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AI in the Contact Center:

# Key Considerations for Investing in 2024

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Introduction

As we enter 2024, artificial intelligence (AI) is having a moment. Barely a year after OpenAI announced ChatGPT, generative AI has captured the public's imagination. Now, the world's biggest technology companies are building generative AI directly into customer-facing services at an astounding rate. As we begin to better understand the technology's potential, one thing is becoming clear: **businesses must either ride the AI bus or risk disappearing under it.**

Contact centers also face a pivotal moment as this technology takes hold. Generative AI has reminded many of pre-generative machine learning's power. This also has the potential to transform a range of applications, from customer data analytics to real-time performance analysis.

AI was already gaining traction in the contact center community, especially through more established tools such as chatbots, but the increased interest in evolving generative AI tools promises to accelerate adoption.

This report examines the transition of AI from experimental tool in the contact center to key operational technology. It considers the perspectives of contact center professionals on AI technology and its impact on their industry. It investigates their business and customer experience priorities, how AI might address these, and the concerns and expectations surrounding AI integration into contact center operations. Lastly, it captures a clear enthusiasm as AI promises to help solve perennial problems, such as customer experience (CX), balanced with caution over potential dangers, including privacy and data management.

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Tackling the Traditional Tradeoff: Cost vs. Customer Experience

Cost reduction is always a driver for automation in the contact center, but when it comes to drivers for AI investment, CX takes pole position. Contact center executives consider customer interactions to be an area of weakness.

CX is a clear priority.

Improving CX is by far contact centers' most popular planned business initiative (75% of organizations), and 40% of organizations are already using AI to do so.

Cost reduction/agent productivity is the next biggest goal.

Just over half of contact centers hope to tackle cost reduction with AI. At 19% of organizations, the proportion currently using AI to tackle this problem is also lower than those using it to target CX. The good news is that AI is a potential catalyst to achieve both CX and cost management goals at once.

These AI investments are in line with broader contact center priorities.

Cost reduction is the priority for 22% of organizations, compared to CX for 39%. They also identify customer satisfaction as the most important metric that they measure overall, with agent productivity in second place.

CX is a weak spot for contact centers.

Currently, fewer than half of contact centers believe customers are happy with their interactions. The good news is that technology is a potential catalyst to achieve both CX and cost management goals at once.

75%
of far contact centers' most popular planned business initiative is improving CX.

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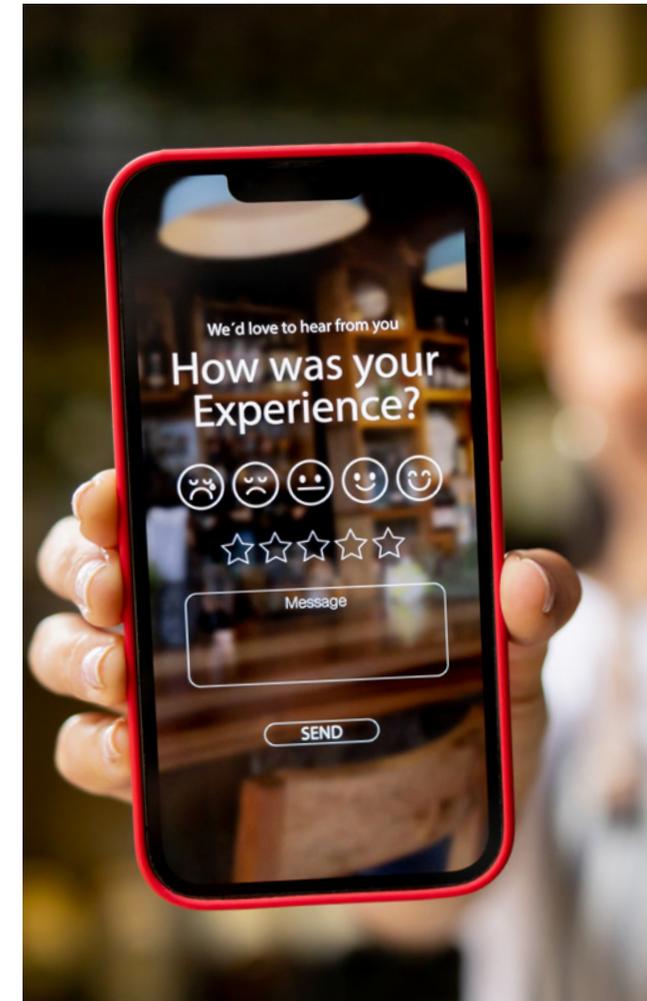
Tools and Capabilities:
Investment Decision Factors

The focus on CX is driving specific investment goals in AI technology, but to fully realize them, contact centers must ensure that they are part of the broader AI discussion.

AI has excited contact center executives.

AI accounts for half of the technology that contact centers plan to implement in the near term. Generative AI leads by a mile, with 44% of organizations planning to add it to their existing technology portfolios in the next 12-18 months. This reflects just how much it has captured public attention.

Managers have already envisioned clear AI outcomes.

Contact center executives have clear expectations for business outcomes from AI tools, which will drive procurement decisions.

Enhanced personalization tops the list at 21%, which dovetails with the strong focus on CX in forthcoming AI investments.

Engaging with leadership in investment discussions is key.

To drive these discussions, contact centers must be involved in them. Currently, operations staff steer the ship when it comes to AI procurement decisions. Only half as many seats in those meetings are reserved for contact center/CX professionals. A stronger voice will be critical in driving AI procurement strategy for the contact center, informed by specific expertise in how it will affect day-to-day operations.

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Leading Applications for AI in the Contact Center

Customer Data Analytics

AI's ability to mine vast amounts of data for new insights can unlock its latent value, creating powerful new insights and differentiating contact centers from the competition.

Unstructured data is an untapped resource.

Unlocking insights from unstructured data such as audio, video, documents and spreadsheets, and social media posts is a goal for 15% of forward-thinking contact center leaders.

Contact centers can mine it to better understand their customers.

This unstructured data offers rich opportunities to boost contact centers' understanding of their customers. One in four plan to implement speech analytics.

Another interesting area is sentiment analysis. AI can interpret a customer's mood by analyzing tone and phrasing in speech and text, which could pinpoint customer intent and satisfaction levels. This is on 24% of contact centers' to-do lists for the next 12-18 months.

Predictive Data Analytics

Alongside understanding past and current trends, data analytics can help contact centers forecast what happens next.

Predictive analytics is already generating significant interest.

Predictive analytics ranks second in contact centers' technology implementation plans, with 33% preparing to implement it in the next 12-18 months.

Contact centers can mine data from varied sources to predict many different metrics.

Data is critical to this contact center application. It can be gathered from sources including outbound dialers, multichannel routing platforms, and automatic call distributors. Using AI, contact centers can analyze data from these and other sources to predict a variety of metrics, including:

- Call volume
- Customer churn
- Problematic customer outcomes
- Likelihood to buy

Predictions can fuel significant business outcomes.

Contact centers can use these forecasts to help plan staff allocation and scheduling, or to route customers to the most appropriate agent automatically. "What if" modeling also enables managers to forecast the effects of proposed changes before they are made, either on a short-term basis for enhancing daily contact center operations or for long-term decisions, such as budgeting.

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Chatbots and Self-Service

The drive for efficiency through self-service has prompted investments in chatbot technology. This, combined with the rise of generative AI, creates strong opportunities for this technology in the contact center space.

Chatbot and virtual agent technology is already popular.

Over half of contact centers currently chatbot and virtual agent AI tools.

They offer cost reduction opportunities.

These AI-driven tools can reduce the total cost of service by taking care of mundane FAQ-style queries and are becoming increasingly good at managing more complex interactions. They are a natural solution for many of the 53% of contact centers that consider reducing their total cost of service as an important AI-led business initiative.

Generative AI will breathe new life into this established product category.

Half of the companies currently using chatbots are looking to replace their current technology in the next 12-18 months, while another 33% of contact centers don't yet use the technology but will. This represents a powerful opportunity for generative AI solutions.

Effective data management is key to chatbot success.

Self-service via phone- and web-based chatbots will become a growing trend, helping to improve customer service at scale. However, taking full advantage of these services means unifying historical, transactional, and behavioral data to get a clear view of the customer journey and create personalized experiences.

Training and Coaching

With staff attrition a serious problem for many contact centers, retention is a key focus. Training is crucial in helping employees feel more fulfilled at their jobs, but time is a factor. That's where AI can help.

Training is a big factor in retention.

Nearly 40% of agents who left their positions said that it was due to a lack of growth and advancement. No wonder, then, that 38% of contact centers plan to increase training effectiveness using AI and that one in five hoped to shed more light on staff development using AI.

It is also an area of critical weakness.

Training is a key business challenge for contact centers that may not get the resources to develop their employees as they'd like. Training time is limited, at 10 or fewer days annually. While 79% of contact center leaders feel that new agents get enough training – up from 70% in 2022 – that's still down from the 90% who were happy with new-agent training prior to that.

AI tools can close the gap.

AI tools can help by analyzing agent interactions and delivering feedback on potential areas of improvement. Digital interaction analysis of this kind is the second most valuable AI-powered tech. Yet we're still at the beginning of the adoption curve, as just 8% of contact centers are using AI-enabled tools to monitor and then conduct quality assurance, while only 4% use AI to coach agents based on the evaluations.

Contact centers can use AI to spot and coach personnel on behavioral patterns. Real-time agent assistance tools can help here by capturing agent behavior.

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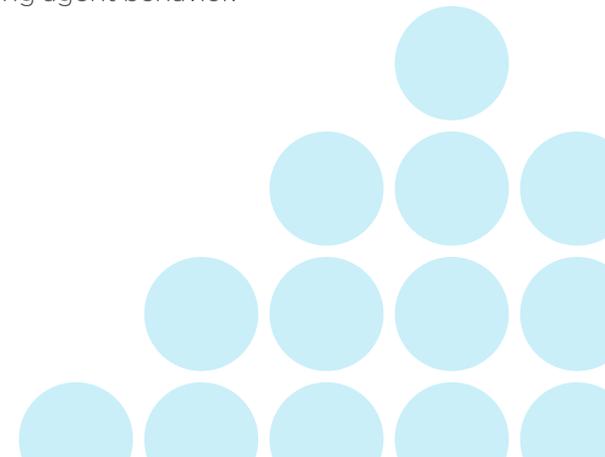
Hiring and Retention

Hiring costs have become a major burden as contact centers continue to lose employees. Improving the agent experience is critical to driving down these costs by retaining staff, and contact centers see AI as a pivotal solution here.

High staff turnover is a perennial problem for contact centers.

Agent turnover has increased for 57% of contact centers. More agents have a tenure of three years or less than any other contact center role. According to ICMI, 48% of agents leave their jobs in under three years, and a third of these leave the company altogether, which is an increase over prior years.

Staff attrition drives up hiring costs.

Hiring agents represents a big cost for contact centers, consuming 14% of their budgets. Agent development and hiring makes up another 30% of expenditures.

Improving the agent experience will staunch the flow of employees.

A focus on agent experience is an important factor in retention. It's long overdue, as employee experience has either stayed static or worsened in 51% of cases. A third of ICMI survey respondents report that they don't see any meaningful effort to address how employees are feeling, even though most consider it important.

Contact centers are looking to AI as a solution.

AI solutions that improve the agent experience are a priority for 12% of contact centers of contact centers in the next 12 months.
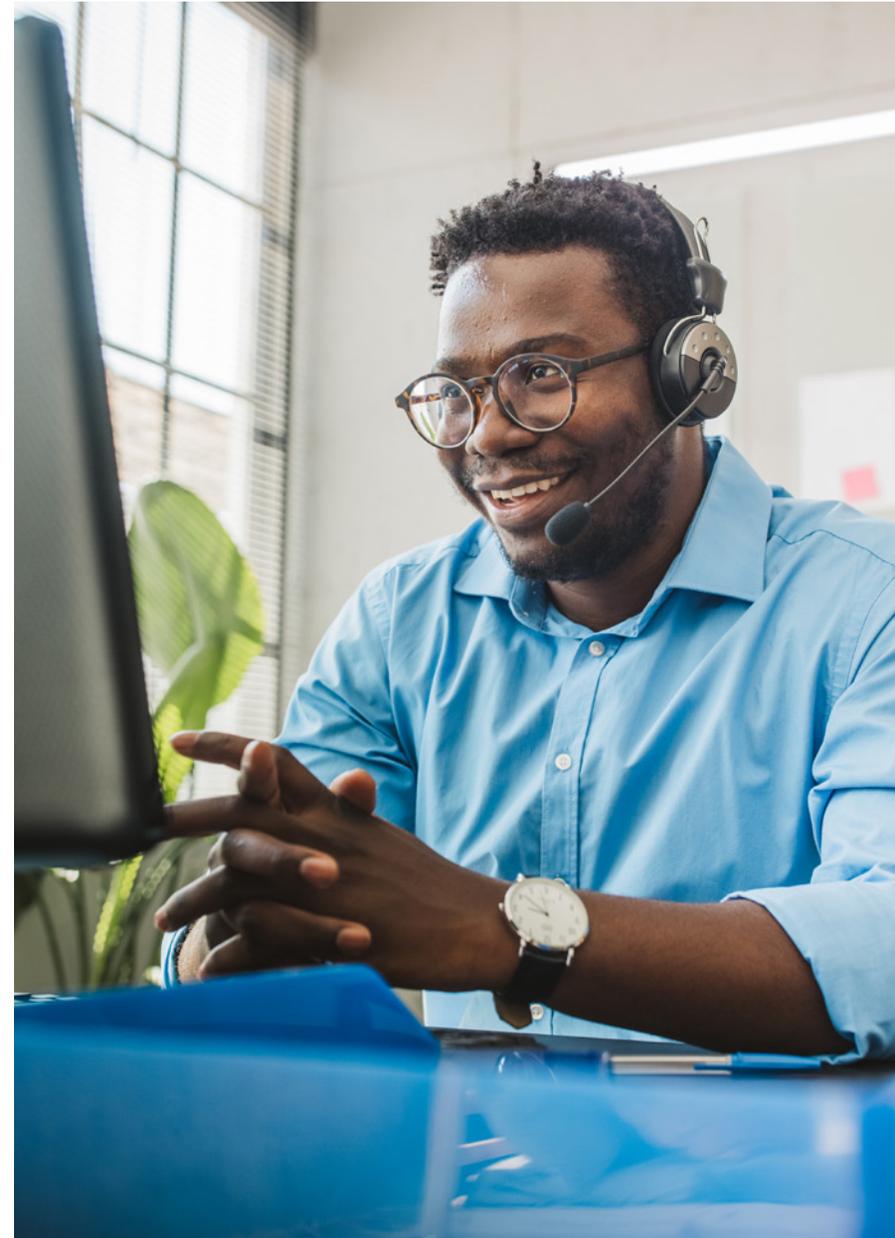
Emerging Use Cases

Real-Time Agent Assistance

Real-time agent assistance is a critical AI-driven technology for helping contact centers move from retrospective analysis to real-time intelligence.

Real-time decision making will become a key differentiator for contact centers.

Contact centers are increasingly moving from call categorization and post-call reviews to capturing and analyzing voice data in real time, improving agent engagement and driving customer satisfaction.

Contact centers are eager to deploy these solutions.

Real-time agent assistance is a nascent use case. It's the top CX initiative that respondents hope to address with AI, at 52%, yet few (3-4%) organizations have deployed any kind of agent assist technology for gathering and managing contextual knowledge.

Proactive Problem/ Issue Resolution

Contact centers must explore proactive issue resolution, finding and fixing small problems before they become major concerns that affect the customer's experience. AI is a powerful enabler for this use case.

Contact centers must seek out issues proactively.

Many customers might not report a poor experience – they might just leave and complain to their friends. Contact centers must find and fix problems before this point.

AI-based data analysis is the key.

AI can help contact centers tackle this task by automatically combing through multiple data sources to find emergent issues. This automation is something that the technology excels at.

As it opens up more types of data for analysis, interactions ranging from voice calls to emails and text messages become powerful sources that can be mined for signals at scale. Proactive issue resolution is the second biggest emerging use case for AI in the contact center, at 43%.

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Continuous Improvement of Customer-Facing Processes

Reacting to customer feedback and using it to constantly improve customer processes is a valuable activity for contact centers. However, this is a data-driven exercise. AI can help to surface that data.

Contact centers are seeking to improve their processes.

Contact centers are aware of the need for process improvement, with 83% having a performance management program in place in their contact centers in 2023 (up from 75% the prior year).

AI-sourced data can fuel performance management initiatives.

AI can help to find and transform data into recommended actions to improve customer facing processes. ICMI's survey respondents identify it as one of three main drivers for investing in new or upgraded technology. At 42%, this is the third most popular CX initiative that contact centers hope to address with AI.

Real-Time Agent Performance Management

Agent performance is crucial for contact centers aiming to improve productivity and customer outcomes while managing costs. AI technology enables them to monitor and improve agent performance in real time rather than through retrospective review.

Contact centers tie compensation closely to performance.

The importance of monitoring agent performance is clear from contact center incentives. Performance on monitored interactions is the third most important factor in determining pay increases, and 62% of organizations compensate staff with bonuses based on individual performance.

Shifting to real-time assessment helps to improve performance.

While contact centers regularly conduct periodic performance reviews, it's more effective to provide agents with feedback at the point and time of interaction. This makes feedback more effective and enables them to adjust their performance during the interaction for an immediate benefit. The automated monitoring and analysis necessary for real-time agent performance management makes it a clear use case for AI. It is the fourth most popular initiative that contact centers hope to address with AI, at 38%.
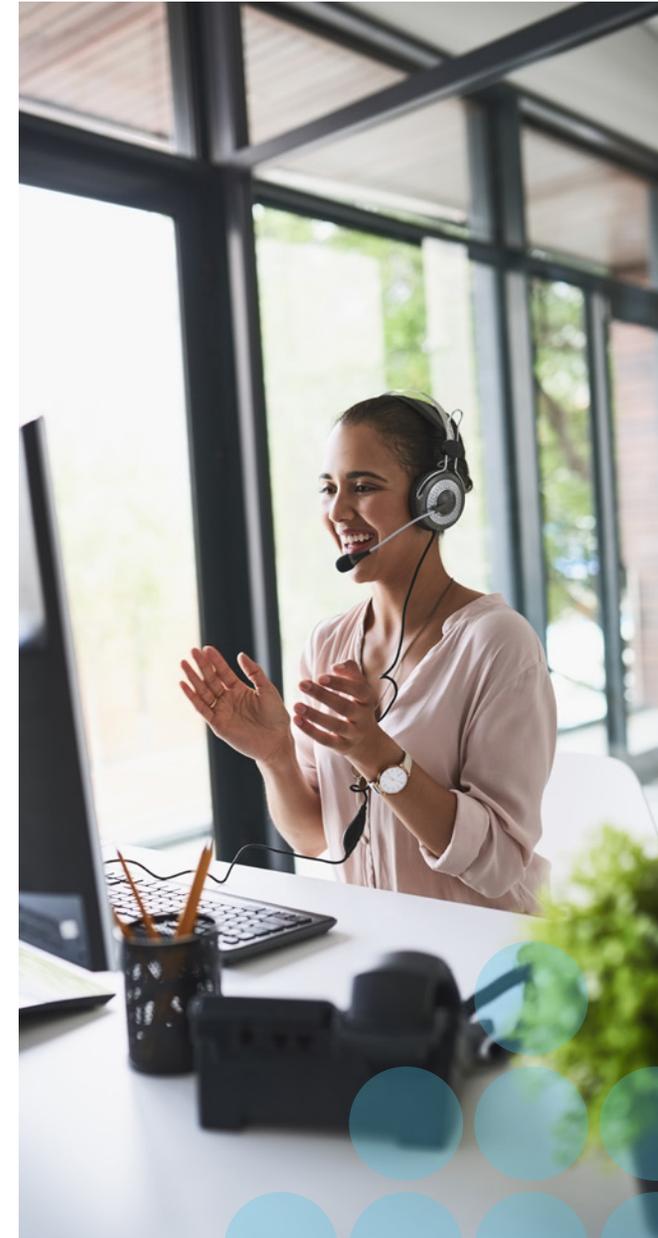
Auto-Summarization of Interactions

Summarizing interactions is a work-intensive process for human operators, but AI – especially generative AI – excels at this task.

AI summarization can unlock hidden value in contact center interactions.

Over a third of contact centers (37%) consider it a priority area for applying AI to customer experience.

Voice recording is increasing in contact centers because it makes calls searchable. It also opens up possibilities for extracting more value from sessions by summarizing those calls. Those summaries can be used for a variety of tasks, including compliance, quality monitoring, and analyzing customer satisfaction. Auto-summarization also reduces after-call work by giving agents instant summaries of what has been said, significantly reducing call logging times.

Over a third of contact centers (37%) consider auto-summarization a priority area for applying AI to customer experience.

Real-Time Interaction Analysis

Analyzing interactions in real time rather than after the fact provides actionable data that can be used to improve immediate customer outcomes. AI offers the potential to achieve this goal through automated data mining.

AI-powered real-time analysis uncovers hidden nuances in customer interactions.

Real-time interaction analysis can enhance and extend customer experience applications such as sentiment analytics, which is currently deployed in 31% of contact centers.

The ability to analyze interactions in real time could also help agents to infer caller intent, helping them to adjust their interaction to better suit the caller's objectives. Caller intent is the second most popular use of AI today, used by 49% of enterprises.

Real-time interaction analysis is a key investment area for contact centers.

Digital interaction analytics is a major area of investment, with 71% of contact centers that have made the investment finding significant value in embedding it in the core of the contact center and using it pervasively. Making it real-time can only enhance that value.

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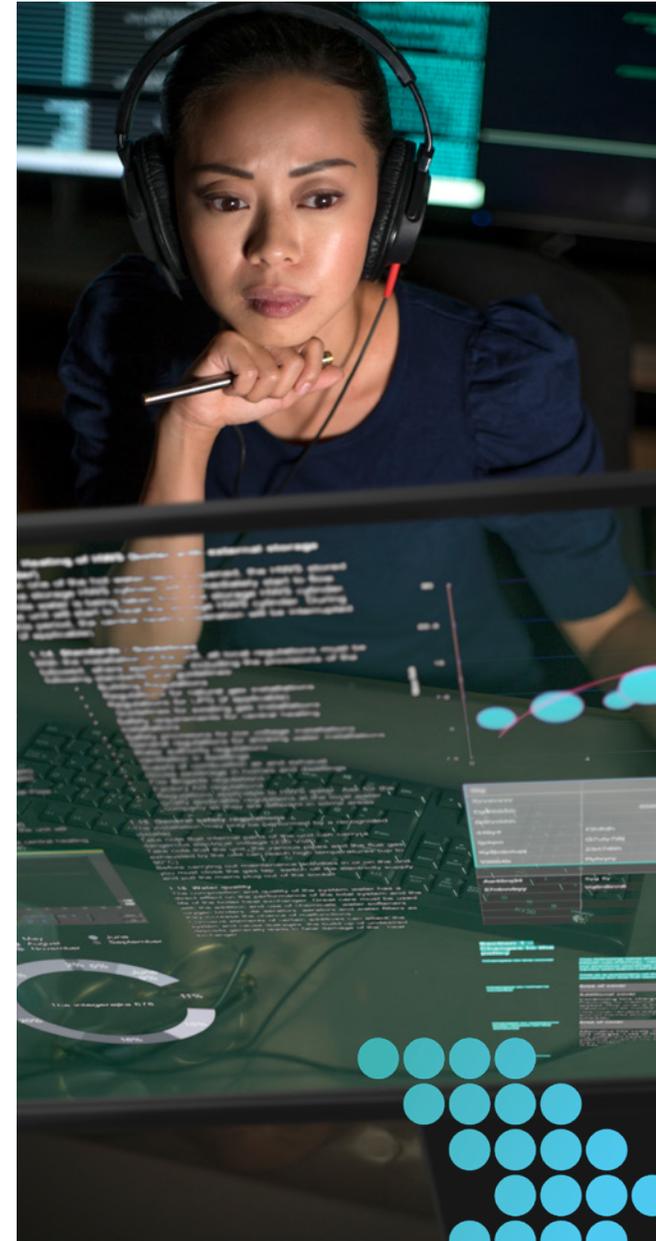
Tools and Capabilities, Revisited: Return on Investment for Emerging Use Cases

ROI continues to be a key metric for technology investments. Contact centers must consider their existing technology landscape and vendor relationships when investing in AI.

AI won't be purchased in a vacuum.

Contact centers have all made investments in existing software, which typically takes the form of broad, integrated platforms covering multiple functions. Some of these tools will be pre-AI and represent a sunk cost. Other platforms might already include some AI functionality that has yet to be exploited and might involve extra vendor fees.

Mapping business processes to existing technologies is key.

When planning their AI investments organizations must prepare to maximize ROI while minimizing losses from sunk costs and technical debt. They can do this by creating a detailed map of their existing processes and how they relate to each other. Then they can define the business outcomes that are most important to them and look at how AI might help to drive them before assessing how to make those investments in the context of their existing software portfolio.

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Hard Lessons Learned, Potential Pitfalls, and Finding Solutions

AI might be a 60-year-old concept, but its commercial application is still relatively new, and there are plenty of risks:

Customer Skepticism/Resistance

Customer skepticism is the top concern, at 15%. This creates little room for error when crafting automated customer-facing interactions. Poor data or faulty algorithms can create negative interactions that affect the customer and agent experience. Proper consultation with agents and other workers at the sharp end of these interactions is crucial. Contact center leaders should be personally involved in testing AI systems before allowing them into production.

Lack of Expertise and Required Implementation Effort

These were the second and third biggest worries, at 13% each. Contact centers worried about a lack of expertise or the heavy lifting involved would do well to work with a third-party expert.
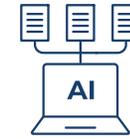
Difficulty Building Data Pipelines

AI's outcomes are only as good as the available input data, and sourcing that data is a challenge. In order, contact centers worried about:

· The number of data sources (18%)
· The amount of data (17%)
· The variety of data types (15%)
· Data quality (13%)
· The difficulty of accessing siloed data (11%)

Related to this is data security, which is the fourth biggest worry at 9%. Some of this data will be sensitive, especially when using AI for personalized interactions.

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Conclusion

The contact center community firmly believes in AI's potential as a solution to some of the industry's most pressing problems. Number one on this list is a broad dissatisfaction with customer experience as contact centers struggle to manage costs and agent attrition. AI promises the power to uncover new insights in data that savvy contact centers can use to enhance their customer experience, both in the longer term but also in real time.

In 2024, contact centers will focus their efforts on expanding existing use cases for AI, including improved agent training to help increase staff retention. A focus on data analytics will help to drive internal efficiencies along with customer-facing outcomes. Contact centers investing in analytics will be able to confidently predict future trends, enabling them to manage everything from staff scheduling to call routing more effectively.

Further out, emerging use cases will gain more traction. These include an increasing shift to real-time decision making powered by actionable insights from AI-based data analytics. Expect everything from agent coaching through to next-best-action recommendations to happen in real time.

None of these enhancements will happen without access to the data that AI algorithms need. Contact center executives eager to capitalize on AI should ensure that they have sufficient control and understanding of operational data from a wide range of sources including CRM, call routing systems, and audio recordings. Breaking down technical and organizational silos will be key in getting access to this data.

This need for organizational cooperation raises another key requirement for contact center executives: **a seat at the table. They must be a powerful voice in the room when the business is discussing an AI strategy, which means building robust relationships with other departmental heads.**

An initiative as wide-ranging as AI is multi-disciplinary, touching many parts of the organization. But implemented correctly, it offers an impressive array of possible benefits.

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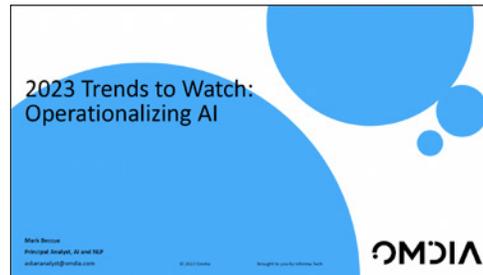
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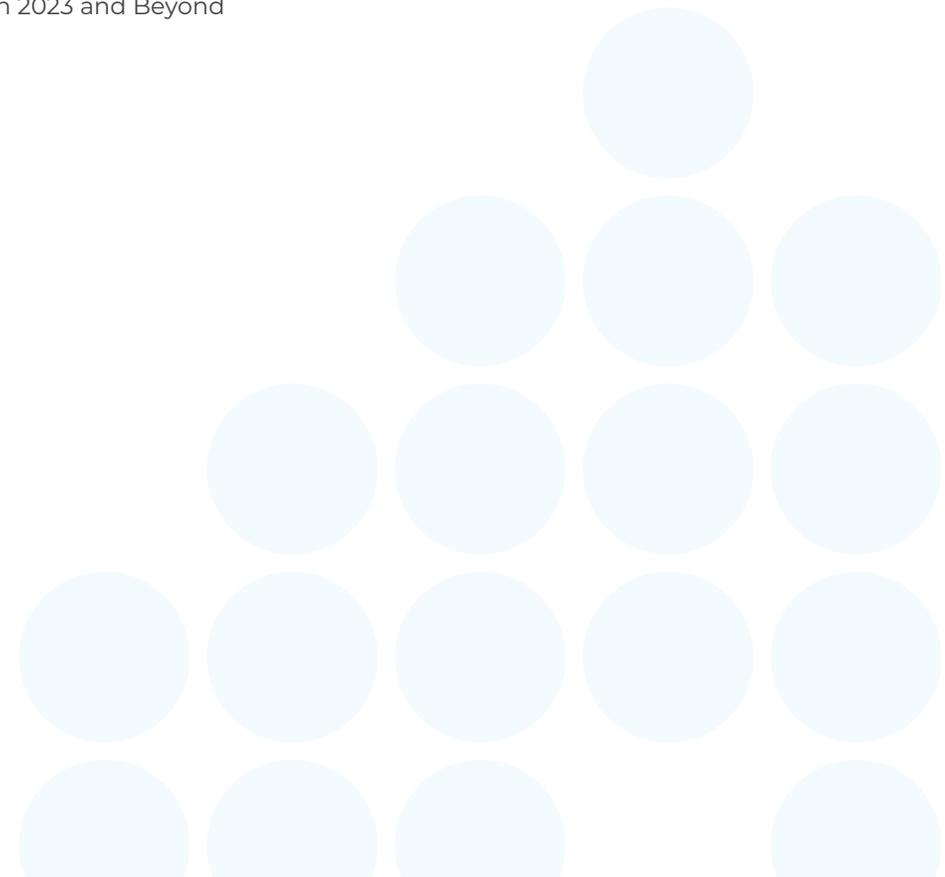
We are all striving to be better. Whether it's being better people, better leaders, or better organizations, improvement and advancement is at the heart of our daily intentions.

For the contact center, this mission of constant improvement is fundamental to every interaction. We need to meet the expectations of our customers in ways that improve their satisfaction and brand loyalty. We need to improve employee engagement as we build their skills, knowledge, and experience in ways that grow their own loyalty and improve retention. We need to improve our organization's operational efficiencies in ways that drive revenue and improve the bottom line.

No one understands the contact center's focus on improvement like ICMI does. We champion contact centers and their people, and our mission is to make both better every day. Through training, consulting, content, and events, we unite the community and empower contact centers to serve their customers better, engage their employees more, and improve the customer experience.

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