

Conversational AI & Virtual Agents Market to Hit Nearly USD 13.7 Billion By 2034

In 2024, North America led the global Conversational AI & Virtual Agents market, holding 42.7% of the market share and generating USD 5.8 billion in revenue.

NEW YORK, NY, UNITED STATES, February 19, 2025 /EINPresswire.com/ -- As per the latest insights from Market.us, The global [Conversational AI and Virtual Agents market](#) is poised for impressive growth, with the market size expected to reach USD 13.7 billion by 2034, up from USD 168.2 billion in

2024. This translates to a robust CAGR of 28.50% over the forecast period from 2025 to 2034. In 2024, North America dominated the market, accounting for 42.7% of the global market share and generating a revenue of USD 5.8 billion. The U.S. alone is projected to reach USD 4.67 billion in revenue, growing at a CAGR of 26.7%.

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The U.S. Conversational AI & Virtual Agents Market is projected to reach USD 4.67 billion in 2024, with a CAGR of 26.7%.

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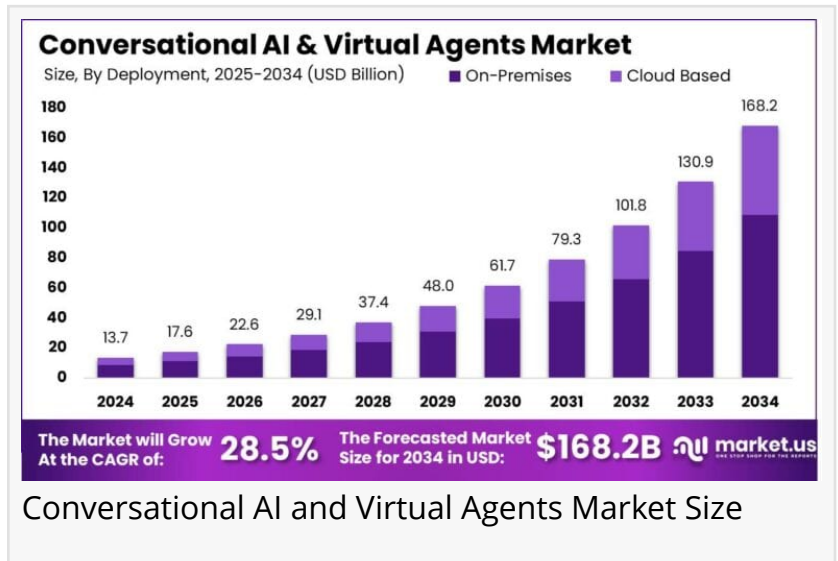
Tajammul Pangarkar

The market's growth is largely driven by the increasing adoption of Solutions, which commanded a dominant 80.3% of the market share in 2024. The On-Premises segment also held a leading position, securing 64.7% of the market share within the Conversational AI and Virtual Agents space in 2024. In terms of technology, Natural Language Processing (NLP) emerged as a significant player, leading with a market share of 35.8% in 2024. This reflects

the growing need for more intuitive and human-like AI interactions across industries.

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The Banking, Financial Services, and Insurance (BFSI) sector continues to be a key driver of growth, representing more than 27.9% of the total market share in 2024. This sector's demand



for AI-powered solutions is a result of the growing need for automated, intelligent customer support, fraud detection, and streamlined operations.

Analysts' Viewpoint

The market's growth is largely driven by the increasing adoption of automation across industries, the demand for personalized customer experiences, and the shift toward omnichannel communication.

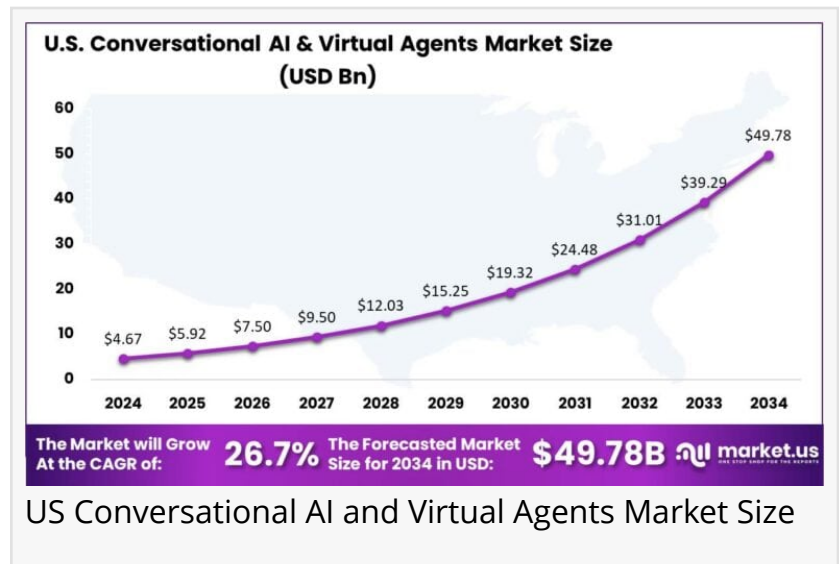
Businesses are increasingly relying on Conversational AI to streamline customer service, sales, and operational tasks, making it a critical tool for enhancing business operations.

Several key factors are propelling the growth of Conversational AI and Virtual Agents. One of the primary drivers is the growing demand for 24/7 customer service, which can be efficiently handled by AI-powered agents without human intervention. Additionally, advancements in AI technology, such as machine learning algorithms and deep learning, have made virtual agents more effective at understanding complex queries and providing contextually relevant responses. Another major factor is the increasing need for cost-effective customer service solutions, as AI agents significantly reduce the need for human labor. Finally, the widespread adoption of AI in industries like banking, healthcare, retail, and telecommunications is driving demand for these solutions.

The growth of the Conversational AI & Virtual Agents market presents numerous investment opportunities, especially for companies focusing on AI-driven innovations, data analytics, and software platforms. Investors can target startups that are developing new conversational technologies, AI frameworks, or enhancing the natural language processing capabilities of virtual agents. Additionally, with industries across the globe embracing automation, there's a strong market for AI-powered solutions that improve efficiency and reduce costs.

However, risks do exist. One potential challenge is the rapid pace of technological evolution, which could lead to companies investing in solutions that may become obsolete if not regularly updated. Additionally, security and privacy concerns surrounding AI's data collection processes are issues that may hinder market growth if not adequately addressed.

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Regional Analysis

The U.S. market for Conversational AI and Virtual Agents is expected to experience substantial growth, with projections indicating it will reach a total value of \$4.67 billion by 2024. This growth is driven by a compound annual growth rate (CAGR) of 26.7%, signaling robust demand and adoption of these advanced technologies.

The United States and North America are currently at the forefront of the Conversational AI and Virtual Agents market due to several key factors. First, the region boasts a highly developed technological infrastructure, with companies and consumers adopting advanced AI solutions more rapidly than in many other regions. The U.S. has long been a leader in AI development, driven by a combination of major tech companies, startups, and significant investment in research and development. As such, the market benefits from both a strong supply of innovative products and a high level of demand for these technologies.

Additionally, the rapid digital transformation across industries such as customer service, retail, finance, and healthcare has led to a surge in the deployment of Conversational AI solutions. North American companies are heavily investing in automation tools to improve operational efficiency and enhance customer experiences. As a result, the adoption of virtual agents, chatbots, and AI-driven customer support systems has been extensive, giving the region a competitive edge.

In 2024, North America held a dominant market position in the Conversational AI & Virtual Agents market, capturing more than 42.7% of the global market share, generating an impressive revenue of USD 5.8 billion. Furthermore, North America benefits from a favorable regulatory environment, with policies and frameworks that support technological growth and the integration of AI solutions. This is complemented by a highly skilled workforce, which further drives innovation in the sector. The presence of large-scale enterprises and a strong tech ecosystem creates an environment conducive to the growth of Conversational AI technologies.

Overall, the dominance of the U.S. and North America in the Conversational AI market can be attributed to a combination of technological leadership, strong market demand, and favorable business conditions. The region's continued investments in AI research and its commitment to embracing digital transformation ensure its position as a global leader in this space.

Report Segmentation

Component Analysis

In 2024, the Solutions segment maintained a dominant market position in the Conversational AI & Virtual Agents sector, accounting for over 80.3% of the total market share. This significant share reflects the growing adoption of conversational AI tools in business operations, as organizations seek advanced solutions to enhance customer interactions and streamline operations. The preference for ready-to-deploy solutions that offer scalability and efficiency is

likely to continue driving this trend.

Deployment Analysis

The On-Premises segment led the market in 2024, securing more than 64.7% of the total share in the Conversational AI & Virtual Agents market. The preference for on-premises deployments can be attributed to the heightened concerns around data security and compliance requirements, particularly in industries such as finance and healthcare. On-premises solutions offer businesses greater control over their infrastructure, data privacy, and compliance with regulatory standards.

Technology Analysis

In 2024, the Natural Language Processing (NLP) technology emerged as the leading force in the Conversational AI & Virtual Agents market, holding more than 35.8% of the market share. The growth of NLP can be attributed to its capability to understand and generate human-like language, enhancing user interactions and improving overall customer experience. As businesses increasingly prioritize the personalization and accuracy of virtual interactions, NLP technology is expected to see continued growth and integration across various industries.

End User Analysis

The BFSI (Banking, Financial Services, and Insurance) sector was the leading end user in 2024, capturing more than 27.9% of the Conversational AI & Virtual Agents market. This dominance reflects the sector's strong demand for automation tools to handle customer inquiries, provide personalized financial advice, and improve overall service efficiency. The BFSI industry's focus on reducing operational costs while enhancing customer experience continues to fuel the adoption of conversational AI technologies in their operations.

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Top Key Players in the Market

Google

Microsoft

Amazon Web Services, Inc.

IBM

Oracle

Nuance Communications, Inc.

FIS

SAP SE

Artificial Solutions

Kore.ai, Inc.

Avaamo
Conversica, Inc.
Jio Haptik Technologies Limited
Rasa Technologies Inc.
Solvvy
Pypestream Inc.
Kasisto
Cognigy
Others

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