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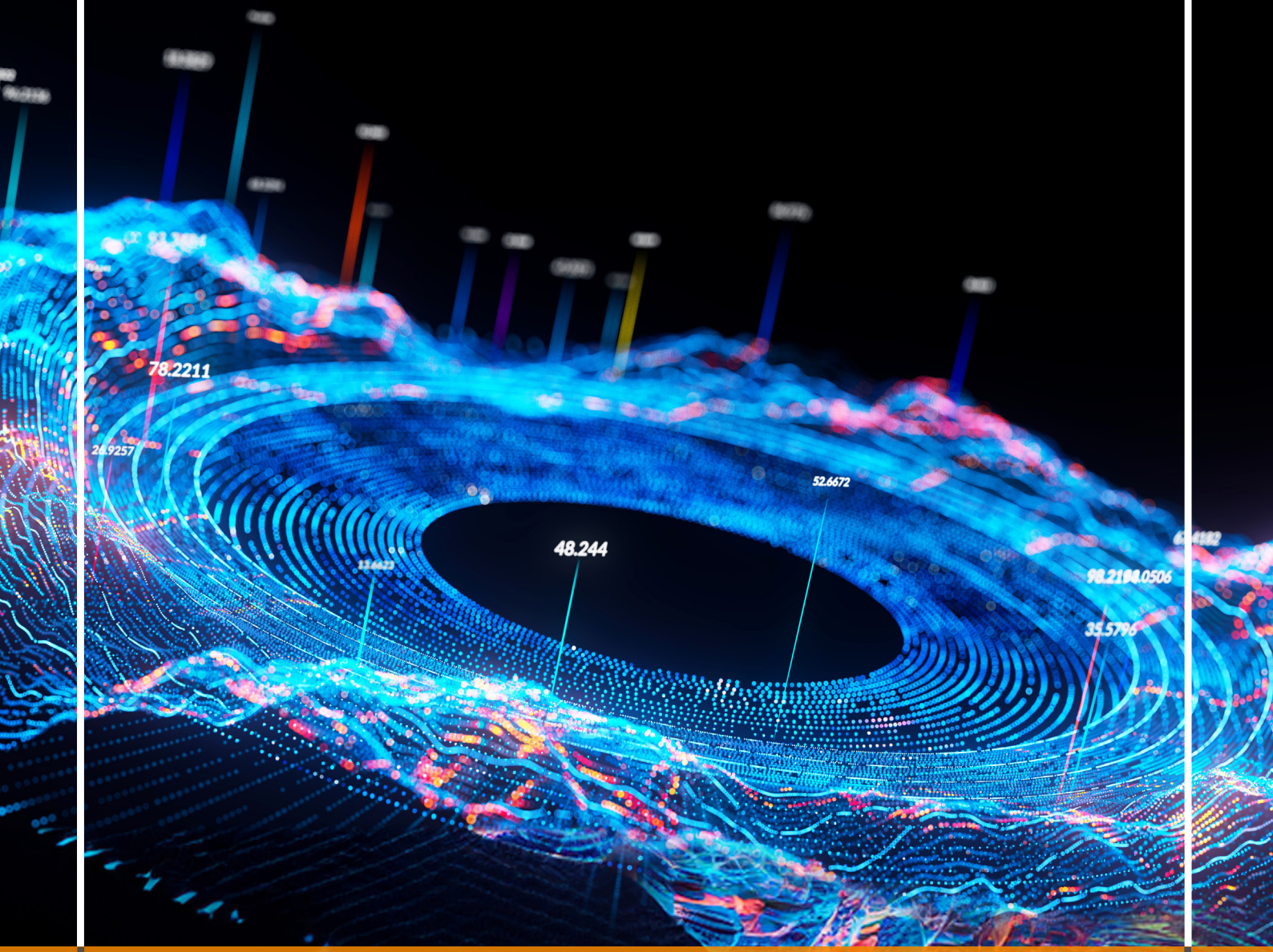

AI-POWERED RETAIL ODYSSEY

NAVIGATING THE NEXT FRONTIER IN CUSTOMER EXPERIENCE

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Discussion Documents August 24

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This article is written by Mark Samuels, Chief Editor at CIONET UK. The content is based on an event sponsored by Cognizant and Google Cloud held on 25 June at the Andaz in London.

The context for the event

The event considered the opportunities and challenges of generative AI (Gen AI) in customer experience (CX), including infrastructure considerations, potential use cases, and best-practice takeaways. CIONET UK Associate Editor Jon Bernstein hosted the evening, which included a fireside chat with Adam Khan, Channel Sales Manager for Retail at Google, and Raymond Manookian, Director of CX Transformation at Zone, which is a Cognizant company. This conversation was followed by a roundtable discussion with digital leadership delegates. The following questions were answered during the evening:

- What are the starting points for Gen AI initiatives?
- How can we identify the right use cases?
- How can we embed Gen AI successfully within our businesses?
- How can we secure the right mix of external and in-house expertise?
- How should we deal with integration issues and ethical concerns?

Key discussion points

1. What are the starting points for Gen AI initiatives?

Gen AI's great strength is its ability to focus on the finer details and generate personalised responses. The inherent flexibility of Gen AI should mean it remains a good fit with CX as the technology evolves. However, the hype surrounding Gen AI is considerable.

Over 18 months since the launch of ChatGPT, AI remains a strong area of focus. Generative AI is the first enterprise technology to really pique the board's interest. One attendee said their board asked about creating an AI strategy over 12 months ago.

Yet AI is often seen as IT's domain. AI involves many disciplines beyond IT, such as mathematics for neural networks and machine learning, and psychology for behaviour and culture. The IT department should be seen as an enabler of AI; nothing more, nothing less.

Gen AI is evolving quickly but we must recognise the technology is not a magic wand that will change the business overnight. Let's not repeat the mistakes of IT implementations from the past. Instead, let's implement the right tools at the right moment.

2. How can we identify the right use cases?

The fireside chat suggested four key use cases for AI in CX: enhancing customer relationships (Gen AI is great at summarising previous conversations), marketing (Gen AI can generate customised and personalised content, such as product descriptions and email templates), conversational commerce (using multiple data sources to help customers find stores with stock), productivity (using AI to support and automate operational processes).

AI is a broad area. Don't buy a solution and then look for a business problem. However, moving from proof of concepts to production services is far from straightforward. CIOs should tie AI projects to key elements of the business strategy, such as boosting CX through chatbots, delivering predictive demand or developing conversational interfaces for performance reports. Quick wins keep people interested in AI.

Your data strategy is a crucial element of successful use cases. AI projects run on data, so you must ensure your data policies and processes are in good order. High-quality data produces high-quality outputs. Deploying AI successfully means using well-structured data, leaning into strategic objectives and receiving strong backing.

3. How can we embed Gen AI successfully within our businesses?

There is a significant focus on the engineering elements that underpin AI. However, the human dimension is crucial. Unless you focus on the people side and create a culture where AI is understood, all you'll have is an expensive platform.

Business leaders must think about how their organisations are structured internally to exploit AI-led change. Companies will only be able to reap the benefits of AI if they go through transformation. Focus on change management to ensure people embrace AI.

Business teams have great ideas and can identify use cases. Embed people in business teams to identify potential AI projects, build enthusiasm and deliver value. Identify use cases that help you draw a budget from operational expenditure to change the business through AI.

4. How can we secure the right mix of external and in-house expertise?

If you rely on internal talent in isolation, you'll fail. Companies are searching for the right blend of talent. Most companies use a hybrid model that blends internal knowledge and external expertise. Look for an objective partner who distils the best of Gen AI rather than simply relying on an off-the-shelf approach.

There is only a small pool of AI talent. Focus on people with a curious mind. Ensure your external partner helps develop your internal talent. Your partner should offer coaching and co-development rather than just execution.

Your best people will want to be exposed to innovation and new opportunities. Find ways to harness that excitement. It's great when people want to add value to their CVs. Build training programmes into your business and ensure new talent is exposed to AI from day one.

5. How should we deal with integration issues and ethical concerns?

It was suggested during the fireside chat that we should think about Gen AI from a platform perspective rather than just a set of APIs. A platform approach gives CIOs more flexibility to select large language models (LLMs) and leverage data securely.

New technologies bring a moral panic. Remember that AI is just a tool. Delegates have already encountered restrictive legal guardrails during their initial explorations into AI. Businesses will have to deal with psychological and ethical issues as we move forward.

There are many AI players in the market and no shortcuts to effective integration. Governance requirements can impede change. However, smart businesses use governance to encourage innovation. Start with security to manage deep-seated issues at the beginning of the process.

Ensure new tools are tested comprehensively. Finding the right methodology to test AI can be challenging. However, we must measure the impact of AI to understand it. Temper the business appetite for Gen AI today and think about where to go tomorrow.

Conclusion: 10 best-practice takeaways

- **Focus on the problem you're trying to solve** – That might sound obvious but finding the right use case is the key to success.
- **Clarity is everything** – Focus on half a dozen well-honed use cases that deliver a measurable impact rather than thousands of theoretical ideas.
- **Everyone is still learning how to make the most of Gen AI** – Ensure you consciously sail along with the trend and build a common platform to embrace the opportunities.
- **Make AI initiatives part of a broader business technology strategy** – There is no point in developing Gen AI projects in isolation as you will create silos.
- **Don't repeat the mistakes of past IT implementations** – Get stuck into the details and focus specifically on how you can use AI to solve a new business challenge.
- **Don't be disheartened if a Gen AI project fails** – Your teams learn from exploration.
- **Bring people on the journey with you** – AI is more than an IT issue. The more we can spread accountability, the greater the adoption and the better the answers will be.
- **Think about your core business concerns** – Gen AI can help your business boost productivity by as much as 40%. Start here and then focus on fringe use cases.
- **Remember due diligence and security** – This is a new and fast-evolving area. Companies must ensure their Gen AI policies and processes are clear and concise.
- **The people part is crucial but hard** – Concentrate on change management to ensure you have the right organisations and skills to exploit Gen AI operationally.

Authors

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A pioneer of today's Internet as an ARPA research fellow at MIT in the seventies, Roger has spent over fifty years helping corporations harness the power of new technologies such as AI, cloud, mobile communications, e-commerce, voice recognition and satellite. He was a partner at EY responsible for e-commerce during the dot.com boom. He is a Cambridge University and MIT graduate and a visiting professor at the Hebrew University in Jerusalem.

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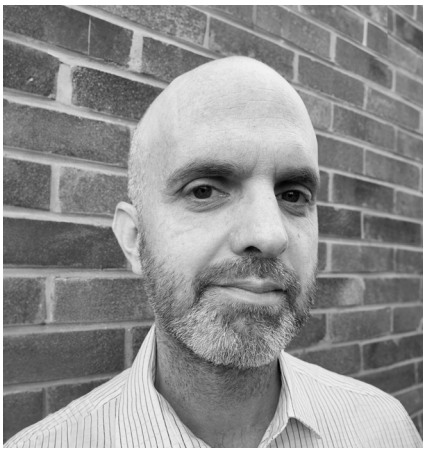

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Mark is a business writer and editor, with extensive experience of the way technology is used and adopted by CIOs. His experience has been gained through senior editorships, investigative journalism and postgraduate research. Editorial clients include the Guardian, The Times, the Sunday Times and the Economist Intelligence Unit. Mark has written content for a range of IT companies and marketing agencies. He has a PhD from the University of Sheffield, and master's and undergraduate degrees in geography from the University of Birmingham.

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