

ICXI -POST newsbriefing

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Introduction From The President

Artificial Intelligence (AI) continues to attract the world's attention as its' availability to the wider consumer world has accelerated with the likes of Chat GTP, Bard, Co-Pilot et al. This has brought with it an attendant growth in concern regarding the management and regulation of its development and regulation. London has just hosted an AI Safety Summit which not only managed to assemble senior representatives from the leading AI nations and also had Elon Musk, currently a leading global personality in the field, but also managed to get some census of agreement on the need for considered regulation as AI moves inevitably forward. According to UK Guardian news the Summit output included

- * Internationally governments are getting involved with the USA saying major AI innovations must get government approval and the UK joining them in setting up an AI Safety Institute to monitor AI development*
- * While there is consensus that the short term risk is low opinion is divided on the long term risk and on the degree to which a disinformation glut may prevail*
- * Countries moving at their own speed on AI regulation with some expressing doubt about the ability of regulation to keep up with the speed of AI development*

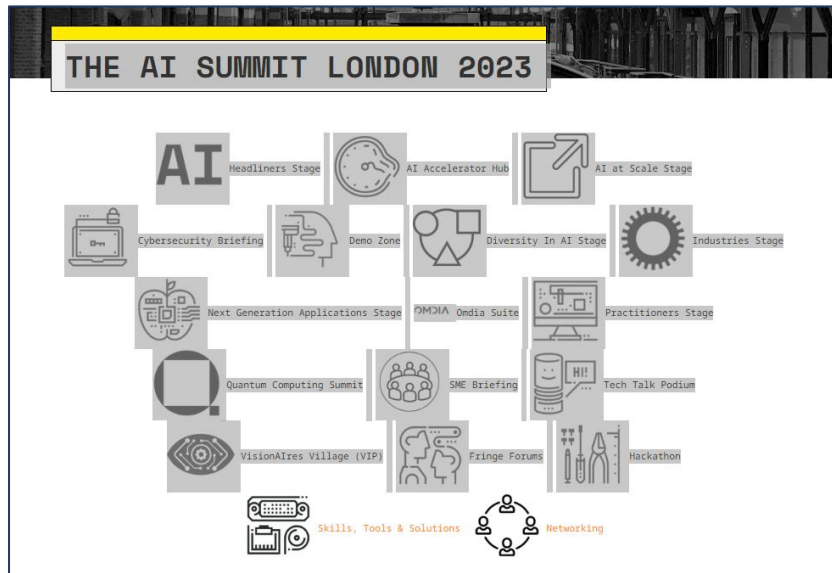
The Indian Express newspaper additionally reports as positive

- * The fact that consensus was formalised by the 28 countries present by the signing of the Bletchley Agreement*
- * US Vice President Kamala Harris gave a speech highlighting current harms from AI, like discrimination, misinformation, and democratic challenges, saying that they are already affecting vulnerable populations*
- *.The UK invests in new AI supercomputers. Major £225 million investment into powerful new supercomputers called Isambard-AI and Dawn to achieve breakthroughs across healthcare, energy, climate modelling and other fields.*
- * Global AI dominance up for grabs, major players like the US, EU and China also vying for AI leadership, it's clear there's a high-stakes technological arms race at play. While the UK summit focused on cooperation and safety, each region wants to dictate the rules and standards for AI in alignment with their economic and political goals.*

A summary quote from Reuters by Elon Musk stated

"We live in the most interesting times," he said. "And I think this is 80% likely to be good, and 20% bad, and I think if we're cognisant and careful about the bad part, on balance¹ actually it will be the future that we want."

There is no shortage of conferences on AI and a look at the agenda from the AI Summit in London in 2023 shows a full, frantic experience with numerous stages, forums on multiple applications of AI.



The Financial Times , Future of AI Summit promises its cross-sector audience of strategy, innovation, technology, and business function leaders charged with integrating, scaling and commercialising AI the information they need to develop a successful AI strategy

So the future of AI is stirring up plenty of excitement and operational opportunity hyperbole and a touch of nervous caution at the moment. Much is being floated about the potential impact of AI on employment, including its disappearance altogether, but not quite so much discussion about the people who provide the means for employment into whatever form it evolves , the customers.

Very recently there was the promise that the Metaverse would change everything in the realm of the customer experience and 3D printing has yet to stumble out from the undergrowth into the clearing of everyday customer opportunity.



So is AI going to change the world of the customer experience in the near future?

Up to now it is true to say that in customer experience terms early forms of chatbot and interactive voice response (IVR) systems have met with a mixed reception, even earning the epithet “Artificial Stupidity” in some quarters

In June 2023 a Gartner Press Release stated

Gartner Survey Reveals Only 8% of Customers Used a Chatbot During their Most Recent Customer Service Interaction

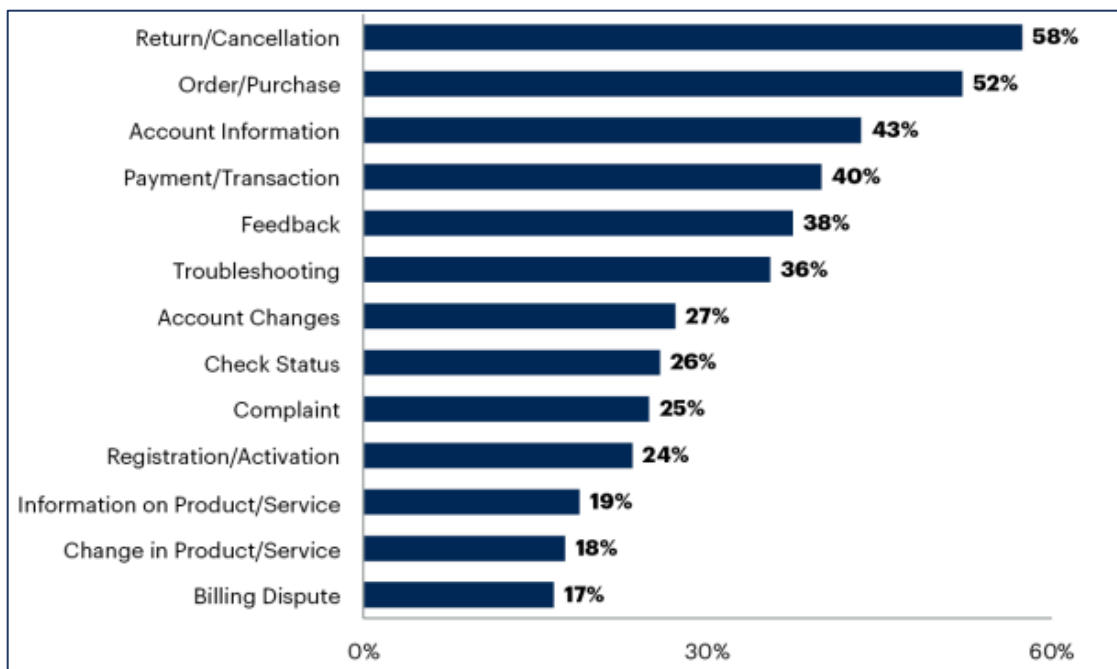
Despite Service Leaders’ Growing Investment in Chatbots, Customer Adoption Remains Low

Of those, just 25% said they would use that chatbot again in the future.

Despite customer service and support leaders’ growing focus on chatbots, customer use of them remains low, suggesting they don’t consistently help customers accomplish their goals. The ability of a chatbot to move the customer’s issue forward was the top driver of adoption, explaining 18% of the variance in customers’ likelihood to use their chatbot again.

“While many customer service and support leaders look to chatbots as the future of the function, customers clearly need some convincing,” said Michael Rendelman, Senior Specialist, Research, in the Gartner Customer Service and Support practice. “To improve chatbot adoption, the key is to focus on improving the chatbot’s ability to move customers’ issues forward.”

Resolution Rates by Service Issue Type for Chatbot Users



Source: Gartner (June 2023)

While service organizations have a deep understanding of the capabilities and limitations of their chatbots, and what issues are a good match for chatbots to resolve, customers do not. The survey found customers are just 2% more likely to use a chatbot for a return/cancellation than use it for a billing dispute, despite a significant difference in resolution rates between the two.

*“Chatbots aren’t effective for all issue types,” said Rendelman. “As generative AI makes them more advanced, customer confusion about what chatbots can and can’t do is likely to get worse. **It’s up to service and support leaders to guide customers to chatbots when it’s appropriate for their issue and to other channels when another channel is more appropriate.**”*

<https://www.gartner.com/en/newsroom/press-releases/2023-06-15-gartner-survey-reveals-only-8-percent-of-customers-used-a-chatbot-during-their-most-recent-customer-service-interaction>

McKinsey reported in their paper

Getting the best customer service from your IVR: Fresh eyes on an old problem

Interactive voice response (IVR) systems have one major flaw: people don’t like them. To address this, companies need to rethink their design priorities and put customer experience first.

For customer-service leaders, the unpopularity of IVR creates a dilemma. On one hand, their job is to improve customer experience and satisfaction. On the other hand, they need to meet demanding objectives to reduce costs.

We believe that it is possible for companies to avoid the perceived trade-off between cost and customer satisfaction. That’s because the problem with many of today’s IVR systems is not rooted in the technology—which is becoming increasingly sophisticated, capable, and flexible—but rather in its implementation.

Why and how IVR can go wrong

Most companies that design their IVR systems start at the wrong place, focusing primarily on their cost-reduction objectives instead of customer experience. This approach leads to five common problems.

A one-size-fits-all mentality

Most IVR implementations are designed with one goal in mind: a reduction in the volume of calls. In other words, the system tries to prevent any caller from getting to an agent,

Confusing navigation and terminology

The wording and menu structures used in IVR systems often reflect the company’s internal terms and processes rather than the language and needs of customers.

Poor integration with other channels

IVR systems are often built in isolation from other channels.

Lack of timely updates

Customer needs and business offerings change all the time, but companies are often slow to modify or update their IVR systems.

Not measuring satisfaction with the IVR system

Many organizations only track call-containment rates, without measuring customer satisfaction.

<https://www.mckinsey.com/capabilities/operations/our-insights/getting-the-best-customer-service-from-your-ivr-fresh-eyes-on-an-old-problem>

So Chatbots and IVR what's the difference?

This is described by LIVEVOX in their article

What are Chatbots & How are They Different from IVR and Virtual Agents?

Chatbots

At their most fundamental level, chatbots are AI-driven computer programs that simulate human conversation and allow interactions with digital devices to unfold as if chatting with a real person. A chatbot can be a catch-all term that describes any automated voice or digital interaction. Chatbots rely on rule-based configuration, which means they require human input to evolve and change. For instance, a chatbot won't automatically know when a new knowledge base FAQ article can answer a customer query—you have to tell it to surface that information.

Conversational IVR

Advanced IVRs take the legacy IVR touch-tone input one step further by comprehending the caller's speech, albeit within the scope of understanding defined by programmed keywords. Conversational IVRs layer in natural language processing (NLP) to parse and interpret indirect phrases, incomplete sentences, and even context. Because they use AI and machine learning, conversational IVRs are capable of improving proficiency over time.

Virtual agents

Similar to conversational IVR, virtual agents have the additional layer of natural language processing. Where chatbots rely on the programmed knowledge base and conversational IVRs rely on voice inputs, virtual agents do both by pulling from that base as well as the custom NLP algorithms that "train" it to speak and sound more human-like.

How are they different?

Chatbots, IVR, and virtual agents are all points on the automation spectrum.

When deployed, they help customer service teams more effectively route issues and provide customers quick self-service opportunities.

They differ in several ways, though they achieve many similar outcomes with distinctions that add important functional nuance to the use cases they satisfy.

Broadly speaking:

Chatbots don't use AI in tandem with machine learning to "learn"

Chatbots also don't use speech recognition and are usually incapable of handling complex communication unless otherwise programmed.

How are they similar?

All three are task-oriented

Chatbots are rule-based, using an “if, then” system to make decisions about what comes next in the conversations with your customers. Their functionality is limited by known variables as little machine learning is integrated. Task-oriented conversational IVRs and virtual agents use natural language processing to provide automated responses to inquiries.

All three are data-driven

Omnichannel web chatbots are rule-based, while the more advanced IVR and virtual bots use machine learning to improve interactions. Both rely heavily on customer data, they just tap into it in different ways.

All three can record, associate, and infer sets of data from conversations with your customer. When your customer asks for account information, AI-powered chatbots can learn from past interactions. In this way, AI-driven chatbots are better able to anticipate your customer’s needs and provide accurate recommendations. While task-oriented chatbots accomplish mundane tasks easily and efficiently, data-rich intelligent AI bots ice the customer service cake.

They all offer a wide scope of ability

The scope of what chatbots, IVR, and virtual agents can accomplish is quickly broadening. Many can help customers modify account information, make payments, or ask technical questions about a product. NLP allows those requests to be conversational and specific. By leveraging AI, chatbots can hone their ability to serve your customers.

They all offer always-on service with instantaneous answers

70% of customers say they expect an immediate response time when they submit a complaint. Chatbots, IVR, and virtual agents never sleep. This means your customers can contact you 24 hours a day, seven days a week. The wider those options are, the happier your customers will be. Chatbots, conversational IVR, and virtual agents can lend a hand here, too. When customers are met with a conversational IVR or virtual agent, the AI on the other end can be programmed to handle complaints and direct them to a resolution.

They all enhance self-service & refine customer journeys

Making yourself available on whatever channel your customer chooses is no longer optional. Customers increasingly expect to be able to reach out across messaging platforms. Be it Slack, Facebook Messenger or WeChat, customers want to talk to you on the channel of their choice and those channels are usually digital.

The tasks accomplished over messaging apps and IVRs don’t need to be complicated. Using task-oriented chatbots and intuitive virtual agents, customers can get quick responses to their queries without the headache.

They all help create personalized experiences

A personalized customer experience signifies that you take your customer's interests to heart. What's more, tailored conversations can get right down to what they need.

Chatbots that leverage AI create personalized customer experiences by building on past conversations, and a personalized experience translates to better customer engagement. AI-driven bots, conversational IVR, and virtual agents are a logical solution for a contact center that makes customer experience a top priority.

Expect to see AI bots become more and more commonplace. Considering their practicality, how could they not?

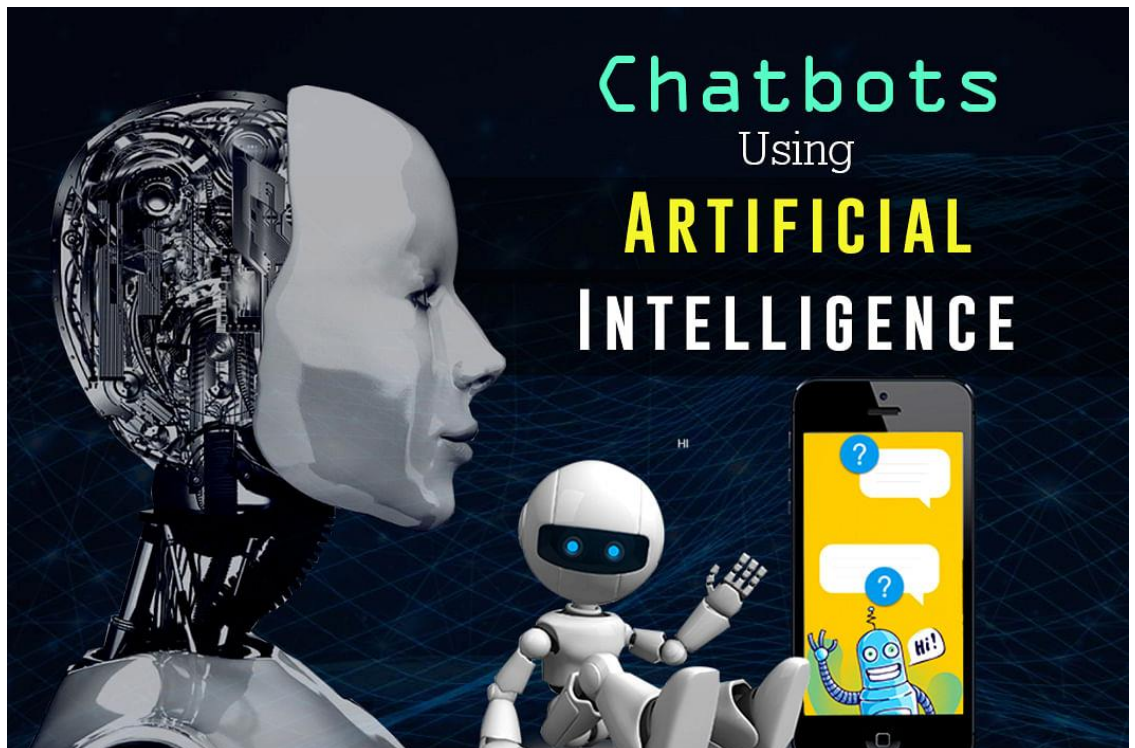
Should you use one or all of them?

As you can see by now, each capability offers distinct benefits, it just depends on your use case.

In short, chatbots can answer straightforward questions and process simple tasks. They also require a knowledge base. Conversational IVR and virtual agents, with the help of AI, can address the core demands of customers, understand verbal nuance, engage in a human-like manner, and get smarter with every interaction.

Quality inbound customer service ensures the amount of time your customer spends getting to a resolution is brief but thorough, anticipates needs, and answers inquiries completely.

<https://livevox.com/what-are-chatbots-how-are-they-different-from-ivr-and-virtual-agents/#gref>



So is the current technology capable of creating the kind of experience that addresses customer needs?

The answer to that appear to depend on who you are and what it is you want to accomplish resulting in mixed messages in the market.

The USA Government's Consumer Financial Protection Bureau states in its ***Chatbots in Consumer Finance*** report

Working with customers to resolve a problem or answer a question is an essential function for financial institutions – and the basis of relationship banking.¹ Customers turn to their financial institutions for assistance with financial products and services and rightfully expect to receive timely, straightforward answers, regardless of the processes or technologies used.

The following research conducted by the Consumer Financial Protection Bureau (CFPB) explores how the introduction of advanced technologies, often marketed as “artificial intelligence,” in financial markets may impact the customer service experience. The purpose of this report is to explain how chatbot technologies are being used by financial institutions and the associated challenges endured by their customers.

Financial institutions are increasingly using chatbots as a cost-effective alternative to human customer service. Our review found that each of the top 10 largest commercial banks have deployed chatbots as a component of their customer service. Approximately 37% of the U.S. population is estimated to have interacted with a bank's chatbot in 2022, a figure that is projected to grow.² As chatbot technology has evolved, so too has banks' use of the technology. Banks are moving from simple, rule-based chatbots towards more sophisticated technologies such as large language models (“LLMs”) and those marketed as “artificial intelligence.”

Chatbots may be useful for resolving basic inquiries, but their effectiveness wanes as problems become more complex. Review of consumer complaints and of the current market show that some people experience significant negative outcomes due to the technical limitations of chatbots functionality. There are many kinds of negative outcomes for the customer, including wasted time, feeling stuck and frustrated, receiving inaccurate information, and paying more in junk fees. These issues are particularly pronounced when people are unable to obtain tailored support for their problems.

Financial institutions risk violating legal obligations, eroding customer trust, and causing consumer harm when deploying chatbot technology. Like the processes they replace, chatbots must comply with all applicable federal consumer financial laws, and entities may be liable for violating those laws when they fail to do so. Chatbots can also raise certain privacy and security risks.³ When chatbots are poorly designed, or when customers are unable to get support, there can be widespread harm and customer trust can be significantly undermined.

Digital Genius explains in their paper ***Problems customer service chatbots don't solve*** For all the good chatbots do for businesses looking for solutions, they aren't perfect. At worst, they can impinge on the customer journey and create a bad customer service experience. Let's take a look at why this can happen.

Errors Organizations Have Encountered Using Intelligent Assistants / Chatbots in the Workplace

Among organizations currently using intelligent assistants / chatbots



Source: Spiceworks

Consumers are impatient

Speed is everything to today's buyers, and patience wears out at 10 minutes

82%

of consumers rate an "immediate" response as important or very important when they have a marketing or sales question.

Percentage of consumers who define "immediate" as 10 minutes or less, by their stage in the customer journey.

90%

of consumers rate an "immediate" response as important or very important when they have a customer service question.



Base: 1,000 consumers in the US, UK, Australia, and Singapore
Source: HubSpot Research Consumer Customer Support Survey, Q2 2018

HubSpot Research

CHATBOTS DON'T TAKE ACTIONS

Remember how we said chatbots help to answer common questions? One of the struggles of simple chatbot technology is the inability to complete backend processes. Instead, they rely on the end-user to take further actions themselves. Part of the reason for that is in many cases, contact centre agents use between 5 and 8 different systems to resolve inbound queries. The result is that the customer is frustrated because they either have to specifically request a human agent or give up.

THEY'RE LESS PERSONAL THAN THEY SEEM

While a chatbot is usually designed to have an on-brand personality, that doesn't mean having them leads to a more personalised experience. The fixed responses in pre-programmed workflows can actually have the opposite effect. According to Acquia, 75% of customers feel these experiences are impersonal. The key here is that personality doesn't always mean personal — without customer relationship management (CRM) information and process integration, customers can feel they aren't getting a better customer experience

THEY'RE LIMITED BY KEYWORDS OR FIXED RESPONSES

This problem feeds into the previous one — fixed responses make it so that the customer is limited in their ability to describe their issue. These can lead to frustration and customers ultimately feel the need to speak to human beings.

Having a chatbot adds friction to the process for queries that aren't simple. You'll often find customers are already in a bad mood having wasted time before they get to the human interaction.

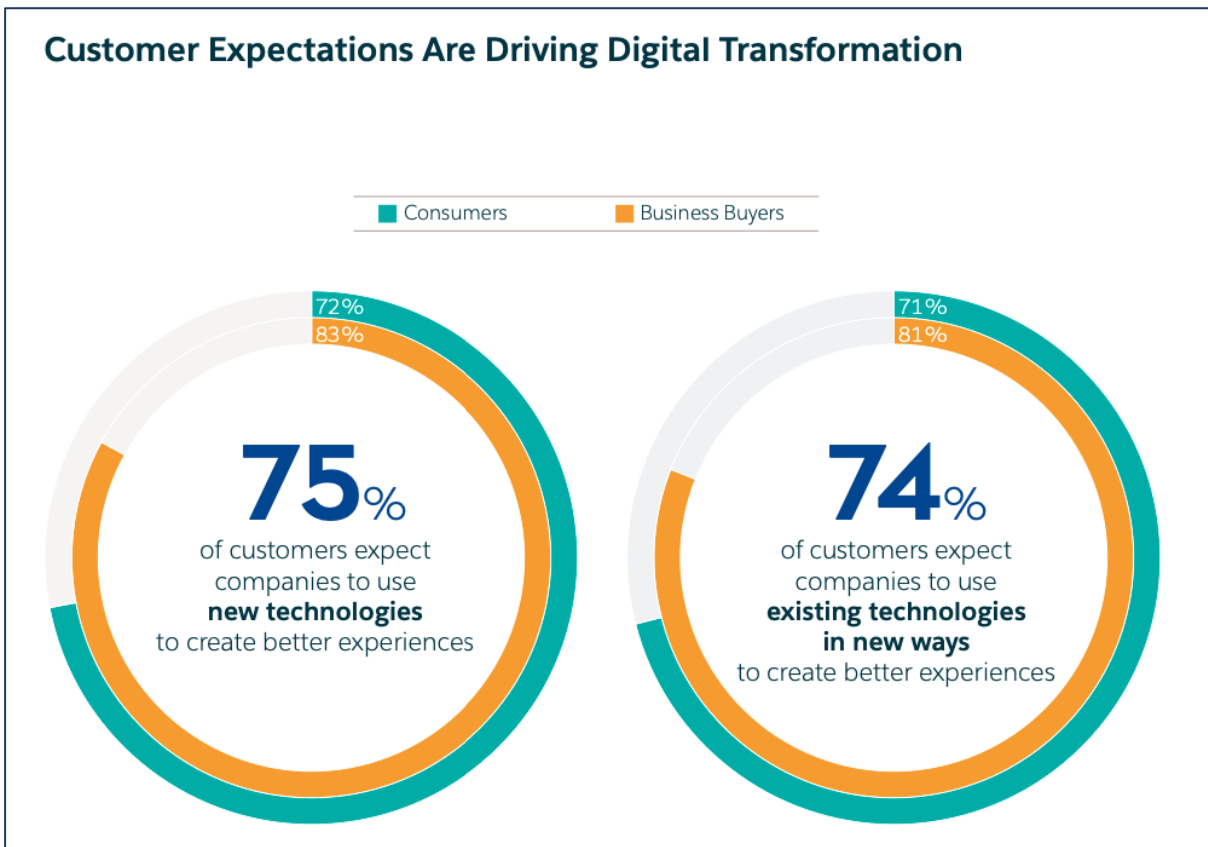
The solution: artificial intelligence, machine learning, and process automation

The problem with chatbots is that they fall short in providing meaningful solutions to issues customers face. Even with simple requests. So where do you go from there?

The majority of failings chatbots have can be resolved while keeping the benefits by using these solutions:

AI and machine learning can use historical and new transcripts and learn how best to solve queries from them. By connecting CRM and customer service software, process automation can help take actions, not just tell customers where to find more information. Advanced natural language processing can detect frustration and route the query directly to an agent.

[Why Chatbots Don't Solve all Customer Service Problems | Digital Genius](#)



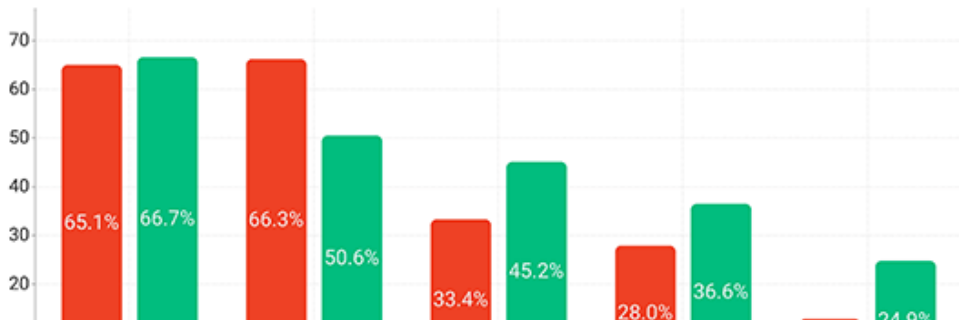
So Chatbots and IVR have limitation but have now become, in percentage terms the fastest growing communication tool and an increasingly important revenue generating medium what has the future to offer.

The risk appears to be clear for organisations looking to optimise their opportunities by offering their customers an increasingly popular engagement channel.

Get AI to deliver the right customer experience and the opportunity of growth from a satisfied and loyal customer base is possible, get it wrong and the opposite looms as a strong probability.

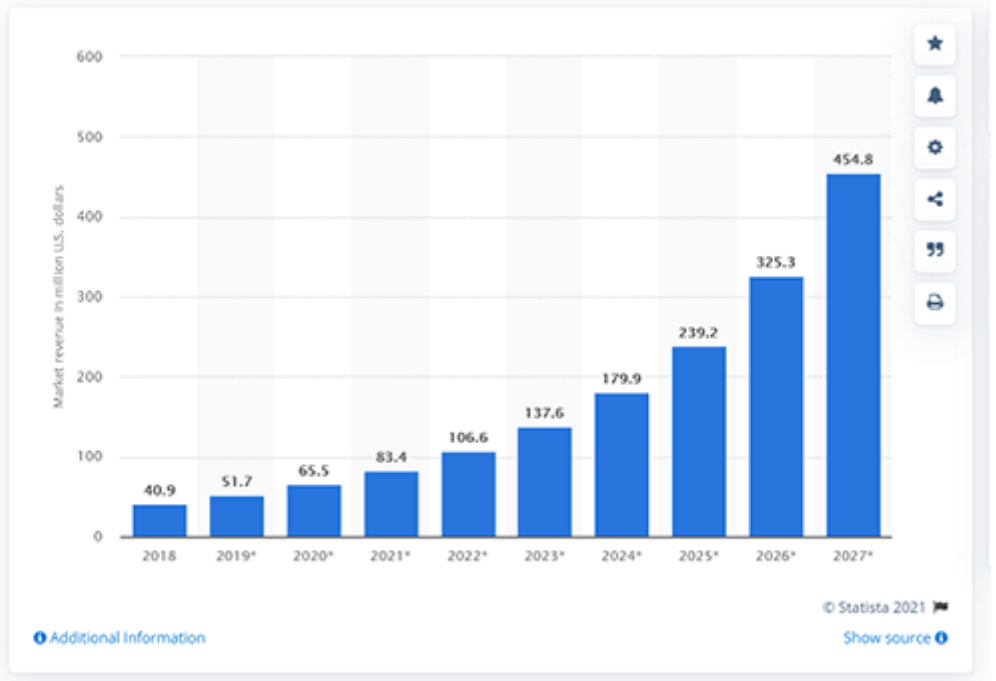
Usage Of Chatbot As A Brand Communication

Between 2019 and 2020



Chatbot market revenue worldwide from 2018 to 2027

(in million U.S. dollars)



Source: Statista¹

So What of tomorrow?

According to REVEChat

Business chatbots are a critical resource for enhancing the consumer experience and providing excellent customer service. Chatbots are transforming the ways businesses connect with current and prospective customers. As per Gartner, "Artificial Intelligence (AI) will be a mainstream customer experience investment in the next couple of years". 47% of organizations will use chatbots for customer care and 40% will deploy virtual assistants. AI has been revamping the ways of communication ways for businesses both with customers and internally.

Going further, chatbots are predicted to move from simple user-based queries to more advanced predictive analytics-based real-time conversations.

Key chatbot statistics

The market size of Conversational AI is expected to reach USD\$1.3 billion by 2025, growing at a CAGR of 24% (Cognizant)

The projected value of chatbot eCommerce transactions by 2023 is \$112 billion. (Juniper Research)

More than 50% of enterprises will spend more per annum on bots and chatbot creation than traditional mobile app development. (Gartner)

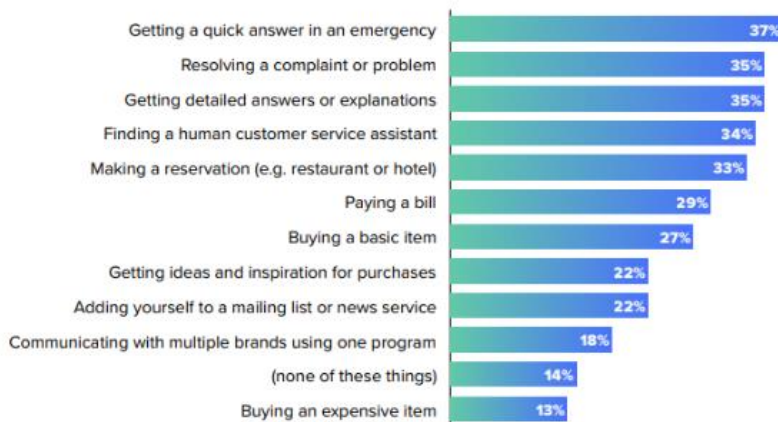
75-90% of queries is projected to be handled by bots by 2024. (CNBC)

The top industries profiting from chatbots are real estate, travel, education, healthcare, and finance. (Service Bell)

Chatbots can save up to 50% in customer support costs. (Invespcro.com)

Predicted Use Cases for Chatbots

What do you predict you would use a chatbot for?



Source: Digital Marketing Community

[Top 12 Chatbots Trends and Statistics to Follow in 2023 \(revechat.com\)](https://revechat.com)

Babelforce believes that going forward it is not just organisations that need to evolve to adopt AI it is the technical industry too .

If you follow customer service trends, you'll notice that even though consumers consistently report low satisfaction with the technology, the market for IVR systems continues to grow. 47% of consumer respondents to a 2019 survey said they experience frustration when encountering call center IVR systems. 51% of those surveyed have even abandoned calls rather than navigate an IVR menu.

And yet, the Interactive Voice Response Market size was valued at USD 4.1 Billion in 2021 and is projected to reach USD 6.6 Billion by 2030, according to Verified market research. This begs the question: why are companies continuing to invest in a technology that aggravates their customers?

IVR dissatisfaction is increasing because consumers expect better service

Not all companies have caught up to customer-centricity

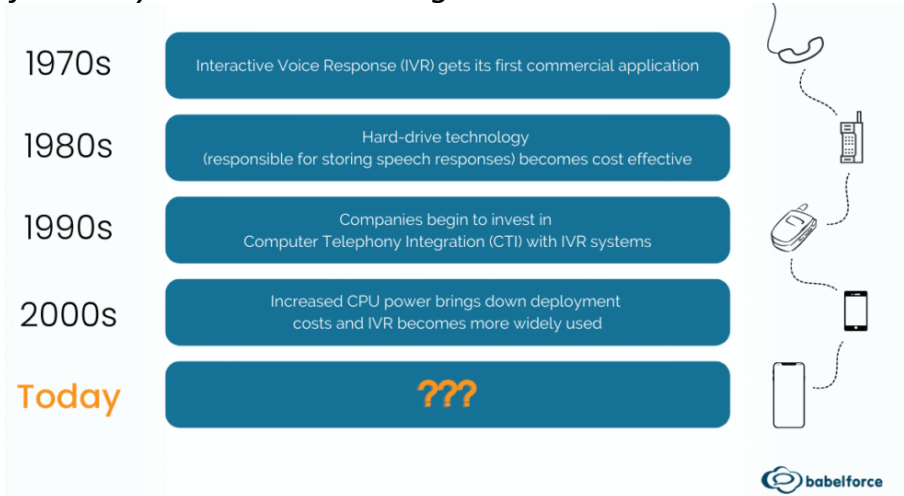
It's time for IVR systems to evolve...again?

Does intent recognition spell the death of the IVR menu?

Customer centricity means putting the customer at the heart of your business. Customer-centric organizations consider how their decisions affect the customer, and kick-start new initiatives based on customer needs rather than business needs.

*In the world of the contact center, an IVR system that is not customer centric would open an interaction by listing the parts of the business the caller can connect to so customers have to sit through long menus with many irrelevant options, and may find that what they need isn't listed at all. **The fact that businesses still present customers with this kind of experience goes a long way to explaining why consumer dissatisfaction with this technology persists.***

It's time for IVR systems to evolve...again?



[Why are businesses still investing in IVR systems? | babelforce – The No-Code Contact Center Platform](#)

And what might the next generation of technology look like?

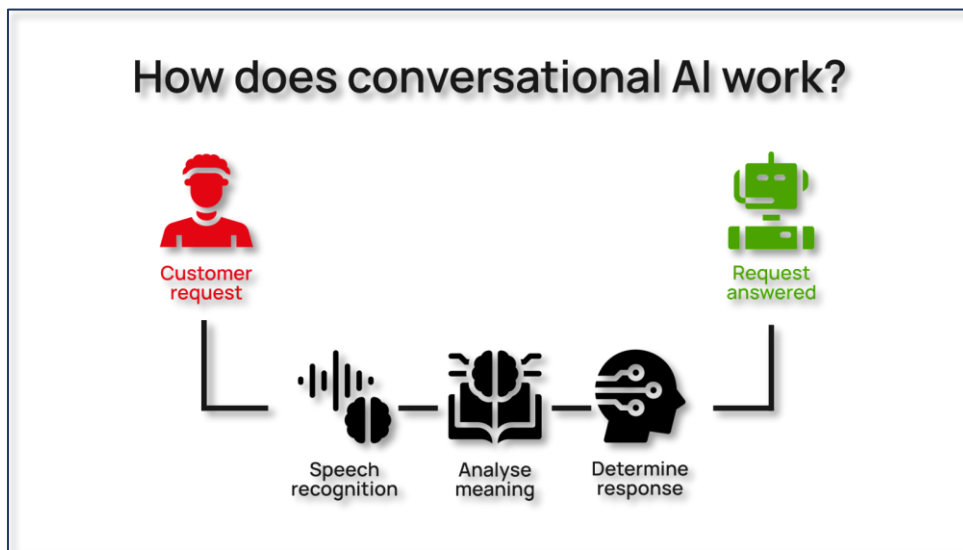
There are a myriad of supply options available. One such is proposed by **action.ai** in ***The Demise of IVR and the Future of Voice***

The future of customer service automation

The conversational AI industry has overpromised and undelivered. The lofty goal of automating complex customer service calls over the phone has been diluted. And the no- and low-code tools that currently dominate the industry are capable of providing only simple chatbot services that struggle to handle even the most basic of customer requests.

Our unique approach

The automated customer service applications developed by action.ai represent the next generation of IVR and conversational AI technology. Our customer service automation technology allows for efficient resolution of calls using natural language over the telephone. This means that customers can simply say what they need, and they can receive an intelligent and human-like response and benefit from associated actions. In a remarkably wide range of situations, our AI automation technology can resolve the customer's request on the first call. In the rare situations where it can't, our system will intelligently route the customer to the most appropriate human agent.



Customers can interact in any order they please, with no need to follow a rigid hierarchy of keypad presses and robotic responses. Rather than constraining users, our technology liberates your customers to express themselves using their own words and in their own time. With our technology, you can be confident that when your customers call, the first voice they hear will be empathetic, understanding, and capable of delivering exceptional customer service.

[The demise of IVR and the future of voice - action.ai - Conversational Interfaces and Automated Customer Services](#)

The last paragraph perhaps describes the dream, can AI make such a customer experience come true?

The Last Word

AI is here to stay and appears to offer beneficially safe opportunity in the short term at least, perhaps the time to worry if AI develops its own imagination, mankind's magic ingredient. As AI inevitably flows into a myriad of applications that companies adopt in their customer experience management strategies it may be important for organisations to keep a couple of the old customer service management truths in mind when adopting new ways of managing the customer interface in an omnichannel environment.

Firstly, there is no obligation on the customer to understand. An organisation is free to structure its operation any way it chooses but the customer is not required to understand their reasons as a precursor to giving the organisation its business. As AI tools become available it would appear prudent to ensure that AI learns how to service the customer rather than the customer being required to learn how to use AI to get the service they need.

Secondly, it may be wise to proceed carefully, test thoroughly and finally *under-promise-and-over-deliver* may be an even more useful mantra in the rapid application of AI to give us the future that we want for customers.

Recommended Reading

<https://www.theguardian.com/technology/2023/nov/02/five-takeaways-uk-ai-safety-summit-bletchley-park-rishi-sunak>
<https://indianexpress.com/article/technology/artificial-intelligence/uk-ai-safety-summit-takeaways-9010865/>
<https://www.reuters.com/world/uk/uk-pm-sunak-lead-ai-summit-talks-before-musk-meeting-2023-11-02/>
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<https://www.sutherlandglobal.com/insights/technology/learn-how-ai-driven-analytics-is-driving-the-future-of-customer-care>
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<https://chainstoreage.com/do-customers-ai-based-chatbots>
<https://www.techbusinessnews.com.au/blog/why-customers-dont-like-or-hate-chatbots-bad-for-business/>
<https://www.gartner.com/en/newsroom/press-releases/2023-06-15-gartner-survey-reveals-only-8-percent-of-customers-used-a-chatbot-during-their-most-recent-customer-service-interaction>
<https://startupbonsai.com/chatbot-statistics/>
<https://www.mckinsey.com/capabilities/operations/our-insights/getting-the-best-customer-service-from-your-ivr-fresh-eyes-on-an-old-problem>
<https://action.ai/the-demise-of-ivr-and-the-future-of-voice/>
<https://www.zendesk.co.uk/blog/customer-experience-in-banking/#georedirect>
<https://bloggingwizard.com/chatbot-statistics/>
<https://www.revechat.com/blog/chatbots-trends-stats/>
<https://www.consumerfinance.gov/data-research/research-reports/chatbots-in-consumer-finance/chatbots-in-consumer-finance/>
<https://livevox.com/what-are-chatbots-how-are-they-different-from-ivr-and-virtual-agents/#gref>
[Top 12 Chatbots Trends and Statistics to Follow in 2023 \(revechat.com\)](https://www.revechat.com/top-12-chatbots-trends-and-statistics-to-follow-in-2023/)