SAP

Win customers for life with AI:
The new CX battleground

How artificial intelligence is revolutionizing customer experience and loyalty

Table
of contents

AI in the real world: It's time to get inspired

Customer experience (CX) is the battleground where brand loyalty and business success are won or lost. As enterprises — and individuals — we race to meet client and customer expectations that seem to evolve almost overnight.

For most businesses, CX success comes down to how well you can offer two key things: First, digital self-serve options that are low friction and easy to use, and can help customers do as much as they need to on their own. And second, painless and efficient experiences when a customer needs to communicate with an employee.

The sudden and massive acceleration of artificial intelligence (AI) into our lives changes how easy these goals are to fulfill. We're on the cusp of a revolution in how companies engage with their customers, deliver personalized, efficient, and memorable experiences like never before, and improve those experiences with data-led insights.

At SAP, we see the incredible potential of AI to revolutionize how businesses connect with their customers. By harnessing advanced AI technologies,

organizations can better understand their customers, predict their needs, and provide tailored solutions that boost satisfaction and loyalty.

One important caveat: AI is not creative in and of itself. It's only as good as the data you feed it. It's therefore critical to ensure your foundations and processes are humming along nicely before you add AI into the mix – otherwise you risk compounding inefficiencies and may not able to fully benefit from AI.[3]

But what are the use cases? Where are the low-hanging fruit? What does success look like? This e-book – and others in the series – dives into the crucial role of AI in CX, sharing real-world applications and success stories to inspire and guide your AI journey and digital transformation.[4]

The rise and rise of AI

The adoption of AI by enterprises is skyrocketing, according to the February 2024 IDC white paper, sponsored by SAP, "Providing a Differentiated Customer Experience in a Rapidly Changing World." In fact, 41% of B2B companies and 34% of B2C companies are working on or implementing AI- and automation-enabled guided workflows for employees across front-, mid-, and back-office applications.[1]

Meanwhile, 43% of organizations report having fully operational AI across all front-office functions, and 32% of B2B companies and 36% of B2C companies are focused on AI-driven omnichannel customer engagement activities.[2]

When it comes to AI and generative AI, these technologies are currently deployed by 33% of the survey respondents to improve customer experience. And empowering employees with the right data, customer insights, and tools (such as AI- and automation-enabled guided workflows) is reported to be a key strategic business outcome for 28% of organizations.[3] Finally, a surprising 40% of CX leaders

say they are not currently planning any AI implementation at all.[4] That number is at odds with the rapid consumer adoption of AI through digital assistants, personalized recommendations, and chatbots.

# Understanding AI
in customer experience

The role and meaning of AI in CX

The opportunities AI offers do not arise from mimicking human intelligence, but rather from ingesting data, analyzing it quickly to spot patterns, predicting behaviors, and automating interactions.

By integrating AI into their CX strategies, businesses can achieve higher levels of personalization, responsiveness, and efficiency. But for leaders embarking on transformation, there's more than one type of AI at their command.
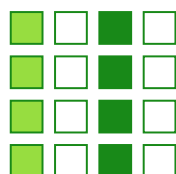
The three types of AI

Generative AI
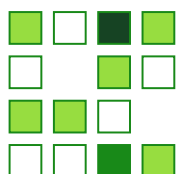
Perhaps the most talked-about type of AI, this generates new content, such as text, images, or music, based on your input data. In CX, generative AI can be used to create personalized marketing messages, draft e-mails, and develop engaging content that resonates with customers.

Analytical AI

Analytical AI focuses on analyzing data to extract insights and support decision-making. It helps businesses understand customer preferences, segment audiences, and predict future behaviors, enabling more informed and strategic CX initiatives.

Automated AI

Automated AI handles repetitive tasks without human intervention. This includes chatbots for customer support, automated responses to inquiries, and processes like inventory management, which in turn free up human resources for more complex tasks.

It's a generational thing

Generative AI creates models or is "taught" by ingesting and assembling data. It's a game-changer for businesses looking to elevate their customer experiences, from marketing to sales and everything in between.

Imagine crafting personalized marketing messages that hit just the right note for each customer. With generative AI, you can quickly curate your content library and use existing assets to create an almost infinite number of variations, bringing the promise of true personalization closer to reality than ever before.

You can create engaging e-mails, dynamic website content, and targeted social media posts, all tailored to individual preferences. And with less pressure on ideation, you can spend more time finessing and curating the perfect blend of integrated, targeted content.

This technology also excels in problem-solving by analyzing vast amounts of data to generate innovative solutions. Whether it's drafting content with the perfect tone or suggesting new product features, generative AI keeps businesses ahead of the competition.

For e-commerce, generative AI enhances product recommendations based on browsing history, offering a unique shopping experience that boosts sales and keeps customers coming back.

Analytical AI for your next best steps

Good-quality data supports smarter, more informed decision-making. This can happen in a number of ways:

- **Customer segmentation** allows businesses to tailor marketing strategies to specific groups based on behavior and preferences and makes campaigns more effective.

- **Sentiment analysis** can gauge public opinion on products and services by examining reviews and social media posts. This helps businesses understand their strengths and areas for improvement.

- **Predictive analytics** forecasts future trends, helping businesses anticipate customer needs and adjust strategies as the market evolves. By predicting issues before they arise, businesses can be proactive about addressing potential problems, reducing downtime and enhancing customer satisfaction.

- Finally, AI enhances **sales forecasting** by offering real-time insights into deal health and analyzing historical data. Critical for accurate planning and resource allocation, AI can help ensure businesses are always prepared to meet demand.

Using AI automation to eliminate human error and free up resources

One example of AI automation you've probably already come across is personalized shopping experiences, using AI algorithms to recommend products based on browsing and purchase history.

But it can go further than that. For example, AI's ability to predict demand can benefit inventory management, helping to maintain optimal stock levels and reduce both overstock and stockouts. AI-enabled dynamic pricing helps businesses adapt to market trends and customer behavior, optimizing pricing strategies to stay competitive and maximize profits.

For businesses that need to manage catalogs with thousands – maybe even millions – of SKUs with limited resources, the idea of being able to audit and solve the problem of bad product content is huge. Imagine being able to find and fix outdated, inaccurate, or nonexistent attributes, descriptions, and images. Or just make it easy for shoppers to have the confidence they need to make a purchase. AI can't solve all your challenges, but it can certainly eliminate some of the big ones.

Four compelling use cases for AI and CX

Let's take a deep dive into how AI is revolutionizing key areas of CX and what it could mean for your business through the lens of four real-world use cases across e-commerce, service, marketing and sales.

Catalog management: From data overload to smart insights

E-commerce businesses often struggle with maintaining large product catalogs. With thousands or even millions of SKUs, keeping product information up-to-date, accurate, and engaging is a constant challenge.

For example, imagine an online retailer selling everything from electronics to home goods. The catalog team spends countless hours updating product descriptions, specifications, and images. Despite their best efforts, some listings invariably end up with outdated information or lackluster content.

Old way
Manual updates to product listings, involving tedious data entry and time-consuming content creation.

New way
AI-powered catalog management that can:

- Generate product descriptions based on key features and brand guidelines
- Suggest relevant attributes and tags to improve searchability
- Create or enhance product images, including lifestyle shots
- Automatically update specifications when manufacturers release new information

Result
A consistently up-to-date catalog that helps customers find exactly what they need, leading to improved search relevance, higher conversion rates, and reduced returns due to inaccurate information.

2

Customer service: From scrambling for answers to instant expertise

Customer service teams often struggle with information overload. They need to quickly access and synthesize data from multiple sources to resolve customer issues effectively.

For example, a telecommunications company might receive thousands of customer inquiries daily, ranging from billing questions to technical support issues. Service reps often spend valuable time searching through knowledge bases and multiple systems to find the right answers. How can they strategically deploy AI to improve?

Old way
Representatives manually searching through various databases and knowledge bases while customers wait, leading to longer resolution times and potential inconsistencies in responses.

New way
AI-enhanced customer service that can:

- Instantly pull up relevant customer information and interaction history
- Suggest solutions based on similar past cases and current context
- Draft personalized responses that reps can review and customize
- Offer real-time guidance to reps during customer interactions

Outcome
Faster resolutions, more consistent service quality, and higher customer satisfaction. Reps feel more empowered and less stressed, leading to improved employee satisfaction and retention.

Marketing: From generic blasts to personalized conversations

Marketing teams face the challenge of creating relevant, engaging content for diverse audiences at scale, at speed, and across an ever-increasing number of platforms. Traditional methods of segmentation and manual content creation often fall short in delivering truly personalized experiences.

For example, an e-commerce fashion retailer sends out weekly e-mail campaigns to millions of subscribers. Historically, the company has used broad segmentation (such as men's versus women's clothing), resulting in generic content that doesn't resonate with individual preferences.

Old way
One-size-fits-all e-mail campaigns with manual segmentation and content creation, leading to low engagement rates and missed opportunities.

New way
AI-powered marketing that can:

- Generate personalized subject lines and preview text for each recipient
- Recommend products based on individual browsing and purchase history
- Create dynamic content blocks that adjust based on user preferences and behavior
- Optimize send times for each recipient to maximize open rates

Impact
Significantly higher open rates, click-through rates, and conversions. Marketers can focus on strategy and creativity while AI handles the heavy lifting of personalization at scale.

4

Sales: From information overload to guided selling

Sales teams often struggle with information overload and the challenge of prioritizing their efforts effectively. They need to quickly understand customer needs, find the best opportunities, and take the right actions to close deals.

For example, a B2B software company has a sales team managing hundreds of accounts across various industries. Reps struggle to keep up with each account's unique needs, recent interactions, and potential up-sell opportunities.

👎 **Old way**
Sales reps manually piecing together customer information from multiple sources, relying on gut instinct for next steps, and spending considerable time on administrative tasks.

👍 **New way**
AI-enhanced sales processes that can:

- Create comprehensive, real-time customer profiles combining data from CRM, ERP, and other sources
- Suggest next best actions based on historical data and current context
- Automate follow-up tasks and reminders
- Provide real-time coaching during sales calls or meetings

🏆 **Result**
Shorter sales cycles, more informed and productive customer conversations, and ultimately, higher win rates. Sales reps can focus on building relationships and solving customer problems instead of administrative tasks.

AI is the future of intelligent CX

The business world is changing fast, and customer expectations are higher than ever. AI isn't just a nice-to-have anymore – it's essential to deliver the kind of seamless, personalized experiences customers demand.

Remember, the AI transformation in CX isn't about replacing the human touch – it's about empowering your teams to deliver better experiences at scale. It's time to embrace the change and lead the way in your industry.

Are you ready to take the next step in your CX journey with AI?

Empower your sales, service, and e-commerce teams with SAP CX AI Toolkit. Streamline repetitive tasks, gain insights from enterprise data, and deliver exceptional customer experiences

→

Source:

1-4. Providing a Differentiated Customer Experience in a Rapidly Changing World, IDC, February 2024