Consumer-facing opportunities for generative AI: telecoms operators should now consider their options

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Operators are getting involved in generative AI (GenAI) and new services are being announced daily. This is a fast-moving area and if operators take a 'fast-follower' approach, other players may seize the opportunities making it difficult for operators to catch up.

Generative AI can enhance and improve many consumer-facing applications that are relevant to telecoms operators. Overall, the priority order for deploying generative AI should be guided by the potential impact on customer experience, the level of demand and the immediacy of need. Operators should consider this technology as an opportunity to differentiate their products from those of their competitors and create new value for their customers.

The hype around generative AI has significantly outpaced that of the metaverse and operators are getting involved
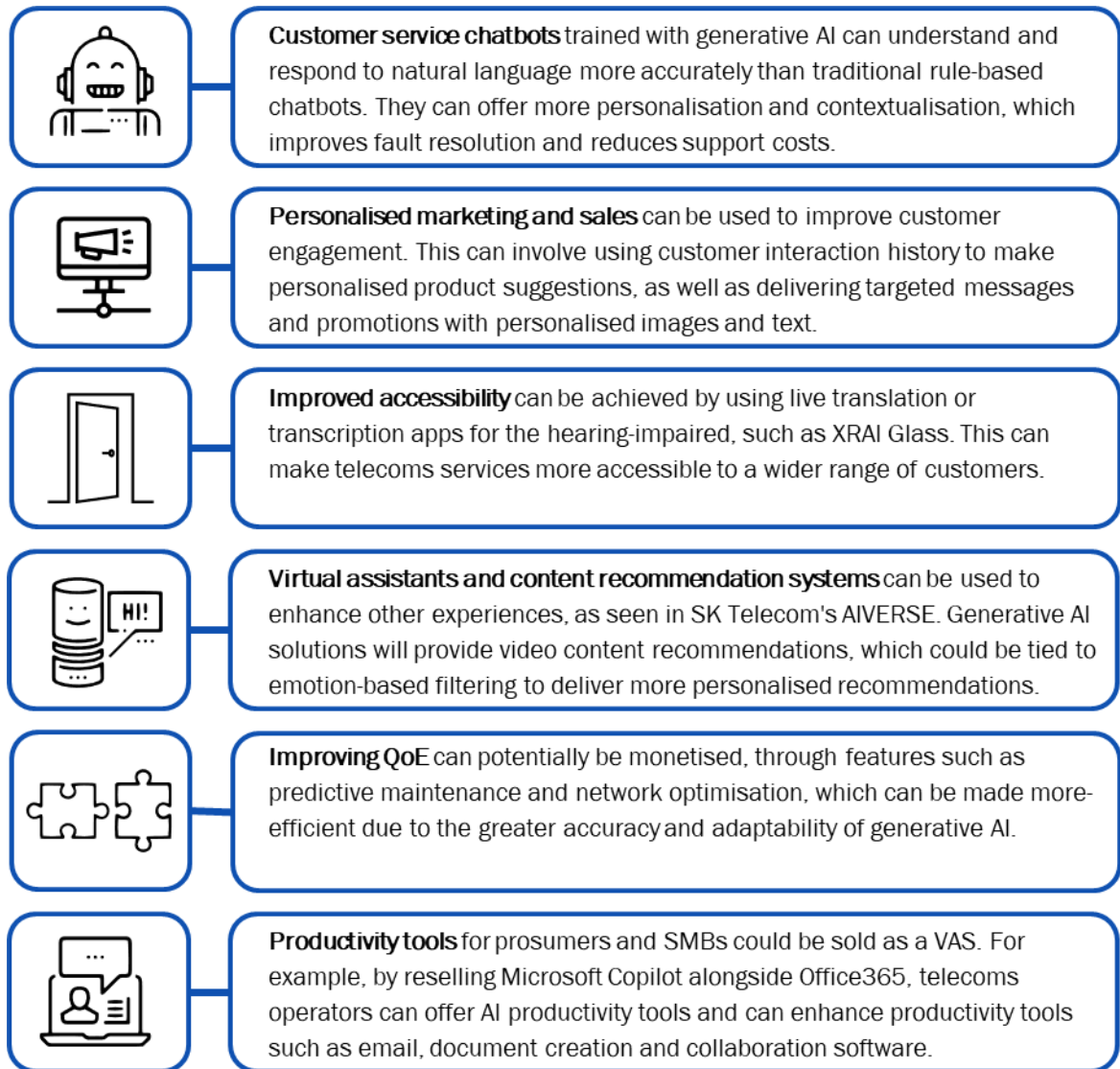
Generative AI is a technology that enables machines to create and generate content autonomously, often using machine-learning techniques. It gained more attention and excitement than the metaverse following the public release of ChatGPT in November 2022. One key reason for the high engagement is that generative AI can be 'played with' right now and take-up has been rapid. This means it can potentially be monetised much more rapidly than metaverse use cases which may not gain mass take-up until 2030 or beyond. In addition, generative AI has no particular hardware requirements and does not need to use a new interface.

Consumer-facing solutions based on generative AI have already been deployed by other technology firms and telecoms operators are exploring options. Comcast plans to accelerate GenAI start-ups and SK Telecom's integration of its AI, metaverse and subscription businesses into AIVERSE seems particularly well positioned to capitalise on this opportunity. SK Telecom announced in March 2023 that it plans to move A. (pronounced A dot) to a full launch in 2023. A. combines the conversational capabilities of models like ChatGPT with task-oriented dialogue, enabling customers to seamlessly interact with SK Telecom's digital services including music streaming, e-commerce and digital payments, and perform actions such as sending texts, making calls and managing their schedules. Regardless of the range of services that operators offer, they can use generative AI to deliver seamless and consistent experiences to customers.

Many consumer-facing applications of generative AI are relevant to operators

Generative AI may change consumers' relationships with operators in several areas (Figure 1).

Figure 1: Areas where generative AI is likely to change consumers' relationships with operators

Customer service chatbots trained with generative AI can understand and respond to natural language more accurately than traditional rule-based chatbots. They can offer more personalisation and contextualisation, which improves fault resolution and reduces support costs.

Personalised marketing and sales can be used to improve customer engagement. This can involve using customer interaction history to make personalised product suggestions, as well as delivering targeted messages and promotions with personalised images and text.

Improved accessibility can be achieved by using live translation or transcription apps for the hearing-impaired, such as XRAI Glass. This can make telecoms services more accessible to a wider range of customers.

Virtual assistants and content recommendation systems can be used to enhance other experiences, as seen in SK Telecom's AIVERSE. Generative AI solutions will provide video content recommendations, which could be tied to emotion-based filtering to deliver more personalised recommendations.

Improving QoE can potentially be monetised, through features such as predictive maintenance and network optimisation, which can be made more-efficient due to the greater accuracy and adaptability of generative AI.

Productivity tools for prosumers and SMBs could be sold as a VAS. For example, by reselling Microsoft Copilot alongside Office365, telecoms operators can offer AI productivity tools and can enhance productivity tools such as email, document creation and collaboration software.

Source: Analysys Mason

Because generative AI is so new and the pace of innovation is so fast, the list of potential applications will continue to evolve rapidly. Generative AI may increase consumer productivity in the longer term. Some operators are exploring how this may lead to an increase in consumer leisure time. The additional free time that people are likely to have, there may be increased opportunities for the use of connected technology and entertainment applications. Telecoms operators could capitalise on this trend.

Operators should focus on the most-immediate opportunities for generative AI while looking ahead to the evolution of services and network transformation

Operators are generally 'fast followers'; they observe and analyse the market to identify successful innovations or ideas implemented by competitors and then adapt them to their own products or services. The fast pace of change may make 'fast follower' strategies less effective than usual in this context. Furthermore, deploying generative AI could present challenges as well as opportunities. Operators should focus on proximal opportunities to deploy generative AI but also formulate a plan for addressing those that are further away.

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Using generative AI to improve the function of customer service chatbots is a logical first priority because such solutions can rapidly enhance operators' existing plans for the digitalisation of customer service. Personalised marketing and sales should also be prioritised because it can potentially improve customer engagement and satisfaction while increasing revenue.

Overall, the potential impact on customer experience, level of demand and immediacy of need should guide the priority order for deploying generative AI solutions. Telecoms operators should consider this technology as an opportunity to differentiate themselves and create new value for their customers. Generative-AI-based solutions could be released by operators' competitors tomorrow. Experimentation should begin now, if it has not already, in case operators even miss out on the opportunity of being a 'fast follower'.

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