

# ARTIFICIAL INTELLIGENCE IN CUSTOMER EXPERIENCE: HOW AI INFLUENCES RESULTS

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This document will highlight the role of artificial intelligence in helping marketers better connect with their customers. It also highlights key building blocks for AI-powered marketing.

## The Business Value of AI-Powered Marketing

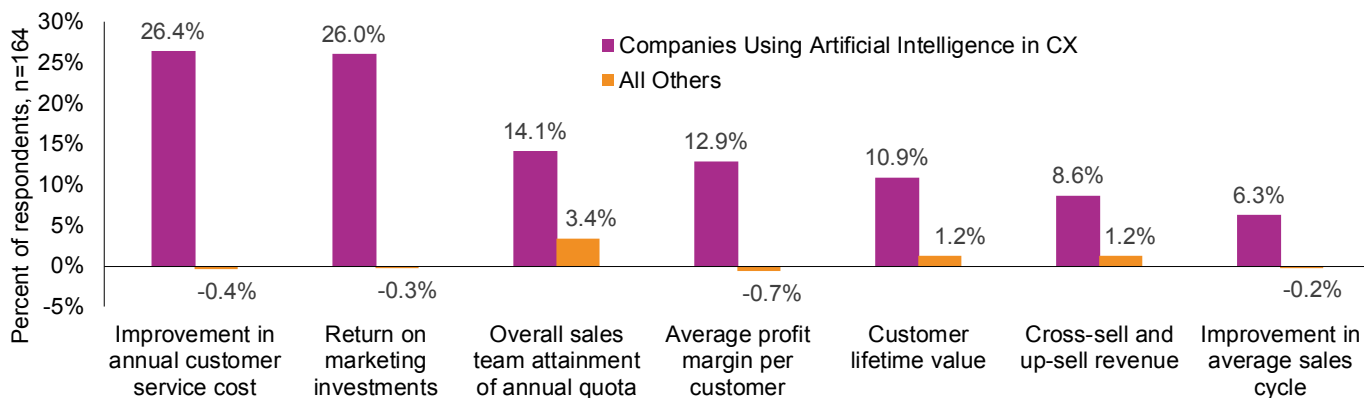
The customer experience technology toolbox has evolved quite dramatically over the past decade. Marketers in particular have expanded the technology capabilities they use to manage customer journeys across all channels (e.g. web, email and social media). Specifically, findings from Aberdeen's *Customer Experience Trends 2018* (January 2018) study shows that firms are planning to increase their adoption of machine learning from 33% to 56% and of artificial intelligence (AI – see sidebar) from 27% to 53%. This marks a 70% *planned* annual increase in adoption of machine learning, and a 96% *planned* annual increase in adoption of AI, from the end of 2017 to the end of 2018. While the actual adoption rates may vary from planned adoption, these numbers signal that incorporating AI capabilities within the marketing technology toolbox is a top priority for marketers.

Data shows that companies planning to increase their adoption of AI in marketing programs is no coincidence. Figure 1 reveals that marketers infusing AI in their customer experience management (CX) activities outpace All Others across various key performance indicators (KPIs).

### Definition: AI in Customer Experience

For the purposes of this research, Aberdeen defines 'companies using AI capabilities' as firms that incorporate any or all of the following capabilities within their customer experience management (CX) program: machine learning, artificial intelligence (AI), real-time decision assist & guidance, natural language processing (NLP), chat bots and speech analytics.

**Figure 1: Companies Enabled by AI Maximize Financial Results**



Source: Aberdeen Group, January 2018

Before we analyze the results in Figure 1, let's first define what it means to use AI-powered marketing programs. AI refers to a set of technology capabilities, including machine learning, predictive analytics, real-time analytics, and natural language processing. Companies may use one or many of these capabilities detailed in the sidebar. For example, marketers can use just machine learning to optimize analysis of previous marketing

activities. This would help determine what elements of previous campaigns have positively influenced customer CX results. Humans would then use these insights gleaned through machine learning to design and execute new campaigns when managing customer journeys.

Marketers can also use artificial intelligence to automate the design and execution of marketing campaigns. This means that they would use dedicated software to not just analyze previous campaign results, but also use the resulting insights to manage future customer interactions. While humans may still be involved in this scenario, it's now only focused on ensuring that AI-powered marketing activities are delivering intended results. As such, it helps reduce or eliminate labor-intensive activities such as analyzing previous campaign results, and designing and executing new campaigns.

Marketers plan to boost their adoption of AI because of the superior results their peers observe when using AI. Specifically, firms infusing AI in marketing activities achieve 26.0% year-over-year increase in return on marketing investments (ROMI), compared to 0.3% decrease by All Others. ROMI is commonly measured as the incremental buyer spend influenced by marketing programs. Hence, this means that **incorporating AI in the marketing technology toolbox helps firms drive quantifiable financial benefits through marketing activities.**

The financial impact of AI-powered marketing goes beyond marketing's influence on customer spend. Companies using AI-powered marketing also enjoy 9.1 times greater annual increase in customer lifetime value, compared to All Others (10.9% vs. 1.2%). Customer lifetime value is commonly measured as the total customer spend through the course of the relationship between a firm and its client. Improvements in this metric means that the company satisfies its customer, retains them, and grows their spend.

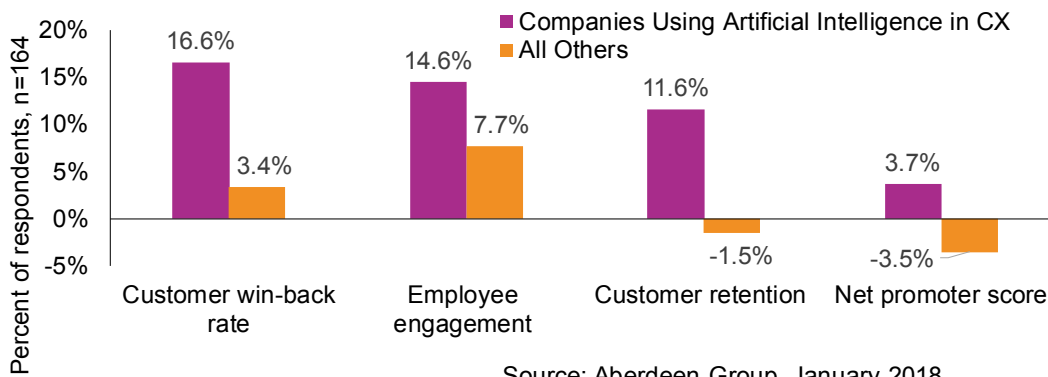
While growing customer spend is important, it's also important to ensure these improvements don't bring added cost to the business. Driving more cost than incremental revenue through marketing programs means your marketing is poor. Once again, firms using AI-powered marketing outpace others in this area by growing average customer profit margin by 12.9% year-over-year, compared to only 0.7% by All Others. The performance findings observed thus far validate that **infusing AI within marketing programs helps companies get the most financial return of their marketing efforts – a true measure of marketing effectiveness.**

The modern marketer is often measured with metrics that extend beyond traditional marketing KPIs such as ROMI and customer lifetime value. They must also work closely with other business units (e.g. sales and service) since non-marketing interactions also influence customer experiences. To this point, marketing may take all the right steps in managing customer interactions. However, if the sales representative can't properly manage the

following interactions, the company might not win the customer’s business. Similarly, if the contact center agent can’t serve the customers well, the company might lose a profitable long-time customer. The good news is that firms using AI-powered marketing also achieve significant improvements in shortening sales cycles, improving overall sales team attainment of quotas and decreasing service costs. These results are achieved by supporting sales and service with the same AI capabilities that help marketers drive marketing effectiveness. See Aberdeen’s [Cognitive Customer Experience: The Future is Here](#) (March 2017) study for more on this topic.

Growing customer spend and driving positive response to marketing campaigns requires firms to first meet and exceed buyer expectations. Marketers will convert customers to loyal advocates only when they address their needs well. Customer satisfaction is an indicator of marketers’ ability to address buyer needs. Firms have various ways of measuring customer satisfaction. These include ranges of 1 to 5 where buyers indicate if they are very dissatisfied (1) or very satisfied (5). These ranges may change to 1 to 100. Firms may also use methods such as Net Promoter Score (NPS). Figure 2 shows that there is a 7.2% difference in year-over-year improvement of NPS of firms using AI in CX programs and those that don’t (3.7% vs. -3.5%). This signals that introducing **infusing AI to marketing activities helps firms excel in satisfying their clientele.**

**Figure 2: AI Helps Unlock Customer Loyalty**



Customer satisfaction is a key influencer of customer retention rates. Figure 2 shows that in addition to achieving superior financial results, firms using AI-powered marketing activities in CX programs improve customer retention by 11.6% year-over-year, compared to 1.5% worsening by All Others. Improvement in customer retention is enabled by companies using AI to better map customer journeys and use the resulting insights to deliver truly personalized and consistent messages across all channels – an activity commonly referred to as ‘omni-channel marketing.’

One of the areas of CX programs that many firms often overlook is the employees who manage customer interactions – specifically, marketers that

design and manage programs to achieve the results observed thus far. If employees across the marketing team don't understand the CX strategy then they won't be able to adjust their activities to execute on that strategy. Similarly, employees must be provided with the right knowledge and technologies to achieve marketing objectives such as increasing brand awareness and improving ROMI. Infusing AI in marketing activities helps firms empower marketers with relevant knowledge. In turn, marketers will reduce their reliance on data scientists to map and analyze customer journeys, and they can work with the speed of their buyers. In addition to helping analyze vast volumes of data, AI also enables marketers with next-best action guidance to make it easier for marketers to do their job. These benefits help **AI-powered marketing organizations achieve 90% greater annual increase in employee engagement rate** (see sidebar), compared to All Others (14.6% vs. 7.7%).

### Key Capabilities to Maximize Marketing Effectiveness through AI

Empowering marketers with relevant insights isn't a necessity – it's a requirement to deliver truly data-driven customer interactions that are consistent and personalized across all channels. Findings from Aberdeen's [\*Customer Experience Executive's Agenda 2018: How to Satisfy the Empowered Customer?\*](#) (February 2018) study shows that only 17% of marketers are fully satisfied with their ability to use data to deliver omni-channel interactions. A closer look into these findings shows that firms with AI-powered marketing are 3.8-times more likely to be fully satisfied with their ability to tailor customer journeys across all channels.

A key requirement when managing customer journeys is to first eliminate the complexity in your marketing technology ecosystem. As noted earlier in this document, marketers have a variety of technologies they use to do their job (e.g. marketing automation, campaign management, CRM and web analytics). The [\*Customer Experience Executive's Agenda 2018\*](#) (February 2018) study shows that fragmented views of customer data across enterprise systems is among the top pressures influencing marketers' ability to do their job. Overcoming this obstacle requires firms to eliminate disparate data silos by integrating structured (e.g. web visitation data) and unstructured customer data (e.g. customer-generated social media content such as a Tweet or Facebook post) across all systems. Figure 3 shows that firms with AI-powered marketing are 2.1 times more likely to have this capability, compared to All Others (80% vs. 39%).

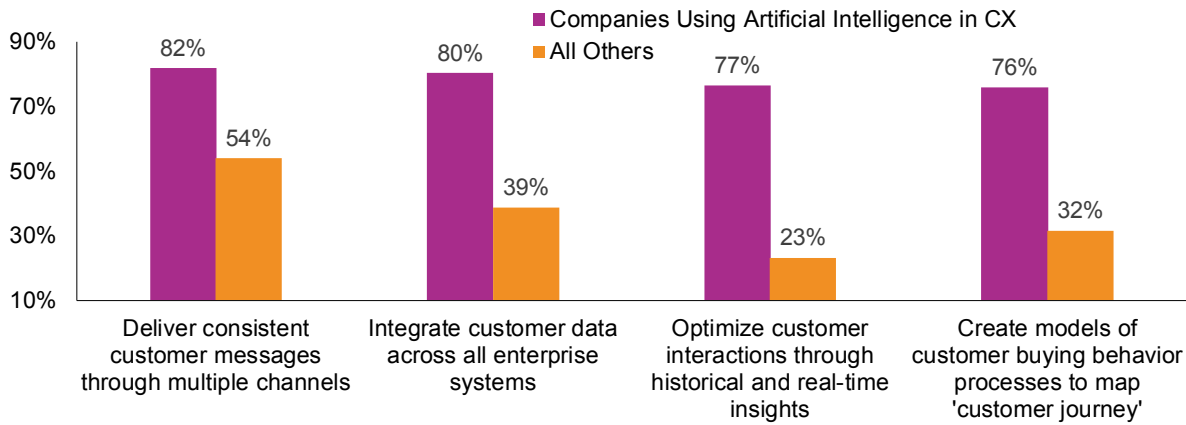
#### Definition: Employee Engagement

Aberdeen defines employee engagement as a state of positive work-related attitude, characterized by high levels of energy, emotional commitment, and satisfaction derived from the work itself.

When employees are engaged, they feel a vested interest in the company's success and are both willing and motivated to perform to levels that exceed the stated requirements of their job (e.g. improve marketing campaign results).

Engaged employees positively influence the buying behaviors of customers, leading to higher customer loyalty and profitable growth.

**Figure 3: Use AI-Infused Insights to Deliver Seamless Interactions Across All Phases of Customer Journeys**



Percent of respondents, n=164

Source: Aberdeen Group, January 2018

Journey maps built without a unified view of customer data may be based on partial or inaccurate data, and hence leading to sub-par results. Data can be considered the “food” AI consumes to provide marketers with insight. Therefore, consuming healthy food, which comes in the form of a single view of customer data, helps maximize the accuracy of insights gleaned through AI. Once fragmented views of customer data are eliminated, marketers can then use AI capabilities to map customer journeys. Figure 3 shows that companies that infuse AI in marketing activities are 2.4 times more likely to utilize these capabilities to analyze buyer behavior across all channels and build journey maps (76% vs. 32%).

It’s important for firms to keep in mind that journey mapping is not a one-time activity. Buyer expectations evolve rapidly and so does the customer behavior shaping journey maps. Using AI capabilities such as machine learning allows marketers to automate the analysis of customer behavioral data to build dynamic views of customer journeys. Compared to static journey maps that are built once and never (or rarely) get refreshed, dynamic journey maps provide marketers with real-time views of customer interaction history. An important factor marketers must consider when using machine learning to build dynamic journey maps is that training / programming the software for doing the right analysis early in the usage process helps minimize the need for retraining later on. This in turn shortens the time it takes to benefit from AI-powered marketing activities.

Customer journeys are mapped so they can be managed. Visibility into customer interaction history helps marketers only if and when they use this information to guide future activities. Customer journeys have different phases. In each phase, there are different results that the company may be looking to achieve. For example, stages where marketing has a key role include raising brand awareness, getting prospects interested to purchase company products, and increasing spend of existing clientele.

Successfully achieving the above goals requires that marketers tailor all aspects of customer interactions (e.g. message, channel, timing) for personalization and consistency. To this point, Figure 3 shows that firms with AI-powered marketing programs are 52% more likely to have this (omni-channel) capability, compared to All Others (82% v. 54%). Data also shows that these **AI-enabled marketers are 3.3 times more likely than All Others to optimize customer interactions by utilizing historical and real-time customer insights** (77% vs. 23%). AI helps firms by analyzing customer interactions to develop and renew journey maps, as well as using related insights (coupled with predictive and prescriptive analytics) to identify *and* execute the action that's most likely to achieve the results noted in the above paragraph.

### Key Takeaways

The need to differentiate through better customer experiences has marketers looking for the technologies that help them achieve maximum improvements in this area. AI technology capabilities are top of mind across marketers surveyed in Aberdeen's CX studies. In fact, companies are planning to significantly increase their adoption of capabilities such as machine learning, predictive analytics, and artificial intelligence throughout 2018, according to Aberdeen's January 2018 [CX](#) study.

A closer look at the KPI improvements across firms with AI-powered marketing programs reveals the reason firms are planning to incorporate AI to help with their CX efforts. Companies using AI achieve far superior return on marketing investments. They also improve customer satisfaction rates and retain far more of their clientele year-over-year, compared to those that don't use AI.

However, achieving these results are not guaranteed solely based on adding AI capabilities to marketing programs. Marketers must also incorporate the four key building blocks highlighted in this report to ensure they have the right infrastructure and processes needed to feed AI with accurate insights, and act on those insights to achieve top-notch results across all relevant marketing KPIs.

## About Aberdeen Group

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