



The Changing Expectations of Customer Experience:

How AI and Technology are Empowering
Businesses to Meet Growing Customer
Demands

AUTHOR **Daniel Newman**
CEO | The Futurum Group

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Introduction

In today's competitive market, customer service stands as the backbone of brand loyalty and reputation. At the intersection of technology and the human touch lies a sweet spot that, when harnessed correctly, can propel a brand's reputation and trustworthiness to unparalleled heights.

We surveyed 500 consumers of varying ages from across North America, APAC, and EMEA who report they've had a customer service experience in the past 60 days. The respondents varied by age and reported experiences across a variety of types of consumer-facing businesses.

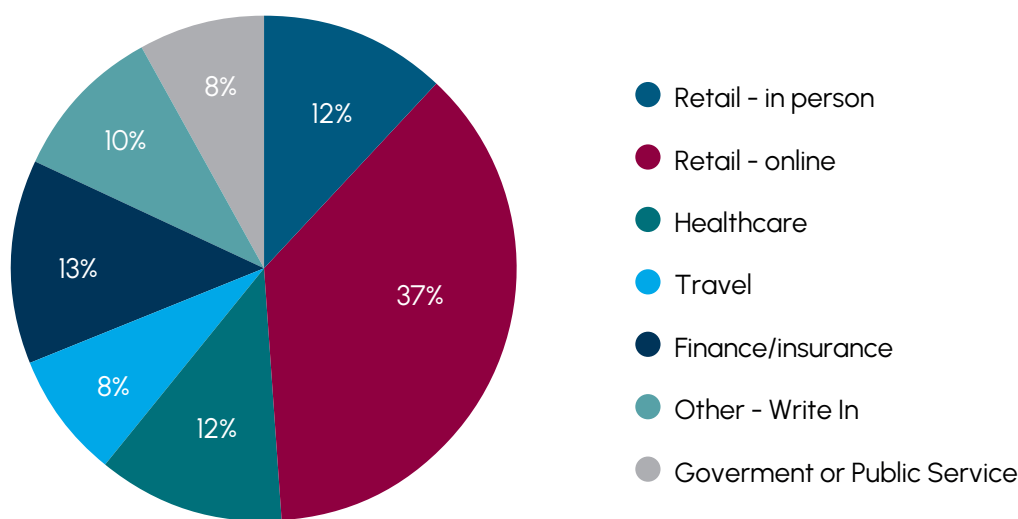


Figure 4: Sample (n=500) Type of organization respondent most recently engaged with

Compelling observations from survey data suggest the need for customer service operations to closely examine how they mix technology with human interaction in customer touchpoints:

- 85% of respondents have contacted customer service or support within the last 30 days, but only 25% of respondents were very satisfied with their last engagement.
- 99% of consumers deemed customer service as an important determinant in their choice of companies to buy from, with 74% rating it as "very important or essential".
- 59% say self-service voice and chat bot are rarely helpful, but 94% say they'd be eager to leverage self-service if bots were able to connect them with the right subject matter expert (64%), provided recommendations based on what has worked for other customers (50%), were more conversational (41%), and provided personalized responses based on their history with the brand (38%).



The Significance of Customer Service in Brand Loyalty

Data from our survey leads us to the conclusion that customer service is a significant influencer in a consumer's decision to stick with or switch from a brand. An overwhelming 99% of surveyed consumers deemed customer service as an important determinant in their choice of companies to buy from, with 74% rating it as "very important or essential".

A startling 95% report they would opt to switch brands due to sub-par customer service interactions. And 72% of respondents say they would switch brands after 3 or fewer poor customer service interactions.

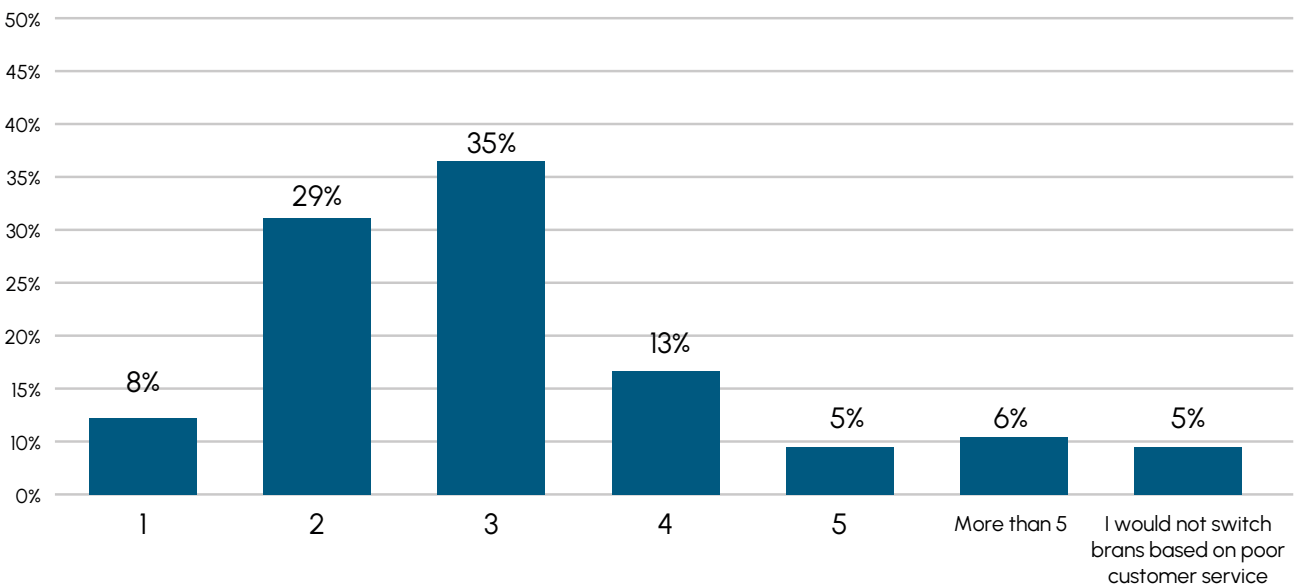
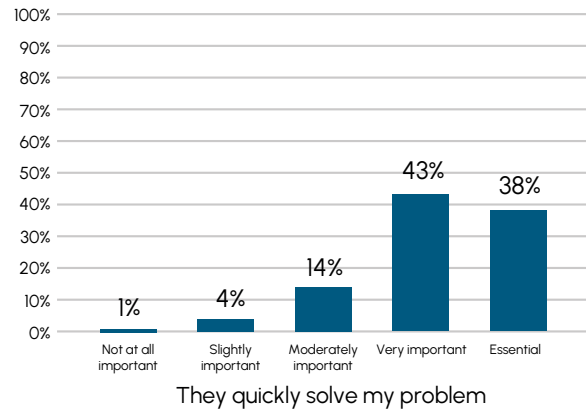
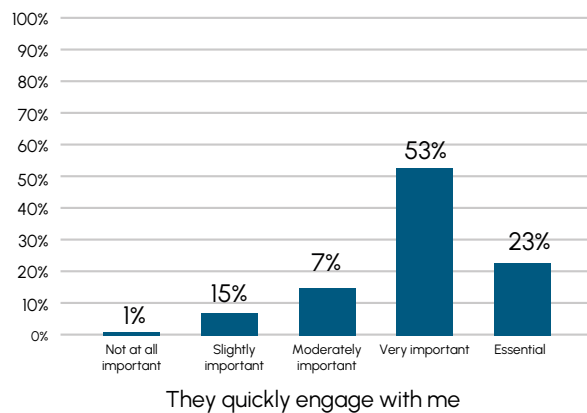


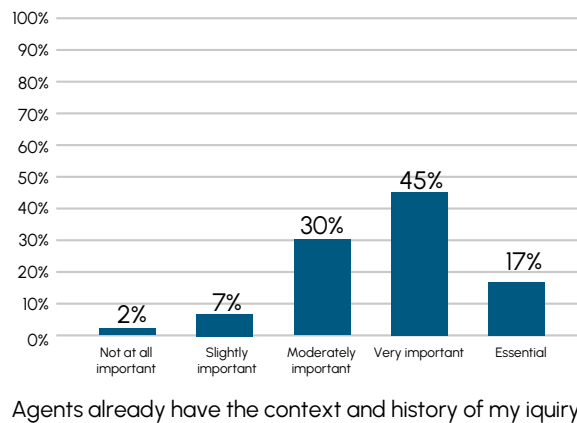
Figure 5: Number of poor experiences with customer service that would cause respondents to switch brands.

What It Takes to Meet Customer Expectations

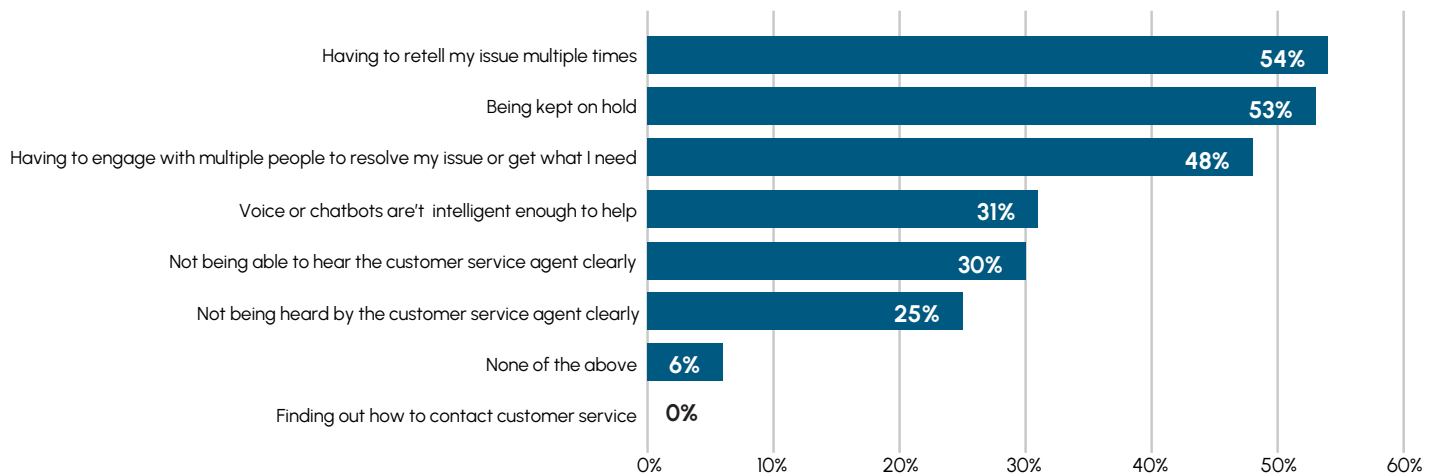
The two competencies that respondents identify as most important to their customer service experience are the company's ability to "quickly engage" (76% cite it as very important or essential) and to "quickly solve their problem" (81% very important or essential).



Additionally, having the context of the problem prior to engaging with the customer is significant: nearly 2/3 of respondents cite this as very important or essential.



Furthermore, the top reason that caused respondents to give up on getting the support they need from a company is having to retell an issue multiple times, with 54% citing it as a primary cause, followed closely by being kept on hold, with 53% of respondents citing this as a primary cause.





AI's Role in Enhancing Customer Service

AI has the potential to revolutionize customer service. Generative AI, in particular, can address and alleviate some of the most persistent frustrations customers encounter. As noted above, having to retell an issue multiple times is the leading cause of people giving up on getting the support they need. As our survey shows, 91% of respondents say it's important or essential for customer service agents to have the context and history of their inquiry. Generative AI can provide recaps and summarizations of each interaction, ensuring that agents are fully prepared before initiating a conversation.

AI can also significantly enhance proactive customer outreach, a feature deemed important or essential by 87% of respondents. By anticipating and addressing customer issues, AI can boost customer engagement and satisfaction.

Additionally, chat bots represent a channel that's ripe for improvement. While 59% of consumers feel current self-service bots fall short, a significant 94% are open to using them if they provide more personalized, efficient, and human-like interactions.

The time-saving potential of AI-driven features is also considerable. By personalizing recommendations, respondents report companies can save customers an average of 11 minutes per engagement. Moreover, a harmonized cross-channel understanding of a customer's interactions can shave off an additional 10 minutes.

AI Enabled Feature	Est. Min Saved (Mean)
Proactively notify you of a product or service issue	11
Provide personalize recommendations based on your history with a brand	11
Be aware of your interactions across all channels	10
Provide recommendation based on insights into what's worked for others.	10
Quickly connect you with a subject matter expert	9

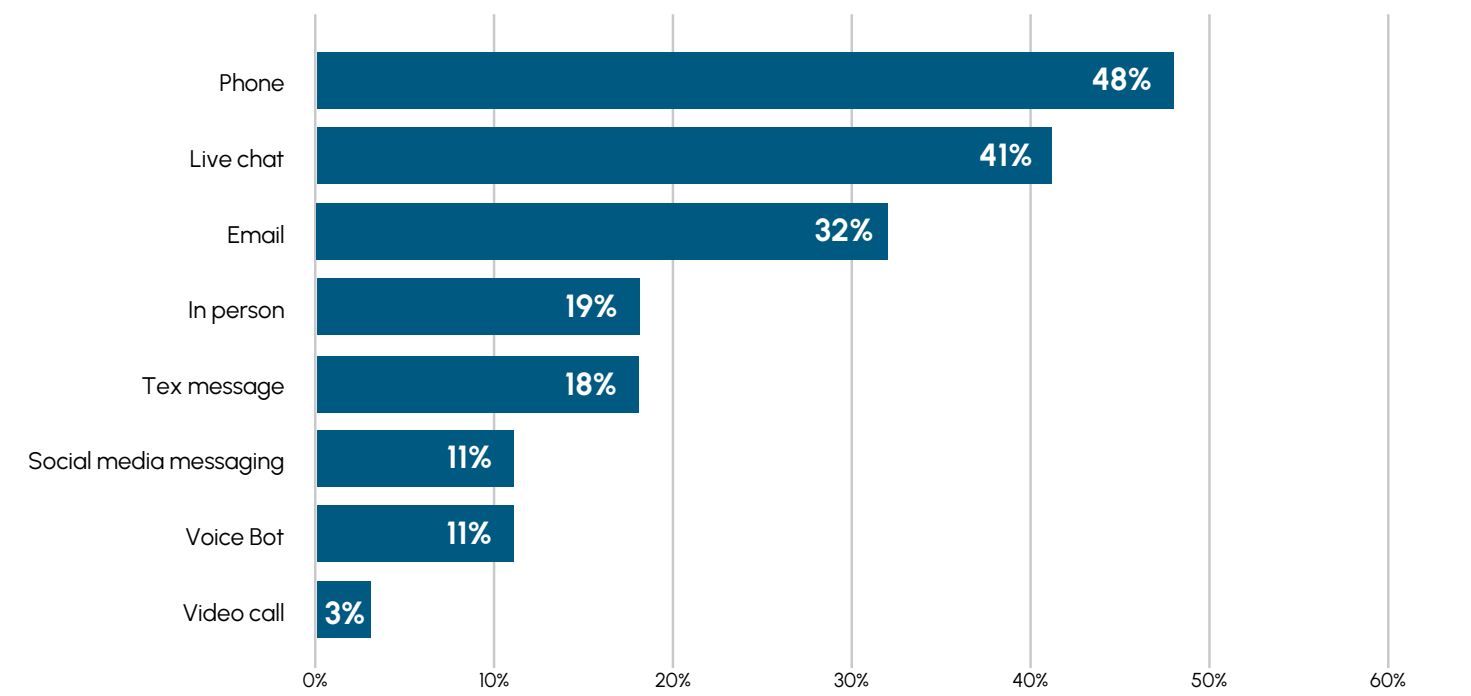


Managing Customer Service: Human vs. Digital

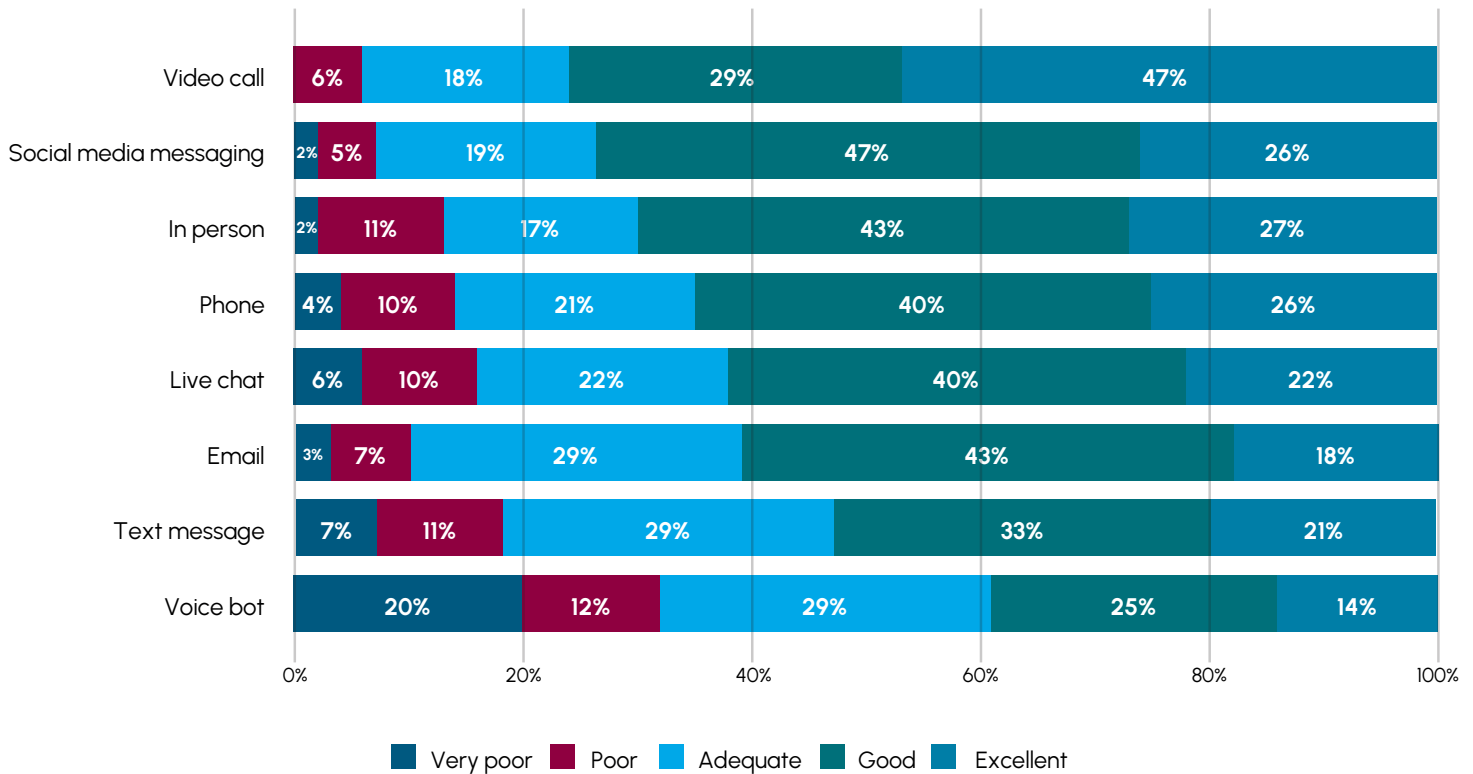
Companies now face the challenge of navigating between traditional customer service channels (like phone calls) and modern digital channels (like text messaging). Interestingly, consumers lean towards the phone, email and live chat for immediate concerns, signaling the importance of human intervention and faith that reaching a human in some form will expedite solving their issue. This preference indicates that while digital technology aids in efficiency, the human touch remains irreplaceable for certain situations.

For general information, however, passive channels like websites and emails are preferred, pointing towards the effectiveness of more traditional channels in such scenarios.

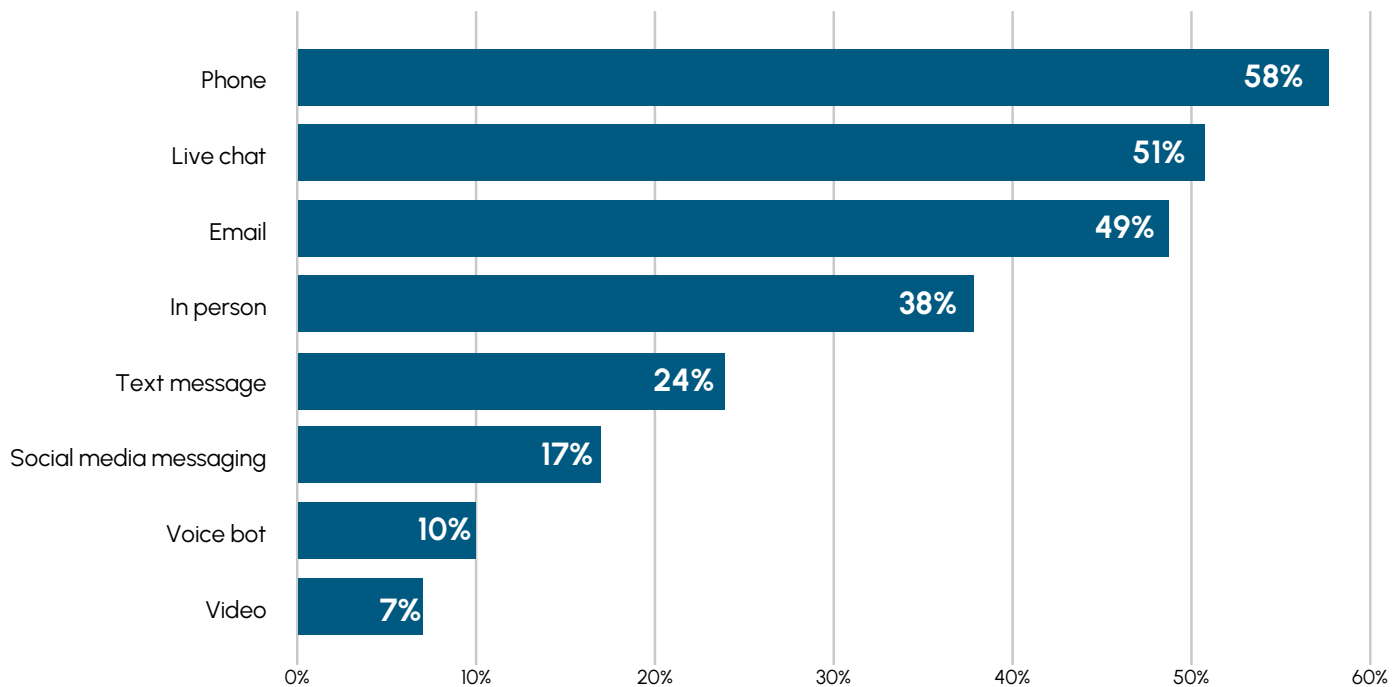
Respondent's report of their most recent customer service experience shows a bias toward personal connection.



From a satisfaction standpoint, respondents report that social media messaging delivered a greater level of satisfaction than did other “human-centered” channels in the last interaction.



Yet when asked about their general preference for engaging with businesses, respondents tend to indicate they prefer phone, live chat, and email over other channels.



This requires some exploration of context. In Table 1 below, we can see how respondents report they rely more heavily on the phone to address immediate concerns and prefer more passive channels such as websites and emails for general information. Our data suggest a different priority pattern for different customer service engagement contexts.

Customer Service/Company Engagement	Phone	Text	Email	Social media	Chat	Website	In-Person	None of these
Urgent tech Issue	66%	17%	30%	17%	35%	22%	31%	1%
Urgent billing	63%	16%	33%	14%	31%	22%	27%	1%
Making an urgent change to an order	62%	17%	31%	16%	33%	23%	24%	1%
Inquiring about an unknown transaction	59%	15%	35%	16%	31%	23%	29%	1%
Issue with a product shipment	56%	21%	45%	17%	38%	30%	22%	2%
Cancelling an existing order or service	54%	18%	42%	16%	34%	34%	22%	2%
Making a purchasing decision for a high value product	45%	15%	34%	18%	28%	30%	38%	2%
Information about company's product or service	37%	16%	43%	26%	30%	50%	24%	1%

The Younger Audience's Perspective

Younger consumers, aged 21-24, display a varied preference for customer service channels. They lean more towards social media, chat, and email than older audiences, indicating a shift in trend and the increasing importance of technology-based channels. Brands need to stay attuned to these evolving preferences to ensure they cater to their entire customer base effectively.

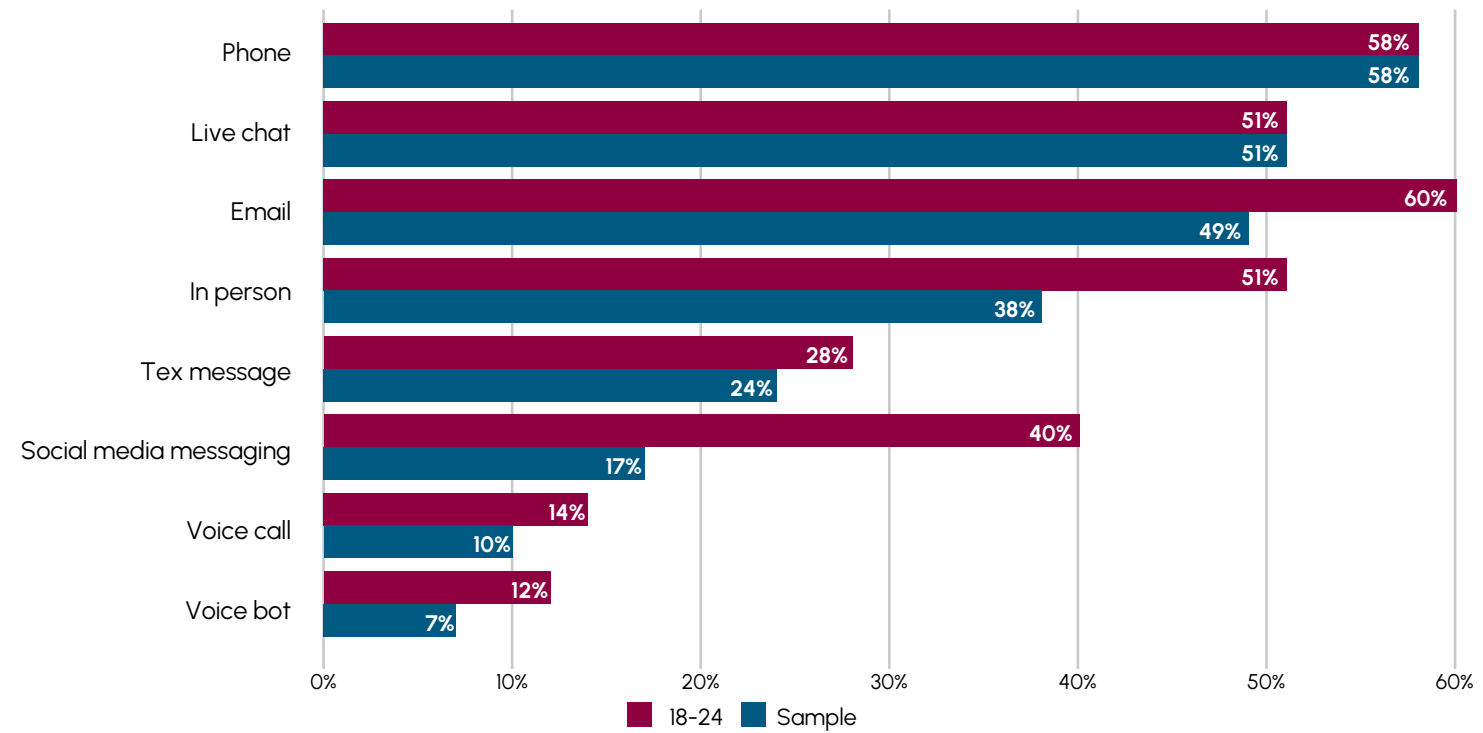


Figure 9: Preferred channels to engage with a business: Comparison of Age Group 18-24 with overall sample

Conclusions: Critical Behaviors in Customer Service

Customer service has both challenges and opportunities with the advent of technologies that can manage customer service requests that heretofore could only reasonably be managed by humans. If companies can intelligently implement technology with insight into what consumers truly value in the context of different types of interactions, they can win the day and the loyalty of their customers.

The keys to loyalty, according to survey respondents are:

1. **Rapid Engagement:** 93% of consumers emphasize the importance of quick engagement, with 76% considering it "very important or essential".
2. **Quick Problem Resolution:** 96% highlight the need for their issues to be resolved quickly.
3. **Contextual Understanding:** A vast majority (92%) believe that customer service agents should have prior knowledge and context of their inquiry.

The significance of swiftly resolving customer issues becomes clear when examining the main obstacles to positive customer interaction. The factors that top the list for why customers abandon an interaction include having to repeat issues multiple times (54%), being kept on hold (53%), and engaging with multiple representatives for issue resolution (49%).

Looking Ahead: The Integration of AI and Human Touch – Choosing the right channels

Given that rapid engagement and prompt resolution are crucial for a positive interaction, it's evident that there's a growing need for technology, such as AI, to enhance the customer experience.

The data reveals a clear story: consumers desire swift responses, preferably from a human who is already informed of the problem the customer is having, especially when issues are immediate or complicated. While younger audiences are more adaptable to tech-driven solutions, there's unified agreement among consumers that when they contact customer service, whether through agent or a bot, context and understanding is a priority and the experience needs to be fast and efficient.

The future likely holds a harmonious blend of AI and human touch. Technology can handle general inquiries and information dissemination, while humans can step in for more complex, urgent situations.

Brands need to continuously assess and adapt to customer preferences, ensuring that they strike the right balance between technological efficiency and the irreplaceable human touch.

In the evolving landscape of customer service, the fusion of AI technology and the human touch is not just a luxury—it's a necessity. By understanding consumer preferences and harnessing the power of AI, brands can provide unparalleled customer service, fostering loyalty, trust, and long-term relationships.

Appendix

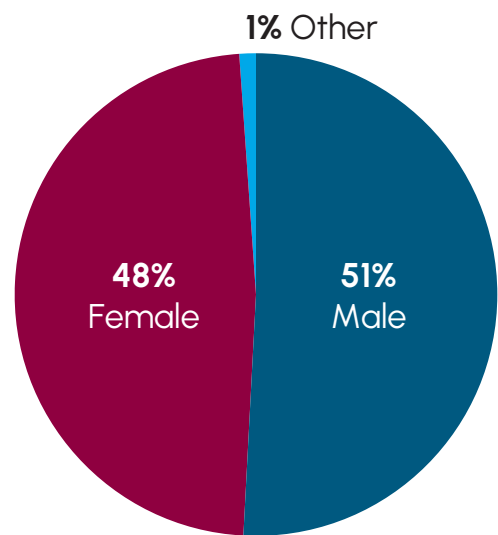


Figure 1: Sample (n=500) Gender distribution of respondents

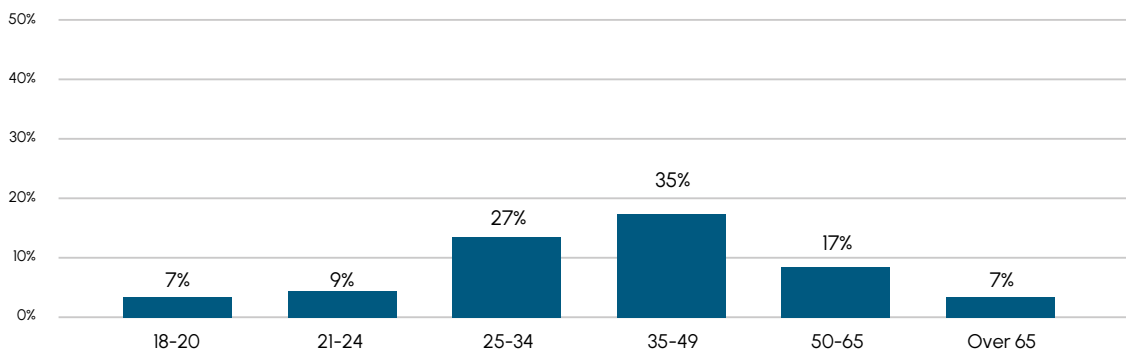


Figure 2: Sample (n=500) Age distribution of respondents

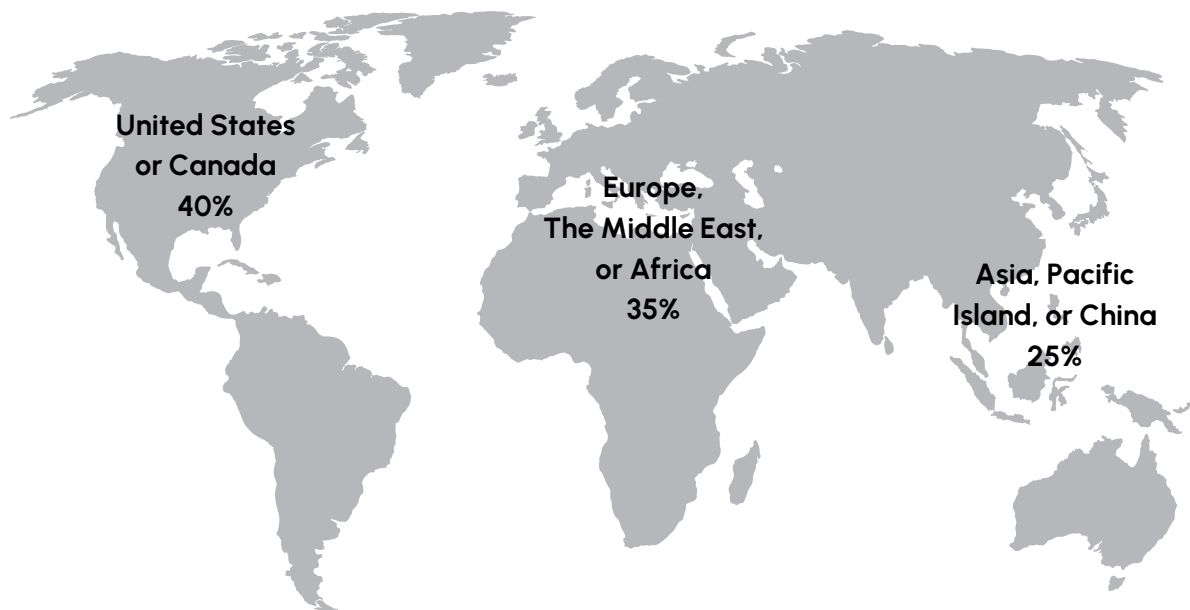


Figure 3: Sample (n=500) Geographic distribution of respondents

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AUTHOR / PUBLISHER

DANIEL NEWMAN

CEO | The Futurum Group



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The Futurum Group LLC | [futurumgroup.com](https://www.futurumgroup.com) | (833) 722-5337 |