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How AI-powered marketing and CX can drive higher customer engagement

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INTRODUCTION

A 2019 Digital Trends report generated by Adobe in association with Econsultancy has revealed how customer loyalty, customer experience (CX) and digital marketing trends are transforming, courtesy Artificial Intelligence (AI). Over 12,500 marketers, advertisers, e-commerce, creative and IT professionals were surveyed for the report – and what clearly stood out was how brands have become increasingly data driven; going beyond just data collection, and using them to manage all aspects of the customer journey. Businesses are now empowering their teams, by handing them the right processes and technologies that will help them pull out precious insights and devise astonishing ways to engage with audiences.

In this e-book, we will look at the latest trends in marketing and CX that are powered by AI, and how they are expected to deliver seamless customer engagement and drive business growth.

AI MARKETING TRENDS THAT ARE SHAPING CUSTOMER EXPERIENCE

A recent Forbes Insights and Quantcast research, Lessons of 21st-Century Brands Modern Brands & AI Report found that AI enables marketers to increase sales and customer retention by 52% and 51% respectively, and succeed at new product launches by 49%. The study underscored that AI is making massive contributions to improving lead quality, persona development, segmentation, pricing, and service.

Here are some AI marketing trends that new-age marketers swear by to help shape CX:

- **Product and content recommendation –**
  AI algorithms cluster profile information and demographics, and interpret consumer data to continually adapt to customer likes and dislikes, bringing up new recommendations in real-time. Brands like Netflix and Amazon are using AI algorithms brilliantly, inspiring other major brands to follow suit with their own AI-powered recommendations. AI-powered content recommendations are also being increasingly applied online, where readers are served with content related to their own reading/browsing habits. Basically, personalization becomes the key factor, hooking the customer up with recommendations of things they are likely to enjoy.

- **Visual and voice engagements –**
  Visual engagements can be achieved in more than one way with AI. Visual search is one such way. The simple science of using an image to search similar images can be easily applied to marketing to personalize shopping experiences and significantly improve merchandising. Visual search allows shoppers to find products that are similar to an image that they might have on their mobile devices. A customer can simply click a picture of a product she likes, and use that image to search for a product that is of a similar or complementary style. Visual engagement is also possible when combined with voice, allowing brands to gauge the sentiments of customers during video chats or face-to-face conversations. AI-powered study of consumer biometrics enables companies to personalize communications and identify the right route to consumer engagement.

- **Product categorization –**
  Online retailers and aggregators are constantly faced with the dilemma of products that come without

categorization, or with data that does nothing to clearly classify the product for the benefit of the retailer or consumer. AI algorithms easily identify products, classifying and tagging them suitably. This ensures that when a consumer searches for the product category, he is shown exactly what he is looking for even the great product that initially came with an incorrect tag and could have completely gone missing in the reams of data.

- **Chatbots –**
  Despite its rise and occasional fall, chatbots have been successfully applied by many companies to handle personalized consumer interactions. Chatbots are available round-the-clock and therefore remove unnecessary delays.

- **Ad targeting –**
  Programmatic advertising is a vastly efficient way to reach out to target consumers. AI algorithms enable marketers to determine the best time of the day to display an ad to a consumer by gauging the likelihood of conversion or how the consumer will engage with the ad. AI has a deep impact on bidding strategies too, helping them invest more in high-value customers.

DELIVERING FRICTION-LESS CUSTOMER EXPERIENCE WITH AI-POWERED ANALYTICS

Natural data is not of much use if businesses fail to cut through the noise and use the relevant information to design personalized experiences for customers. AI analytics step in here to make sense of the natural data, digging deeper into consumer behavior and customizing each interaction to improve customer engagement and user experience.

Here are some instances of how AI analytics deliver seamless customer experience:

- **Big Data analysis –**
  Big Data can be quite overwhelming, especially without the right resources to extract and process it. AI analytics mine Big Data for relevant insights, while keeping the context in clear view, even with data flowing in from different channels. It also integrates all the new data with the old, making sense of all the information, and improving conversations; doing it all in real-time and with speed and precision.

- **Predictive needs analysis –**
  Customers come from different directions and various channels, and with an assortment of needs. This can be mind-boggling if companies are not equipped with AI analytic tools. AI technologies like machine learning and natural language processing are great tools that read customer-provided data to understand needs and even predict them based on similar situations. AI analytics helps proactively attend to customer needs, making each interaction meaningful and improving CX.

- **Targeting and segmentation of audience –**
  Brands are under the pressure of segmenting their audiences at granular levels. AI analysis enables companies to gauge that customers are rarely fixed or constant in their behaviors. It's important to understand that buyer personas undergo changes as per situations. AI analytics brings brands closer to dynamic segmentation rather than static, and helps them target customers based on their constantly evolving personas, ensuring that CX remains top-notch.

HOW AI IN CUSTOMER ENGAGEMENT CAN DRIVE BUSINESS GROWTH

- Salesforce recently surveyed 2,900 sales pros world-wide to interpret how much sales leaders rely on AI-based applications today. The professionals admit-ted to collaborating with marketing teams to share AI applications, and also predicted that their use of AI will increase 155% in the next two years. The research disclosed that marketing and sales are banking on AI-based marketing automation, configure-price-quote (CPQ), and intelligent selling systems to boost revenue and profit growth in the next two years.

- Marketers today have a variety of strategies that are driven by metrics. However, the real challenge lies in directing these metrics towards the accurate path – that of the right customers. A majority of marketers attempt to reach as many customers as possible with hope of en masse recruitment and converting at an above average ratio. However, with metrics that don't assist with advanced targeting, the struggle of business growth becomes real.

- AI helps turn this challenge around by enabling marketers to use data strategically to deliver produc-tive user experiences that ultimately drive greater business profitability. AI tools are putting brands on the road to investing in customer-centric metrics. This move helps gain insightful consumer-centric data that identify the most valuable customers, besides divulg-ing vital behaviors and preferences to consistently better consumers' experiences and journey.

- Customer Lifetime Value (CLV) is a consumer-centric metric that plays a key role in delivering cohesive expe-riences. It measures the value of a customer to a business through his/her entire journey over all touch points. AI and machine learning demonstrate that each customer's CLV is different, and not all custom-ers are a business's best customers – the reason why modern marketing techniques must focus on making the best of CLV. AI tools enable marketers to focus on targeted engagement and growth by investing in build-ing more value-added user experiences for high value customers and cultivating meaningful relationships with them.

- Brands that are successfully driving business growth are the ones applying AI tools to use existing data without cognitive bias, allowing their systems to learn on the go and improve. These companies are aware of which customers drive value and how, and work towards offering personalized experiences to these customers.

USE CASES – COMPANIES USING AI APPLICATIONS IN CUSTOMER EXPERIENCE

- Amazon's AI recommendation engine is one to reckon with. Customers love Amazon's AI-based systems which makes shopping so much easier that the company generates 35% of its revenue from its recommendation engine.

- Samsung applied AI-powered social listening and senti-ment analysis to get word about a reddish tint on the screens of their new Galaxy S8 units. The company responded immediately to resolve the issue, and over the years, Samsung Galaxy S8 has become one of its most popular device.

- Target partnered with Pinterest, using the latter's visual search tool to allow customers to take pictures of a product from anywhere and find similar items on Target's website, making shopping a whole lot exciting.

- Lyft incorporated chatbots that enabled users to request for a ride through Amazon Echo, Facebook Messenger or even Slack. Lyft also collated feedback from riders and resolved complaints through these platforms with its chatbots.

- AirBnB uses AI tools to offer dynamic pricing to its customers. The company uses AI to analyze customers' data patterns and predicts what they are likely to be willing to pay, and then targeting them more precisely; even throwing in discounts to lure customers. AI tools have also helped the company compare prices with competitors to ensure they are not under or overpriced.

CONCLUSION

There has been an increased uptake of Artificial Intelligence. The Adobe and Econsultancy study reveals that there has been a 50% increase since last year in the proportion of larger organizations claiming to use AI. According to a report by Tractica, a market intelligence firm, the AI software market will reach $105.8 billion in annual worldwide revenue by 2025. This growth will be attributed to new adopters of AI such as telecom, advertising, consumer, healthcare and business services. As the AI market develops it will grow from the hype phase to that of reality; companies' expectations will sober down, while the momentum around use cases and applications will build.

Nonetheless, what stands out is that CX leaders are expected to be twice as likely to be using AI within their organizations. There is no complacency among businesses about accepting the importance of CX. A customer-first culture will continue to be the focus across organization, irrespective of roles, whether customer-facing or back-office; for as long as employees feel empowered enough to make decisions that result in better customer experiences.

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