

Generative AI: Revolutionizing Customer Engagement for Exceptional Outcomes

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The rise of generative AI in customer engagement

The customer support landscape is undergoing a profound transformation driven by advances in AI, particularly in the domain of generative AI. This whitepaper explores the revolutionary impact of generative AI on customer support, with IntelPeer at the forefront of the revolution. It highlights its capabilities, applications, and benefits for the enterprise and the customer experience, as well as risks and concerns. The paper also explores how technology is reshaping customer support across various industries and discusses its potential to redefine customer service standards. Finally, the research sheds light on the challenges and limitations of traditional engagement methods and the need for businesses to adapt to changing customer expectations.

Navigating the complexity of modern customer engagement

Competing and innovating in this digital-first environment requires agility and flexibility.

Unencumbered interactions with customers must span systems, departments, and workforces. Collections of silos and overlapping systems slow employee processes and workflows, as well as employee productivity. This complexity creates a cumulative negative effect on customer interactions and requires greater energy to manage relationships. Greater complexity and resources don't work in today's digital-first Experience Economy. Here, enterprises can't underestimate the importance of scaling quickly to provide unique and relevant experiences and create value for all in the business. To a customer, the differentiation between online and offline channels doesn't and shouldn't matter. Their own individual goals guide their journeys, and they expect to be able to go wherever that leads them.

To navigate, survive, and thrive in this complex landscape, forward-leaning enterprises must transform into intelligent, cohesive ones capable of using data, people, and technology in tandem to effectively manage customers' journeys. To win in this environment, organizations must ensure that their CX initiatives can deliver intelligent, contextual, frictionless, and real-time data-driven human experiences.

Adapting to these changing expectations is crucial to remain competitive and retain customer loyalty in today's market. It requires businesses to invest in advanced technologies, data analytics, and customer engagement strategies. Most importantly, generative AI plays a significant role in this CX revolution where both personalizing and automating customer interactions have become table stakes.

Today's customers want:

- Relevant, personalized experiences
- Frictionless fluidity across journeys
- The ability to self-serve
- Conversational interactions
- Rapid resolution with low effort



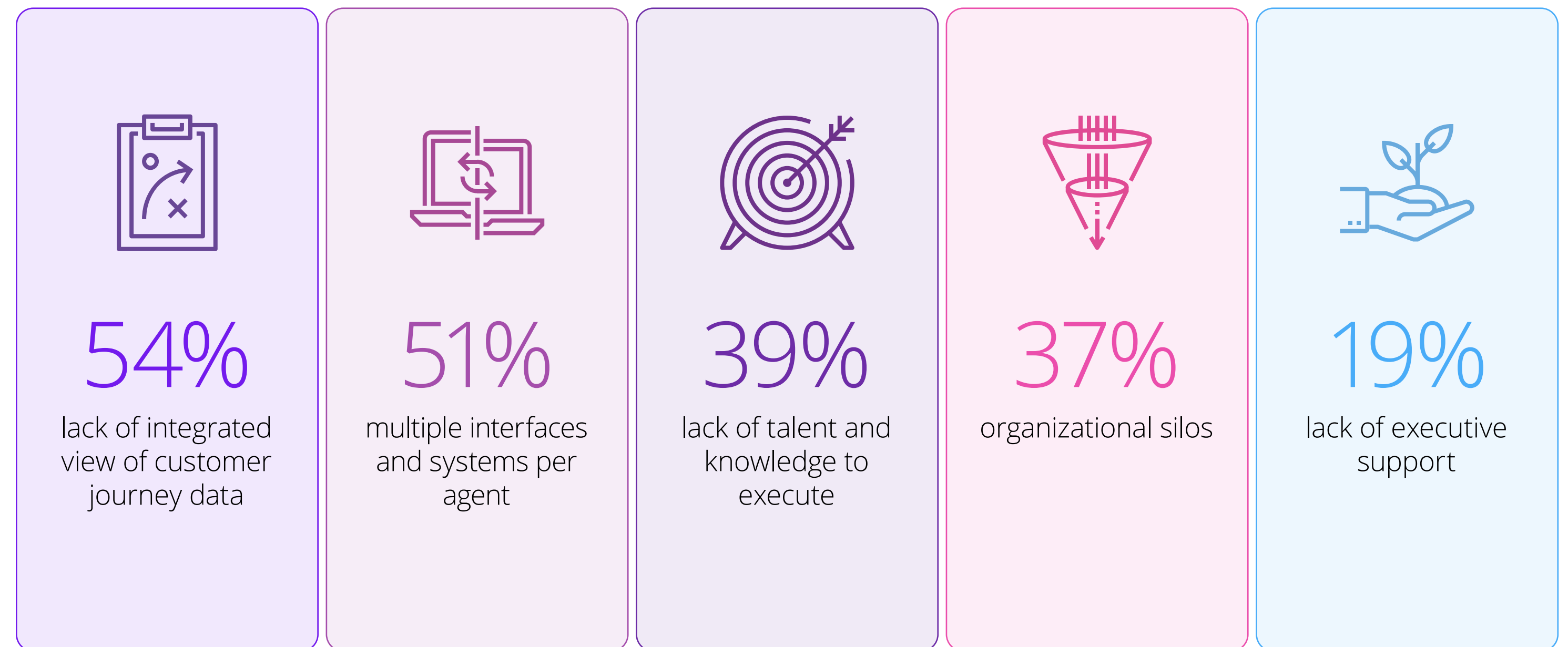
Customer engagement transformation: Unlocking the challenge of omnichannel personalization

Amidst the evolving customer engagement landscape where companies report widespread urgency to adopt technologies and strategies that meet their escalating needs, businesses are often met with obstacles. These hurdles stall their ability to advance their digital efforts and ultimately enhance their customer experience.

A ubiquitous challenge is the ability to personalize customer interactions, including offers, content, and recommendations. Overcoming these difficulties often involves a combination of advanced technology, data management strategies, ethical considerations, and ongoing monitoring and optimization efforts. According to Omdia's research, businesses contend with an array of challenges that stall progress in solving their data dilemma. When asked about the top challenges that prevent businesses from personalizing customer experiences, the majority pointed to a lack of an integrated view of customer journey data (see Figure 1).

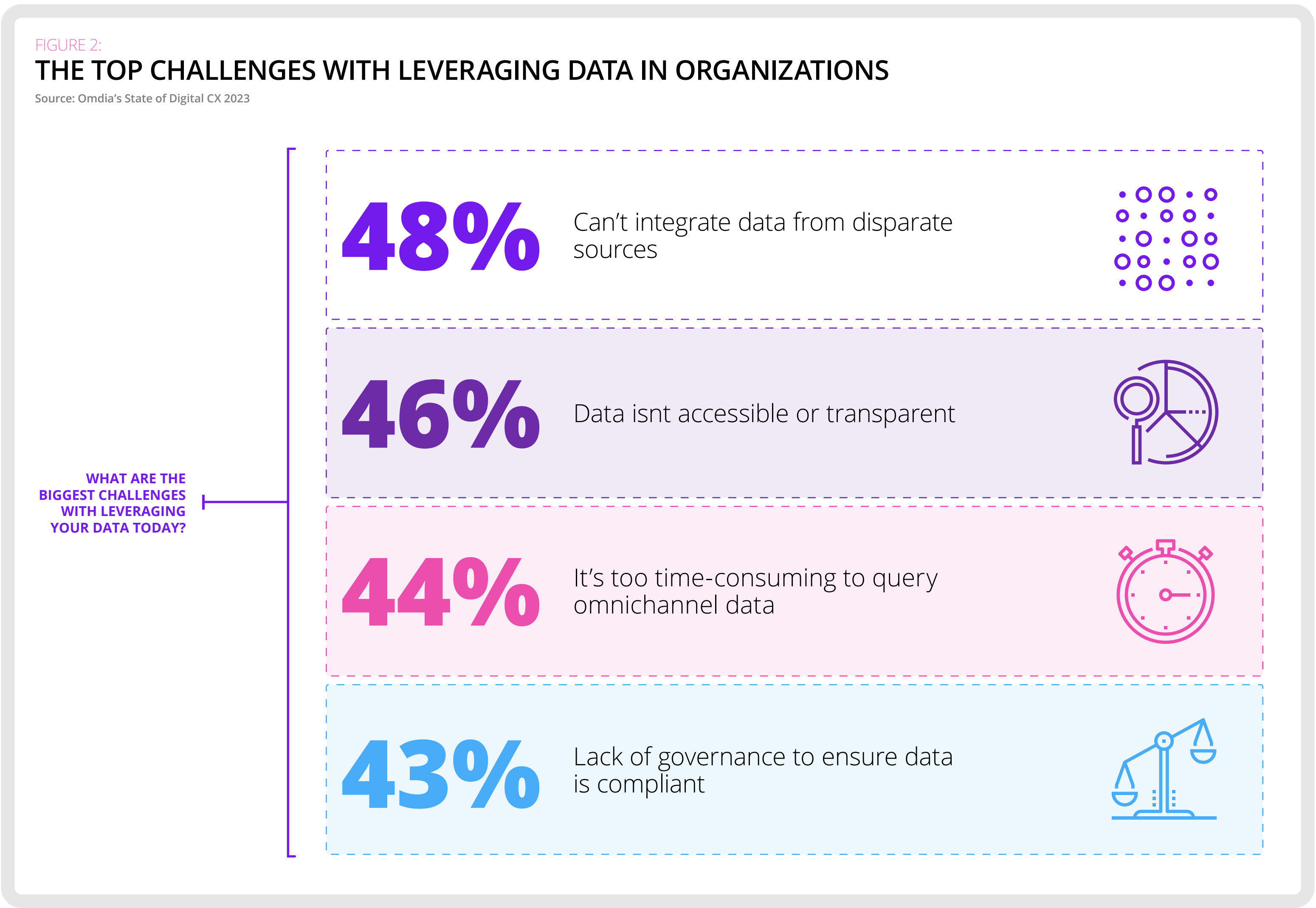
FIGURE 1:
THE TOP CHALLENGES IN DELIVERING PERSONALIZED AND PROACTIVE CUSTOMER ENGAGEMENT

Source: Omdia's State of Digital CX 2023



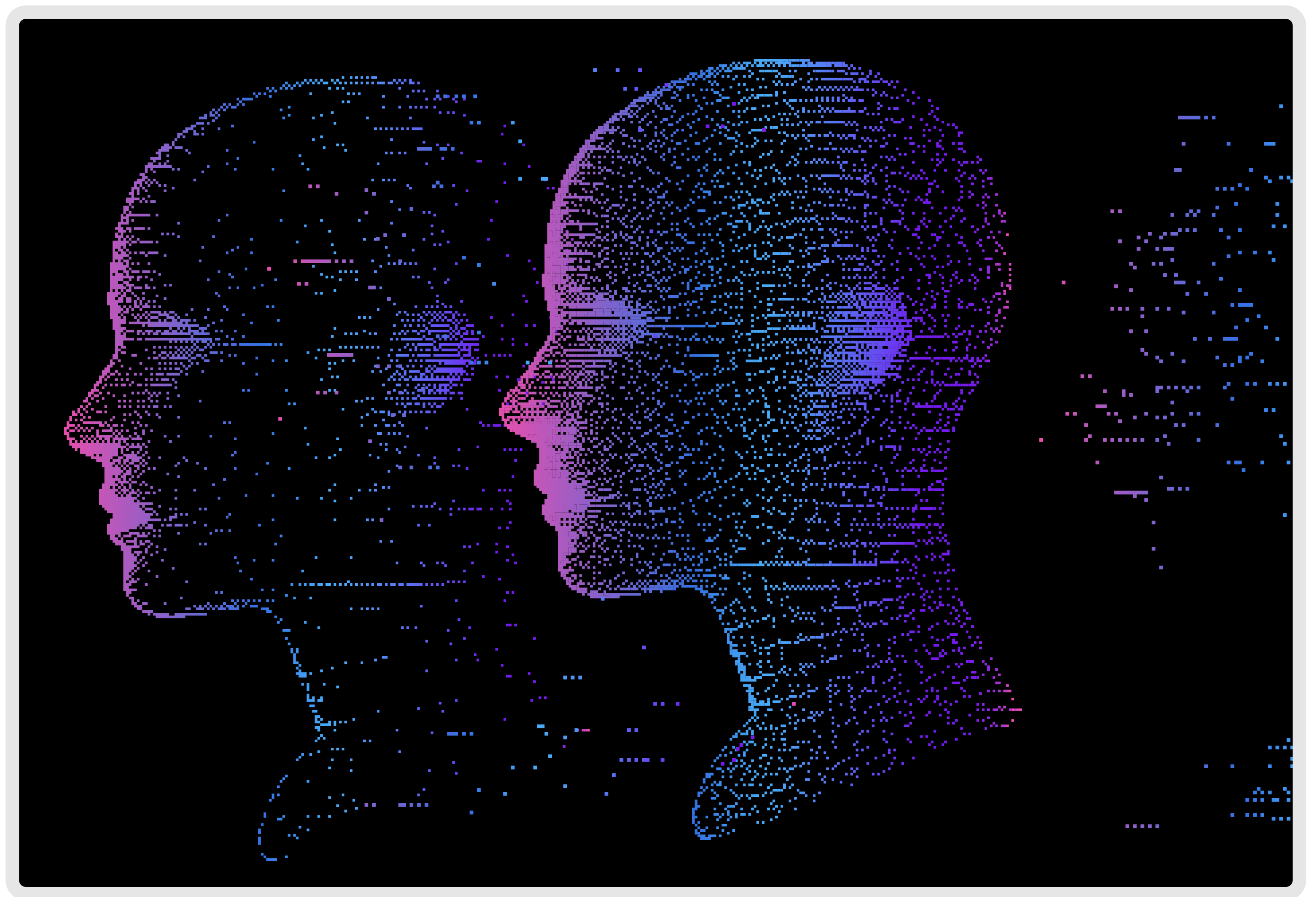
Disconnected data and a lack of a unified data foundation results in fragmented experiences. In these cases, businesses are unable to personalize and create seamless experiences. According to Omdia’s State of Digital CX survey, challenges emerge from a range of dimensions pertaining to data integration and optimization. In the same survey, 48% of respondents said they can’t integrate their data, 47% said their data isn’t accessible or transparent, and 44% said it’s too time consuming to query the data (see Figure 2). These problems will stall customer engagement and ultimately CX effectiveness as well as a company’s ability to realize value.

Others lack executive support and contend with organizational silos. These are all challenges that impede progress with personalized omnichannel engagement because success hinges on how quickly an enterprise can sense and respond to customers along their journeys, which requires coordinated, end-to-end experience orchestration. But that can only happen when data is aggregated from a variety of sources and integrated.



Combining data from both internal and external sources is critical because today's customers interact with businesses across a range of channels, including email, SMS, in-store, websites, phone, and chat. Maintaining a consistent brand, voice, and messaging across all channels is important, however activating seamless and relevant engagements across multiple channels can be difficult.

Having unified data is foundational to CX. When an organization's systems are operating from a unified data layer, the business will gain a comprehensive view of customer interactions across various channels and touchpoints. A holistic representation of customer data enables businesses to understand, personalize, anticipate, and improve the customer experience across all channels in which customers interact with businesses. More importantly, a unified data foundation that brings together information from various sources and systems provides a single source of truth. This eliminates data silos and ensures data accuracy and consistency.



Generative AI in customer engagement: Catalyzing transformation through automation

Generative AI, powered by deep learning algorithms, has emerged as a game-changer in the context of personalization and omnichannel engagement. It allows organizations to create chatbots, virtual assistants, and language models capable of understanding, generating, and responding to customer inquiries with sophistication. Together they enable rich personalization and close the gaps along the customer journey.

Generative AI is a type of AI that describes machine learning systems that generate text, content, images, and code in response to a prompt entered by a user. As a result, generative AI plays a crucial role in enabling omnichannel engagement by providing the capabilities needed to create consistent and personalized customer experiences across various communication channels. Companies are increasingly incorporating generative AI models into virtual assistants to handle customer inquiries by generating human-like responses. For example, generative AI models, such as GPT-3 and BERT, excel in natural language understanding and generation. They can:

- Generate human-like responses to customer queries
- Provide instant and context-aware solutions
- Support multiple languages and dialects
- Adapt to customer preferences and conversational nuances

Generative AI offers numerous benefits and advantages that can positively impact companies' operations, competitiveness, and growth — namely, the reduction of labor costs. Due to its ability to automate routine and repetitive tasks that would otherwise require human effort, generative AI significantly reduces the need for manual labor. This includes data entry, report generation, content creation, and answering customers' routine inquiries — tasks that follow predictable patterns. By reducing the need for additional staff through automation, businesses can further lower costs associated with benefits and training. Additionally, the technology's ability to handle a large volume of tasks or requests simultaneously allows businesses to meet increased demand without hiring additional employees during peak periods. Finally, generative AI reduces the risk of human errors that can be costly to rectify and require additional labor to correct mistakes.

The benefits of generative AI, however, go beyond the tangible cost benefits and savings. The technology is poised to revolutionize customer support and elevate customer experience by offering efficient, personalized, and accessible assistance to customers across various industries. It enables businesses to meet rising customer expectations through personalization and omnichannel engagement and ultimately achieve operational excellence. In addition to reducing labor costs other outcomes include:

- **24/7 support:** Generative AI-powered virtual assistants support customers around the clock.
- **Personalized interactions:** AI-powered systems analyze customer data to personalize responses, content, recommendations, and offers.
- **Consistency across channels:** Consistent responses provide uniformity across channels.
- **Removal of routine tasks:** Most generative AI uses cases in the contact center focus on removing routine tasks from agents and focusing them on high-value tasks.
- **Better decision-making.** Generative AI's ability to produce real-time data-driven insights and analytics translates to better decision-making for the business.

Some examples of applications of generative AI in the contact center include:



Sentiment analysis

Generative AI can play a role in sentiment analysis by helping to generate text or responses that capture and understand the sentiment expressed in given text or conversation. Sentiment analysis, a natural language processing (NLP) technique, helps contact centers gain insights into customer emotions, needs, and satisfaction levels by analyzing text or speech data. This, in turn, improves the customer experience and operations.



Training and onboarding

Generative AI is an increasingly valuable tool for creating dynamic, personalized, and interactive learning experiences for employees. It enhances onboarding effectiveness, reduces training costs, and supports continuous learning and development in the workplace. This is used from generating onboarding materials and analyzing employee performance to conducting simulations and grading quizzes.



Call summarization

Generative AI models can reduce the manual effort required to analyze and summarize phone conversations, making it easier for organizations to extract valuable insights and information from their call data.



Analysis of feedback

AI can analyze customer interactions and feedback across channels to gather insights into customer preferences, pain points, and behavior. This information can inform future engagement strategies.



Email responses

Generative AI can automate email responses by drafting, generating, and improving email content. By incorporating generative AI into email workflows, employees and organizations can streamline email management, enhance communication quality, and ultimately save time and effort in their email interactions.



Bridging gaps across channels

AI-powered chatbots and virtual assistants can be deployed across various channels, including websites, messaging apps, and social media, providing a consistent and responsive presence



Personalized recommendations:

Generative AI plays a crucial role in making personalized recommendations by analyzing user data, understanding user preferences, and generating tailored suggestions.



Consistent messaging:

Generative AI ensures that the messaging and communication across all channels are consistent, regardless of whether a customer is interacting via a website, mobile app, social media, email, or chatbot.

IntelPeer: Leading the charge in generative AI-powered customer engagement

While complex issues still demand the expertise and empathy of human agents, AI and generative AI are proving to be invaluable in eliminating routine tasks and providing accurate and efficient responses to customers' inquiries.

IntelPeer, a provider of an AI-powered communications automation platform, specializes in cloud-based voice, messaging, contact center services, and enterprise productivity to enable omnichannel engagement. As businesses look to decrease their cost of labor but also improve their customer engagement, they will incorporate more AI-powered solutions into their architecture. IntelPeer is leveraging this new generative AI revolution to reinforce its strategic direction as being foundational to all the company's products and solutions.

The company is achieving that by solving automation and customer engagement needs of enterprises and contact centers largely through self-service, conversational AI, and rules-based automation (see Figure 3). Several IntelPeer customers cite 70% customer interactions containment, which is helping them to improve customer experience and accelerate ROI.

IntelPeer's customers report time-to-value from the company's AI-powered automated communications. For example, a FinTech provider offers a debit card for kids, as well as a savings account with a high interest rate. The company wanted

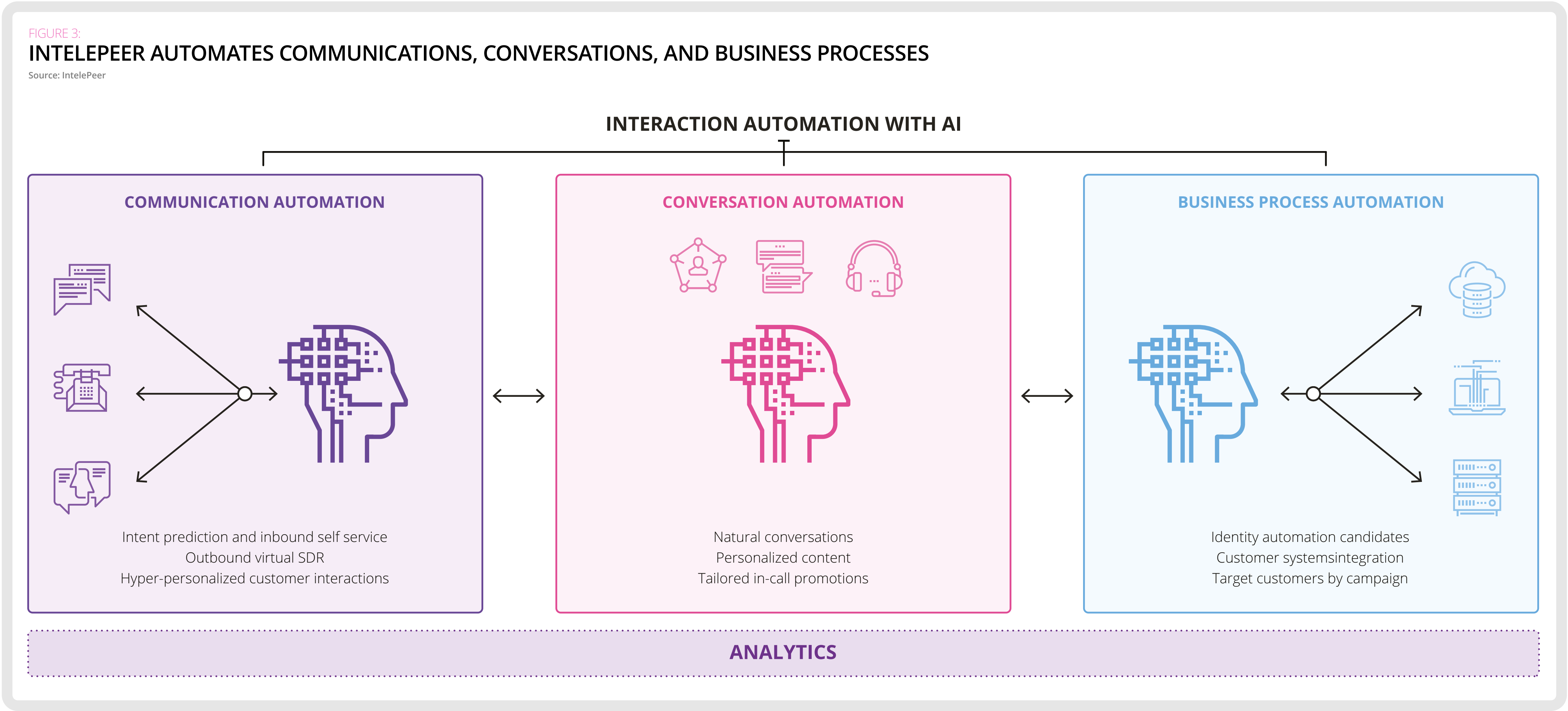
to increase the self-service rate to reduce call volume associated with questions and routine tasks associated with both offerings. The FinTech company needed to provide better customer experience by circumnavigating customer service agents.

To resolve this challenge, the company deployed IntelPeer's conversational IVA in its existing contact center environment to self-serve calls and conduct seamless handoffs to agents when necessary. The combination of automation with voice simplified call flow and enabled faster time-to-value with 40% initial self-service usage in the voice channel. The company next plans to enhance the chat experience by incorporating AI-powered intent data.

"As businesses look to decrease their cost of labor but also improve their customer engagement, they will incorporate more AI-powered solutions into their architecture."

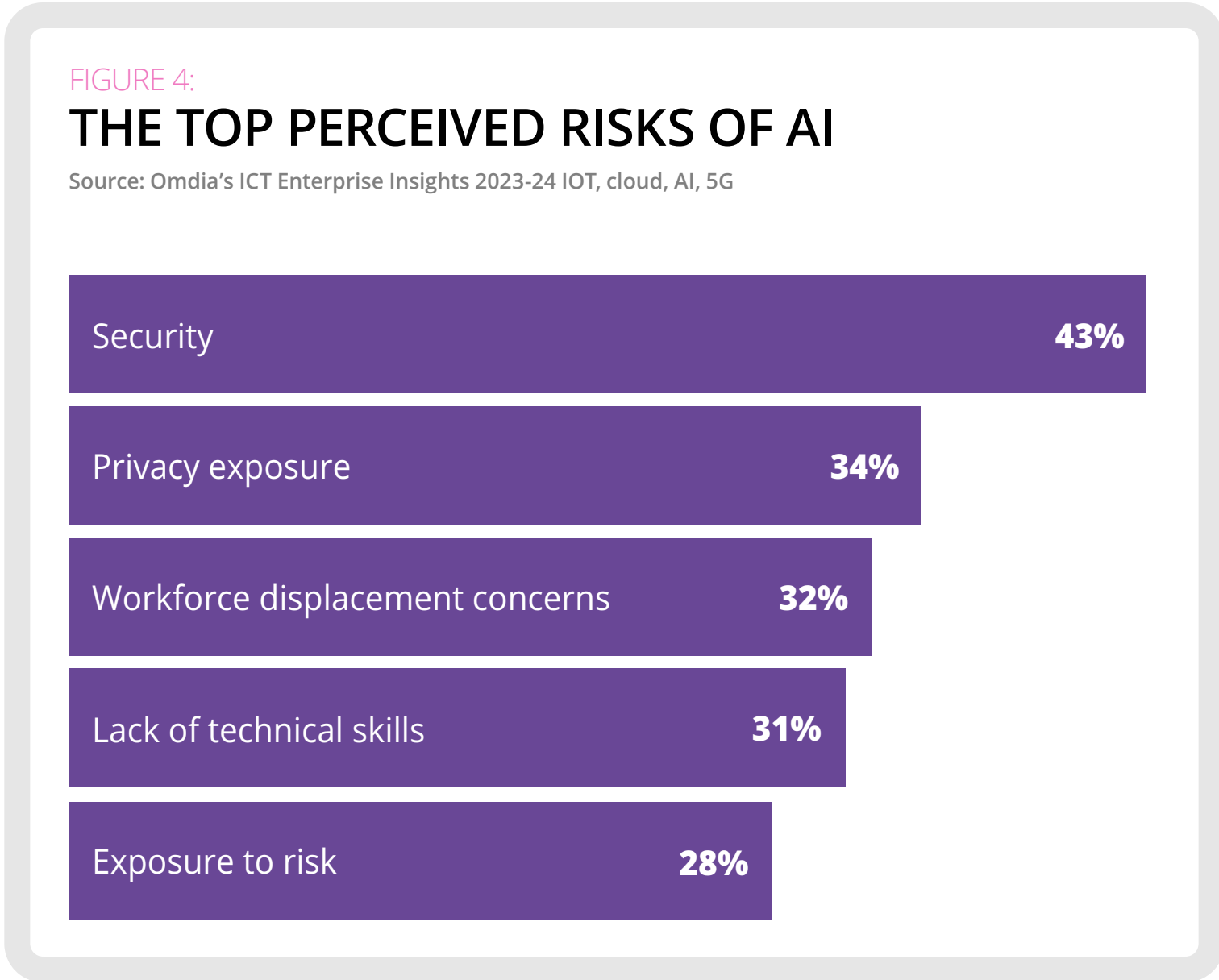
FIGURE 3:
INTELEPEER AUTOMATES COMMUNICATIONS, CONVERSATIONS, AND BUSINESS PROCESSES

Source: IntelPeer



Overcoming challenges: Harnessing generative AI’s potential for progress

These considerations with generative AI encompass various ethical, societal, and technical issues and are due to the technology’s ability to generate human-like text.



SOME CONCERNS OR RISKS INCLUDE:



Data privacy

Ensuring data privacy on enterprise-grade or private LLMs involves a combination of technical, organizational, and legal measures to protect sensitive information. When working with enterprise-grade LLMs, some considerations include identifying and classifying sensitive data, restricting access controls, encrypting data, anonymizing it, conducting regular audits, and training employees on privacy best practices. Data privacy is an ongoing process to ensure data protection strategies evolve as new threats or regulations emerge.



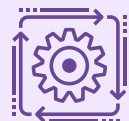
Data quality and biased responses

If training data is biased or poor quality, the models can produce inaccurate outputs with factual errors. Generative AI models can learn biases present in the training data, leading to the generation of biased or unfair content. This can perpetuate stereotypes, discrimination, and misinformation.



Ethical considerations

Instances of misuse, such as generating deepfake or deceptive content, such as fake reviews or phishing emails, or creating misleading information have prompted organizations to establish guidelines for responsible AI use.



Automating customer interactions

AI-powered customer interaction automation brings several concerns. Loss of human touch is a primary consideration because automation can mimic human interactions by using natural language processing to understand and respond to human emotions and training virtual agents to express empathy. Additionally, customers may become frustrated if they are unable to find information so organizations must provide clear paths to reach human agents.



Workplace displacement

The introduction of generative AI and other advanced technologies into the workplace can raise concerns about employees being replaced or their roles significantly altered by automation. While concerns in the workplace about generative AI range from mismatched skills to the emotional impact, the most widespread concern is over job loss. The most immediate concern is the potential for job losses as automation through generative AI can replace tasks and roles that were previously performed by humans.

Addressing these aforementioned concerns require a multifaceted approach. Among the solutions, developers should prioritize ethical considerations in the design, development, and deployment of generative AI systems. Companies should implement strategies to reduce bias and ensure fairness in AI-generated content. Establishing clear ethical guidelines for AI usage and content generation plays a primary role in developing an AI strategy.

Finally, companies must address the potential negative perception on the workforce and communicate the value of generative AI in helping agents and

other enterprise employees learn new skills and uplevel their roles by working on higher-value tasks. While generative AI can bring efficiency and cost savings, it's important to consider the broader implications like the sensitive nature of agent displacement; generative AI can be effective at reskilling agents, but it can also displace them. It's crucial to first conduct a thorough cost-benefit analysis to determine specific financial and operational impacts. Throughout the process, communication and buy-in are essential for ensuring a smooth and equitable transition to the AI-driven customer engagement.

Unlocking the future of customer engagement with generative AI

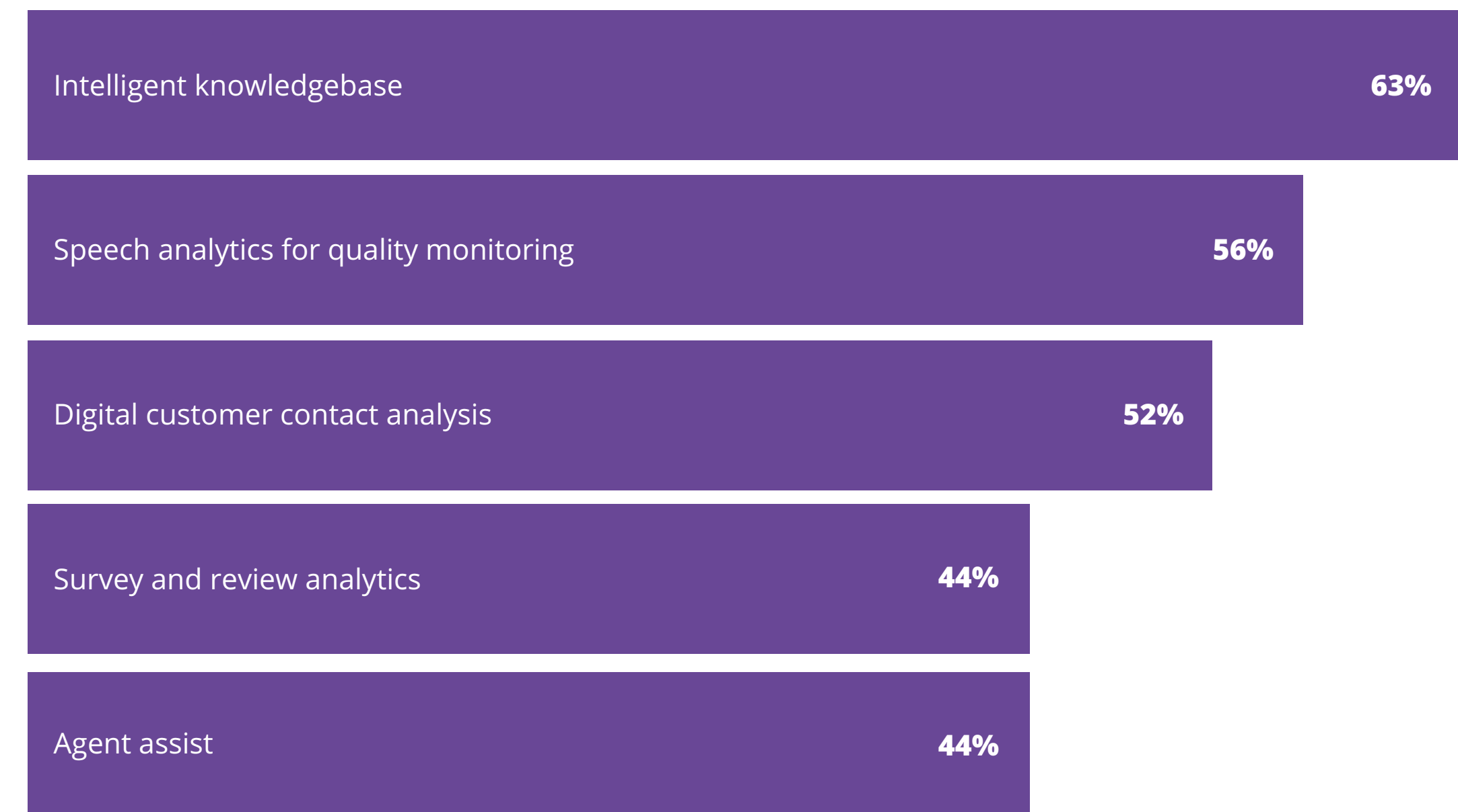
Despite the potential risks, the future of customer engagement with generative AI is marked by increasingly personalized, automated, and intelligent interactions across various customer touchpoints. As AI technologies continue to evolve and mature, businesses that embrace these advancements are likely to gain a deeper foothold in the market and a competitive edge by delivering superior customer experiences.

Omdia's research underscores such widespread acceptance and inevitable adoption of generative AI. When asked about their plans to deploy AI technologies in the next 12 to 18 months, 63% of organizations said they plan to deploy intelligent knowledgebases, 56% pointed to speech analytics, and 52% said they intend to deploy digital customer contact analytics (see Figure 5).

The planned deployments reflect the positive outcomes companies are reporting from their AI investments. According to Omdia's research, when asked about the outcomes their organizations are experiencing from their AI-powered technologies, 59% say they gained the ability to better understand customer needs. Additionally, 57% report increased customer retention and satisfaction and another 57% cited increased revenue.

FIGURE 5:
COMPANIES' INVESTMENT PLANS FOR AI-POWERED TECHNOLOGY

Source: Omdia's State of Digital CX

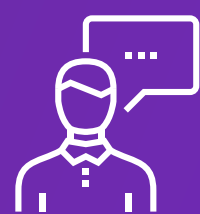


The advent of generative AI will undoubtedly lead to the ongoing transformation of the customer engagement market as it adapts to technological advancements and changing customer expectations. According to Omdia research, nearly half of all enterprises surveyed (47%+) are already putting generative AI into production or have already done so. Because of the nascent nature of the current state of generative AI combined with the lower barrier of entry, the customer engagement

market is one poised for future growth from generative AI. The future of this market is influenced by a wide range of factors, including technological advancements, consumer behavior shifts, regulatory changes, and economic conditions. Several technologies are poised to complement and enhance the capabilities of generative AI and ultimately enhance and advance the market. Some notable ones include:



Conversational AI: The development of more advanced conversational AI models, which go beyond text and incorporate voice and natural language understanding, can enhance the conversational abilities of generative AI, making it more capable of human-like interactions.



Voice recognition and speech analytics: These technologies enable contact centers to process and analyze spoken language, making voice-based customer interactions more efficient. They can complement generative AI by providing voice-enabled services and extracting insights from call recordings.



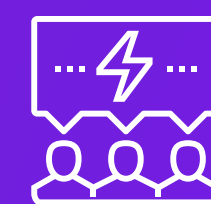
Omnichannel engagement platforms: These platforms allow businesses to engage with customers seamlessly across various communication channels, including chat, email, social media, and voice. Generative AI can ensure consistent messaging and personalized responses across all these channels.



Predictive analytics: Generative AI and predictive analytics can be used together to enhance various applications and processes across different domains. Most notably, in customer service, generative AI can model customer behaviors and preferences based on historical data. Predictive analytics models can then use these generative models to forecast future customer actions and preferences. For example, in e-commerce, generative models can simulate customer purchase behavior, while predictive analytics can forecast future sales.



Knowledge bases and FAQs: These repositories of information serve as self-service resources for customers. Generative AI can help maintain and update knowledge bases, making them more accessible and user-friendly.



Interactive Voice Response (IVR) Systems: IVR systems use voice recognition and menu-based options to route customer inquiries. Generative AI can improve IVR interactions by making them more conversational and efficient.

Looking ahead, generative AI has the transformative power to both significantly reduce labor and operational costs but also enhance the customer experience in several ways. Together, these benefits will revolutionize how businesses interact with and serve their customers. Most importantly, the ability of generative AI to anticipate customers' needs will enable businesses to proactively reach out to customers with highly personalized offers, recommendations, or assistance, enhancing the customer journey and improving relevancy and engagement. To stay competitive in this evolving landscape, businesses will need to embrace these trends and place generative AI capabilities and technologies at the heart of their customer engagement strategies.



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Mila D'Antonio is a principal analyst on Omdia's Customer Engagement team where she focuses on enterprise applications that enable personalized and connected customer engagement. Mila analyzes key developments in customer engagement applications and emerging tech that improve customer interactions and enable personalized, relevant engagements. That includes research on customer engagement platforms, customer data platforms, customer journey orchestration, and conversational AI.

Prior to joining Omdia, formerly Ovum, in 2017, Mila worked as editor-in-chief at 1to1 Media. In addition, she holds a degree from the University of Pittsburgh where she studied English, journalism, and political science.

Methodology

The author relied on data from Omdia's State of Digital CX 2023, its ICT Enterprise Insights 2023-24 research, as well as Intelpeer-sourced materials about its technologies.

About



IntelPeer simplifies communications automation for businesses and contact centers. Harnessing the power of AI, IntelPeer's Communications Automation Platform lowers the cost of doing business, while improving customer experience and accelerating ROI. The platform automates digital customer service capabilities and instantly improves your customers' communications experience. IntelPeer provides industry-leading time-to-value with solutions that work seamlessly with existing business software and infrastructure, and easy-to-use tools that can be utilized by anyone.

For more information, visit www.IntelPeer.ai

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*The majority of IHS Markit technology research products and solutions were acquired by Informa in August 2019 and are now part of Omdia.



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