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cx market intelligence

EXECUTIVE SUMMARY

Artificial Intelligence for CX Applications

Case Studies, Market Drivers, Market Barriers, and Best Practices for the Adoption of AI Within CX Platforms and Applications

Published 4Q 2021

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Section 1
Executive Summary

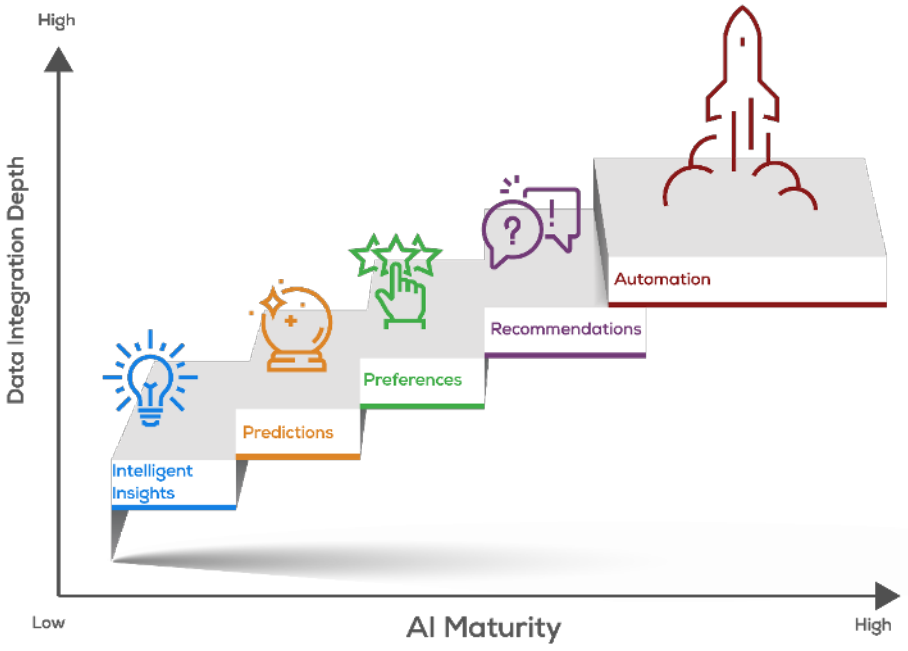
1.1 Introduction

Artificial intelligence (AI) has become nearly ubiquitous across a wide range of industries and use cases. The CX discipline is no different; AI is being used across both customer-facing functions and in the backend systems and processes. This AI functionality is being integrated or incorporated into CX platforms and applications, with low- or no-code interfaces that allow CX, marketing, and sales professionals with little data science or computer coding experience to manipulate data and tune algorithms to support several different functions.

AI heavily relies on the capture, organization, and activation of customer data, processing the data and capturing various aspects of interactions with customers. As more data is captured and processed, more complex algorithms or combinations of algorithms can be deployed, resulting in greater value and a greater return on investment (ROI).

The use of AI within CX can be classified under the following broad categories: intelligent insights, predictions, preferences, recommendations, and automation. Each of these categories can also represent a step along a continuum that represents AI maturity, from low to high, and most CX applications and platforms are being designed to support the full spectrum of AI functionality. Similarly, as AI maturity increases, so does the required depth of integration of data sources within an organization, which can encompass customer and account data, product and service data, billing and fulfilment data, and service interaction data.

Figure 1.1 AI Maturity and Data Integration Depth



Source: Dash Research

This report focuses on the market drivers and barriers to the adoption and use of AI in CX platforms, applications, and programs, the general use case categories for AI, and several representative case studies detailing the use of AI to improve CX. The report also details current AI regulations, which generally focus on the proper collection and use of personal information.

1.2 Market drivers

The adoption of AI within the CX discipline is driven by several factors, although revenue and profitability continue to serve as the key drivers for nearly all commercial activity. As organizations manage the fallout from the COVID-19 pandemic shutdowns and re-openings, they are also being forced to be more responsive to customers in an era when instant gratification has become a near-ubiquitous customer demand.

The key market drivers spurring the adoption and use of AI within the CX discipline include:

- Increasing demand for customer-facing automation and assistants
- Higher demand for backend automation and intelligent analysis
- Growing appetite for data-led insights and customer journeys
- More value seen with deeper customer engagement

1.3 Market barriers

Like any technology or approach, there are technical and operational barriers to complete market adoption. The following market barriers to adopting and incorporating AI within a CX approach have been observed:

- Limited scope or quality of data
- Lack of alignment between CX challenges and AI solutions
- Limited data governance policies and privacy concerns
- Regulatory issues

1.4 Dash Research insights

- The use of AI to enhance or augment CX software and practices is clearly on the rise, and customers will simply move on to another provider if a company's response time is too slow, if it is too challenging to place an order, or if it is difficult to find the answers they need via digital channels.
- A company-wide focus on deeper customer engagement will not only improve CX ratings, but will also help ensure that price, feature set, or another difficult-to-manage metric does not become the sole purchase decision factor considered by customers.
- Organizations that do not have a defined data strategy and good governance open themselves up to wasting significant resources and time fixing errors, or, if left unchecked, deploying AI models that are inaccurate at best, and potentially harmful and open to litigation at worst.

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8.1 Scope of study

This report examines the market issues, drivers, and barriers for the incorporation of AI within CX software platforms, software applications, and services targeting B2B and B2C markets. AI is defined as a category of data processing and data manipulation techniques that allow machines to conduct and make decisions, predictions, and analyses without being specifically programmed or hard coded to do so. The report covers AI applications, platforms, and services are offered on a standalone basis, or are integrated or incorporated into CX platforms and applications. The major categories for which AI techniques are used within CX include intelligent insights, predictions, preferences, recommendations, and automation.

8.2 Sources and methodology

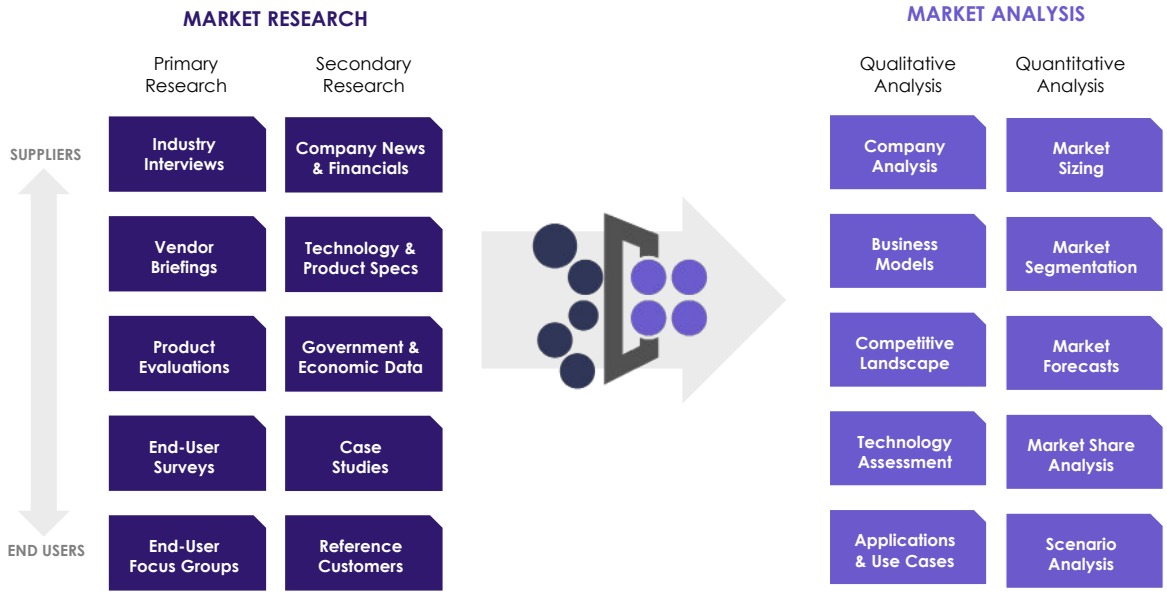
Dash Research is an independent market research firm that provides industry participants and stakeholders with an objective, unbiased view of market dynamics and business opportunities within its coverage areas. The firm's industry analysts are dedicated to presenting clear and actionable analysis to support business planning initiatives and go-to-market strategies, utilizing rigorous market research methodologies and without regard for technology hype or special interests including Dash Research's own client relationships. Within its market analysis, Dash Research strives to offer conclusions and recommendations that reflect the most likely path of industry development, even when those views may be contrarian.

The basis of Dash Research's analysis is primary research collected from a variety of sources including industry interviews, vendor briefings, product demonstrations, and quantitative and qualitative market research focused on consumer and business end users. Industry analysts conduct interviews with representative groups of executives, technology practitioners, sales and marketing professionals, industry association personnel, government representatives, investors, consultants, and other industry stakeholders. Analysts are diligent in pursuing interviews with representatives from every part of the value chain to gain a comprehensive view of current market activity and future plans. Within the firm's surveys and focus groups, respondent samples are carefully selected to ensure that they provide the most accurate possible view of demand dynamics within consumer and business markets, utilizing balanced and representative samples where appropriate and careful screening and qualification criteria in cases where the research topic requires a more targeted group of respondents.

Dash Research's primary research is supplemented by the review and analysis of all secondary information available on the topic being studied, including company news and financial information, technology specifications, product attributes, government and economic data, industry reports and databases from third-party sources, case studies, and reference customers. As applicable, all secondary research sources are appropriately cited within the firm's publications.

All of Dash Research's reports and other publications are carefully reviewed and scrutinized by the firm's senior management team to ensure that research methodology is sound, all information provided is accurate, analyst assumptions are carefully documented, and conclusions are well-supported by facts. Dash Research is highly responsive to feedback from industry participants and, in the event errors in the firm's research are identified and verified, such errors are corrected promptly.

Dash Research Methodology



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Published 4Q 2021

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