



Generative AI: Upleveling AI's Use in Customer Engagements

*The ability to create content and other automated tasks
complement agent assist, conversational AI,
and other more traditional AI apps*



Generative AI: Upleveling AI's Use in Customer Engagements

The ability to create content and other automated tasks complement agent assist, conversational AI, and other more traditional AI apps

Q3 2023

Beth Schultz

*VP of Research & Principal Analyst
Metrigy*

Table of Contents

Executive Summary	3
AI's Essential Role in Customer Experience	4
Primary AI-Enabled CX Applications in Use	5
Agent Assist	5
Conversational AI	5
Generative AI	5
Where Generative AI Fits In	6
Understanding Generative AI Challenges	7
Conclusions and Recommendations	9

Executive Summary

Customer experience transformation is a continual process, and the upward trend line for adoption of AI technologies such as agent assist, conversational AI, and generative AI will persist for years to come. Companies that have adopted AI are meeting with considerable business success, including revenue growth, customer rating improvements, operational cost reductions, and agency efficiency boosts. Those lagging on AI, including generative AI, could find themselves in danger.

To best take advantage of AI, companies should:

- Establish processes that capitalize on new AI capabilities and innovations, such as generative AI, as they become available. These processes should account for usage policies, security and privacy, rollout, change management, and so on.
- Rely on cloud-based AI applications to layer in the advanced capabilities, such as agent assist and conversational AI, needed to transform CX, if an on-premises contact center platform is in place. If considering a cloud migration or even already in the cloud, look for Contact Center-as-a-Service platforms with solid AI bundles.
- Get up to speed and continue learning about generative AI. The value in task automation alone is quickly turning generative AI into a must-have technology, and companies that aren't prepared may find themselves falling behind competitors.
- Address data leakage concerns and build trust around the use of generative AI by putting borders around the data used to generate content. Using web-pointed offerings will not suffice in the long term; look for products that train generative AI on customer data.
- Increase consumer comfort level with generative AI by educating them about how they're using the technology, ensuring data privacy, and delivering benefits to them. Consumers must understand that this isn't just good for the companies they do business with, but themselves as well.
- Implement processes for validating accuracy of generated content, whether those involve real people or virtual assistants. As generative AI matures, accuracy validation may not be necessary, but it's a good practice for today.

AI’s Essential Role in Customer Experience

Many customer experience (CX) leaders have long seen the value of using artificial intelligence (AI) to optimize customer engagement, and as such have well-established strategies for its use. In Metrigy’s *Customer Experience Optimization: 2023-24* global research study with 641 companies, 45.5% characterize their AI strategies as being “mature” while 36.9% say they are “fairly far along” regarding their use of AI for customer engagement. Note that “mature” does not equate to “finished.” Rather, CX leaders with mature AI strategies have processes in place to capitalize on ever-evolving AI technologies and take advantage of the latest innovations, such as generative AI.

The number of AI-enabled applications for CX in use and the steady growth expected through 2025 stand as additional testament to the value CX leaders place in AI. From 2022 to 2023, the number of AI-enabled applications in use grew by 10, on average, from 28 to 38, Metrigy found in its *CX Optimization* study. Companies expect a 2.6x increase from 2022 to 2025, to hit an average of 72—and the growth is occurring across all company sizes.

Worth noting, too, is that the companies in our study achieving the greatest success with AI are using AI-enabled applications at a far greater rate than all companies, and particularly compared to the non-success group. In determining the study’s success group, Metrigy evaluated revenue, costs, customer ratings, and agent productivity for any use of AI, agent assist, and virtual assistants for customers. It then placed those companies in the individual success groups for at least half of the technology areas in the overall success group. Comparatively, the most successful companies will grow their use of AI-enabled applications from 44 in 2022 to 107 in 2025, vs. an increase from 16 to 37 for the non-success group.

Expected Number of AI-Enabled Applications				
	2022	2023	2024	2025
Fewer than 250 employees	15	20	28	42
250 to 2,500 employees	31	41	55	73
More than 2,500 employees	22	39	61	106
Success group	44	59	78	107
Non-success group	16	22	25	37
All companies	28	38	52	72

Figure 1: Expected Number of AI-Enabled Applications

Primary AI-Enabled CX Applications in Use

Over the years, as companies have layered in AI to enhance CX, they have had a wide variety of technologies from which to choose. The list includes text analytics, predictive analytics, and sentiment analysis, as well as natural language processing (NLP), translation, transcription, and more. Agent assist and conversational AI, which dovetail with these, are increasingly popular and already delivering measurable success for many companies. The latest of all is generative AI, which has gained considerable mindshare this year.

Agent Assist

Agent assist uses machine learning plus AI technologies such as natural language processing (NLP), transcription, and sentiment analysis to provide contextual, real-time information to agents (or other customer-facing employees) as they interact with customers or prospects. Agent assist can incorporate multiple applications or a single application to achieve the goal of improving agent performance. The applications typically ride over the top of an on-premises contact center or are available as part of a Contact Center-as-a-Service (CCaaS) offering.

Nearly 60% of the 1,695 companies that participated in Metrigy’s *Customer Experience MetriCast 2023*, a global buy-side market forecast study, already have adopted agent assist or plan to do so in 2023. The overriding goal is to help agents improve customer ratings, such as CSAT, increase sales, and serve customers more quickly and with more information. Consider this data point from the previously noted *CX Optimization* study as a proof point of the latter: With the use of agent assist, companies in the success group have dropped average handle time by 27.2%.

Conversational AI

Conversational AI is NLP-enabled software that communicates in real-time to deliver an interactive, human-like conversation via voice or text with a customer or prospect. Unlike chatbots, conversational AI isn’t rules based. Additionally, it can learn over time for continuous improvement. Conversational AI is in use or on the roadmap for 45.1% of companies studied for the *CX MetriCast* report.

Generative AI

Generative AI is a category of techniques and models that respond to natural language prompts to produce text, images, audio, code, or other media from data on which they have been trained. It represents the next stage of AI for CX, and interest among CX leaders is already strong—27.3% of companies studied in Metrigy’s *CX Optimization* research are using currently and 47.3% plan to begin using this year. Most are just getting started and using

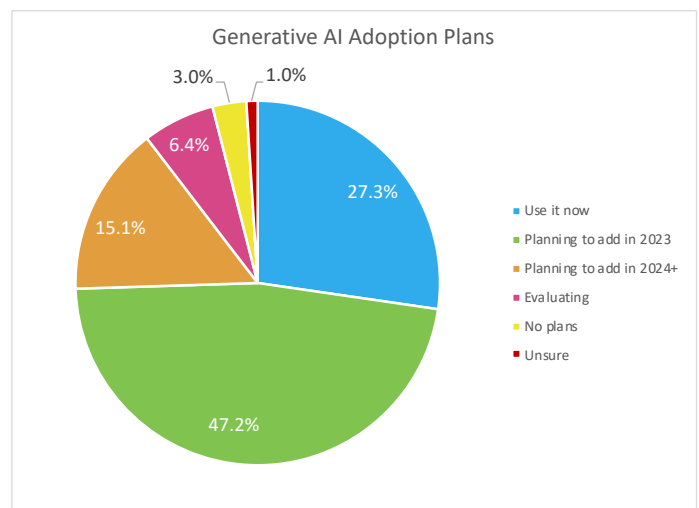


Figure 2: Generative AI Adoption

the technology for basic functions, such as summaries, classification, and basic content creation. We expect more sophisticated applications to emerge in the coming 12 to 18 months. Additionally, at least 40% have or plan to add generative AI to various technology platforms, with customer feedback, contact center, and self-service knowledge management leading the way for 47.4%, 46.2%, and 44.5%, respectively.

The high level of interest in generative AI's use for CX purposes corresponds to a solid understanding of this technology among most CX leaders of this technology, as Metrigy's research shows:

- **Expert** – 65% of all participants in the *CX Optimization* study and nearly 75% of the success group say that have expert understanding of generative AI, vs. 62.9% of the non-success group. This means they have substantial and in-depth knowledge about the technology, how it works, and how to use it.
- **Novice** – 20.4% consider themselves to be novices, having only limited knowledge about the technology, how it works, and how to use it. But, they are actively learning about generative AI.
- **Uninformed** – Only 4.6% of all companies say they have no or very little understanding of generative AI, and twice as many non-success companies have no understanding of generative AI vs. the success group.

Where Generative AI Fits In

Interest in generative AI has come on so strong because it has such significant potential for streamlining and improving customer experience, while also increasing agent efficiency and boosting revenue or saving money—those key CX business success metrics. In terms of overarching goals, slightly more than one quarter of companies feel the biggest draw for using generative AI is better serving customers. This is followed by improving customer ratings, making agents more efficient, generating more revenue, and saving money.

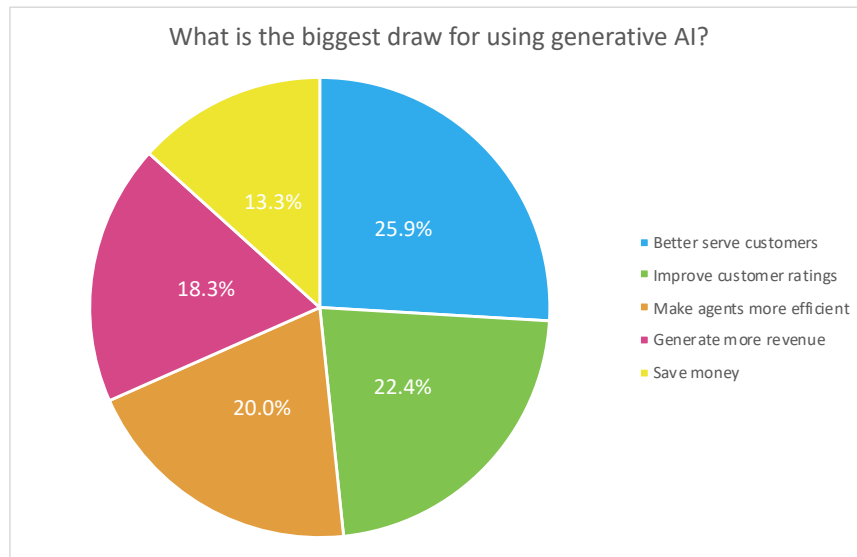


Figure 3: What is the biggest draw for using generative AI?

Much of the value of generative AI's use derives from the ability to automate tasks, many of which amount to mundane chores—despite their importance. Examples of how generative AI can come into play for CX are plentiful, with the top use cases for 42% of companies being content creation for live agent use and summaries of customer calls. But at least 37.6% are also using generative AI for summaries of internal calls, classification for customer/sales interactions, content creation for virtual agents to use, and content creation for end customers.

On that latter point, most of the 502 consumers Metrigy surveyed in North America about their customer service experiences and preferences said they want to receive generative AI-created interaction summaries, delivered via text or email. Of those who would like to receive summaries, 47.4% want them only for high-value interactions while 31.5% want them for all interactions.

Understanding Generative AI Challenges

As is the case for any new technology, there are caveats to the use of generative AI. CX leaders must remember, for example, that many of the large language models used with generative AI are trained on the Internet. For some companies, these web-grounded offerings are an outright deal killer or at least a gating factor on generative AI's widespread use. One of the earliest examples of generative AI gone wrong in this manner comes from Samsung, which discovered that an employee had inadvertently provided sensitive data to a public-facing generative AI tool. Other companies have since begun reining in the use of such tools, as well.

Data privacy and the ability (or lack thereof) to select or limit the data source are among the top five concerns companies have about generative AI.

Still, only 25% of companies say the use of generative AI can be fully trusted while 52.6% are a bit more leery, saying it can be trusted on a limited basis. Only 17.4% said it can't be trusted whatsoever. And many consumers are even less trusting: Only 12.9% say generative AI can be fully trusted, 46.6% say it can be trusted on a limited basis, and 30.9% say it can't be trusted at all. CX leaders will need to think about consumer perception of generative AI and how they might educate them of the benefits before implementing it for customer-facing use cases.

With trust a concern, the ability to put borders around the data used to create output is a critical consideration for many CX leaders exploring the use of generative AI. And here, too, businesses and consumers diverge in their perceptions. Most companies say limiting the data that generative AI uses to create content is the best way to fix the trust issue, followed by human oversight. Consumers place human oversight at the top of their list, followed by putting limitations on generative AI capabilities.

In addition, 31.9% of consumers say they'll never trust generative AI, and there's nothing to be done to change that. That's four times more than IT/CX/business leaders. Clearly, companies using generative AI for CX optimization need to educate consumers to increase their comfort level with the technology.

With content creation being such a powerful use case for generative AI, another pain point some companies say they need to address is validation for accuracy. Slightly fewer companies (47.9%) view this as something they need to do vs. the 52.3% that don't. Of those putting new content-related processes in place, 52.0% have content teams review the generated information, followed by virtual assistant, supervisor, or agent reviews.

In addition to the data privacy and data sourcing concerns already noted, companies have a host of other concerns about using generative AI. Some are people-oriented, such as loss of human touch in interactions and job loss, while others are technology-related, such as accuracy of responses, Internet bias, malicious use, and the newness of generative AI.

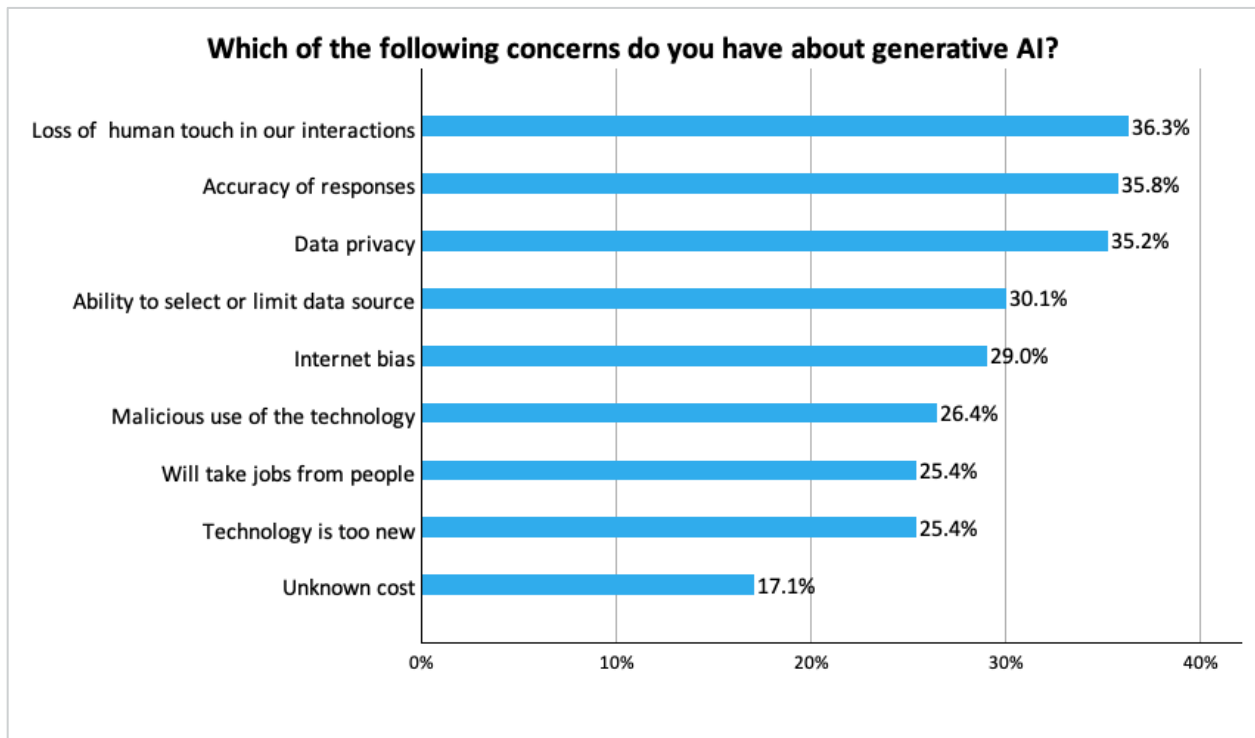


Figure 4: Which of the following concerns do you have about generative AI?

Conclusions and Recommendations

Many companies have well-articulated, and well-executed, strategies for infusing AI technologies across the CX landscape. These companies are already documenting positive change in revenue, customer ratings, operational cost, and agent efficiency. On the other end of the spectrum are companies that haven't yet begun their AI journeys—but begin they must. AI in general has been a game-changer for CX, and generative AI is well on its way to amplifying that effect. Companies at each end of the spectrum need to understand how their CX organizations can benefit from generative AI, and put their plans in place to make it happen.

Metrigray recommends the following:

- Establish processes that enable your company to capitalize on new AI capabilities and innovations, such as generative AI, as they become available. These processes should account for usage policies, security and privacy, rollout, change management, and so on.
- If you have an on-premises contact center platform, rely on cloud-based AI applications to layer in the advanced capabilities, such as agent assist and conversational AI, you need to transform CX. If you're considering a cloud migration or even already in the cloud, look for Contact Center-as-a-Service platforms with solid AI bundles.

- If you're not up to speed on generative AI, get there. The value in task automation alone is quickly turning generative AI into a must-have technology, and companies that aren't prepared may find themselves falling behind competitors.
- Address data leakage concerns and build trust around the use of generative AI by putting borders around the data used to generate content. Using web-pointed offerings will not suffice in the long term; look for products that train generative AI on customer data.
- Increase consumer comfort level with generative AI by educating them about how you're using the technology, ensuring data privacy, and delivering benefits to them. Consumers must understand that this isn't just good for the companies they do business with, but themselves as well.
- Implement processes for validating accuracy of generated content, whether those involve real people or virtual assistants. This may not be a necessity as generative AI matures, but it's a good practice for today.

ABOUT METRIGY: Metrigy is an innovative research and advisory firm focusing on the rapidly changing areas of **workplace collaboration, digital workplace, digital transformation, customer experience and employee experience**—along with several related technologies. Metrigy delivers strategic guidance and informative content, backed by primary research metrics and analysis, for technology providers and enterprise organizations.