

ICXI-POST newsbriefing

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Introduction From The President

Artificial Intelligence (AI)

Artificial Intelligence (AI) we're told is here, is alive and well and already helping organisations in their quests to provide an efficient, cost effective and excellent experience to their customers.

According to Professor John McCarthy one of the founding pioneers of AI, from Stanford University, in simple terms, *Artificial Intelligence (AI) is processing large amounts of data to “learn” solutions to problems. He described it as “the science and engineering of making intelligent machines”. But it took many years for AI to overcome its biggest obstacle: the lack of computer storage and processing power required for the vast amounts of data for AI systems to function well. Thanks to computing power and data storage advancement through cloud computing, AI is now well-positioned to do incredible things.*

As is well proven by history technology can do incredible things both incredibly good things and incredibly bad things, however AI in the world of customer experience management is already gaining a firm foothold to the extent that Gartner predicts that *40% of customer interactions will be fully automated using AI and self service in 2023, up from around 25% in 2018* and Microsoft predicts *By 2025, as many as 95 percent of all customer interactions will be through channels supported by artificial intelligence (AI) technology.*



Perhaps a point to ponder is whether this enthusiastic optimism will be shared by the customer who in a real time experience with other AI –Artificial Ignorance or AI - Artificial Incompetence will use their own AI – Actual Intelligence to take their custom elsewhere.

So Is All AI the Same?

It appears not. According to “Splunk” in their publication
“5 Big Myths of AI and Machine Learning Debunked”

There are two main types of AI

1. **Narrow AI (ANI)** *Narrow AI is a collection of technologies that rely on algorithms and programmatic responses to simulate intelligence, generally with a focus on a specific task. When you use a voice recognition system like Amazon’s Alexa to turn on the lights, that’s narrow AI in action. Alexa may sound smart, but it doesn’t have any advanced understanding of language and can’t determine the meaning behind the words you speak*
2. **General Artificial Intelligence (GAI)** *GAI, in contrast, is intended to think on its own. The goal of GAI research is to engineer AI that learns in a manner that matches or surpasses human intelligence. GAI is designed to learn and adapt, to make a decision tomorrow that is better than the one it made today. None of this is easy, which is why most examples of AI you’ll encounter today are the narrow form.*

Another source, Toolbox.com quoting from research carried out by Aberdeen Strategy Research quotes as follows

Definitions:

Artificial Intelligence (AI) For the purposes of this research, Aberdeen defines AI capabilities as follows:

1. *Artificial intelligence: automated reasoning and decision -making capabilities based on insights uncovered through machine learning algorithms.*
2. *Machine learning :Technology applications that learn by themselves by analysing a pattern of historical and recent data.*
3. *Prescriptive guidance: Tools used to analyse structured and unstructured historical data to make predictions and suggest decision options.*
4. *Predictive analytics : Tools to predict future behaviour of customers.*
5. *Automation: Tools used to automate the execution of tasks such as customer routing, agent scheduling, and quality assurance. Firms may use one or more of the above capabilities at the same time to support their activities*

<https://www.toolbox.com/marketing/customer-experience/articles/ai-in-customer-experience-cx-in-2021-impact-analysis/>

Why Are Organisations Investing In AI for CX?

Table 1: Why Are CX Executives Using AI?

Top Reasons for Using AI (n=405)	2019	2020
Improve our ability to use data more intelligently in customer interactions	58%	61%
Empower employees with more actionable insights they can use to do their jobs	40%	29%
Reduce labor costs by decreasing headcount through automating certain activities	37%	34%
Reduce inefficiencies related to manual processes	19%	33%
We hear our competitors use it; we need to do the same to keep up	5%	8%

Source: Aberdeen, October 2020

And the investment trend continues to increase across the commercial world in 2021

Missing Out?

However research by HFS Research suggests that, because of lack of understanding, not all CX leaders have fully appreciated the potential of AI and are fully tuned into the opportunities available to them .

Customer Service leaders who think artificial intelligence (AI) stops at chatbots are cutting their careers very short. Too many people think that AI for customer service is limited to robotic chat screens and monotonous IVR scripts taking over from human customer service representatives.

However, with digital business strategies dominating the corporate agenda, the customer service function finds itself core to the success or failure of making these digital customer channels work, and the research showed that while 76% of C Level executives had a road map for the future, the number in CX executives was only 56%.



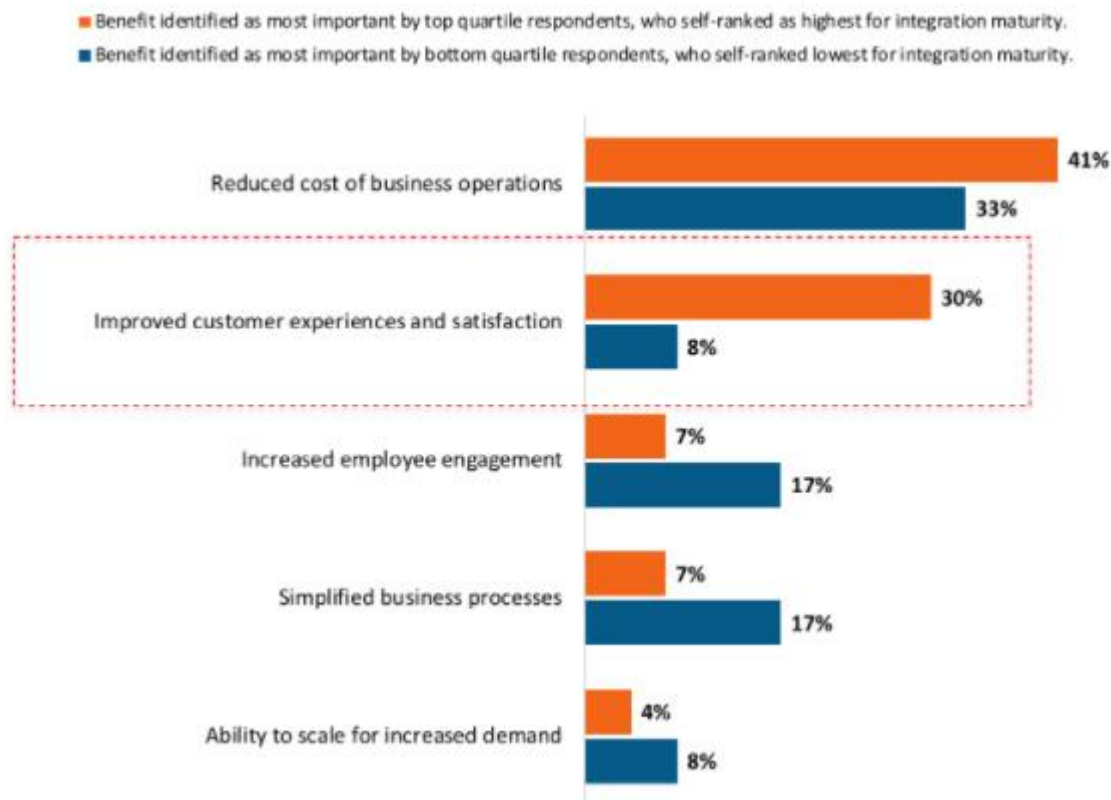
AI for customer service has far more sophisticated implementations than simply automating customer interactions. When implemented and designed well, AI in various elements of customer service has the capability to augment and assist an employee's experience, supporting customer-centricity in back- through front-office processes. As a customer service executive, you need to get on the right track to this reality, as this is where customer service is heading. You won't want to find yourself lost in a forgotten era, where voice-based call center agents being deployed from a variety of low-cost locations was the core requirement for customer engagement.

<https://www.hfsresearch.com/research/cx-leaders-have-a-massive-opportunity-to-impact-digital-business-strategies-by-mastering-ai/>

And Does AI Work to Improve CX for the Organisations?

It seems that silos are still a part of the problem in many organisations and in those organisations that have a more integrated structure with the whole organisation totally or at least mostly engaged on the aim of providing an upper quartile customer experience identify AI is able to deliver a better benefit in reducing cost and improving CX

Less integrated companies focus less on AI for customer experience



<https://www.hfsresearch.com/research/cx-leaders-have-a-massive-opportunity-to-impact-digital-business-strategies-by-mastering-ai/>

Less Integration = Less Customer Focus?

Which raises a general observation about the degree to which less integrated organisations are focused on the importance of the experience they deliver to their customers.

According to Netomi a machine intelligence company headquartered in Silicon Valley. There are seven ways they can help organisations use AI to improve the customers experience

Create Hyper-relevant Digital Ads

Power Personalized Search

Help Customers Find The Best Price

Provide Immediate Answers To Questions

Anticipate And Prevent Issues

Empower 24/7 Support Across Every Channel

Eliminate The Hassle Of Returns

While they point out that in Digital Ads as an example

- 91% of people say ads are more intrusive today than 2-3 years ago
- 83% of people agree with the statement: "Not all ads are bad, but I want to filter out the really obnoxious ones"
- 25.8% of internet users were blocking advertising

They say the situation represents a real opportunity for AI to be used as an agent for real change to resolve such issues and others like them in the list.

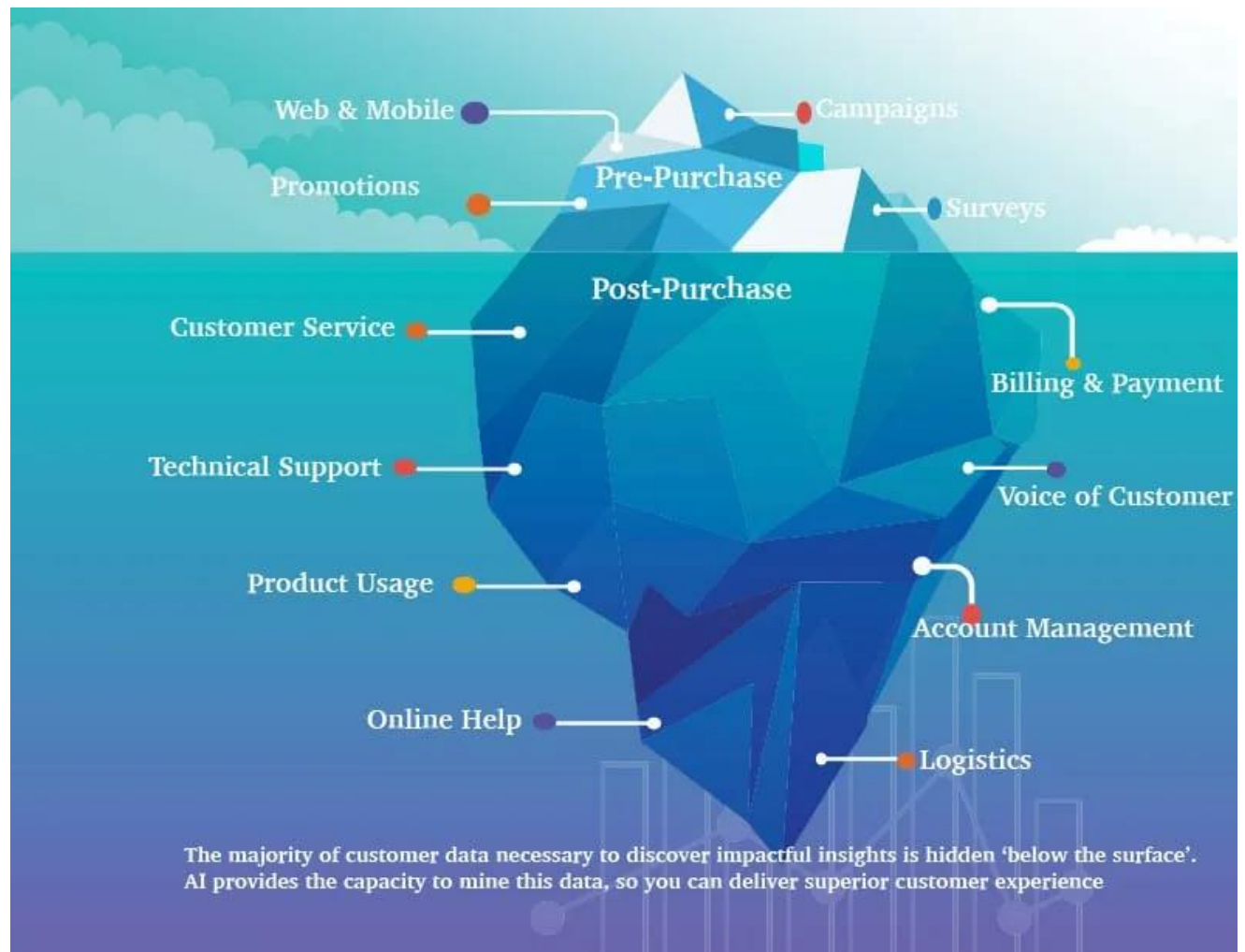
<https://www.netomi.com/ai-customer-experience>

Is It Safe to Go Back in the Water?

How Else Can AI Help Organisations to Better Understand Their Customers' Needs?

According to Pointillist

Customer experience is a competitive driver of growth when successful and the greatest source of risk when failing. Data insights are one of the primary tools for CX enhancement. However, CX datasets are messy and the customer behaviors are chaotic. The rules are undefined and the success criteria are ambiguous. CX is the nightmare dataset for an AI developer.



At the same time, this complexity is precisely the reason why AI can unleash so much value across the customer experience. Salespeople, call centre agents and employees in other customer-facing roles cannot be expected to understand a customer's entire history and derive their own insights from it in real time. Automated systems cannot be hand-programmed with rules to handle every conceivable customer history. Delivering a consistent experience across all channels requires finding patterns across an overwhelming number of data points. This is the perfect role for AI in customer experience.

3 Building Blocks for Successful Application of AI in Customer Experience

The successful application of AI in customer experience requires three fundamental capabilities:

1. Data Unification
2. Real-time Insights Delivery

Streaming Data

CLOUD SERVICES

CRM DMPs ecommerce
Digital Advertising Tracking

WEB & MOBILE

Clickstreams Form Data
App Interactions

ENTERPRISE SYSTEMS

IVR/Call Center Surveys
Support Requests

Dynamic Customer Profile



Real-Time Engagement

IN-THE-MOMENT INTERACTIONS

Web Chat Inbound Care
Website Mobile App POS
Kiosk/ATM Sales Rep IoT

TRIGGERED OUTREACH

Email Mobile Alert
Outbound Care Direct Mail
Bill Media

<https://www.pointillist.com/blog/role-of-ai-in-customer-experience>

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What Do The Customers of the Future Want and Can Help to AI Deliver?

In today's world customers have never before easily had so much access to information on prices, products and services and the best means to acquire them. In today's customer interaction with an organisation there is a growing trend towards the use, and among certain customer groups a preference, for self service wherein the whole transaction is done without any human intervention. In its traditional sense Self Service moved from grocery to fuel to an ever increasing part of the retail sector. Today, accelerated by the growth of online the reach of the internet and the power of mobiles it is continuing to increase as a primary channel through which the customer experience is delivered.



The old line about *"if you do not like the service when using self service you only have yourself to blame"* will not cut it in the online experience of today and tomorrow and it is in this area that AI may well be of great value for it is not just at the point of purchase that Self Service happens, just like the traditional customer experience journey it starts at the point where the customer germinates the idea of a purchase and goes right through to their whole life ownership of the product or service so AI should seek to support the customer who chooses the Self Service channel every step of the way.

Some facts from the Liferay publication below which have equal relevance for all organisations with omnichannel customer access.

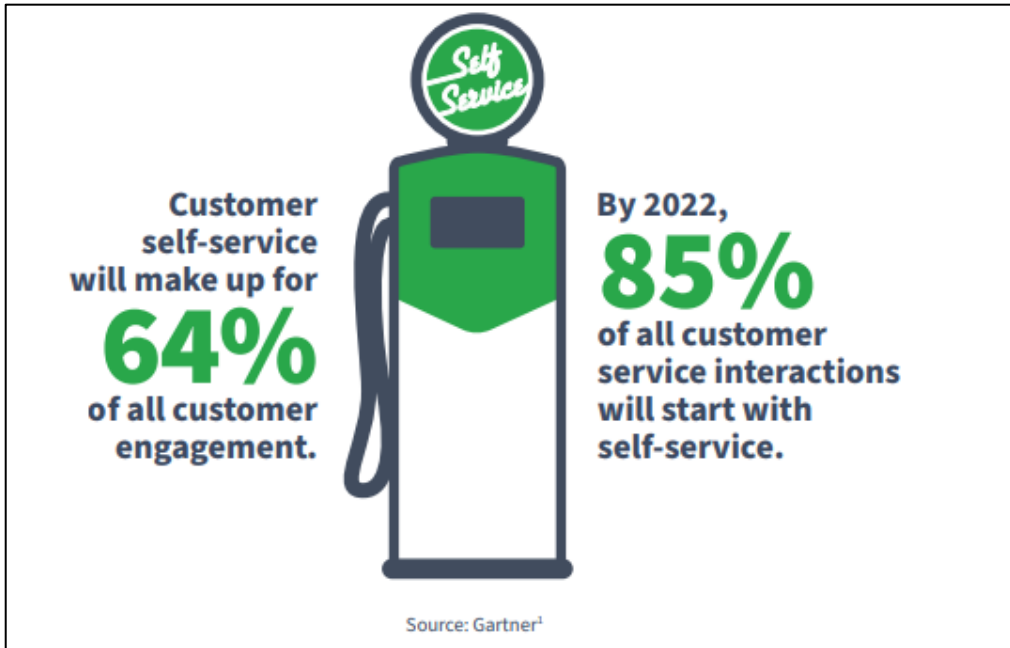
"Why Self-Service is Essential for Customer Web Portals Guide and Strategies for Customer Self-Service"

Self Service has now evolved to describe digital experiences that empower users with the tools to find the information they need and have a better experience with the product or service, without the assistance of a service rep.

81% of customers across industries attempt to take care of matters themselves before reaching out to a live representative.

Harvard Business Review

Ultimately, an investment into self-service is an investment in customer experience. The resources spent strategizing and executing digital self-service will be beneficial for all stakeholders



Well-implemented digital self-service can provide long-term ROI such as:



Some Considerations In Scoping the Issue

The International Customer Experience Institute's 5 P's Model can provide a useful template for developing the scope of an AI strategy.

	Now
Policies	<p>Is there a multi year policy covering the investment strategy and scope of AI as a means improving the customers' experiences?</p> <p>Is the leader responsible ensuring the contribution and support of the whole organisation</p> <p>What will be the strengths and weaknesses of the approach?</p> <p>How will it retain/create competitive advantage?</p>
Products /Services	<p>What percentage of your products and service are able to be delivered and managed by AI systems</p> <p>What will be the impact on prices/costs/revenue and profits?</p>
Places	<p>What will be the effect and/or changes on the current real estate/property/facilities of the organisation?</p> <p>What are the cost/revenue implications?</p>
Processes	<p>To what extent are the legacy systems capable of maintaining current operations and developing future growth?</p> <p>What is the ROI on any investment in AI technology innovation?</p> <p>Is on going customer journey mapping and other emotional and physical customer satisfaction research integrated into the strategy?</p> <p>Will omni-channel technology be a part of the strategic future?</p>
People	<p>How will customer facing staff be skilled to work with AI to optimise the customer experience</p> <p>How will future performance effectiveness/skill development and career progression be monitored/measured an implemented?</p>

Final Word

The ability to know not just what customers want and will want but also where customers are located added together with information on not only their thoughts but their emotional reaction to a product, service or situation are available today to those who see value in such knowledge.

AI is alive and well and is definitely here to stay. It will not be going away and the outlook is that while in some areas it has managed a bit of a shaky and sometimes irritating start it will definitely continue to improve and to those who develop it and apply it wisely to enhance the experience, convenience and satisfaction of their customers will be those most likely to enjoy, with their customers, the burgeoning range of mutually available benefits.

Recommended Reading

<https://www.splunk.com/pdfs/ebooks/5-big-myths-of-ai-and-machine-learning-debunked.pdf>

<https://www.pointillist.com/blog/role-of-ai-in-customer-experience/>

<https://www.talkdesk.com/resources/ebooks/5-steps-to-ai-success-netflix-customer-experience>

<https://www.toolbox.com/marketing/customer-experience/articles/ai-in-customer-experience-cx-in-2021-impact-analysis/>

<https://www.hfsresearch.com/research/cx-leaders-have-a-massive-opportunity-to-impact-digital-business-strategies-by-mastering-ai/>

<https://www.netomi.com/ai-customer-experience>

<https://acquire.io/blog/how-ai-can-improve-customer-experience/>

<https://www.cio.com/article/3633936/leveraging-ai-to-optimize-customer-experience.html>

<https://coreviewsystems.com/3-reasons-why-customers-who-hate-chatbots-are-gonna-love-conversational-ai/>

<https://readytrainingonline.com/articles/what-customers-want/>

<https://www.liferay.com/documents/10182/13811/Why+Self-Service+is+Essential+for+Customer+Web+Portals.pdf/a708a4fe-dea7-eb4e-e3f3-aacd9369aa5c?t=1590172970435>

The ICXI One Question Quiz

Is AI in your organisation the subject of a continuous development strategy?

YES

If “ No” are you comfortable that now is not a good time to start?

NO