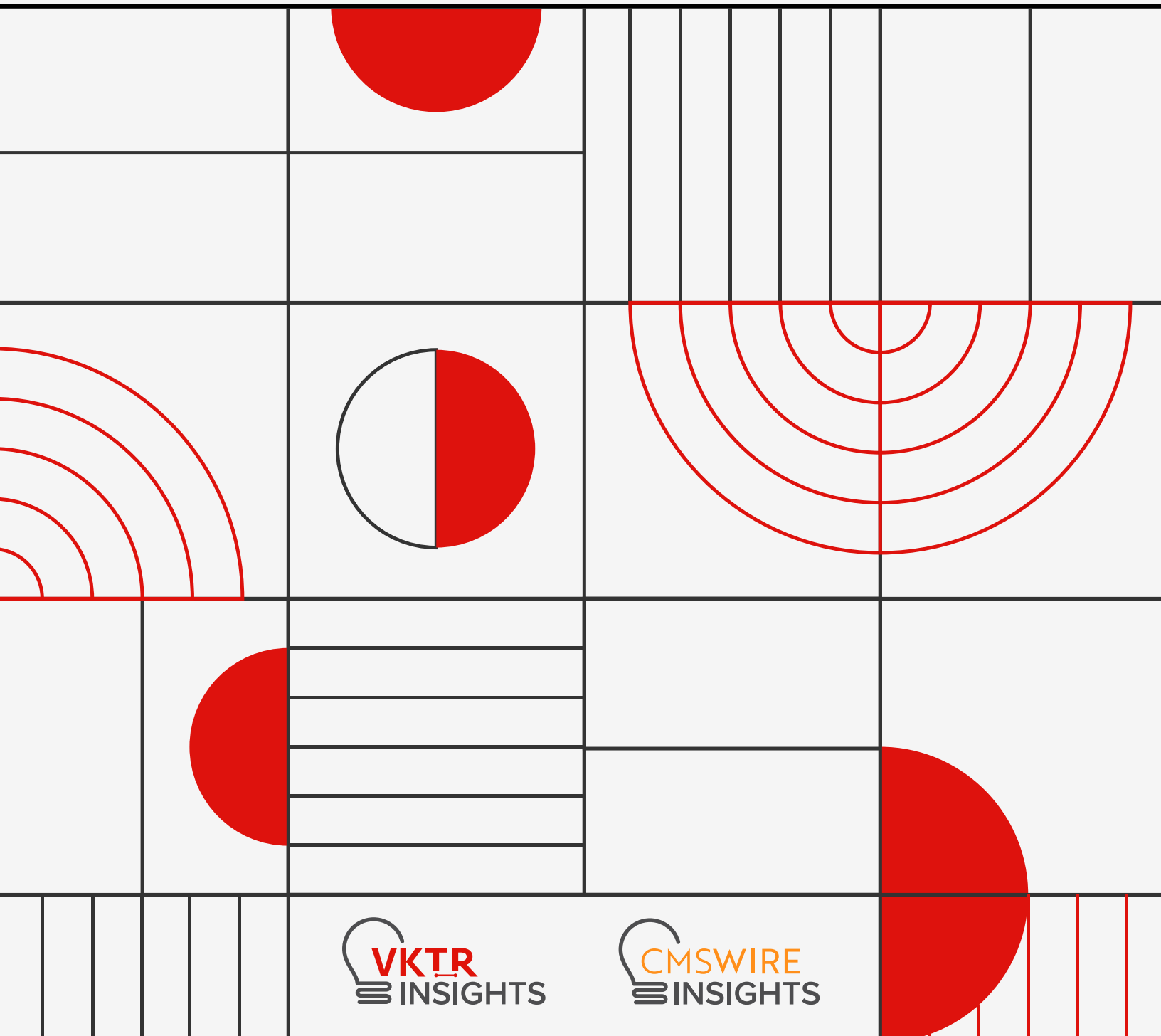


**2024**  
EDITION

# Unlocking the Potential of Artificial Intelligence in Digital Customer Experience: Insights and Trends from Organizational Adoption

How today's top performers use AI for better customer experiences



# Introduction

Artificial intelligence (AI) and machine learning (ML) play a significant role in digital customer experience (DCX), allowing customer-facing teams to do more than ever before in several areas, such as advanced customer analytics, personalized user recommendations and intelligent chatbot agents.

These technologies were already making huge changes in how DCX is created, but when ChatGPT was released in November 2022, it began a transformative craze that made many marketing teams rethink how to accomplish various parts of their DCX strategy. Together, the traditional capabilities of AI and ML combined with generative AI have created an environment where DCX has never had so much potential.

As with any new technology, marketing teams have to look past the shiny new tool and identify the business problems that AI can actually solve. VKTR's sister brand, CMSWire, has been surveying DCX executives for more than five years on how AI is being integrated into DCX practices as part of the annual State of the Digital Customer Experience Survey. This year, we asked several additional questions about the use of generative AI. These results offer perspective into exactly how AI is changing the way the DCX function operates and the ways in which positive customer experiences can be accomplished. This report will explore these results and how organizations can learn from others in the DCX market and apply AI in DCX.

# Key Findings

1

Use of AI in the CX toolset is up, but the majority of organizations (60%) are still using it in a sporadic/embryonic way.

2

CX professionals are more likely to say the impact of AI/ML will be transformative or significant than they were last year (30% vs. 22%).

3

The areas where CX professionals expect AI to have a significant impact are becoming more clear. They're focused on enabling customer self-service (54%), gaining actionable customer insights (50%) and freeing up staff for higher-level tasks (51%). Insights from an open-ended question also reveal that AI has helped to improve personalization at many organizations.

4

A substantial majority (79%) of CX professionals say they are actively looking for ways that generative AI creates opportunities for their business.

5

The desire to adopt generative AI is simultaneously coming from both individual employees and top-down initiatives. 41% of CX professionals say adopting generative AI is a top down initiative, while 22% say employees are using it at their own discretion with no organizational guidance. The remaining 37% say employees are experimenting with encouragement from leadership without strict guidance. Generative AI is a company-wide area of interest.

# How Organizations Are Using AI and ML in Their CX Toolset

Despite their transformative potential, using AI and machine learning for CX is not yet the strategic norm for organizations. Only 11% of survey respondents said that it's regularly used to improve parts of their CX strategy (Figure 1). Still, there's forward momentum when compared to past years' survey data. In just a single year, the percentage of respondents who don't use AI for DCX dropped from 25% to 17%, and the percentage of those who are just starting out increased from 18% to 24%. Meanwhile, those who have middling or extensive usage of AI for DCX increased from 32% to 40%.

FIGURE 1:

To what extent are you using artificial intelligence in your CX toolset?		
	2023	2022
Extensive: It's regularly used to improve many parts of our CX strategy.	11%	9%
Middling: It's used for CX in a few ways, but not regularly.	28%	24%
Sporadic: It's rarely used in CX.	16%	15%
Embryonic: We're just starting out.	24%	18%
None: We don't have any AI.	17%	25%

Interestingly, there appears to be a connection between organizations' AI adoption and how positively they view their overall DCX toolset. We asked respondents to rate the effectiveness of their current DCX platforms as working well, satisfactory or needing work. Respondents who said their tools are currently working well were also significantly more likely to say they use AI extensively in their organization compared to those who said their tools need work (24% vs. 3%).

## COMMON AI AND ML USE CASES IN ORGANIZATIONS

- Customer segmentation
- Personalized recommendations
- Automated outreach
- Predictive analytics
- Sentiment analysis
- Process automation
- Fraud detection
- Customer journey optimization
- Predictive customer service

Similarly, there's a connection between AI use and organizations' understanding of customers. We asked respondents how well they understand customers, and those who understand them well were much more likely to use AI extensively (33%) compared to those who understand them moderately (7%) or poorly (3%).

## Changing Attitudes About AI and ML

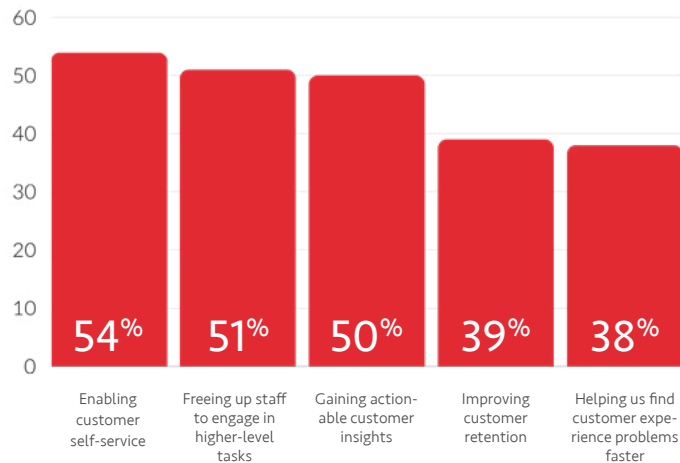
Most DCX professionals have strong positive beliefs about the power of AI. When asked what type of impact AI will have in the next two to five years, 30% said it will be “transformative” — an increase from 22% in the 2022 State of DCX report and 26% in the 2021 report (Figure 2). This could indicate that while expectations around AI were plateauing in earlier years, the arrival of ChatGPT on the market in late 2022 reignited people's expectations of the technology. AI is increasingly becoming the CX tool that DCX teams want to adopt.

FIGURE 2:

What impact do you expect artificial intelligence and machine learning to have on DCX over the next 2-5 years?			
	2023	2022	2021
Transformative	30%	22%	26%
Significant	43%	39%	44%
Moderate	17%	23%	20%
Minor	5%	6%	4%

DCX professionals especially expect AI to have an impact on areas of DCX like enabling self service (54%) and freeing up staff to engage in higher level tasks (51%) (Figure 3). These were common answers last year as well, but even more respondents chose them this year. For example, enabling self service increased from 45% to 54%, and freeing up staff to engage in higher-level tasks increased from 40% to 51%. This signals rising awareness and interest in the benefits of AI for DCX.

**FIGURE 3:**  
Where do you expect artificial intelligence and machine learning to have a significant impact on your organization's customer experience?



Meanwhile, we also asked the open question, “What have been some of the more surprising results from your company’s use of AI?” — which gave insight into how AI usage is impacting personalization efforts. Respondents highlighted the discovery of hidden patterns, efficiency gains and the ability to personalize recommendations, leading to improved customer satisfaction. Areas they’ve improved include determining customer use habits, understanding customer needs and chatbots working more efficiently to meet customers’ unique needs.

#### KEY FINDINGS ABOUT GENERATIVE AI 🔍

Generative AI is exploding in popularity. Here are some of the key findings concerning DCX professionals’ attitudes toward generative AI in VKTR’s latest “State of Digital Customer Experience” survey:

**79%** are actively weighing the risks that generative AI could have on their business.

**27%** say they have a formalized plan with guidelines for employees using generative AI for their work and another 54% say they plan to implement one.

**39%** say all or some of their CX/marketing work is being assisted by generative AI. It’s being used mostly in content and copy creation.

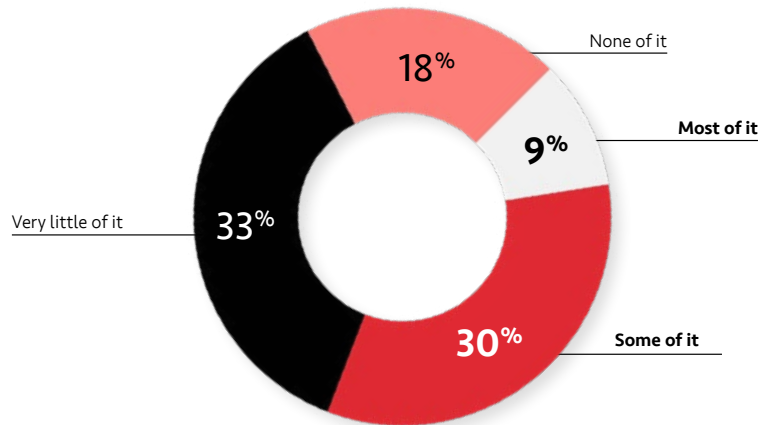
Most organizations have concerns about the risks associated with Generative AI, specifically data privacy and cybersecurity problems.

## Growing Interest in Generative AI

Despite the noteworthy trends in broader AI and ML, generative AI is the area with especially exciting movement in the past year. Previous survey questions explored AI more generally; however, generative AI has different and specific use cases. While conversational AI is characterized by its ability to comprehend, process and naturally answer human language in conversation, generative AI refers to the ability to create content autonomously.

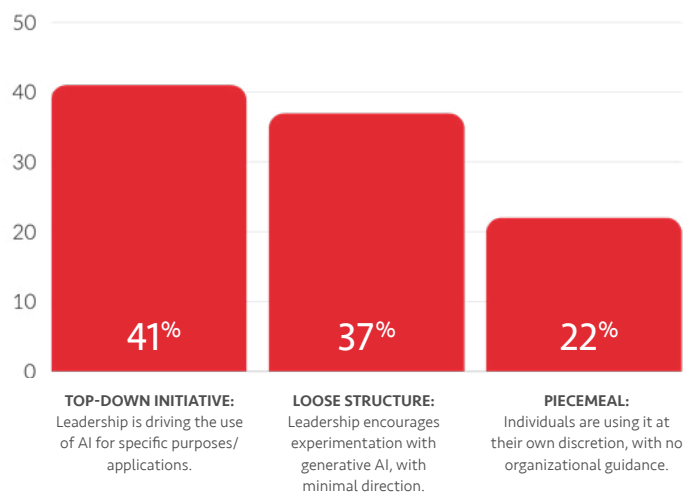
More than three quarters of DCX professionals (79%) said their organization is actively looking for ways in which generative AI can create opportunities for their business. Using generative AI is not yet the norm, but interest is quickly growing for many organizations looking to start their generative AI journey. Currently, 39% of DCX professionals say their organization uses generative AI for most or some of their CX/marketing work (Figure 4). Most commonly, respondents said their CX/marketing use cases for generative AI are content creation/enhancement (38%), external email copy (37%), social media posts (37%) and website copy (32%).

**FIGURE 4:**  
How much of your CX/marketing work is being assisted by generative AI?



Significantly, interest in generative AI comes from all directions — from the top of the corporate ladder to individual contributors. In 41% of organizations, leadership is driving the use of generative AI for specific reasons, and 37% of respondents say employees are encouraged to experiment with the technology (Figure 5). Meanwhile, in the few organizations where leadership is not at least partly driving the trend, individual employees are taking over the reins to explore how generative AI can assist their roles. With company-wide interest like this, generative AI has the opportunity to grow in organizations at a quick pace.

**FIGURE 5:**  
Who is driving the adoption of generative AI in your organization?



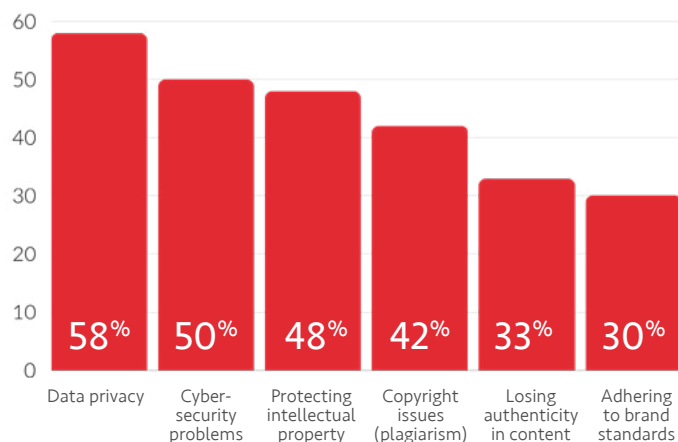
### COMMON GENERATIVE AI USE CASES IN CX

- Content creation and enhancement
- Virtual assistants/chatbots
- Email copy
- Newsletter copy
- Product descriptions
- Translation services
- Image generation
- Creating interactive experiences

## How Generative AI Securely and Strategically Fits in a DCX Strategy

There is a lot of room for organizations to grow their use of AI, and they're generally taking a thoughtful, careful approach to how they can use generative AI safely and securely. Most respondents (79%) indicated that their organization is actively weighing the risks that generative AI could have on their business. Commonly cited concerns include data privacy (58%), cybersecurity (50%) and protecting intellectual property (48%) (Figure 6). Digital workplace experts from Simplr Media Group, VKTR's parent company, were also able to provide other challenges that organizations face with AI integration, including data quality and integration problems, technological complexity, skills gap among employees, change management issues and more.

**FIGURE 6:**  
Who is driving the adoption of  
generative AI in your organization?

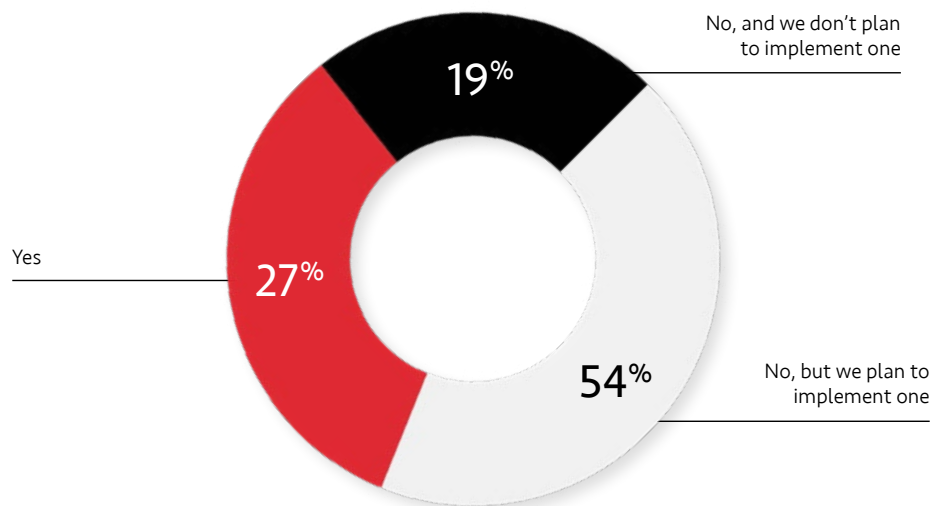




Interestingly, respondents who said their DCX tools and platforms are working well were also much more likely to strongly agree that they're considering the risks associated with generative AI compared to those who said their toolset needs work (48% vs. 30%). One reason for this could be that organizations who already have an effective toolset could be generally more strategic about what features and capabilities they need to add, leading them to carefully weigh benefits and risks. Alternatively, making careful decisions about risk factors could be a reason that toolsets are effective in the first place.

One thing that's certain is that there is growing interest in creating a formal strategy for employees about how they should use generative AI. While only 27% of organizations already have a formalized strategy, more than half (54%) are planning to implement one (Figure 7). Careful guidelines about how employees can use generative AI is an important way in which leadership can ensure that employees are using the technology responsibly, safely and effectively.

**FIGURE 7:**  
Does your organization have a  
formalized strategy with guidelines  
for employees who intend to use  
generative AI to assist their work?



## RESULTS:

# What Organizations Say They're Experiencing Due to Their AI Adoptions

We asked DCX professionals what surprising results they've experienced from their company's use of AI, and their answers provide fascinating context for how AI is impacting companies — both in positive and negative ways. While many respondents gave answers related to generative AI, there were also some who gave answers associated with more traditional uses of AI.

Several themes that came up in answers are AI's ability to automate customer service, increase productivity and give employees time to focus on other priorities. One DCX professional said that they were impressed with AI's ability to "make huge strides in natural language processing." Similarly, AI's ability to recognize and understand human emotion came up as a perk: "[AI's] emotional intelligence is very surprising." Another even said that "our chatbot out-performs live agents"!

Interestingly, one DCX professional was careful to indicate that "the wrong use of AI tools [and] and the wrong prompts can actually cause less efficiency, when the original goal was to improve efficiency." While efficiency is a commonly cited benefit, this is a good reminder that using AI correctly is a skill. When used the wrong way, organizations can experience the opposite results as expected.

Regarding generative programs, many respondents said that this technology is effective at writing email, content and code. But people seem aware of the shortcomings of generative technology, as well. One person pointed out that "AI doesn't have a 'voice.'" Another said, "We use ChatGPT with a grain of salt. We still vet everything that it produces, but it does a good job 70% of the time. Even then, we still need to make adjustments, but the time savings has been huge."



**"AI CAN IMPROVE THE VELOCITY TO PRODUCE  
CONTENT FOR THE SOCIAL CHANNELS."**

—State of DCX survey, open comments

Another common theme in these answers is that many DCX professionals say they are just starting out and still evaluating the impact of AI. This supports other survey data that indicated many organizations are still in the early stages of their AI journey. Said one respondent: "We don't have a holistic approach yet. The potential [of AI] is starting to be better understood, but we're in the very early stages of unleashing its potential."

Overall, these answers highlight AI's transformative potential while also emphasizing the need to implement AI correctly and responsibly.

# Conclusion

The many use cases of AI technology, old and new, are transforming how DCX professionals do their work. Especially with the advent of generative AI, the way customer content is created has been changed dramatically. DCX teams are still figuring out how exactly their organization can use the technology to its full potential, but data in the “State of DCX” survey makes it clear that many organizations are moving forward with impressive forward momentum — while also carefully considering how to optimize strategy and address risk factors.

The potential of AI is huge. Based on these results, we expect to see growing adoption of AI in the next few years and growing enthusiasm about the impact it can have on DCX. How exactly AI will shape the future of DCX is unknown, but what’s certain is that organizations aren’t shying away from experimenting with AI to change the way DCX is done.



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## ABOUT THIS REPORT

# Methodology and Demographics

Unless otherwise noted all data for this report was sourced from SMG’s 5th annual **State of Digital Customer Experience** survey. SMG’s INSIGHTS team conducted this survey online between August and October, 2023 to an audience of more than 50,000 CMSWire readers. This report is based on the analysis of completed responses from 1,176 participants. Chart percentages may not total 100% due to rounding.

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