DRIVE RESULTS WITH AI-POWERED CX

LOWER COSTS, BOOST REVENUE, AND CREATE HAPPY CUSTOMERS

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Overview

AI and automation capabilities are on a fast track for adoption across many businesses. This latest research by Aberdeen shows that CX leaders who incorporate these capabilities within their digital experience programs can minimize costs, grow revenue, and delight their customers.

Digital & AI: What's In It For CX Leaders?

The contact center of today is almost unrecognizable when compared to its counterpart just a decade ago. The complexity of customer interactions that contact center and CX leaders must manage has never been greater. There are more social media portals customers in both B2B (business-to-business) and B2C (business-to-consumer) industries use to share word-of-mouth and self-navigate their buyer journeys. There are also more channels customers use as part of their interactions with firms to buy products/services or seek support. In fact, findings from Aberdeen's CX Leaders' Agenda 2024 survey shows that, on average, 50% of businesses use at least 17 channels in their CX channel-mix. This is a significant increase from just 10 channels reported in a similar survey Aberdeen conducted in 2010 – marking a **70% increase in the number of digital channels CX leaders use to engage customers**.

The *CX Leaders' Agenda 2024* survey featured responses from 610 firms across all industries and company sizes. One of the survey questions asked business leaders about the top roadblocks affecting their ability to accomplish their goals. The findings revealed that the unpredictable economic environment is the number one challenge affecting CX programs, reported by 46% of firms (Table 1). Following that, the rising cost of doing business and supply chain disruptions tie as the second top pressure, both reported by 35% of respondents. Other prominent challenges business leaders reported facing their CX programs include difficulty finding and hiring human talent (33%) and lack of technology tools needed to support business activities (26%).

Table 1: Top Hurdles Affecting CX Programs

Top Challenges (n=610)	All Respondents
Unpredictable economic environment	46%
Rising cost of doing business	35%
Supply chain disruptions	35%
Difficulty finding & hiring human talent	33%
Lack of technology tools needed to support business activities	26%

Source: Aberdeen, January 2024

An overall look at these challenges shows that only one of them is a roadblock business leaders have direct control over addressing: lack of technology tools needed to support

business activities. Therefore, it's not surprising that the survey results show AI ranks as the top technology capability business leaders plan to deploy in 2024 to achieve their goals. This prioritization of AI investment is fueled by the payoff companies already observe when they incorporate AI within their activities. Aberdeen used self-reported performance data from survey respondents to observe the business impact of AI-powered digital experiences.
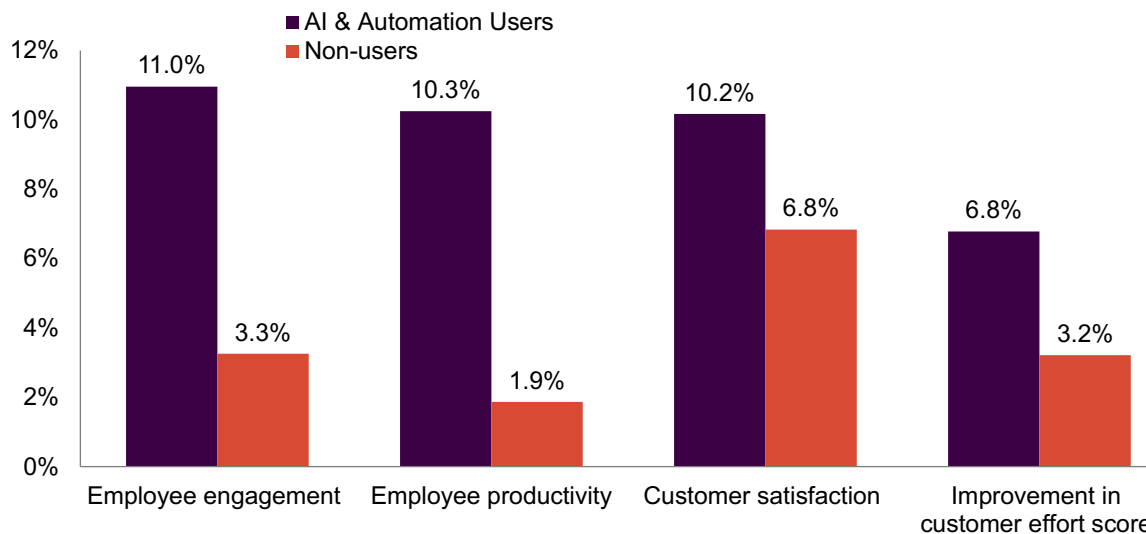
4 Ways AI & Automation Support Digital Engagement to Boost Results

There are numerous metrics companies use to gauge success in their CX activities. Below is an overview of how AI users' performance compares across four categories of key metrics to non-users. For the purposes of this research, 'AI & Automation' users are defined as companies using these technologies specifically within their CX activities.

1. Customer Experience & Employee Engagement

Customer satisfaction remains the north star for all CX leaders. As such, increase in customer satisfaction rates and delivering effortless interactions are both crucial for leaders across all business departments, including contact center, sales, marketing, service, and commerce. Figure 1 shows that **companies with AI-powered CX programs enjoy 50% greater year-over-year** (YoY) **increase in customer satisfaction rates** (10.2% vs. 6.8%) **and 2.1-times greater YoY improvement (decrease) in customer effort scores** (see sidebar - 6.8% vs. 3.2%). Such gains are enabled through using AI capabilities to better understand customer behavioral and sentiment data and leverage it in a timely and effective manner to deliver hyper-personalized interactions.

Figure 1: AI & Automation Users Enjoy Superior CX Success – Paired with Greater Employee Engagement

Percent of respondents, n=610
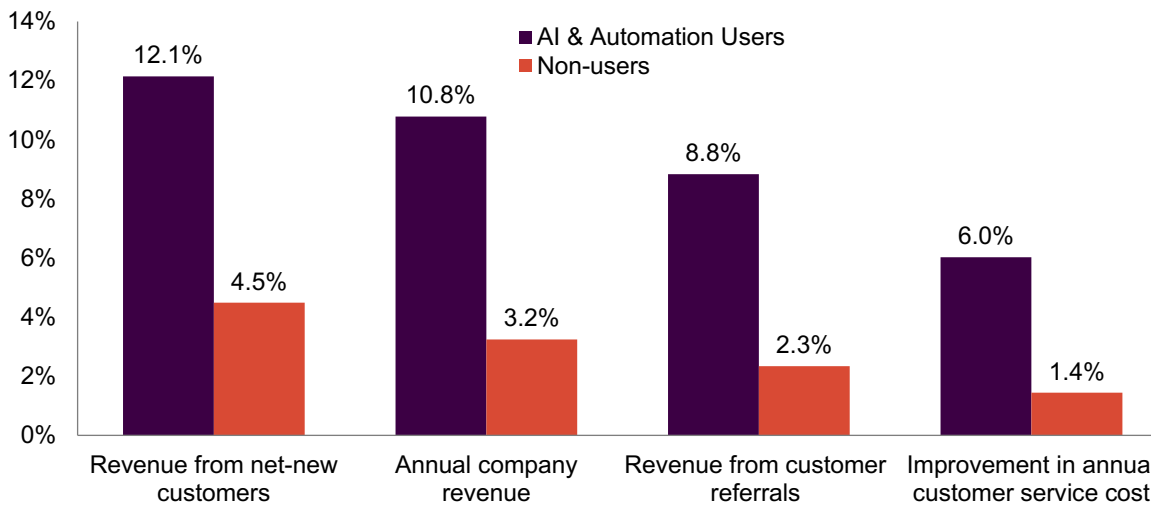Source: Aberdeen, January 2024

Employee engagement and productivity are two other metrics where Figure 1 shows firms with AI and automation capabilities far outperform peers withouth the same capabilities. These metrics are important as although self-service adoption and use are consistently increasing, agent-assisted interactions still maintain a crucial role in handling more complex issues or issues that are emotionally charged and require empathy as well as critical thinking. For firms looking to deliver top-notch service, human employees still play an important role. Considering that, it's remarkable to observe that **AI and automation users enjoy 5.4-times greater YoY increase in employee productivity** (10.3% vs. 1.9%) **and 3.3-times greater YoY improvement in employee engagement rates** (11.0% vs. 3.3%) – see sidebar.

2. *Financial*

Although customer satisfaction remains the north star for CX leaders, the unique and challenging economic dynamics have made controlling costs and driving efficiency gains equally important. In fact, a trend analysis of data collected by Aberdeen since the Great Recession of 2008 shows that reducing (service) cost and driving efficiency gains have not ranked as high as they do in 2024, since the depths of Great Recession in 2010. In other words, business leaders must (re)learn how to walk a tight rope of balancing cost control and efficiency gains with improving customer satisfaction outcomes.

Not surprisingly, one of the first areas many companies turn to accomplish this difficult task is technology investments, specifically in AI and automation. Figure 2 shows that **firms with AI-powered digital CX programs enjoy 4.3-times greater YoY improvement (<u>decrease</u>) in customer service costs** (6.0% vs. 1.4%).

Figure 2: Intelligent Automation Enables CX Leaders to Maximize Revenue & Minimize Cost

Percent of respondents, n=610
Source: Aberdeen, January 2024

These cost cuts can be attributed to greater efficiency CX leaders enjoy by infusing AI within numerous activities, including self-service, agent assist, etc. Indeed, combined with the earlier finding where AI users also enjoy decrease in customer effort scores, data signals that use of AI helps firms decrease repeat contact which in turn helps

Reducing costs and driving efficiency rank as high as improving customer satisfaction in the priority list of CX leaders in 2024.

Companies are turning to AI, analytics, and automation to achieve these objectives.

reduce unnecessary telephony, technology, and labor costs associated with such repeat contact. Other areas where these cost cuts are realized include greater efficiency in employee scheduling, improved employee productivity through real-time AI-enabled guidance on the employee desktop and more.

Besides reducing costs, however, AI also helps uncover ways companies can boost revenue. It does by observing patterns of customer and operational data and finding ways to better manage digital journeys spanning multiple departments and channels. By reducing the complexity in managing digital journeys and identifying root-causes of driving customer spend (and satisfaction), **companies with AI and automation capabilities generate 3.4-greater YoY growth in annual revenue** (10.8% vs. 3.2%). This growth is sourced by an increased in spend by existing clientele as well as revenue generated from net-new customers and referral revenue associated with positive word-of-mouth. In other words, the strides AI and automation users make in improving customer satisfaction helps them eventually also grow their top-line revenue results as well.

3. *Operational Efficiency*

The cost improvement figures observed in the previous section can only be made possible when companies find more efficient ways to manage their activities – without compromising from the quality and consistency of experiences they deliver. To this point, two metrics many contact centers still rely on to measure their efficiency are first contact resolution rates and average handle times. The latter is less important for asynchronous conversations such as email, messaging over WhatsApp, or text messaging but remains important for conversations over phone, live chat, and video. Figure 3 shows that companies infusing AI and automation capabilities within their activities make significant YoY improvement across both metrics.

Figure 3: Intelligent Automation in the Contact Center Helps Drive Customer-Centric Efficiency Gains
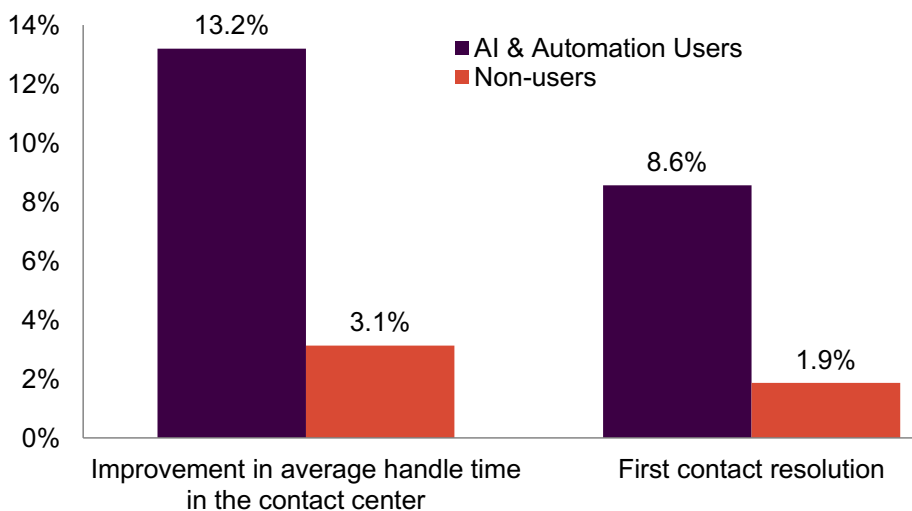
Percent of respondents, n=610
Source: Aberdeen, January 2024

Companies with AI-powered digital experience programs enjoy 3.4x greater growth in annual revenue.

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CX leaders with AI and automation weaved within their digital experience programs report 4.5-times greater YoY increase in first contact resolution rates (8.6% vs. 1.9%) **and 4.3-times greater YoY improvement (decrease) in average handle times** (13.2% vs. 3.1%). AI and automation facilitate such efficiency gains by helping firms find repetitive tasks that are prone to error as well as using process automation capabilities to automate these tasks to minimize errors and inaccuracies. These tools also help shorten the time to information agents need to deliver assisted service through real-time guidance on the agent desktop empowered by AI.

4. Sales & Marketing Effectiveness

CX programs are not confined solely within the contact center. Although the modern contact center plays a pivotal role in managing customer expectations, CX programs span across sales, marketing, service, commerce, and even into the back office. As such, all departments must work in harmony to ensure the consistency and hyper-personalization of customer conversations that buyers today have come to expect. Figure 4 shows that AI and automation users rise up to the challenge and enjoy far superior success across key performance indicators (KPIs) used to measure sales and marketing effectiveness outcomes as well.

Companies with AI-powered digital experience programs drive 4.3x greater improvement (decrease) in customer service costs.

Figure 4: Firms with Intelligent CX Automation Fuel Sales & Marketing Effectiveness
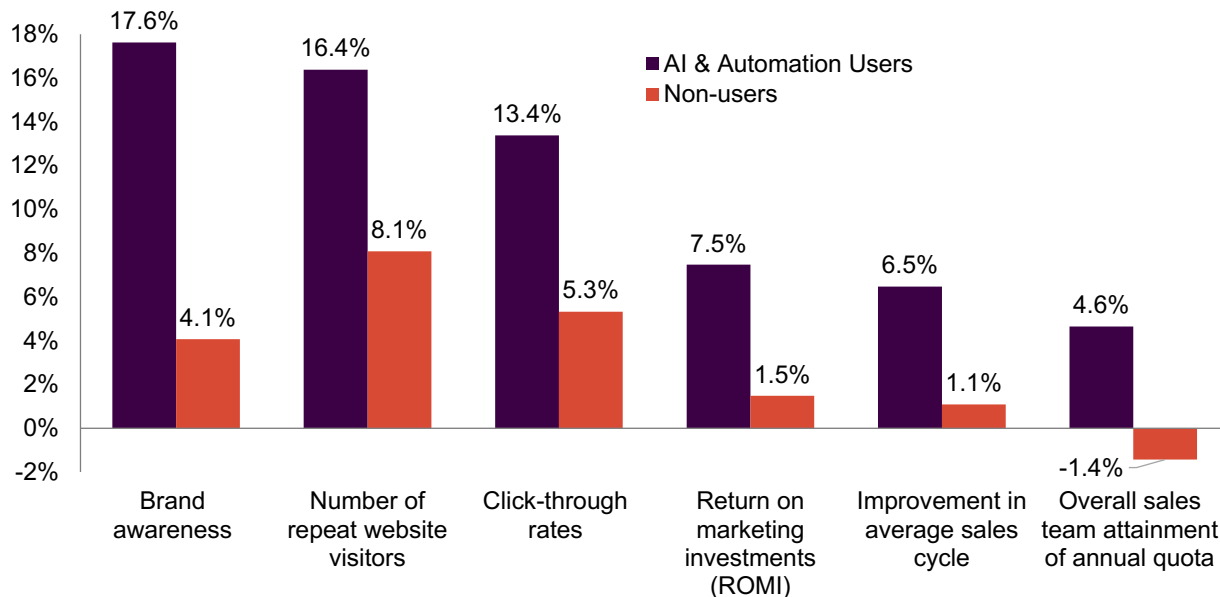
Percent of respondents, n=610
Source: Aberdeen, January 2024

Data shows that **firms with AI and automation enjoy 4.3-times greater YoY increase in brand awareness** – a measure reflecting the percentage of target buyers recognizing the company brand (17.6% vs. 4.1%). This significant gap shows that firms with AI and automation do a better job than their peers in getting their message out to their target audiences – which in turn helps increase the likelihood of acquiring new clientele as well as spreading positive word-of-mouth through current satisfied customers.

Return on marketing investments (ROMI) – measured as marketing department's contribution to company revenue – is a key metric used to gauge marketing program results. Once again, data shows that **AI and automation users enjoy 5.0-greater YoY growth in ROMI** (7.5% vs. 1.5%). Click-through rates and number of repeat visitors to the company websites are other common operational metrics used by marketers, and similar to other measured highlighted thus far, marketers using AI and automation excel across both measures.

On the sales side, shrinking sales cycles means sellers in an organization can close deals in a shorter period, allowing them to handle more deals throughout the year, a sign of sales productivity. Sales team attainment of quota reflects the percentage of the sales team number the company can attain, a crucial measure as this number drives total annual revenue, which in turn funds CX technology investments such as AI, automation as well as all other business expenses. Figure 4 shows that while companies without AI and automation capabilities observe 1.4% worsening of their performance in this metric, firms using these capabilities enjoy 4.6% YoY growth.

Key Takeaways

Managing CX programs has never been as complicated as it is now. However, CX leaders have never had as many tools in their toolbox that allow them to rise up to the challenge. While digital transformation has opened new avenues for companies to interact with current and potential customers in deeper and more meaningful ways, advances in AI and automation tools have supercharged the pace of this transformation and maximized its impact.

Although macro-level challenges such as uncertain economic environment, inflation, supply chain challenges and others remain as obstacles affecting CX program execution, use of AI and automation offer companies ways to control costs, drive efficiency, and grow revenue – all the while boosting CX results and maximizing employee engagement. While the future of CX programs shines brightly thanks to the capabilities provided by advances in AI and automation, it is also critical for business leaders to remain vigilant about proper use of these technologies.

Ethical use of AI to ensure that these tools are not utilized for more personalized and consistent CX delivered more efficiently but also utilized in ways that's equitable for all current and potential buyers, as well as elevating employee role and productivity is important. Data quality is another vital element. The old adage 'garbage-in, garbage-out' applies very well to use of AI and automation, as it does to many other technologies. If algorithms are trained by poor or inaccurate CX data, then the resulting insights will be inaccurate leading to poor outcomes. Therefore, building and maintaining data hygiene are of utmost importance for business leaders aiming to get the most out of their AI and automation investments.

Lastly, use of these technology capabilities must be well-planned. This means not using AI and automation for the sake of doing so or because everyone else is using them, but rather carefully determining which areas of the business and in what activities these tools should be used to meet the unique needs of the business. For that, relying on voice

of the customer (VoC) data, internal knowledge available through agents and supervisors, as well as market trends such as competitor intelligence, serve as valuable starting points to determine specific use cases and prioritize activities to be enriched by these technologies based on the company's needs.

Related Research

- ► *CX Innovation at Scale: Maximize Business Success by Adding AI to Futureproof Your Activities*, November 2023

- ► *Generative AI: The ROI of Empowering Employees & Managers to Be More Engaged,* July 2023

- ► *Helpful AI: The Future of Personalized Customer Experiences*, May 2023

- ► *Technologies to Succeed in 2023: How Leading Contact Centers Fuel Success*, March 2023

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