

ADVANCING THE CUSTOMER EXPERIENCE WITH AI



RESEARCH
REPORT

Exploring the use of artificial intelligence for customer data, contact center management and operational efficiency

INSIDE

- How AI-powered experiences are being used to turn loyalty into fandom.
- Why some organizations are choosing to hire a C-suite level executive dedicated to AI.
- How AI and generative AI are delivering benefits for organizations in the APAC region.

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Foreword

Artificial intelligence (AI) powers hundreds of enterprise tools and processes that allow for faster decisions and smarter progress towards organizational targets. While this has driven financial and operational benefits, it has also facilitated a number of distinct customer benefits, from automated chat and self-service, to more personalized and intuitive sales journeys.

AI, however, does not stand still and as its capabilities continue to evolve at an ever-faster pace, the experience features that are now possible are directly driving customer engagement, retention and loyalty. In some industries, these experiences are transforming loyal customers into brand fans, with unbreakable emotional connections to the brand in question.

In light of this potential, organizations are no longer taking a piecemeal approach to their AI strategy

and deployments. In fact, some are even appointing a chief AI officer to oversee everything from AI strategy to ethics.

Advancing the customer experience with AI reflects on the major developments around the use and development of AI in CX, with focus on how early adopters are embracing generative AI and using new tools to deepen engagement and foster loyalty with their customers.

Featuring real-world use cases and insights from Vodafone Idea, Mastercard, Toyota Finance New Zealand, Activision Blizzard, Torrens University, Wodonga TAFE and NICE, this report explains how and where AI is being deployed and the CX – and financial returns that organizations are achieving as a result.



Advancing the customer experience with AI

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AI, analytics and fostering unbreakable loyalty

Artificial intelligence (AI) makes sense of huge volumes of data by analyzing and recognizing patterns, then making predictions in ways that humans cannot. When applied to customer data, AI-powered tools can deliver efficient, hyper-personalized experiences that are capable of fostering loyalty, and these tools are becoming increasingly accurate and sophisticated how they achieve this.

For example, AI-powered sentiment analysis can be deployed to establish customer sentiment on key market trends or new service and experience features, giving a business the data-based evidence it needs to identify and address issues without waiting for survey data, market research or worse, a customer complaint.

Speaking about how this works at Toyota Finance New Zealand, credit operations manager Laurette Lane says: "AI tools are critical to customer loyalty, because we are able to see more than we have ever been able to see, as well as gaining a deeper understanding of our customers."

Toyota Finance New Zealand deployed sentiment analytics in its contact center to track agent and customer sentiment in real time. Since deployment, the organization has seen first contact resolution (FCR) improve from eight percent to more than 90 percent.

Lane adds: "AI is critical going forward and as it gets more powerful, I believe it is going to really empower our contact centers and enable our agents to have access to information that they otherwise would not have or be able to respond to. We will be able to deliver better service, and all of those things contribute to customer loyalty."

The most loyal customer persona is the brand fan. Rare in retail but everywhere in the worlds of automotive, sport, entertainment and gaming, brand fans are enthusiasts and advocates with often unbreakable emotional connections to the brand in question; as a result, they carry high expectations for how that brand engages with them.

Max Métral, go-to-market analytics director for global gaming company Activision Blizzard says: "A fan is someone who's enthusiastic about your brand. Obviously in gaming and sports it is easier to get that enthusiasm and that love, but lots of brands have them."

The corporate world is paying attention to this persona, with many now taking the experiences they offer to the next level through more personalization, more meaningful engagement with content, or delivering additional experiences without the expectation of a sale, sometimes supported by metaverse or virtual reality (VR) technologies.



"Anticipating customer needs and pre-emptively engaging them with relevant offerings is the future trajectory of AI."

James Calder

Director of AI, analytics, and digital at NICE for Asia Pacific, Japan and Middle East

Data, and the AI that extracts its value, are essential both in meeting the needs of this persona and creating more customers that match it. Métral says: "It's about trying to understand what makes the person become a fan of your brand, understanding the value they bring to you and the value you can bring to them."



Addressing the why for AI

To secure budget for the AI-powered tools that can nurture loyalty to such a level, customer satisfaction gains must also translate into operational and financial gains. According to James Calder, director of AI, analytics, and digital at NICE for Asia Pacific, Japan and Middle East, in this process, it is essential to precisely define objectives before committing significant capital to an AI investment. Not only does this approach allow an organization to target the attainment of specific objectives, it also helps in measuring them.

Commenting on AI's potential, Calder says: "Particularly in the realm of contact centers, AI should prioritize enhancing customer interactions and bolstering brand value. For instance, the younger demographic seeks swift, meaningful and direct engagement with brands to foster stronger connections."

This means the AI tool must be able to tailor responses to individual customers, resolve queries and proactively

present tailored solutions or products. "Anticipating customer needs and pre-emptively engaging them with relevant offerings is the future trajectory of AI," Calder says. "As the marketplace grows increasingly competitive and sophisticated, leveraging AI to predict and address customer needs promptly and effectively becomes imperative for brands to cultivate satisfaction and loyalty."

For customers, however, some applications of AI can be a point of contention. A consumer survey conducted by [Forbes Advisor](#) in 2023 found 35 percent of consumers are "very concerned" about the use of AI for personalization and 27 percent are apprehensive about AI being used for music, film and TV show recommendations.

Explaining how a personalization project may be affected by such sentiment, Métral says there are additional questions that can be considered when addressing the 'why': What is the organization trying to do and how that will support its goals?

He explains: "It is about building a business case, what you're trying to achieve and how it helps you. If it is obviously very necessary, you see the ROI in the business case, and you do A/B testing and see that it's working better, [then personalization is right]."

Although Activision Blizzard leans heavily on personalization for its gamer experiences, Métral says that, like many AI-powered experience features, it is not right for every business or customer. "I do not believe personalization should be done for the sake of it. I think it should be done because you believe in it, and you know why you are doing it."

The next section of this report explains how the CX use cases for AI in the contact center are now about more than customer communications, with focus on how AI-powered tools are supporting leaner operations that facilitate more efficient processes for customers, employees and business leaders.

"AI tools are critical to customer loyalty, because we are able to see more than we have ever been able to see, as well as gaining a deeper understanding of our customers."

Laurette Lane
Credit operations manager for Toyota Finance
New Zealand

Transforming the contact center with AI

In the contact center, AI has long been applied to gather customer data and used to automate communications. Some organizations, however, are now deploying AI-powered contact center suites to unify systems and bring new efficiencies to business operations.

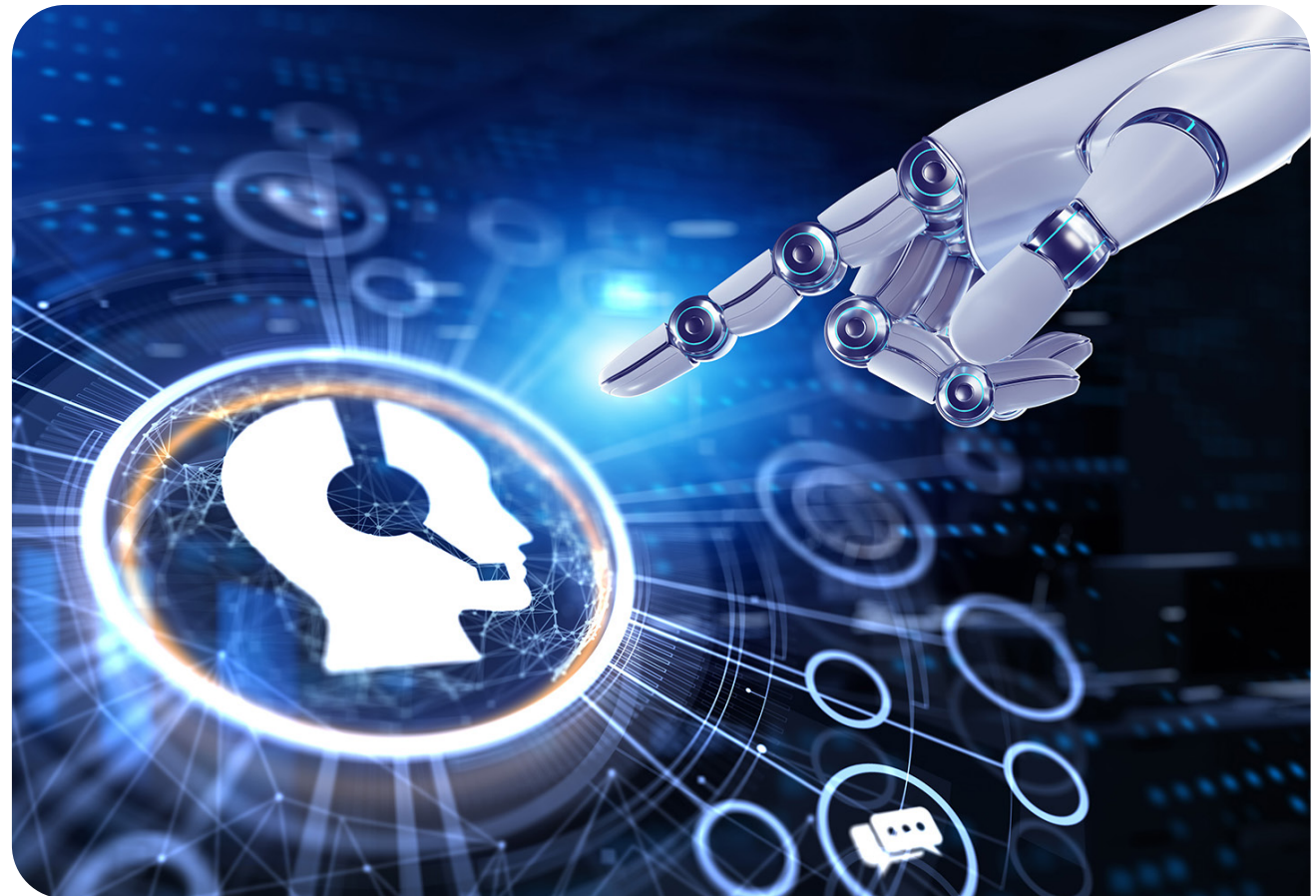
Torrens University is Australia's fastest-growing private university with more than 24,000 students across 10 campuses in Australia, New Zealand and China. As a business, it has grown significantly in recent years through a series of acquisitions, however, acquiring a business also means acquiring its technology. This saw Torrens University operating a series of disparate, on-premise technology platforms that were unable to meet its needs from the operational or student satisfaction perspectives.

As well as visibility into its operations, the institution needed deeper insights into student interactions and the ability to upgrade its conversational AI bot with live chat. It also had new student needs to meet around channel preferences for communications and online learning, and needed a solution that would integrate with its CRM platform.

Torrens deployed NICE CXone and quickly noted significant improvements across its operations, including more efficient workflows among contact center teams and simpler processes for students seeking support, which also simplified back-end workflows.

Using the insights delivered by CXone, the team at Torrens University has the required oversight into inquiry types and intent, as well as customer behaviors and sentiment. Its new chat capabilities were combined with CXone's outbound dialer to respond to multiple

student inquiries at once. Previously, agents were limited to managing one-to-one interactions via phone or email, but through live chat, agents can now operate as one-to-many, resulting in efficiency gains of two to three times its previous capabilities.



Transforming the contact center with AI

To deliver the project, Torrens University partnered with NICE and NEC. Calder says of this approach: "Organizations must engage in genuine partnerships with solution providers to identify the strategic operational gains. Subsequently, they should assess and trial available solutions to ensure they derive optimal value from their investments."

According to Calder, it is vital for organizations to broaden their business cases beyond the confines of the contact center and leverage their broader stakeholder ecosystem. This is because almost every facet of the contact center landscape now offers opportunities for operational enhancements through the automation of technology and processes. Calder says the benefits of these operational enhancements can be realized across the organization.



Why everybody is migrating to the cloud

Even organizations that already operate their contact center from a single platform can realize further EX, CX and operational benefits from migrating to a cloud-based solution.

Based in Victoria, Australia, Wodonga TAFE has undergone a broadscale cloud transformation journey to improve the quality of service that current and prospective students receive. Although the institution

already had a single platform for calls and contact center, CXone was deployed to expand omnichannel capabilities and meet the need for greater visibility into incoming calls and CX reporting.

The project saw Wodonga TAFE work with NICE and its partner Generation-e, to roll out an omnichannel platform with interactive voice response (IVR) and the real-time reporting required to achieve its objectives. In addition to meeting the immediate needs around visibility and reporting, the project allowed Wodonga TAFE access to dispositions within the CXone solution, therefore improving overall reporting on such mandatory requirements as the number of calls for skills and job center enquiries.

CXone solution was initially deployed across the customer experience and student administrative teams, but with its improved reporting capabilities, Wodonga

TAFE has also improved workforce management for agents, leveraging insights into peak call volume times for more effective resourcing.

Wodonga TAFE is planning to expand its use of CXone across more departments and teams throughout the organization. Wodonga TAFE also plans to build on its current NICE deployment by integrating it with the customer relationship management (CRM) platform to provide a single, holistic view of the customer.



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Is generative AI right for your contact center?

Over the last 12 months, the biggest AI development has been the widespread availability of generative AI.

Generative AI and large language models (LLMs) are being used for marketing, hyper-personalization, operational assistance and content generation. However, this has generated a level of hype that can make it difficult for CX practitioners to assess the suitability of generative AI solutions for their contact center.

Sharing her advice for how practitioners can select suitable solution providers, Lane says the key questions to ask concern data storage, security and future proofing. She says: "If you just rely on a sales pitch, everyone sounds amazing, but you do not know if they will actually deliver."

On how to navigate the hype that often surrounds AI in all its forms, Calder maintains that practitioners should begin by clearly defining their objectives, educating stakeholders and evaluating solutions. From there it is possible to test in real-world scenarios and compare alternatives.

On the key considerations to keep in mind during these stages of the project, Calder says there

are several additional factors a practitioner should consider:



Understand data and bias: Inquire about the training data used and how bias is addressed to ensure fairness and inclusivity in CX applications.



Assess customization: Evaluate the level of customization and adaptability offered by generative AI to meet specific CX requirements.



Consider ethical implications: Ensure alignment with organizational values and compliance with regulations.



Evaluate integration: Assess the ease of integrating generative AI with existing CX systems and platforms.



Consider maintenance: Understand ongoing requirements and update processes to ensure effectiveness and compliance with evolving CX needs and standards.

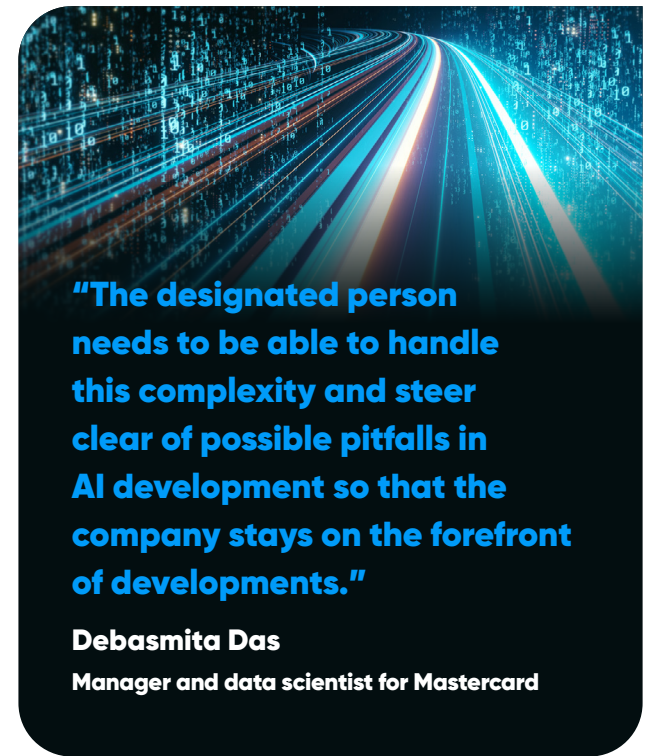


Seek feedback: Engage with peers and organizations that have implemented generative AI to learn from their experiences and gain insights into practical implications.



Consider scalability: Assess the scalability of generative AI solutions to meet future CX demands and organizational growth.

The next section of this report explores how the use of AI across the enterprise can deliver efficiencies that indirectly enhance CX. It looks at the emerging role of the chief AI officer, and the responsibilities they are taking on within the organization.



"The designated person needs to be able to handle this complexity and steer clear of possible pitfalls in AI development so that the company stays on the forefront of developments."

Debasmita Das
Manager and data scientist for Mastercard

Using AI to drive results across the enterprise

As outlined in section two, AI is capable of driving efficiencies across almost every business process and this indirectly benefits the customer's experience, boosting net promoter score (NPS), first contact resolution (FCR), customer effort scores (CES) and CSAT.

Explaining how the application of AI for backend operations can drive such CX metrics, consultant, advisor and author Guataam Borah says that although AI is still at a relatively nascent stage, it is already having a far-reaching impact on CX management.

"Improving the speed of resolutions provides clear operational benefits to an organization and its agents, and this can be done through AI-powered chatbots and virtual assistants as well as automated workflows and approvals that expedite processes like order fulfilment, returns and refunds, leading to faster resolutions and increased customer satisfaction."

By monitoring satisfaction scores before, during and after a chatbot or workflow improvement project, organizations can confirm if the project is meeting its

targets. It is even possible to use AI to collect, organize and present the resulting sentiment data.

"However, organizations need to remember that successful AI implementation requires careful planning, integration with existing systems, and a focus on ethical and responsible use," he adds.



Does your organization need a chief AI officer?

AI is playing an ever more important role in organizations, with teams and individuals in almost every department using AI-powered tools. In response, GovindaRaj Avasarala, head of customer experience excellence (CXX) for Vodafone Idea, says all entities, from enterprises to governmental bodies, are actively seeking out champions for AI, just as they did for digital transformation.

In some organizations this has seen the introduction of a chief AI officer (CAIO): a person appointed to unify AI deployments to meet more business needs, while collaborating across the organization to set standards and guardrails around AI use.

"This strategic decision stems from the recognition of AI's potential to revolutionize business landscapes and disrupt traditional paradigms," says Avasarala.



“Despite AI’s growing relevance, comprehensive understanding and adept navigation of its intricacies remains limited. The appointment of a chief or head of AI serves as a measure to ensure organizations remain at the vanguard of their respective markets and avoid obsolescence in the face of AI-driven transformations,” he adds.

The CAIO shoulders a multifaceted array of responsibilities, demanding a diverse skill set that Avasarala says encompasses technological acumen, proficiency in LLMs, adeptness in fostering strategic business partnerships, visionary foresight and executive-level leadership capabilities.

Debasmita Das, manager and data scientist for Mastercard, says a CAIO should be responsible for making well-informed choices about AI applications and investments, maximizing return on investment through the identification of high-impact use cases, effective resource management, and system performance assessment.

“The constant advancement of technology makes it difficult to keep up with the competition, necessitating quick alignment with emerging AI trends and technologies,” she says. “The designated person needs to be able to handle this complexity and steer clear of possible pitfalls in AI development so that the company stays on the forefront of developments.”

Das says a dedicated CAIO can bring further benefits for talent retention and development, as well as ensuring a senior leader is dedicated to ethics and risk management. She says “Having a separate head of AI makes it easier to draw in and keep top AI talent because it communicates the company’s AI commitment. The final, and perhaps most crucial, component is ethical issues when implementing AI-based solutions. This individual would be essential in creating moral standards, guaranteeing ethical AI development and application, and reducing the associated risks.”

At a strategic level and beyond the individual organization, a CAIO can foster strategic business partnerships, but must have visionary foresight and executive-level leadership capabilities.

In light of this wide range of responsibilities, Calder says: “Appointing a head of artificial intelligence is something every company should consider at this juncture. Given the current limited knowledge and experience in this domain, it requires focused expertise to discern the optimal investment paths and strategies for the years ahead.”

In addition to leading deployments, talent, ethics and risk, the CAIO is also the procurement lead for AI-powered tools. During the current AI hype cycle, Calder

says it’s imperative for this person to be able to discern the truth and understand precisely what a vendor in the AI space can deliver for them.

“We are at a pivotal juncture with AI-based technology, where companies that tailor their AI solutions to specific customer needs will lead the pack. A generic AI approach will soon prove of limited value; it is the specialization and targeted application of AI that will yield the greatest benefits. Therefore, having a dedicated staff member and stakeholder specializing in this field is indispensable for every company,” he says.

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GovindaRaj Avasarala
Head of customer experience excellence (CXX)
for Vodafone Idea

Conclusion:

AI is the foundation of modern business

As outlined in this report, artificial intelligence (AI) is capable of driving efficiencies across almost every business process. And in the world of CX, it has powered personalization, sentiment analysis, automation and chatbot projects that have driven notable financial and customer satisfaction gains for hundreds of organizations.

Now, AI is coming into its own and, coupled with the widespread availability of generative AI and LLMs, it is possible to design ever-more immersive experiences that go beyond the transaction to foster true, emotional connections with customers. In 2024, this is how AI should be viewed: not as a technology that is added at the end

to make things sparkle, but as the new foundation upon which everything else is built.

As such, AI is not a plug and play tool: it is dependent on a continuous flow of accurate and well-structured data. Calder says there are several practical steps an organization should take to prepare data for an AI deployment, including structuring information within a technology repository and facilitating efficient data analysis, updates and access. "When AI interacts with unstructured or disorganized data, there's a risk that its outputs will mirror this disorder," he says. "Thus, it is crucial to first organize and manage the data environment, ensuring

accessibility and regular updates, before integrating AI."

The scale of this task, along with the growing reach of AI within an organization, is prompting some to appoint a chief AI officer to head everything from procurement to talent development and ethics. For some, the appointment of a dedicated C-suite leader for AI will be seen as the first step in building the agile corporate culture that AI demands. However, others will realize that for any technology to be successful, cultural change needs to happen from the ground up. As Calder says, "AI isn't a panacea; its effectiveness hinges on the quality of the environment it operates within."

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