

Market Research Report 2024

The AI Edge in Customer Engagement

How AI is pioneering the next frontier
in customer engagement and driving
growth in business value.

CleverTap
ELEVATE

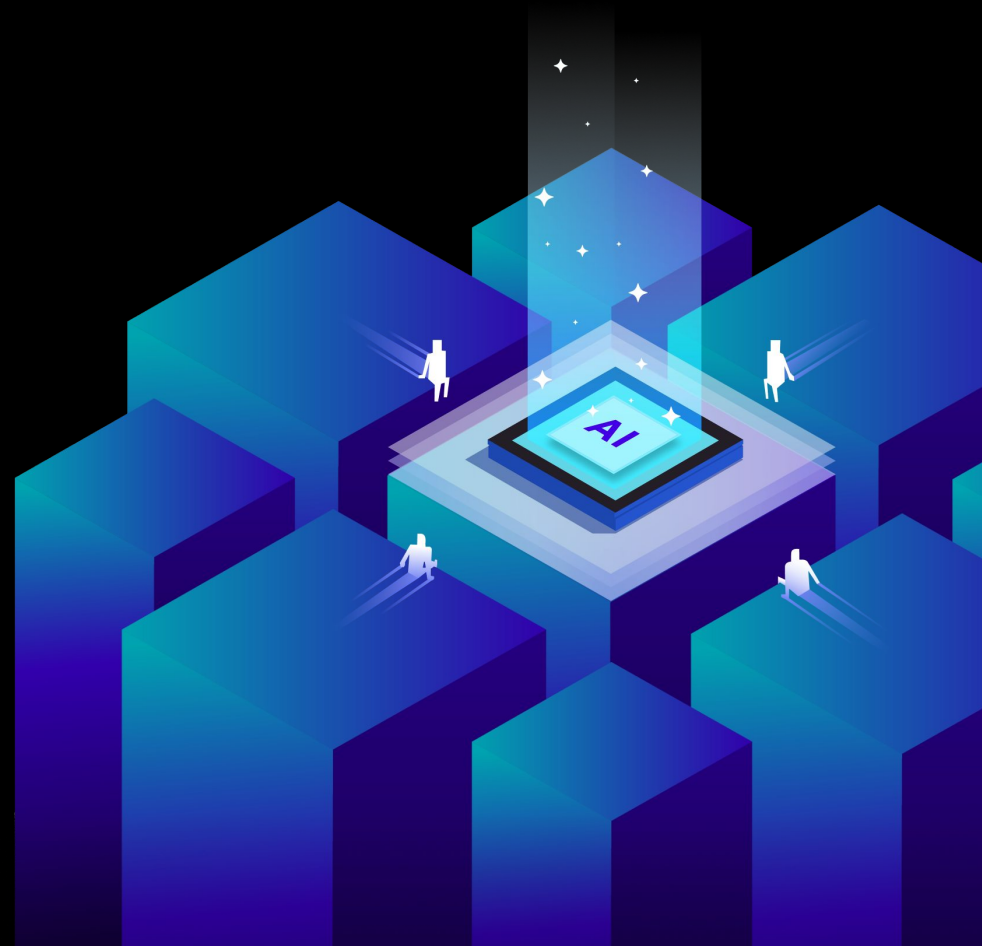


Table of content

03	AI in customer engagement: an overview
04	Research methodology
05	AI-powered use cases in customer engagement
09	Categorization of AI driven initiatives
13	Impact of AI on conversion rate and business value
18	AI maturity curve in customer engagement
19	Conclusion



AI in customer engagement: an overview

In the ever-evolving landscape of customer engagement, Artificial Intelligence (AI) has become more than just an advancement in technology; it's now essential to strategic planning. AI is transforming the way businesses interact with their customers by enabling a new level of personalized and efficient communication. This approach not only leverages vast amounts of data to gain insights into customer behavior but also automates interactions to improve the customer experience significantly. With AI, customer engagement is moving towards delivering real-time, hyper-personalized experiences at scale, accurately predicting customer needs, and connecting with customers swiftly and effectively.

AI's technical advancements like Machine Learning, Natural Language Processing (NLP), and Generative Adversarial Networks (GAN), and Predictive Analytics, empower businesses to personalize experiences at scale, foresee customer needs with enhanced precision, and connect with customers in the most efficient ways. A research by [Gartner](#) reflects this trend, showing a over half of the marketers leverage generative AI (genAI) for content creation, underlining AI's growing significance in marketing strategies. This strategic pivot to AI-driven engagements is not just an operational upgrade but a comprehensive reimagining of customer interactions where the future is intrinsically linked through AI integrations in the tech stack.

81%

of marketers report their organization is currently using GPT models (e.g., ChatGPT, Bard, etc.).

Source: Gartner Study on Leveraging generative AI to build personalized customer journey mapping

55%

of marketers say their organization's adoption of GenAI can best be described as partially integrated across selected marketing functions.

Source: Source: Gartner Study on Leveraging generative AI to build personalized customer journey mapping



Research methodology

This report draws insights from a diverse array of sources to ensure a comprehensive understanding of the current landscape and future directions of AI in customer engagement. The methodologies adopted in gathering data were meticulously designed to incorporate a wide range of perspectives, highlighting both the quantitative and qualitative aspects of AI applications across various industries. As part of our research, we analyzed global brands managing over 2 millions of customers, running campaigns for millions across more than 50 countries.

To achieve a balanced view of the current landscape and emerging trends in AI-powered customer engagement, the research methodology included the following:

- ✦ **Surveys:** A structured questionnaire was developed to collect quantitative data, enabling the analysis of statistical trends across the industry. The survey questions were designed to extract specific information on the use cases, benefits, and value realization.
- ✦ **Customer Interviews:** To complement the survey data with qualitative insights, a series of one-on-one interviews were conducted. These interviews allowed for a deeper exploration of individual experiences, best practices, and detailed case studies on the implementation and outcomes of AI strategies in customer engagement.
- ✦ **Secondary research:** A thorough review of existing literature and published research findings formed the foundation of our market analysis. This involved examining scholarly articles, industry reports, white papers, and case studies from leading market research organizations

Participant Profile-

The research targeted a diverse group of respondents to ensure a wide representation of perspectives and experiences. Participants were selected from a range of organizations, varying in size from startups to large enterprises, across the industries, each utilizing AI in different capacities within their customer engagement strategies. The selection criterion aimed to encompass a broad spectrum of professionals, from technical specialists in AI to marketing strategists, including profiles like VPs, CMOs, Data Science leads, Product Managers, and Marketers.

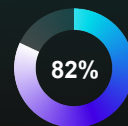


AI-powered use cases in customer engagement

54%

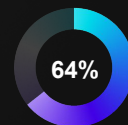
of the respondents have achieved faster content generation and campaign rollout with AI.

Boosting Operational Efficiency



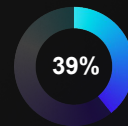
Of respondents have realized an increase in operational efficiency with AI by streamlining workflows, automating content generation, and optimize resource allocation.

Real time Personalization & Experimentation



Of respondents have used AI to build personalized experiences and content that resonate with the individual's preferences at scale, and experiment in real-time for optimal engagement and results.

Automating Decision Making

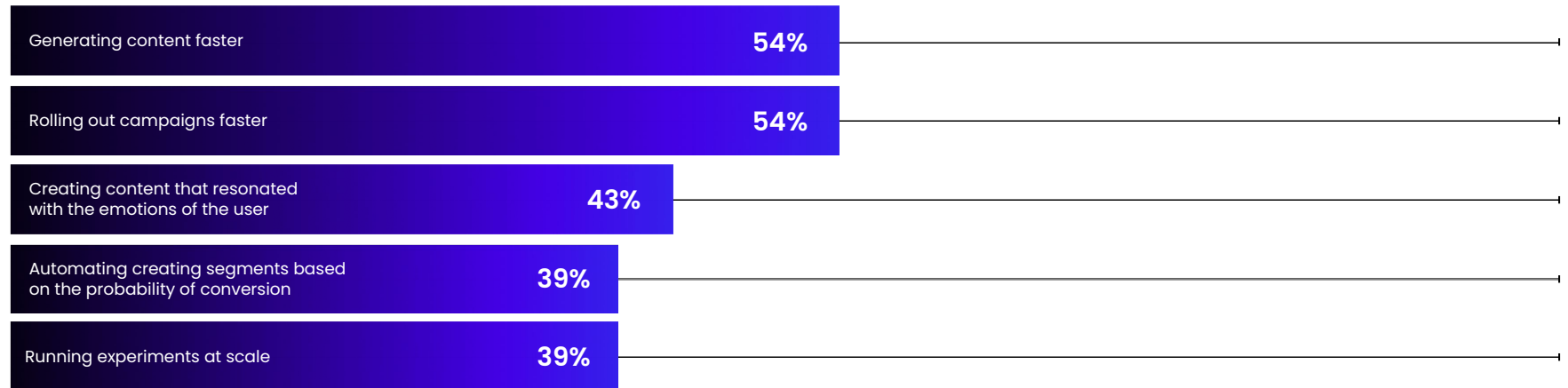


Of respondents utilizing AI for automated decision making, and taking more informed decisions by analyzing large volumes of data, predicting outcomes and next best actions to enhance the strategic planning.



Top five AI use cases in customer engagement that marketers have explored

Top 5 Benefits Realized by Respondents

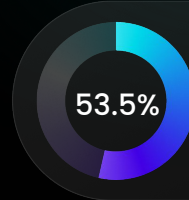


We've managed to cut down content generation time from a whole day to just an hour. It's been a game-changer for us, enabling faster turnaround without compromising quality.

-Marketing Manager, Media & Entertainment Industry, 10,000+ Employees

About 48% of marketing leaders surveyed are ready to adopt genAI uses cases, and they are currently in exploring phase of genAI for marketing, as indicated by [Forrester Study](#).

Respondents have focused on automation, operational efficiency, and workflow streamlining as the predominant benefits derived from AI, with marketers saving time by automating tedious tasks.



of respondents have utilized AI to accelerate content generation and for rolling out campaigns more swiftly.

71.4%

Of respondents highlight that AI capabilities are most extensively utilized by content teams, underscoring the pivotal role AI plays in content generation. This is followed by growth marketing teams utilizing these capabilities, with **57.1%**, respondents indicating a robust application of AI in expanding marketing efforts.

Central marketing and product teams also integrate AI into their operations, although to a lesser extent.

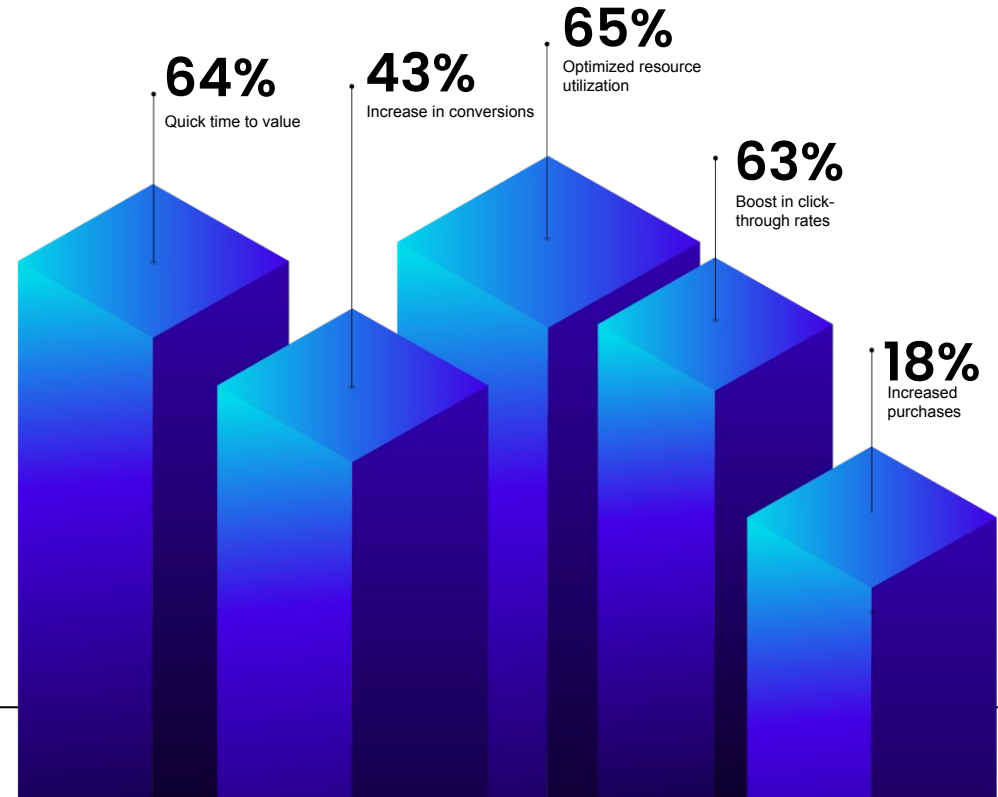
The primary application of AI by content teams suggests a strategic focus on leveraging AI for content creation during the early adoption phases.

This trend emphasizes AI's transformative impact on content generation, serving as a foundational AI application that paves the way for broader uses in personalization and experimentation.



AI makes operations more efficient and outcomes more impactful

In leveraging AI for customer engagement, businesses have witnessed remarkable benefits and value realization across several areas. Optimized resource utilization was observed by 65% of respondents, illustrating AI's role in streamlining operations and maximizing efficiency. A quick time to value was reported by 64% of respondents, highlighting AI's rapid impact on marketing efforts and faster go-to-market strategies. This is complemented by 63% of respondents realizing a boost in click-through rates, indicating AI's efficacy in enhancing content relevance and engagement. Additionally, these findings underscore AI's critical function in refining content generation, enabling personalized experiences, facilitating scalable experimentation, and supporting real-time decision-making processes. AI's integration into customer engagement strategies not only accelerates outcomes but also significantly improves performance metrics and operational productivity.



Categorization of AI-driven initiatives

In our study, we classified businesses into three distinct levels based on their AI-driven use cases in customer engagement, the impact realized, and their usage of CleverTap's AI Engine, [Clever.AI's](#) capabilities.

Level 1: Operational Optimizers

Focusing on using AI to streamline content creation, thereby enhancing operational efficiency, effectively saving time, eliminating writer's block and driving productivity.

Level 2: Personalization & Experimentation Architects

Extends the application of AI to enhance personalization at scale and experiment in real-time to improve conversion efficiently.

Level 3: Strategic Innovators

Pioneers in automating routine tasks, streamlining workflows, and leveraging AI for strategic decision-making, showcasing an advanced and holistic approach to AI.



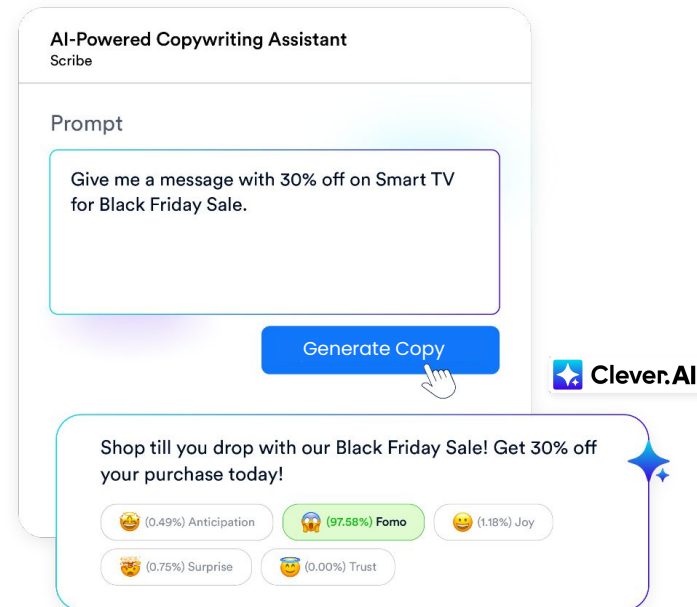
Level 1 : Operational Optimizers

These businesses use CleverTap's all-in-one engagement platform's AI capabilities primarily to automate content generation.

89% Of respondents in this group have observed operational efficiency as the primary benefit from CleverTap's AI Capabilities, Clever.AI.

What did they implement Clever.AI for?

- ✦ Faster content generation, experiencing a remarkable boost in content creation speed and faster campaign rollouts. Creating content which is resonating deeply with audiences by leveraging emotional intelligence.
- ✦ Generating emotionally intelligent content, resulting in a significant increase in conversion rate, with content that not only converts but also emotionally connects with customers, providing a faster path to value and optimized resource use.



"We saw a 50% time saving and 25% cost reduction on copy generation with Clever.AI."

-AVP, CRM, BFSI, 10,000+ Employees



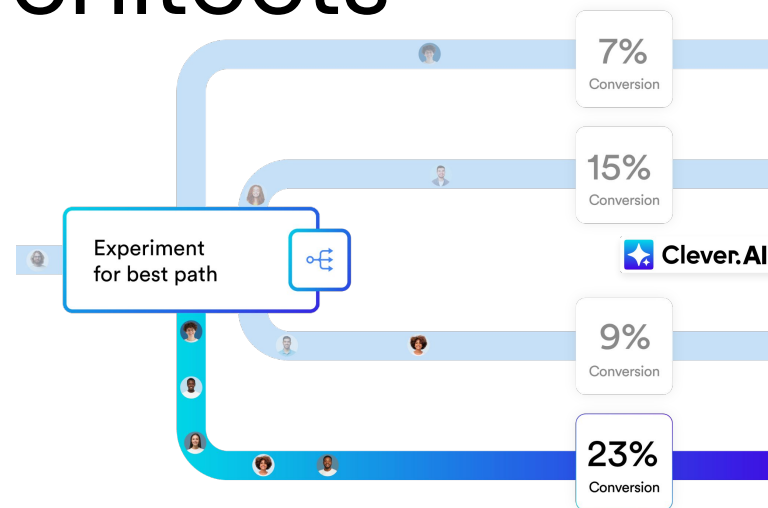
Level 2 : Personalization & Experimentation Architects

These businesses use CleverTap's all-in-one engagement platform's AI capabilities, which help scale personalization and experimentation in campaigns.

90% Of respondents in this level highlighted that scalability of personalization and experimentation as their top gains from Clever.AI's capabilities.

What did they implement Clever.AI for?

- ✦ Leveraging AI-powered orchestration and real-time experimentation, where smart journeys optimize the experimentation to boost conversion rate.
- ✦ Crafting personalized campaigns at scale, based on customer's preferred time, channel, and behaviour. Individualizing experiences for each customer, ensuring each campaign resonates on a more personal level.



"Clever.AI has tripled our experimentation capacity, enabling optimization on a whole new level"

-Senior Marketing Manager, eCommerce, 1000-5000 Employees



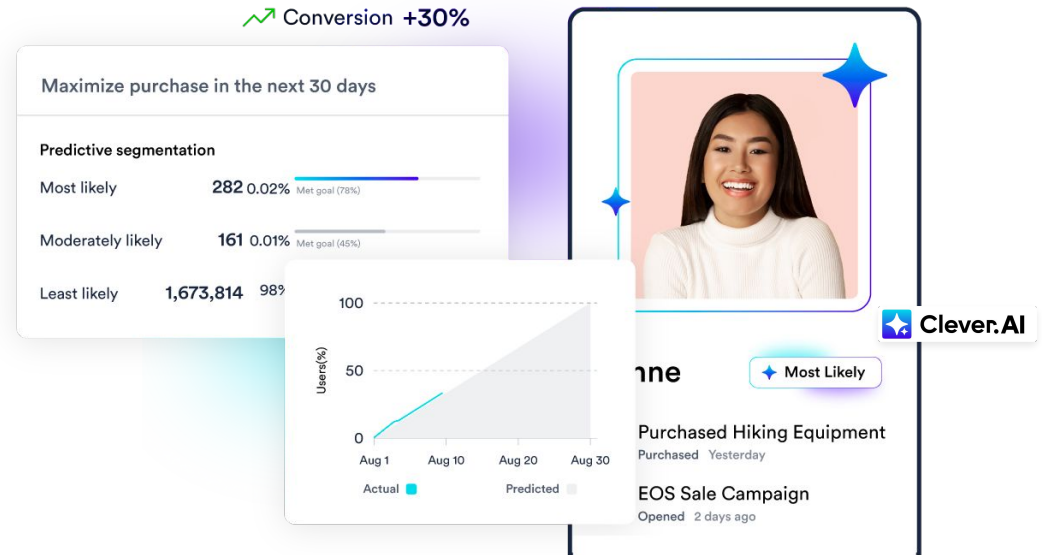
Level 3 : Strategic Innovators

These businesses use CleverTap's all-in-one engagement platform with AI capabilities, which helps automate decision-making and provides actionable insights for strategic work.

67% Of respondents in this level have selected AI-automated decision making and insights as their foremost benefit from integrating Clever.AI.

What did they implement Clever.AI for?

- ✦ Predictive Segmentation to identify high-conversion customer segments, forecast business outcomes and detect potential churn.
- ✦ Automating decision making with real-time AI/ML algorithm, employed to prescribe the winning strategy and maximize conversions. Experiment with different approaches, allowing for quick decision-making.
- ✦ Employing AI/ML-powered recommendation engine to provide personalized suggestions to customers in real-time.



"With Clever.AI powered recommendation campaigns, we doubled our conversion rates."

-Regional CRM & Lifecycle Marketing Manager, Food Tech, 10,000+ Employees

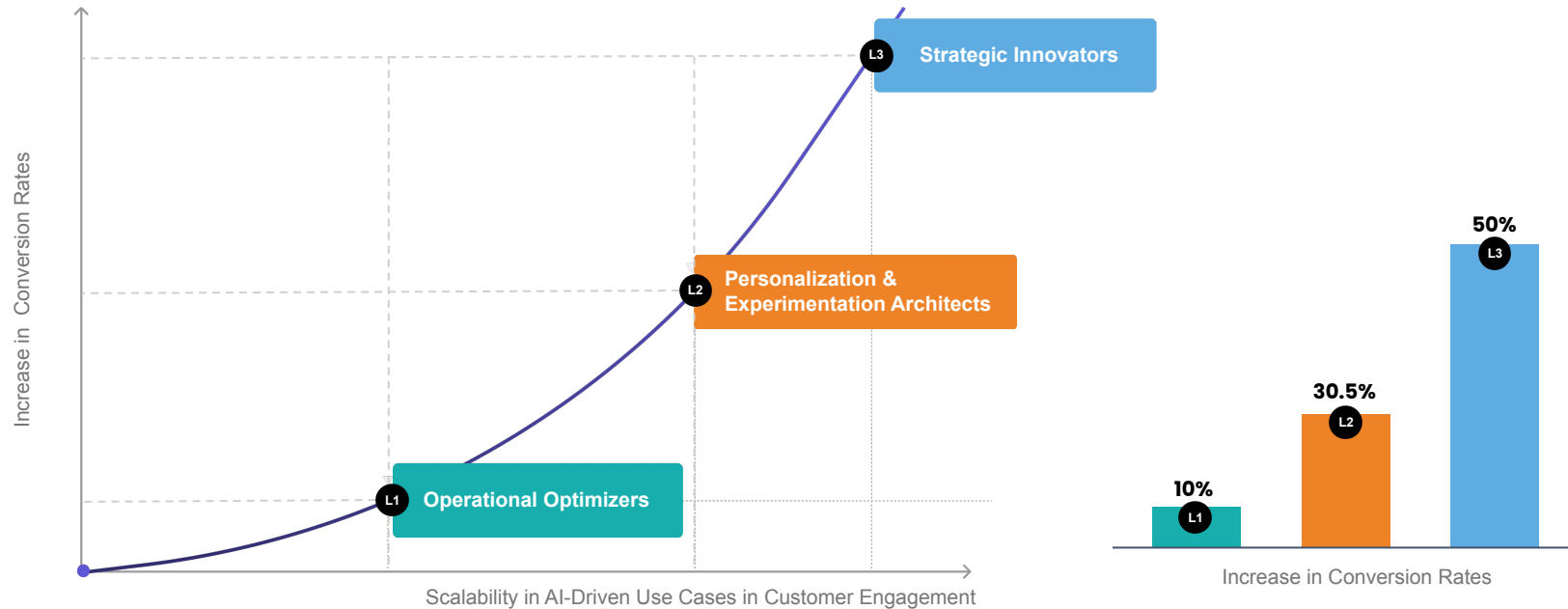


Impact of AI on conversion rate & business value

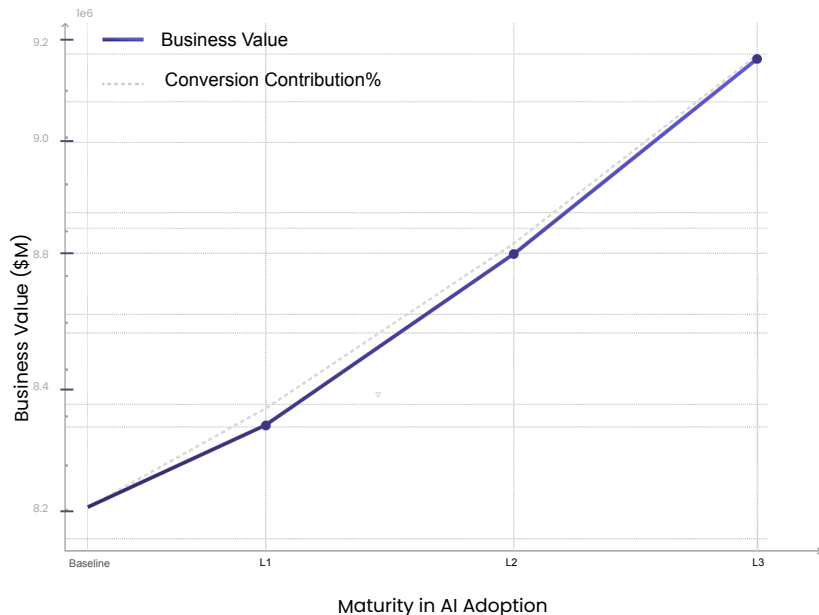
In our quantitative analysis of the impact AI-driven initiatives have on conversion rates across the three levels, a notable trend emerged that highlights the increasing benefits of advancing AI integration. For Level 1 (L1) businesses, focusing primarily on operational efficiency, there was a commendable increase in conversion rate by 10%. Level 2 (L2) businesses, which broadened their AI use to include scaling personalization and real-time experimentation, saw a more substantial increase, boosting conversion rate by 30.5%. The most significant leap was observed in Level 3 (L3) businesses, which have fully embraced AI for operational efficiency, personalization, experimentation and automating decision-making processes, witnessing a remarkable 50% increase in conversion rate. This progression highlights the direct correlation between the expansion of AI driven uses cases in customer engagement, adoption of AI capabilities and the improvement in conversion rates as businesses leverage AI for efficiency to employing it for scaling personalization, experimentation to strategic tasks and decision-making.



AI in customer engagement: impact on conversion rates



Contribution of conversion rates to business value



Contribution of Conversion Rate to Business Value

18.2%
Increase from L1 to L2



15.4%
Increase from L2 to L3



36.4%
Increase from L1 to L3



AI's potential impact on business value

Incorporating AI into business strategies significantly enhances conversion rates, which in turn has a profound impact on overall business value, as seen through CleverTap's Total Economic Impact Study with Forrester. When AI enhancements are applied, the impact becomes even more pronounced across different levels of AI adoption.

Between Level 1 and Level 2, business value increased by 5.5%, indicating a considerable jump with increased AI adoption. Transitioning from Level 2 to Level 3, the incremental increase in business value is 5.2%, demonstrating consistent growth at advanced stages of AI implementation. The continuous increase in the business value across these levels emphasizes on the positive impact of AI in business outcomes, especially in terms of conversion rate contributing to business value. As businesses integrate AI at higher levels, they can expect substantial gains in business value, proving AI's critical role in driving growth and gaining a competitive edge.

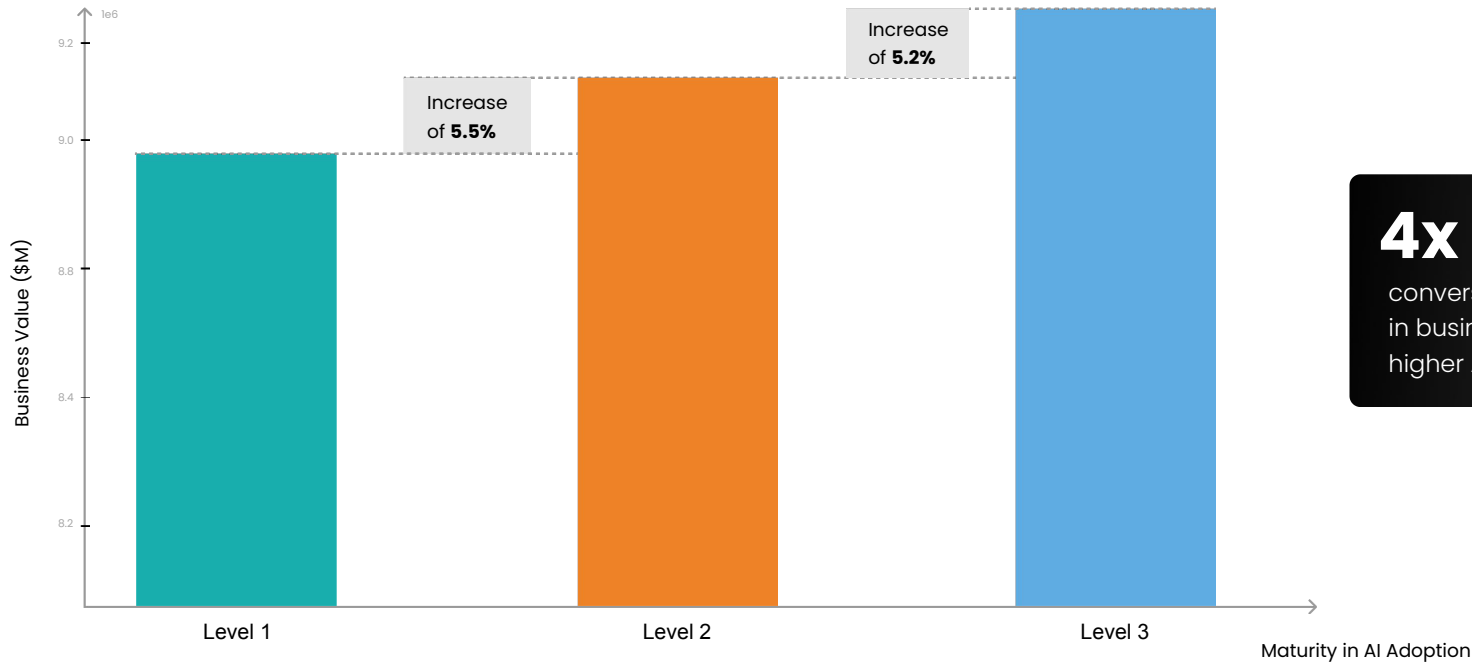
Contribution of conversion rates to business value has shown significant growth across different levels of AI integration. The percentage increase from Level 1 to Level 2 is 18.2%, indicating that conversion rate contributions play an increasingly critical role as AI maturity progresses. Similarly, from Level 2 to Level 3, there's a 15.4% increase, demonstrating continued improvement as businesses advance their AI strategies. Considering the entire span from Level 1 to Level 3, the contribution from conversion rates to business value sees an impressive 36.4% increase, emphasizing the tangible benefits AI brings to business operations and customer engagement. These numbers reflect the compelling impact AI has on driving growth and business value.

These results indicate significant incremental growth in conversion rates with each level of AI integration, reflecting the impact of AI-driven strategies on overall business value. The contribution of conversion rates to business value emphasizes the tangible ROI that businesses can realize by deploying AI-driven initiatives as a part of their customer engagement strategies with CleverTap, highlighting the indispensable role of AI in driving growth and elevating market positioning.

About [CleverTap's Total Economic Impact Study](#) of CleverTap, Forrester Consulting interviewed CleverTap customers to show the cost savings and business benefits enabled by CleverTap's all-in-one customer engagement and retention platform. In our research on The AI Edge in Customer Engagement we have considered the impact of conversion rate on business value, there can be additional multiple factors that impact business value as well.



Incremental increase in business value

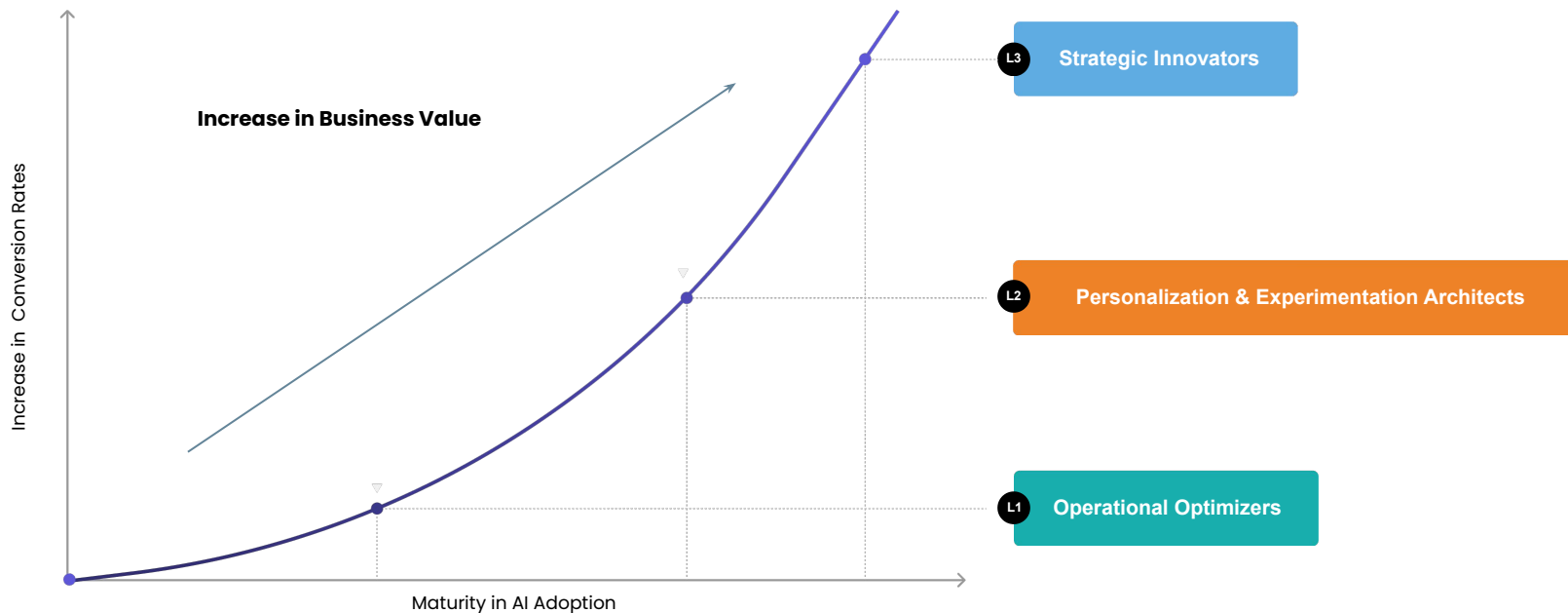


4x increased

conversions and and significant growth in business value are achieved through higher AI adoption maturity levels.



AI maturity curve in customer engagement



Conclusion

Increasing the adoption of AI in Customer Engagement platform or integrating AI in technology stack is not just an enhancement but a necessity for maintaining competitiveness and meeting the evolving expectations of customers.

Embracing AI not only as a tool for operational efficiency but as a strategic asset will be key to navigating the complexities of modern customer engagement and securing a competitive edge in the market and which is vital for achieving significant improvements in conversion rates and business value as demonstrated in our findings.

82%

Of respondents are satisfied with Clever.AI's capabilities in assisting them to achieve their goals at their stages of AI adoption.

Catalyse AI adoption:

Businesses at the initial stages of AI adoption should aim to progress towards more advanced levels of AI utilization. This involves moving from operational efficiency to leveraging AI for personalization, experimentation, and ultimately, automated decision-making to enhance strategic planning.

Embrace a holistic approach to AI-driven customer engagement:

Diverse AI applications extend beyond content generation to include predictive and prescriptive analytics for enhanced decision making, automated segmentation and real-time decision-making for dynamic campaign adjustments.

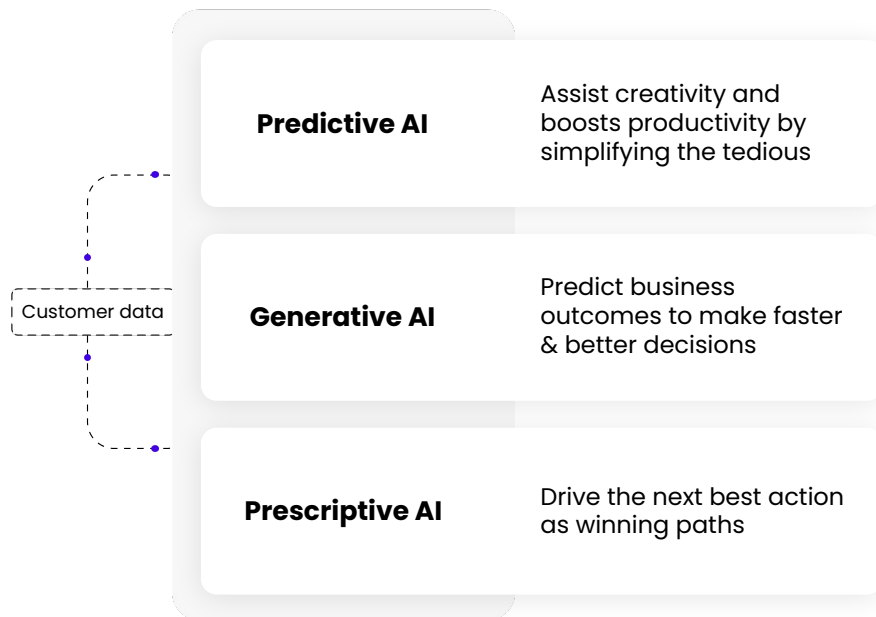
Measure the AI impact:

Regularly assess the quantitative impact of AI initiatives on business metrics, like conversion rates, to understand the ROI and refine strategies accordingly.

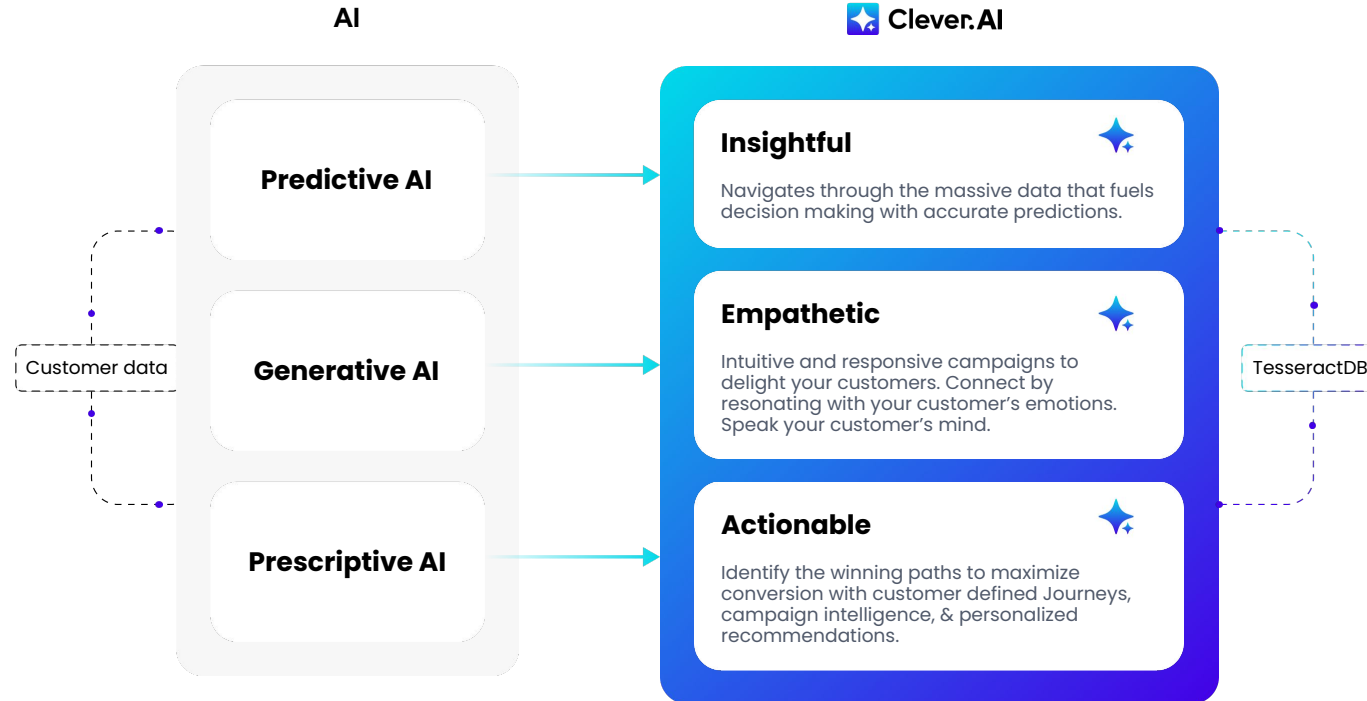


AI driven customer engagement

AI

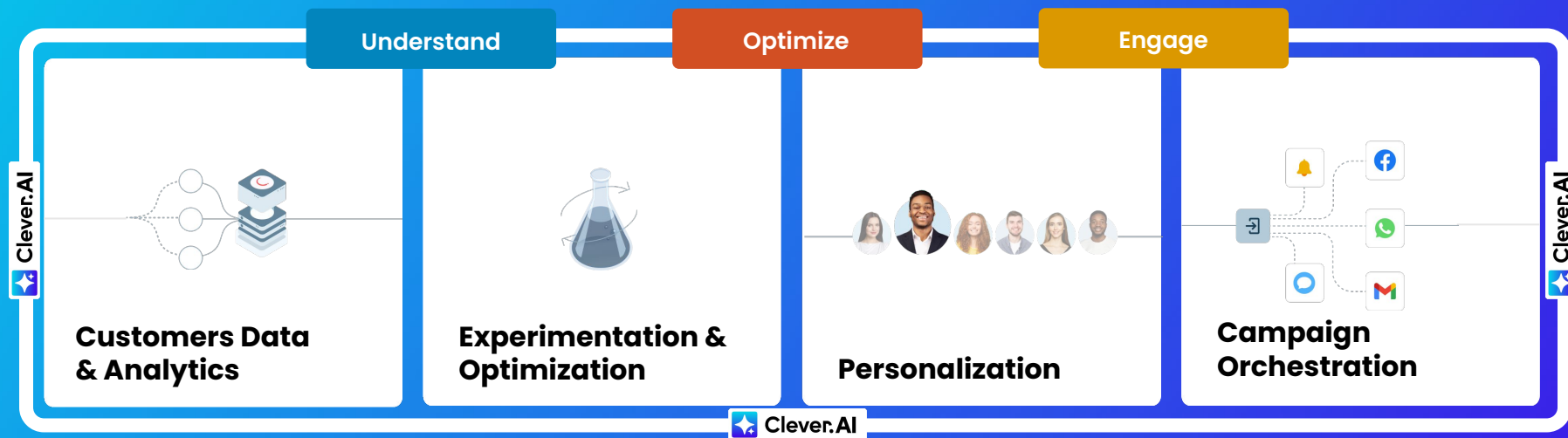


Is now Clever.AI



CleverTap All-In-One Engagement Platform

Leverage Clever.AI to deliver unified customer experiences, aiming to enhance the overall customer lifetime value.



About CleverTap Elevate

At CleverTap, we understand that mastering the art of engaging with customers is a continuously advancing journey. That's why we've created 'Elevate'—our pioneering thought leadership program designed to inspire and guide today's marketers through the known unknowns and into the depths of the unobvious. 'Elevate' is a nexus of insights, thoughts, and perspectives, bringing together in-depth research, expert points of view, and engaging content to empower brands to navigate the technological paradigm and make informed decisions about their customer engagement strategies.

'Elevate' is where curiosity meets clarity, offering forward-thinking perspectives from CleverTap's thought leaders and from across the industry, building towards meaningful customer engagement.

Together, let's turn insights into action, thoughts into campaigns, and perspectives into pathways to unparalleled customer experiences. We invite you to join us on the journey to elevate customer engagement. Stay connected with CleverTap Elevate through our blog, webinars, and social media channels for the latest insights, research, and thought leadership. Let's unlock the power of true customer engagement, together.



Disclaimer

This report has been developed by CleverTap based on primary research conducted by our team and utilized publicly available sources and documents linked within. The data derived from publicly available information or procured through third-party sources. CleverTap holds no responsibility or liability for the accuracy or completeness of such data. The contents of this report reflect CleverTap's views and should not be considered factual assertions. Any legal reliance placed on this report absolves CleverTap and its employees from responsibility.

The insights provided herein are intended solely for CleverTap's research and knowledge purposes and may be included in publicly shared, knowledge-driven initiatives. **The information contained in this report is for general informational purposes only and is not intended to constitute professional advice. Users are encouraged to seek professional advice tailored to their specific circumstances.**

No representations, warranties, or undertakings (express or implied) are made regarding the accuracy or completeness of the information in this report. CleverTap, its member firms, related entities, employees, or agents shall not be liable for any loss or damage arising directly or indirectly from any reliance on this report.

This report is provided "as is" without any warranties, express or implied, including but not limited to, warranties of merchantability, accuracy, title, non-infringement, or fitness for a particular purpose. CleverTap will not be responsible for any damages, including direct, consequential, incidental, or special damages, arising from the use or inability to use this report, even if CleverTap has been advised of the possibility of such damages or if they were foreseeable.

CleverTap reserves the right to update, amend, or retract any information within this report at any time without notice. By accessing and using this report, you agree to indemnify and hold harmless CleverTap, its affiliates, officers, agents, and employees from any claims, damages, losses, liabilities, and expenses (including legal fees) arising out of or in connection with your use of the information contained herein.



Talk to us today!



clevertap.com/demo



marketing@clevertap.com

