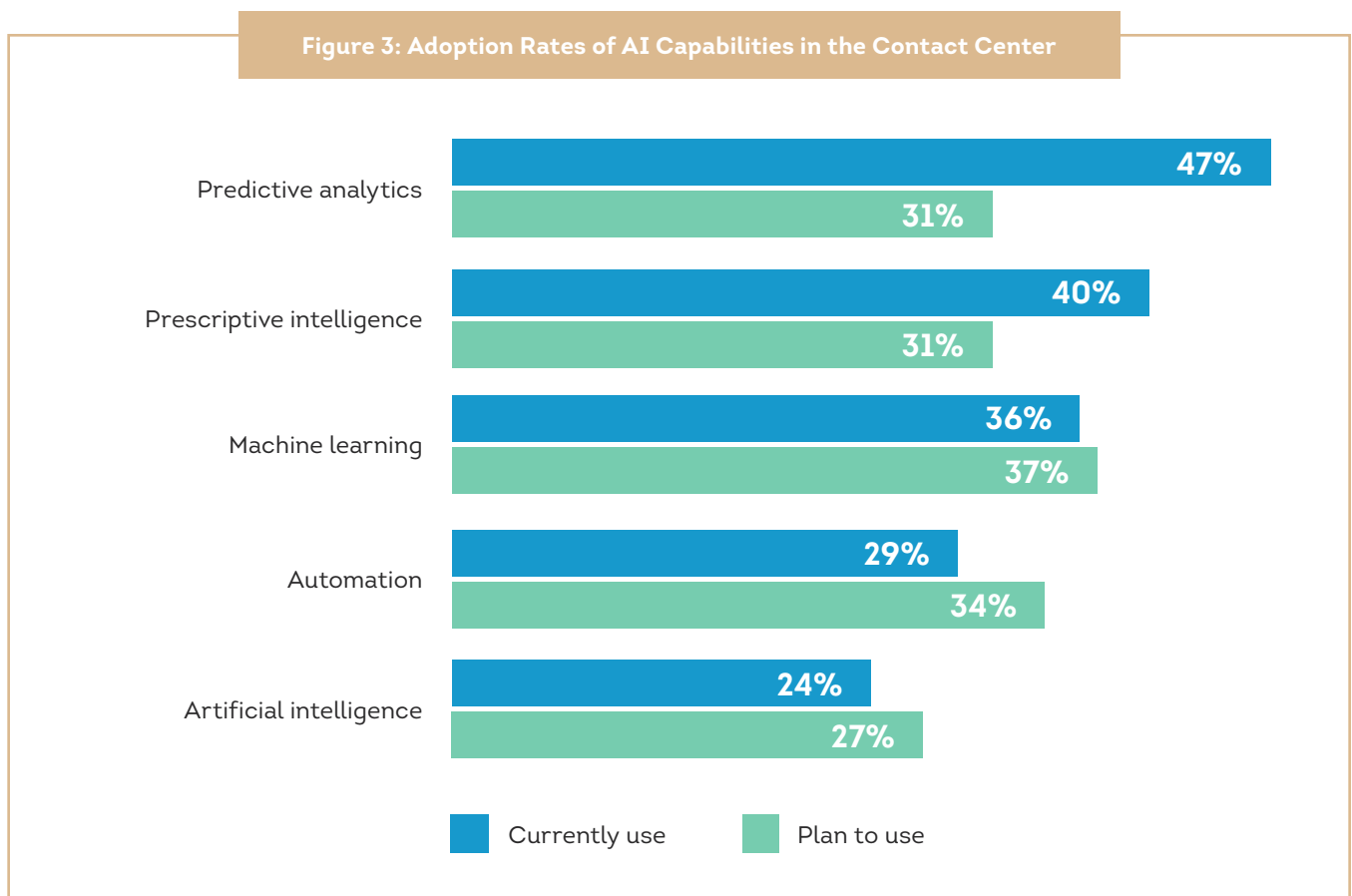Tools to predict future behavior of customers.

Automation:
Tools used to automate the execution of tasks such as customer routing, agent scheduling, and quality assurance.

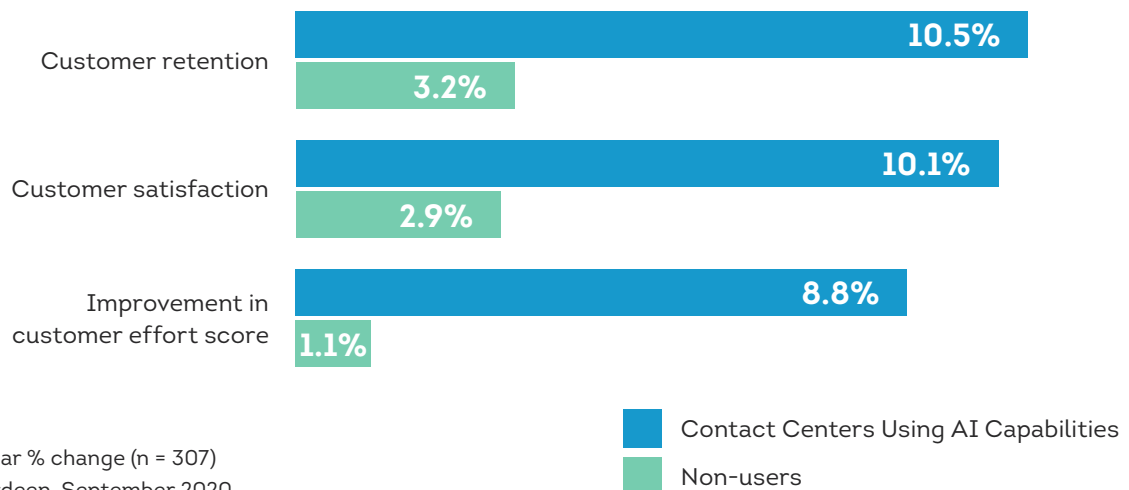# Section 2: The ROI of AI in Building & Maintaining an Intelligent Contact Center

The Contact Center Executive's Agenda 2021 survey shows that one out of two contact centers use at least 9 channels to serve customers. This means that contact center & CX leaders must connect the structured and unstructured data captured through the myriad of channels they use to have a truly holistic view of customers. Furthermore, they must also ensure that they can use this data to tailor each interaction with each client. Below is a breakdown of the current and planned adoption rates of the above AI capabilities (sorted by current adoption rate):

Figure 3: Adoption Rates of AI Capabilities in the Contact Center

Capability	Currently use	Plan to use
Predictive analytics	47%	31%
Prescriptive intelligence	40%	31%
Machine learning	36%	37%
Automation	29%	34%
Artificial intelligence	24%	27%

Data shows that firms turn to AI capabilities and predictive analytics to help accomplish these goals. Tools such as machine learning help uncover how specific activities can help address customer issues so firms can guide the customer journeys through the optimal path to resolution. Similarly, predictive analytics models the activities of existing customers to predict the behavior for customers with similar characteristics for better understanding of how to anticipate and address their needs. Figure 4 shows that firms using AI capabilities report 3.5x greater year-over-year (YoY) increase in customer satisfaction rates (10.1% vs. 2.9%) and 3.3x greater YoY increase in client retention rates (10.5% vs. 3.2%).

Figure 4: Firms Leveraging AI Capabilities Enjoy Superior CX Performance Improvements

Customer retention
- 10.5%
- 3.2%

Customer satisfaction
- 10.1%
- 2.9%

Improvement in customer effort score
- 8.8%
- 1.1%

Year-over-year % change (n = 307)
Source: Aberdeen, September 2020

■ Contact Centers Using AI Capabilities
■ Non-users

Findings also reveal that use of AI capabilities allows firms to improve (decrease) customer effort by 8x more YoY (8.8% vs. 1.1%). This is important as various forms of high effort (e.g., number of repeat contacts, lengthy wait times, no resolution) upsets clients and increases the risk of customer churn.

By improving their ability to leverage existing data with the help of AI capabilities, firms also create a competitive advantage in their digital transformation journey. For example, capabilities such as predictive analytics and automation allow contact center leaders to analyze customer conversations in real-time through speech analytics and text analytics to detect customer sentiment. This, then makes it easier to observe agent behavior to determine which agent activities have positive vs. negative impact on CX results. Overall, operational improvements based on these determinations such as these facilitate AI users to decrease their service costs by 11.5x more YoY (4.6% vs. 0.4%).

AI Users Grow Revenue & Reduce Costs

Annual company revenue	Improvement in average cost per customer contact	Improvement in agent overtime costs	Average revenue per call
+6.5%	+4.6%	+4.3%	+3.6%
-2.9%	+0.4%	+0.0%	-2.8%

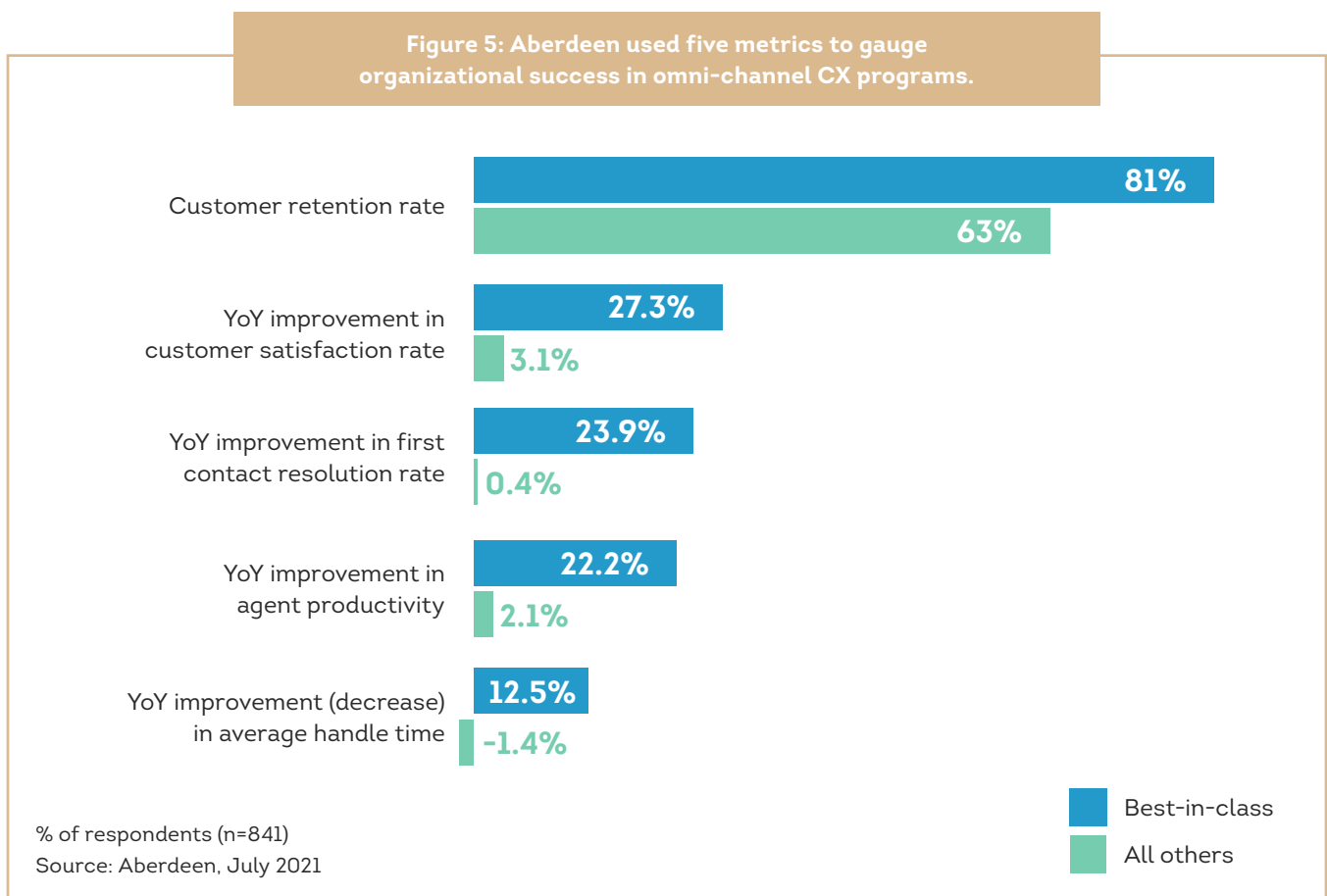■ Contact centers using AI capabilities   ■ Non-users

Year-over-year % change (n = 307), Source: Aberdeen, July 2021

Managing omni-channel CX activities is not only about delivering service. Firms also use outbound customer contact – and cross-sell/up-sell activities in service interactions – to drive revenue. Using machine learning, contact center leaders can analyze historical interaction data to reveal what kinds of interactions and customer behavior signals the greatest likelihood for purchase of a specific product/service. They can also determine which activities work the best in maximizing the likelihood of a cross-sell/up-sell and use automation to trigger activities such as behavior modification or recommend articles for agents through the agent desktop. Collectively, creative uses of AI capabilities allow firms to grow their annual revenue by 6.5% YoY whereas non-users observe a 2.9% reduction of revenue.

Section 3: Three Must-Haves for Omni-Channel CX Success

To reveal how firms pave their way to omni-channel CX success, Aberdeen used self-reported performance data by firms participating in the Contact Center Executive's Agenda 2021 survey. There were five KPIs used to gauge organizational performance – see below. Those metrics were picked as they align with the organizational goals covered earlier in this report, including creating happy customers and efficiency improvements.
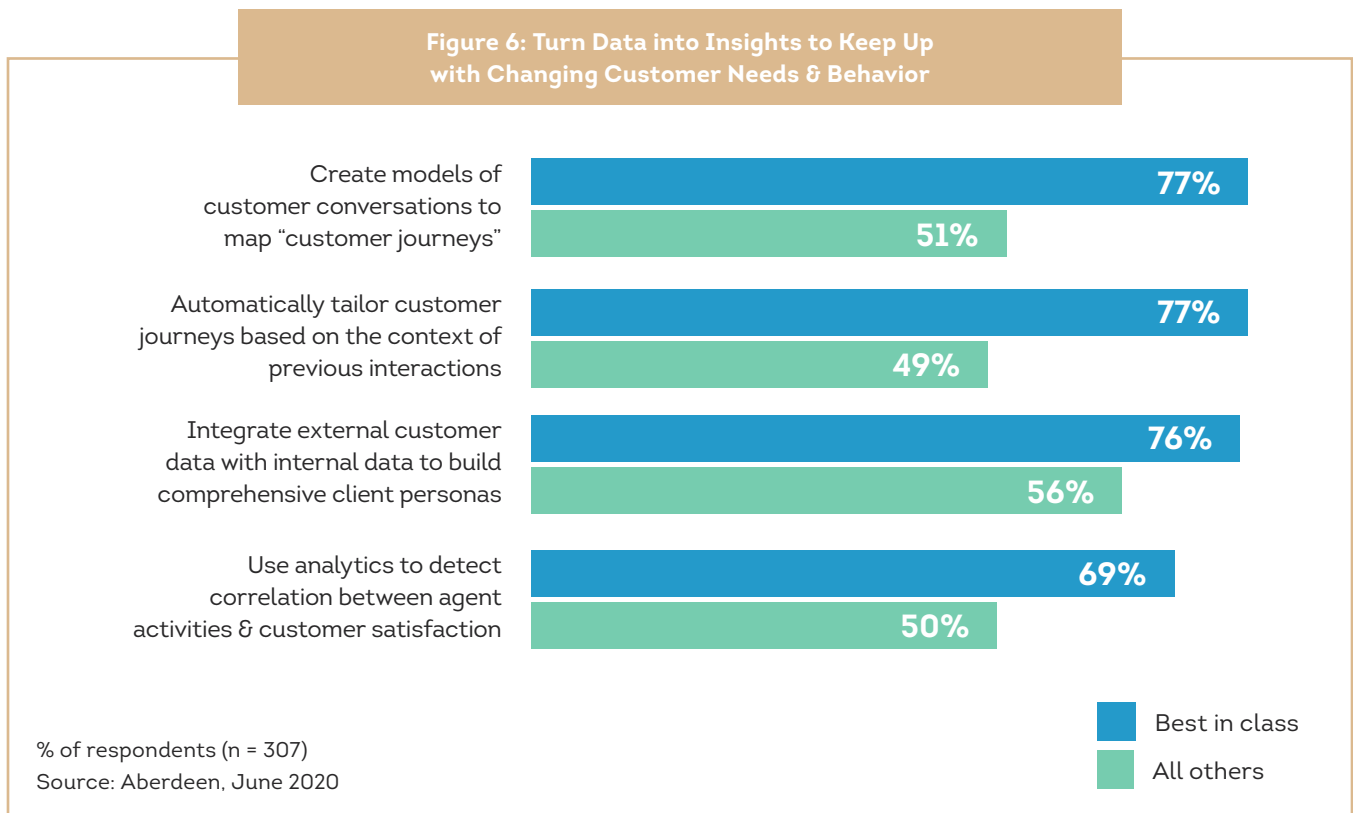
Figure 5: Aberdeen used five metrics to gauge organizational success in omni-channel CX programs.

Customer retention rate
- Best-in-class: 81%
- All others: 63%

YoY improvement in customer satisfaction rate
- Best-in-class: 27.3%
- All others: 3.1%

YoY improvement in first contact resolution rate
- Best-in-class: 23.9%
- All others: 0.4%

YoY improvement in agent productivity
- Best-in-class: 22.2%
- All others: 2.1%

YoY improvement (decrease) in average handle time
- Best-in-class: 12.5%
- All others: -1.4%

■ Best-in-class
■ All others

% of respondents (n=841)
Source: Aberdeen, July 2021

Separating survey respondents into two categories (Top 20% defined as 'Best-in-Class' and the remaining 80% defined as 'All Others') based on their performance across the five KPIs revealed that the top performers are more likely to use activities that can be grouped in three progressive categories. Contact center leaders aiming to excel in digital transformation and lead with their omni-channel CX success should make sure to master the activities within each of the three categories:

1. Master Data to Better Understand & Address Customer Expectations

At its core, omni-channel CX programs are designed to ensure that the unique needs of each client are met on the channel of their choice. This means **minimizing the risk of using poor/ inaccurate data** that creates inefficiencies. Firms must build a connected view of customer and operational insights and ensure that the data used by AI capabilities is relevant and timely to yield desired results. Best-in-Class firms do this by **building (and maintaining) a contextual view of customer interactions across all channels** – an activity they use 51% more widely by building journey maps of customer conversations (77% vs. 51%).
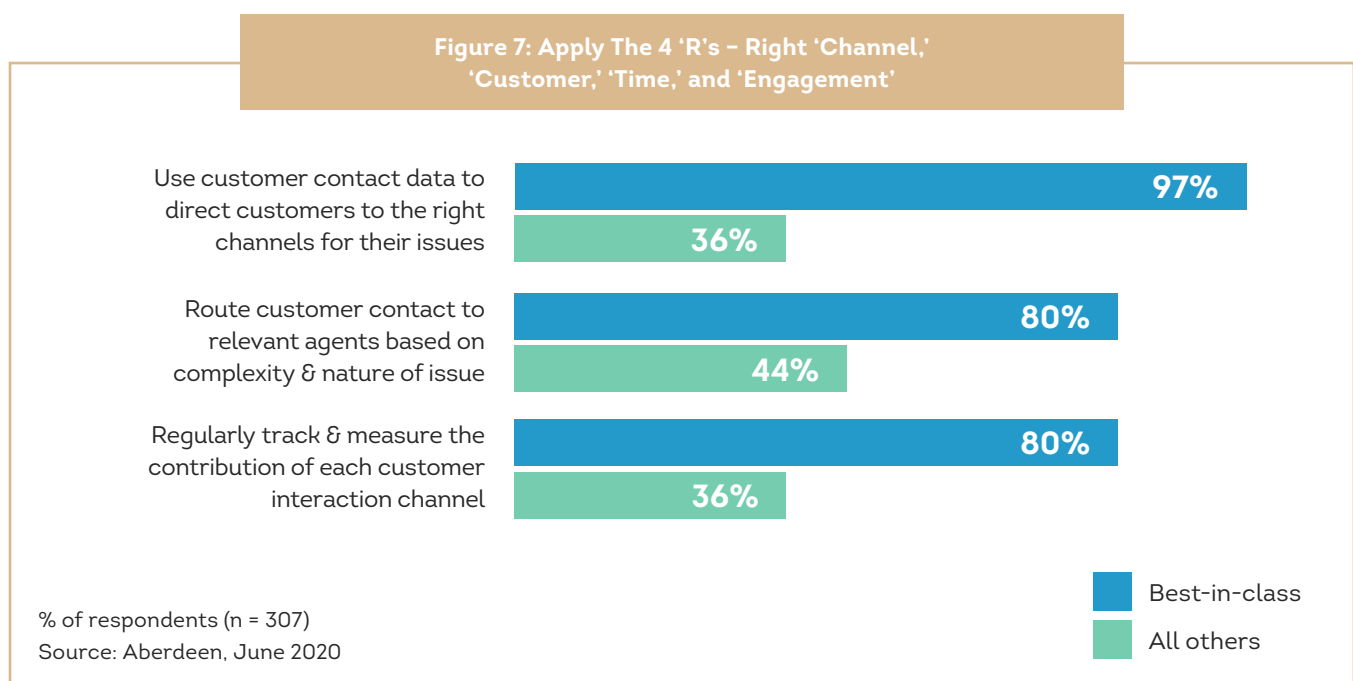
Firms can use automation capabilities to automatically connect data captured across all channels and build a truly contextual view of the customer conversation – deployed 36% more widely by the Best-in-Class (76% vs. 56%). Using these insights, firms can then use predictive analytics and prescriptive intelligence (next-best-action guidance) to automatically tailor next stages in customer conversations across all channels in a way that addresses the unique needs of the client. In fact, Figure 6 shows that top performers are 57% more likely to do so (77% vs. 49%).

Figure 6: Turn Data into Insights to Keep Up with Changing Customer Needs & Behavior

Category	Best in class	All others
Create models of customer conversations to map "customer journeys"	77%	51%
Automatically tailor customer journeys based on the context of previous interactions	77%	49%
Integrate external customer data with internal data to build comprehensive client personas	76%	56%
Use analytics to detect correlation between agent activities & customer satisfaction	69%	50%

% of respondents (n = 307)
Source: Aberdeen, June 2020

While mapping customer journeys to gain contextual visibility is helpful, firms must also determine inflection points along those journeys to determine which activities are most closely associated with positive and negative outcomes. If certain activities yield desired positive results, contact center leaders can make sure to maintain these activities while addressing areas of improvement by updating internal processes and coaching and training agents. Use of machine learning allows contact centers to rapidly (and accurately) analyze vast volumes of interaction data to do this analysis, making it easier to empower contact center leaders with actionable and timely insights to better manage customer journeys.

2. Optimize Your CX Activities with Data, Analytics & AI

The road to managing CX and contact center programs is one that's ever changing. There are always new obstacles, new tools and new resources available. As such, contact center leaders must regularly assess their goals, current and planned activities to determine the best paths to move forward to adapt and lead given the current conditions.

Figure 7: Apply The 4 'R's – Right 'Channel,' 'Customer,' 'Time,' and 'Engagement'

Use customer contact data to direct customers to the right channels for their issues
- Best-in-class: 97%
- All others: 36%

Route customer contact to relevant agents based on complexity & nature of issue
- Best-in-class: 80%
- All others: 44%

Regularly track & measure the contribution of each customer interaction channel
- Best-in-class: 80%
- All others: 36%

% of respondents (n = 307)
Source: Aberdeen, June 2020

- ■ Best-in-class
- ■ All others

Best-in-Class firms are 2.7x more likely to use customer data to determine the right channels that are best suited to address the specific issue the customer is contacting the business about (97% vs. 36%). Once again, firms leverage AI capabilities by using machine learning to analyze all interaction types for all customers, and determine which channels deliver best results for specific customer attributes (e.g., personality) and issue types. Using automation, firms can then route customers through the right channel to address client issues in the most effective fashion possible – a capability adopted 82% more widely by the Best-in-Class (80% vs. 44%).
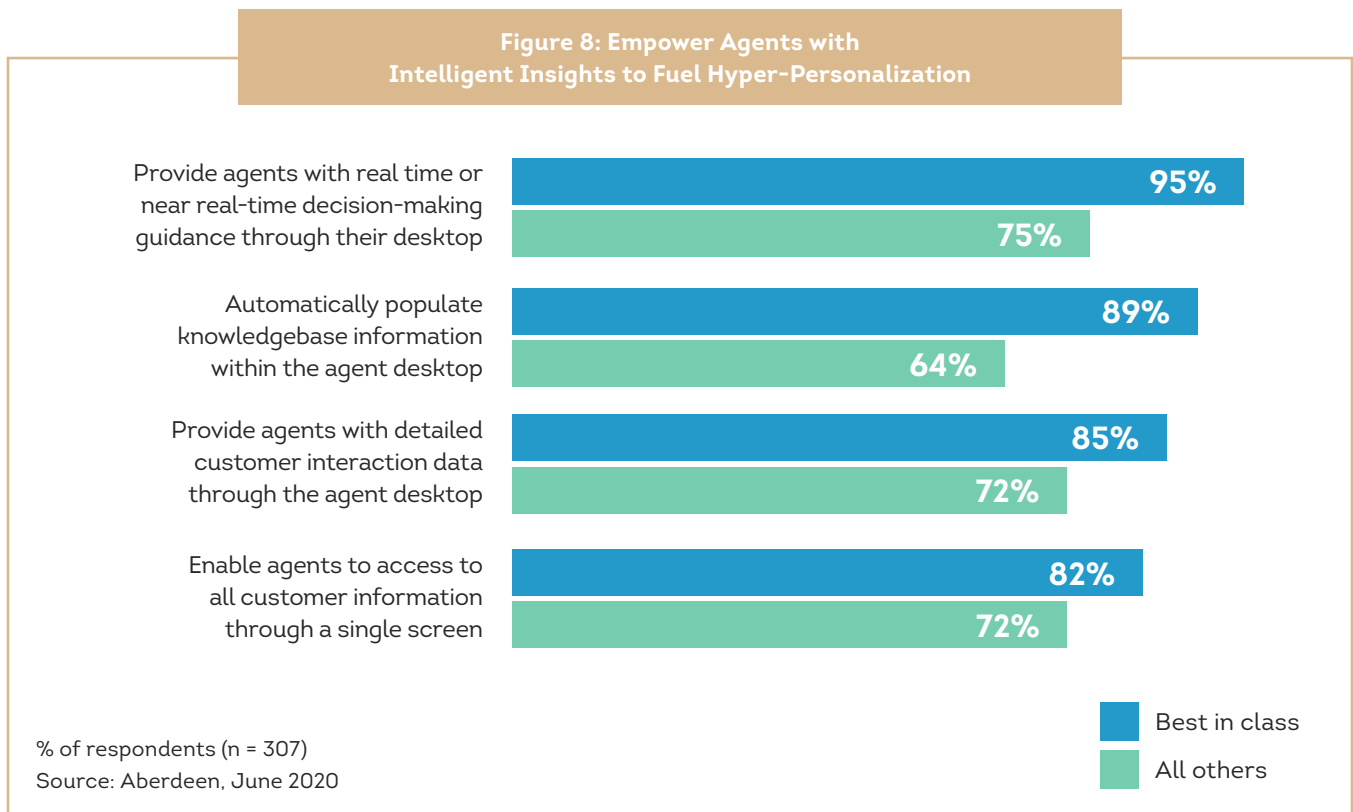
Firms also use dashboards to monitor activity results in real-time to enhance their activities with analytics to observe trends and correlations of activity results with various factors. The resulting intelligence empowers contact center and CX leaders to make more data-driven decisions when observing customer activities such as channel utilization, customer sentiment, customer retention, agent productivity as well as operational efficiency such as first contact resolution rates by product, by channel and by time.

3. Hyper-Personalize CX Activities Across All Channels

Hyper-personalization refers to a refined and more advanced state of traditional personalization activities. In the contact center, it refers to understanding the expectations and sentiment of every client on an individual level - versus groups of customers which is how traditional personalization programs have been executed. Using granular insights about individual clients (e.g., preferred channels, personality type), firms then customize the four core elements of customer interactions: channel(s) used to deliver service, customer – agent matching, timing of conversations and the content of the engagement.

While digital channels provide companies with more opportunities to use self-service to help customers help themselves, agents still play a critical role for addressing more complex and emotionally-charged interactions. Figure 8 shows that top perfomers provide agents with real-time or near real-time guidance through the agent desktop – a capability supported by using machine learning to determine activities, behaviors, and knowledgebase articles that are most closely associated with issue resolution. Firms use this knowledge in combination with automation capabilities that enable real-time decision-making guidance through screen pops on the agent desktop – a capability adopted 27% more widely by top performers (95% vs. 75%). This capability can be tailored to boost quality management activities where contact centers can automatically observe conversations to determine agent performance metrics, and design and trigger automated workflows to coach and train agents when metrics fall behind organizational expectations.

Figure 8: Empower Agents with Intelligent Insights to Fuel Hyper-Personalization

	Best in class	All others
Provide agents with real time or near real-time decision-making guidance through their desktop	95%	75%
Automatically populate knowledgebase information within the agent desktop	89%	64%
Provide agents with detailed customer interaction data through the agent desktop	85%	72%
Enable agents to access to all customer information through a single screen	82%	72%

% of respondents (n = 307)
Source: Aberdeen, June 2020

Agents play an even more important role in addressing customer needs than they ever did before. Yet, the Contact Center Executive's Agenda 2021 survey shows that on average, agents spend 14% of their time looking for information they need to do their jobs. Figure 6 shows that Best-in-Class firms understand the importance of agent empowerment and enable their agents with a series of capabilities that make them more productive. One of them is automatically providing agents with relevant knowledgebase articles through the agent desktop – a capability adopted 39% more widely by top performers (89% vs. 64%).

One of the top reasons why agents struggle with the above-mentioned unnecessary time looking for information is because they need to browse multiple systems to find the data they need to help clients. Top performing firms understand this inefficiency and are 14% more likely to enable agents with access to relevant systems through a single screen within the agent desktop, instead of requiring them to log into various systems through different screens while managing a conversation with the customer (82% vs. 72%).

Section 4: Real-World Results of Adding AI to CX

By incorporating AI capabilities within their activities organizations are already seeing real-world improvements in customer satisfaction with remote employees today. In telecommunications, organizations who revamped their customer service programs have enjoyed NPS improvements in as fast as 4 months – while introducing greater automation to enjoy $9 million saved in manual listening program costs, removing quality score disputes between agents and supervisors, and overall improved employee satisfaction by 25%.

The entertainment industry is seeing outstanding results as well. A leading global entertainment firms have observed $30 million in cost savings over the course of 3 years by enriching its contact center activities with AI – while reducing agent attrition by 10%. Lastly, the healthcare space is experiencing reduced inefficiencies and improved agent performance as a result of adding AI. As an example, a healthcare provider in North America has reported improved agent efficiency and a 4% reduction in AHT, reflecting $2.8 million in cost savings. They've also reduced manual quality audits by 50% per month per Quality Analyst. All things considered, the healthcare provider saw an annual reduction of $6 million in service costs across the board, after the implementation of AI and automation capabilities.

Section 5: Conclusion & Key Takeaways

Being the virtual front-door customers use to interact with businesses, contact centers have a pivotal role in leveraging digital transformation to keep up with (and lead) the changes in the marketplace and address ever-evolving customer expectations. Firms that master use of data – with the help of AI capabilities – take advantage of these tectonic shifts and position themselves as truly customer-centric organizations that lead the way in successful omni-channel CX delivery.

Using the three building blocks below, Best-in-Class firms maximize their CX results, drive operational efficiency and improve their competitive positioning:

- **Master data to better understand & address customer expectations**
- **Optimize your CX activities with data, analytics & AI**
- **Hyper-personalize CX activities across all channels**

If you currently struggle using digital channels to adapt to changing customer needs or if you're not sure where to start and continue in your digital transformation journey, then we highly recommend that you incorporate the activities within each of the three building blocks. If you're already using some of these activities, then mark the ones that you're not currently using and start by adding those that you can more easily incorporate within your activities before moving to the next ones.

Building your omni-channel CX program using these three building blocks is the first step in aligning your performance with the Best-in-Class. This not only provides an operational environment for CX leaders, but it paves the way for continuous improvements to adapt to ever-changing and heightened customer expectations.

Learn about NICE's Solutions