

AI IN CX: DRIVING THE CUSTOMER JOURNEY WITH ARTIFICIAL INTELLIGENCE

Abstract

Artificial intelligence (AI) technologies are among the most disruptive trends of this millennium. They have brought transformative changes across various industries, businesses, and operations, including the customer experience (CX) space. With ever-increasing digitisation and the growing customer demand for personalised experiences, businesses are turning to AI-powered solutions to drive customer engagement, provide better customer support, and obtain a competitive advantage. Can the use of AI in CX initiatives improve customer interactions, service delivery, and business outcomes? This article explores the key facets of AI integration into the CX landscape, encompassing opportunities, challenges, and best practices.

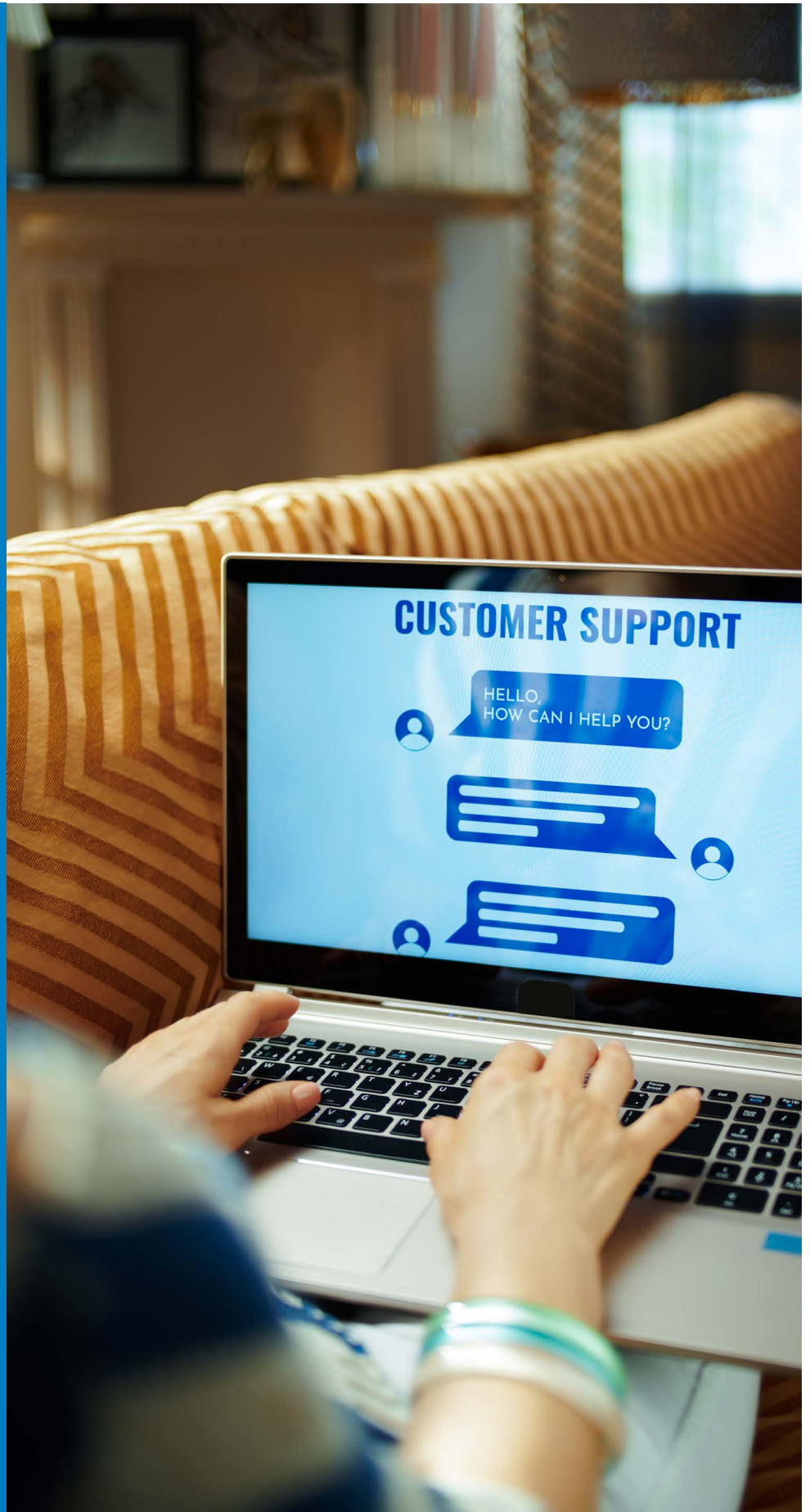
Introduction

Providing a highly personalised customer experience (CX) is pivotal for companies aiming to differentiate themselves and thrive in a competitive market. To deal with the inevitable digitisation, constant margin pressures, and growing customer expectations, businesses are increasingly adopting AI as a core component of their corporate strategy.

Strategically integrating AI into CX increases customer satisfaction and drives loyalty, increased retention rates, and, ultimately, business growth. Statistics of over 100 global companies show that targeted personalisation initiatives deployed for over five years led to a 40% to 100% increase in net incremental revenues.

Not surprisingly, smaller companies worldwide are gearing up to follow suit and deliver personalisation at scale. A 2022 study found that 35% of organisations surveyed already used AI technology, and 42% actively contemplated incorporating AI models into their business operations.

With technologies such as Machine Learning (ML), Natural Language Processing (NLP), and Deep Learning (DL) foraying into the digital mainstream, AI is set to be a seminal trend in shaping the future of the CX industry. According to a McKinsey study, AI can add \$2.6 trillion to \$4.4 trillion annually to the global economy.



Understanding the role of AI in the customer experience

AI can drive the customer experience in multiple ways. It can personalise customer interactions, deliver much quicker solutions than human assistants, and provide valuable insights into consumer preferences. The biggest advantage of AI is that it can gather and analyse huge amounts of data and use it to elicit goal-directed behaviour.

To fathom the scope of AI in enhancing CX, we must understand the two primary categories of AI used in the CX industry: analytical AI and generative AI. Both play distinct but complementary roles in improving CX. Let us explore how they work and how businesses can use them in delivering personalisation:

• Analytical AI in CX

Analytical AI analyses vast datasets and uses historical data to uncover patterns, trends, and insights. It provides a deep understanding of customer behaviour and preferences through digital tools such as speech analytics and sentiment analysis, enabling marketing teams to make data-driven decisions.

The applications of Analytical AI in CX include –

- **Customer segmentation** based on demographics, behaviour, and preferences
- **Churn prediction** for implementing proactive retention strategies
- **Sentiment analysis** for identifying improvement areas and generating prompt responses to negative feedback
- **Data-driven recommendations** to personalise the customer experience

• Generative AI in CX

Generative AI uses advanced machine learning (ML) algorithms to create various types of content that simulate human responses. Based on its input training data, a generative AI model can deliver relevant audio, visual, or text responses to customers.

The applications of Generative AI in CX include –

- **Chatbots and virtual assistants** that are capable of human-like conversations
- **Internet of Things (IoT)** for data collection across multiple touchpoints

- **Personalised marketing strategies**, including targeted emails and in-app adverts
- **Product and service innovations** based on customer preferences and market trends
- **Augmented reality (AR) and virtual reality (VR)** models for three-dimensional, interactive simulations

Analytical AI provides insights to understand customer behaviour and preferences, while generative AI enables the creation of tailored solutions and experiences that align with those preferences. To provide the best CX through AI, businesses must integrate both approaches.

For instance, analytical AI can identify that a specific customer segment values organic products. With this insight, businesses can deploy generative AI to create custom marketing content that resonates with this segment's preferences, leading to greater customer engagement through AI and higher satisfaction.

How AI in the CX industry is revolutionising the business landscape?

AI in customer service is no longer restricted to chatbots and interactive FAQs. AI can now drive the end-to-end customer journey, from a casual click on a social media page to product purchase to after-sales service. This entails maintaining consistency of tone, content, and personalisation levels across multiple platforms and consumer spaces.

Here is how AI is revolutionising the CX space:

• Chatbots and virtual assistants

Organisations across diverse industries

use chatbots, virtual assistants, and voice assistants to provide real-time support to customers.

These AI agents can handle routine inquiries and tasks, understand natural language and context, hold human-like conversations, and provide case-appropriate responses, reducing the need for customers to wait for human assistance.

• Personalised communication

With AI language generation models like ChatGPT, businesses can create personalised customer interactions,

including targeted emails, SMSs, and customer-facing copy for CX teams.

These interactions not only factor in customer preferences but can also consistently incorporate the brand's tone across all communication channels.

• Dynamic content creation

AI can generate dynamic and customised content for product descriptions, website copy, social copy, and marketing material. AI can ensure consistency in the brand's voice, hashtags, and taglines for a seamless multichannel customer experience.

- **Enhanced user interfaces**

With AI, companies can design intuitive, visually appealing, and customer-centric digital interfaces, leading to smoother interactions and greater user satisfaction.

- **Multilingual support and localisation**

AI can eliminate language barriers in customer support by offering multilingual services and real-time text translation. Translation and localisation tools are a boon for global businesses catering to customers from different countries, cultures, and demographics.

- **Sentiment analysis**

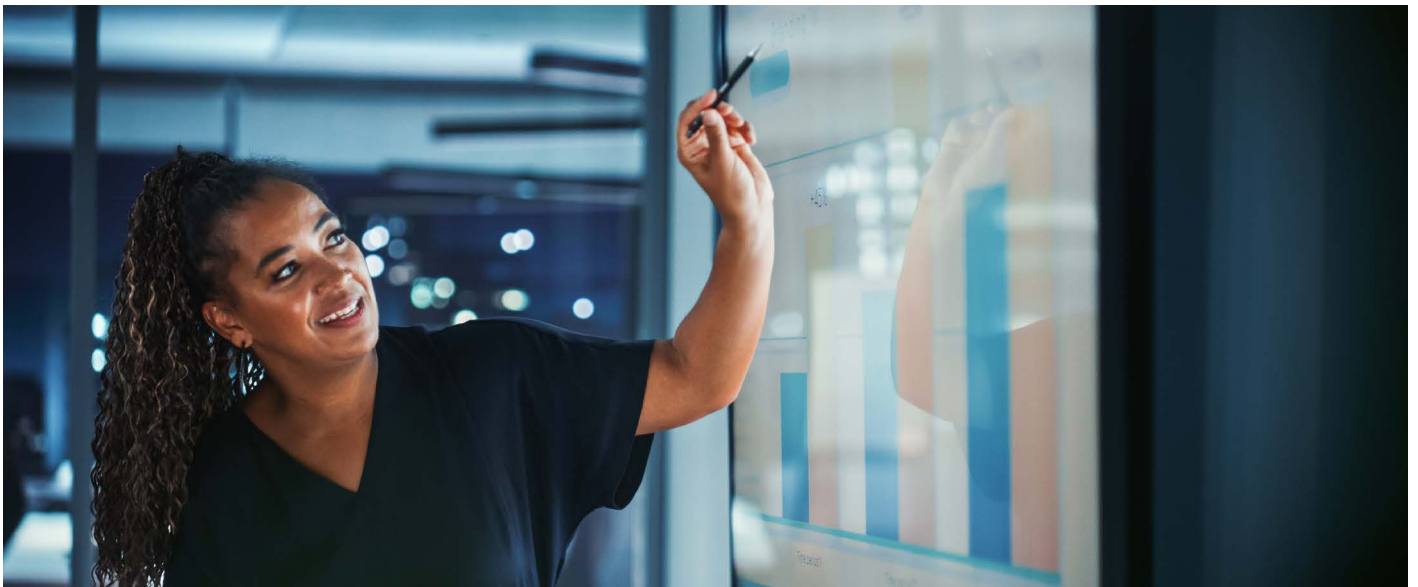
Feedback is no longer restricted to reviews on the company's website. Emotion recognition technologies can analyse text, voice tone, and facial expressions from multichannel customer interactions and accurately recognise customer sentiment about a product or service.

This enables businesses to adjust their responses and strategies according to customer sentiment and innovate products and services that align with customer expectations.

- **Measuring CX performance**

Businesses can use AI-powered performance analysis tools to measure the success of their customer service initiatives at scale.

Although this remains a potential use case due to the complexities of accurate performance analysis, it can empower businesses to make highly informed decisions based on customer data, market trends, and competitive intelligence.



Advantages of an AI-powered customer experience

Embracing the endless possibilities of AI can unlock significant value for businesses and their customers. Here are the key advantages of adopting AI to drive the customer experience:

- **Hyper-personalisation**

By analysing vast amounts of data, including purchase histories, customer behaviours, and sentiments, AI enables businesses to offer tailored recommendations, content, and online and in-person customer experiences, leading to higher customer engagement and satisfaction.

- **Increased revenue**

By personalising the customer journey, businesses can **reduce churn** rates, increase the probability of purchases, and optimise their offerings to attract high-value customers.

Through predictive analytics, companies can also forecast future consumer trends to a high degree of accuracy and strategise accordingly. This can result in increased business revenue.

- **Cost savings**

AI-driven CX solutions such as chatbots, virtual assistants, and voice assistants

can take over a significant portion of customer interactions, reducing the need for large support teams. This can lead to considerable cost savings, besides offering 24/7 support availability to customers.

- **Enabling high-quality self-service**

Using AI in support functions can help customer retention by enhancing the customer's self-serving capabilities. **73%** of customers today say that they prefer self-service for solving product or service issues rather than having to speak to support staff.

Additionally, AI systems can scale effortlessly with the business and handle a growing customer base without compromising quality.

- **Proactive engagement**

AI in CX systems can gather customer feedback and sentiment analysis data from multiple touchpoints, enabling customer

service teams to respond quickly and accurately.

Through behaviour analysis, AI models can also predict if a customer or segment is likely to churn, enabling businesses to initiate proactive interventions for retention.

- **Seamless omnichannel experience for customers**

Integrating AI in the CX industry can help maintain a consistent conversation across diverse channels such as social media platforms, chat, and email, ensuring a seamless and enhanced omnichannel experience for customers.

Challenges in implementing AI for an enhanced CX

While an AI-powered CX spells numerous benefits for the customer and business, it comes with a fair share of challenges. Here are the key challenges that companies might face in implementing an AI-driven CX strategy:[5]

- **Data quality and availability**

AI/ML models require high-quality input data to learn relevant algorithms and function effectively. Often, poor quality or insufficient data hinders the training and performance of AI algorithms, resulting in inaccurate predictions and recommendations.

- **Privacy and security concerns**

Customer data privacy and security are paramount, not only in protecting the customer's interests but also in maintaining the brand's trustworthiness. Gathering data from myriad touchpoints raises concerns about data breaches, regulatory compliance, and trust.

- **Difficulties in integration**

A great customer experience calls for seamless AI integration across diverse channels. Unfortunately, legacy systems often do not support AI integration, making the shift complex, expensive, and time-consuming.

- **Difficulties in getting buy-in**

It can be difficult to get buy-in for an AI-driven strategy from the company's management for several reasons, including

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- High upfront costs for technology implementation and training
- Disruption of existing processes, workflows, and possibly employee roles
- Difficulty in finding and retaining AI experts in areas such as ML, NLP, and data science.

Implementing an AI-driven CX strategy: Tips and best practices

Given the growing need to incorporate AI into CX strategies, businesses must find ways to combat or circumvent the challenges in implementation. Here are some best practices to help with AI implementation:

- **Define your objectives**

Defining your personalisation goals and identifying areas that most need personalisation is crucial. For instance, your prime objective may be to reduce churn or to provide product support. It is important to pin the key areas for CX improvement

as AI models differ based on the output required.

- **Prioritise**

Considering technology costs, prioritise the areas where AI implementation is critical. This will help to contain costs, get more buy-in, and test the ROI on your AI initiatives.

- **Be consistent across channels**

Maintain a consistent tone and brand voice across all consumer touchpoints, including text messages, emails, social copy, apps, and in-store interactions.

- **Use high-quality data**

AI models are only as good as their input training data. Develop a mechanism for collecting large amounts of high-quality from multiple customer touchpoints for an effective AI-driven CX.

- **Build trust with customers**

Be transparent with customers about data collection and usage. Adhere to privacy policies, compliance regulations, and data security practices.



Conclusion

The integration of AI in the CX space has ushered in an era of personalised and enhanced interactions between organisations and their customers. AI-powered solutions come with the potential to further refine these interactions,

enabling businesses to anticipate needs, initiate proactive interventions, and build lasting relationships with customers.

However, balancing automation and the human touch is crucial, as warmth and empathy remain fundamental to an

exceptional customer experience. AI must augment rather than replace human effort in CX initiatives to drive lasting customer satisfaction and sustainable business growth.

* For organizations on the digital transformation journey, agility is key in responding to a rapidly changing technology and business landscape. Now more than ever, it is crucial to deliver and exceed on organizational expectations with a robust digital mindset backed by innovation. Enabling businesses to sense, learn, respond, and evolve like a living organism, will be imperative for business excellence going forward. A comprehensive, yet modular suite of services is doing exactly that. Equipping organizations with intuitive decision-making automatically at scale, actionable insights based on real-time solutions, anytime/anywhere experience, and in-depth data visibility across functions leading to hyper-productivity, [Live Enterprise](#) is building connected organizations that are innovating collaboratively for the future.

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