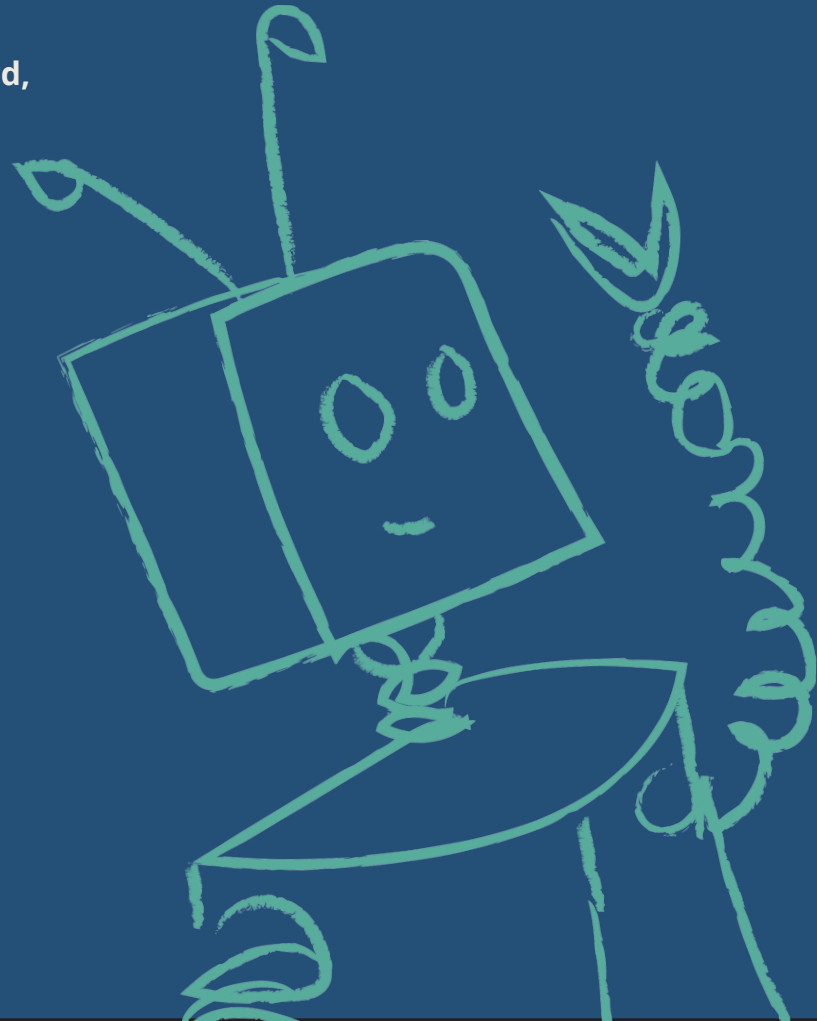
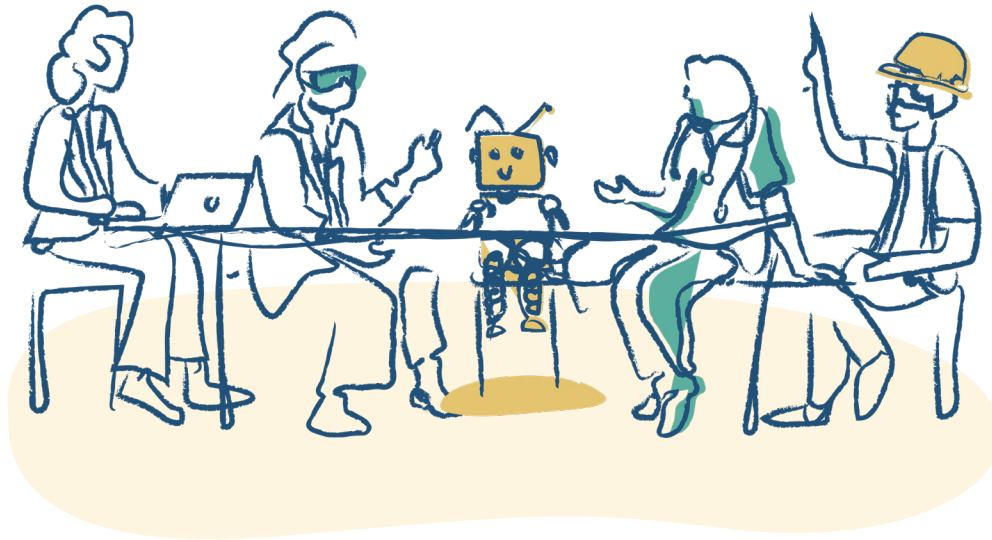


The AI Paradox: How Technology Can Enhance Humanity in the Customer Experience

Amelia Dunlop, Charlie Woodward,
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Introduction



Will artificial intelligence (AI) be the end of human connection in the customer experience?

Despite some pessimistic headlines, recent Deloitte research shows that **customer experience leaders largely anticipate AI to make a positive impact on the overall experience.**¹ When it comes to AI's impact on human connection specifically, however, they are split; **just over half of leaders believe that AI will increase the quality of human connections** they are able to make, while the rest predict it will remain the same or decrease.

Their mix of excitement and hesitation is understandable. Leaders recognize the massive potential that AI holds to redefine the customer experience for the better, while contending with overwhelming complexity to determine how AI fits into their work, a complexity exacerbated by an AI vendor market of over 70,000 companies.² Moreover, leaders naturally must balance excitement with a need to protect trust in customer relationships and avoid losing the human touch in the experience.

A balanced approach that elevates humanity in the customer experience will help unlock successful AI implementation. The most successful customer experience leaders will likely be those who think beyond 1:1 replacement of today's human capabilities and leverage AI as a partner to expand the definition of "good" experience beyond existing constraints on information, time, and other resources.

Panel & Roundtable Discussions

with
30
*Senior CX
Leaders*

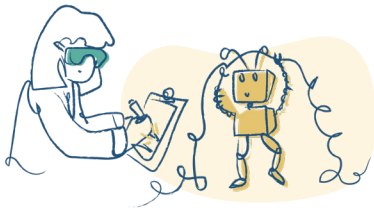


who serve
1B+
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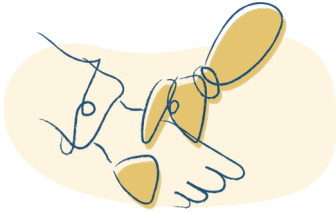
Our April 2024 report ["AI Can Cut Costs, But at What Cost to the Workforce Experience?"](#) explored the topic of AI and its impact on workforce experience (WX) in collaboration with Natter, an AI-powered platform that enables one-on-one conversations at scale and generates instant insights.³ Senior WX leaders shared their hopes, challenges, and considerations for how to take advantage of the technology while mitigating risk and considering employee and business needs. Curious to build on these insights from the customer experience lens, Deloitte worked with Natter and the Customer Experience Professionals Association (CXPA) for a second roundtable discussion. Together, we gathered 30 CX leaders who serve more than 1 billion customers across sectors for panel discussions and individual conversations to discuss the future of AI for the customer experience.

HERE ARE THE TOP FOUR INSIGHTS THAT EMERGED



1 The Optimism Gap

CX leaders display what we call the “AI optimism gap”; **nine out of ten expect AI to change the human experience for the better**, but only three out of ten use AI in the customer experience today.



2 More Efficient AND More Human

CX leaders see AI's potential to **expand the scope and quality** of customer experience as net positive, where customer trust is protected; their most-cited hopes included both efficiency and quality.



3 The Workforce Impacts of AI

CX leaders recognize **employee engagement as central** to their hopes for infusing AI into the customer experience, with seven out of ten agreeing that AI will enhance employee creativity.



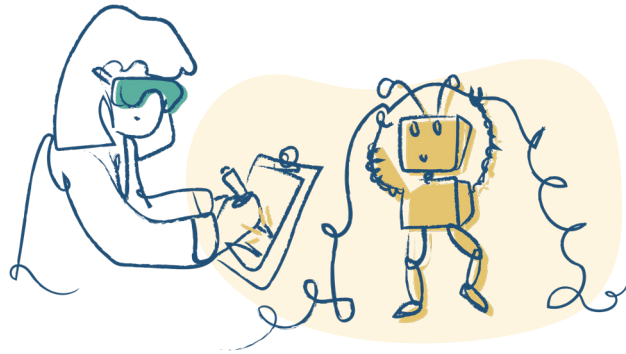
4 The Experience Leader Link

CX leaders share a **positive view of AI's potential with WX leaders**, but one in four customer experience leaders are using AI to make decisions today versus only one in ten workforce leaders.

From these insights we recommend a set of actions for CX leaders, including:

- Experimenting in CX labs to identify AI use cases that add value to the experience
- Leading with transparency to build customer trust
- Designing for the connected employee and customer experience

1. The Optimism Gap



Nearly all CX leaders in our study were confident that AI has the potential to improve customer experience, but only three in ten of those leaders said AI is used often within their organization's customer experience today. This discrepancy prompted us to ask: What is driving the gap between optimism and adoption?

9 in 10 vs. **3 in 10**

CX leaders in our study were confident that AI has the potential to improve customer experience

of those CX leaders said AI is used often within the customer experience today

Leaders may not know where to start. When asked about their **biggest challenges in using AI to drive customer experience, leaders most often cited not understanding value-add use cases for AI**. This lack of understanding of the technology and its specific applications presents a hurdle to realizing the potential of AI. To address this gap, some leaders have begun to use what they already know about their customers to uncover what they still need to learn to employ AI.

HOW LEADERS CAN GET STARTED

1. **Set an AI objective:** Leaders should establish a clear AI objective to unify the customer experience organization under a common goal that provides direction to all AI exploration. Stephanie Leheta, Senior Director of Client Experience Strategy, Design Thinking, and Governance at CIBC, underscored this idea, sharing, "[Our journey] started with crafting an objective. Like any strategic plan - AI strategy is no different. Our objective was around purpose-built AI." Establishing a clear objective helps to hedge the risk of freewheeling investment or experimentation without a purpose.

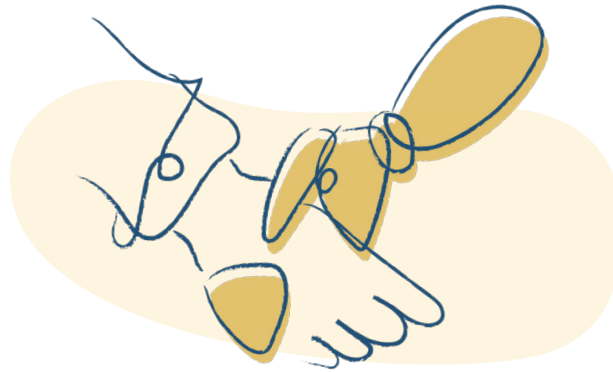
2. **Start experimenting:** To both learn more about AI and evaluate potential use cases, leaders should set up customer experience labs. As one panelist explained, "I love the concept of CX labs, and 'let's be scientists,' [and to] test something in really rapid succession that will enhance the experience." For example, by testing an AI email generation feature with a small set of their sales representatives within a customer experience lab, CX leaders can observe the possibilities and constraints of a given application without jeopardizing customer trust. Even CX leaders at larger, less agile organizations can benefit from setting up a lab that tests a small set of use cases with a limited number of users. This environment enables CX leaders to understand AI capabilities, try out vendors, and think creatively about application to their products without compromising the customer experience by prematurely implementing AI directly with customers.
3. **Activate with intention:** With an objective in place and experimentation underway, CX leaders can move forward in small increments with strategically placed AI features and applications. Leaders can make smaller, surer "bets" as they continue to learn about the different forms of AI and gaps they can address. For example, leaders can look beyond Generative AI (GenAI) — which can create new content — to other forms of AI that perform analysis, identify patterns, and suggest products that might be better suited to their customers' or employee needs. A focused, incremental approach helps ensure that the technology is implemented conscientiously, rather than through a blanket approach that views AI as a one-time on-switch. As one leader noted, "For a customer experience professional, it's not thinking about this big mammoth thing and how you just insert it to revolutionize the [experience]... applying it to bits and pieces of the formula is where you get the amplifying effect." Focusing carefully on specific AI uses that make sense for their audience allows leaders to improve individual elements of the existing experience rather than attempting sweeping, but non-strategic changes.



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– Customer experience leader

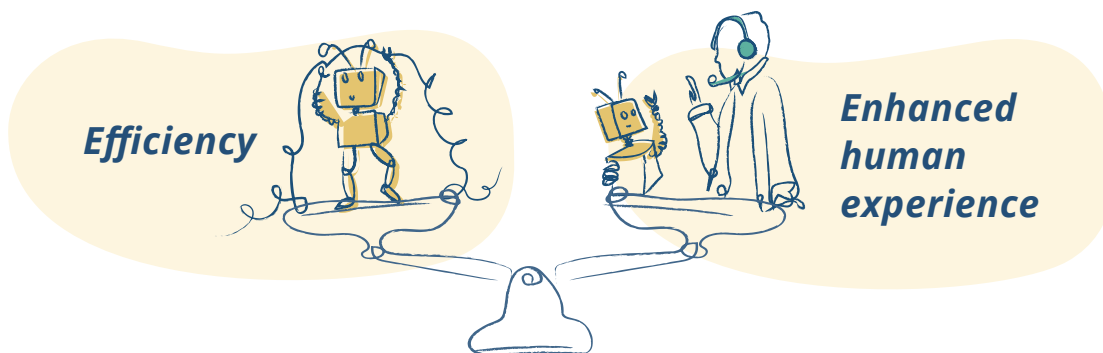
2. More Efficient AND More Human



Predictably, one of **CX leaders' top hopes for AI is streamlining routine tasks**, but the other, more surprising but equally discussed **top hope is enhancing a human-centered service experience**. In the mind of the CX leader, the future of AI in the customer experience is both **more efficient and more human**.

While the initial instinct may be to promote the efficiency gains of AI through the bypassing of human involvement, this discounts the broader potential of AI. When asked about concerns surrounding the implications of AI, one leader mused that AI "could become [a] cost-cutting mechanism without focus on using it in service of employees so they can improve customer experience."

Additionally, though they recognize the ways that AI could enhance the customer experience, CX leaders acknowledge that more heavily integrating AI could result in losing customer trust. That concern is consistent with Deloitte's 2023 inaugural Chief Experience Officer (CXO) study with 250 CXOs, which found that investing in AI while addressing concerns about trust was one of the top five challenges for experience leaders, and Deloitte TrustID research has shown that trust in brands decreases by 61% for customers who know the brand is using AI.^{4,5} So it came as no surprise that the **#1 most frequently mentioned concern** with AI in our roundtable was protecting trust and empathy in customer relationships.



HOW LEADERS CAN GET STARTED

CX leaders frequently referenced hopes for AI to elevate customer experience and expand its scope rather than merely replacing existing employees with AI. In particular, they emphasized the compelling AI abilities to quickly distill useful insights from a wealth of sources and data points and explain complex concepts in plain language. As Ilan Davidovici, Principal, Client & Branch Experience Management at Edward Jones, put it, "Making it easy [for customers to feel known and guided] is table stakes in all of our industries, but what does it mean to make it easy? How do we take insights across millions of interactions, hundreds of platforms, tech, and tools, different business segments and ways of working, and simply take the friction out?"

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- Ilan Davidovici

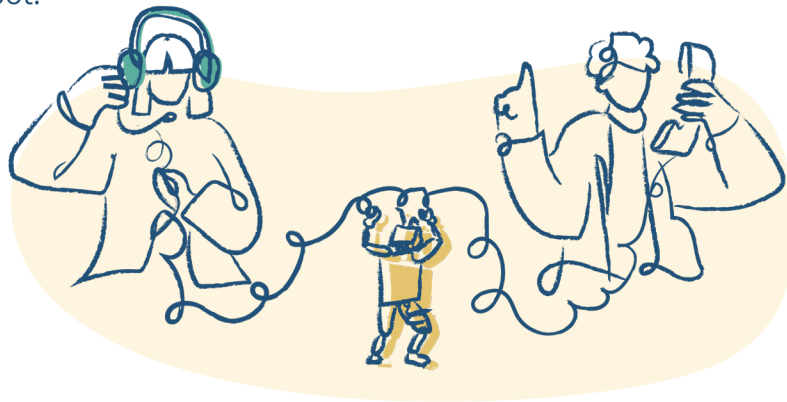
1. **Equip customer-facing professionals:** Participants mentioned that by saving service professionals time in finding answers or data, AI can enable them "to be more human; interactions aren't expected to be faster - but could [take] the same time and [be] more empathetic," when delivering on customer experience. AI does not have to reduce the length of interaction to provide value - its value can be in the ability to make existing interactions more robust, data-based, and customized.

Miya Gray, Vice President of Customer Experience and Engagement at Pfizer, brought this to life with an example from her own interactions with medical providers. Despite factors in her background that put her at higher risk for a health condition, no provider had ever asked her about it. She posited that employee-facing AI could improve the experience by "providing that information [about risk factors] to providers at the point of care, so they can have those conversations or give that data to patients in a way that's consumable."

[AI can enable us] to be more human; interactions aren't expected to be faster - but could [take] the same time and [be] more empathetic,"
- Customer experience leader

2. **Personalize direct service interactions:** The benefits of personalization can extend to AI-exclusive customer interactions. One roundtable participant described how AI could "consider ethnicity, language, socioeconomic background, and preferences when engaging with customers" to create a

bespoke service experience that accesses knowledge about the customer to personalize interactions beyond even human capabilities. Moreover, AI could draw from deep customer understanding to answer questions in simple, accessible language, particularly for products like financial services or insurance policies that deal heavily in jargon. As Saurabh Tandon, the Chief Experience Officer of Elevance Health, mused, "[When my son asks me for help] I for one cannot tell [him] the difference between a deductible, a copay, or an out-of-pocket expense, and I work in that field. I think AI, in particular, Generative AI has a significant potential to bring that down to a human level and personalize that touch with the consumer through channels such as chat and chatbot."



3. **Assess appropriate use cases:** To overcome trust concerns, leaders should be careful to distinguish between interactions that require the sensitivity of human-to-human interaction and those suited for the technology. According to Deloitte's TrustID research, customers generally trust a brand 51% less when their issue is addressed by a bot rather than a human. However, brands who prioritize building trust see a markedly lower drop, retaining more than twice the trust levels of organizations that start with low trust.⁵ To that end, healthcare diagnoses will be best handled through human-to-human interactions, with AI as a background enabler. Meanwhile, resolving a Wi-Fi connection issue might be improved by a fully AI-led interaction with a virtual engineer. As one leader put it, "We need to [discuss] AI for customer experience in terms of where and how it could be used. It isn't all as a frontline replacement, but I think that's where people's minds often go. So how do we think of the breakdown of AI between front-line, middle office, back office - or other categorizations? And how does that breakdown look today by industry? How might it look in 5 years, ten years?"



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- Customer experience leader

4. **Communicate AI to enhance trust:** Though torn between the advantages of full transparency versus letting AI operate quietly in the background, CX leaders leaned toward the former and articulated opportunities to enhance transparency (which TrustID research has shown is one of the four main factors of trust). They suggested ways to communicate the added power, rigor, and speed of AI technology to build credibility in conversations with customers rather than approaching disclosure with an apologetic tone. This could mean openly sharing “how AI is being used to create a better answer or better recommendation for you as a customer. [For example, saying] ‘While we’ve been talking, I ran ten thousand simulations’ or ‘we as doctors have examined results along with all the AI...’” in conversations with customers.



3. The Workforce Impacts of AI in Customer Experience



When asked open-ended questions about their hopes for AI's impact in customer experience, **over half of roundtable participants mentioned hopes for customer experience-focused employees and internal processes.**

Streamlining routine tasks, enabling a focus on high-value work, and enhancing creative design processes were three of the most-cited themes in leader conversations. These themes underscore the fact that even leaders who are on the frontier of trying to activate AI for their customers recognize that they must start with their employees.

In this roundtable, most of the conversations that hit on employee-related impacts point at a model of using AI to do initial analysis or “rough drafts” and having human employees focus on “more meaningful” or “high value” work of applying insights to “deliver [bespoke] personalized experiences to clients.” As one

leader put it, **AI has potential to “accelerate the design process and [the handoff to development]; to unlock creativity of creatives.”** In fact, two-thirds of our participants said that they believe AI will improve employee creativity to some degree.

2 in 3

participants said that they believe AI will improve employee creativity to some degree

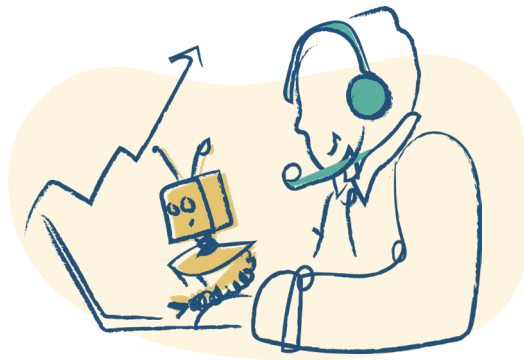
Implementing new AI features and changing the workforce experience does not necessarily translate to improving the workforce experience (or an improved customer experience as a result). **The second most-cited concern for AI in customer experience was employee development and job security.**

CX leaders are well-aware that their employees worry about being replaced or overtaken by AI in their roles. TrustID research shows that **employees' trust in their employers decreases by 139% when employers offer “AI technologies”**

to their workforce, and employee baseline trust in their organization is **more sensitive to AI solutions (across use cases) for frontline workers than for corporate workers** (60% vs. 46% decrease in trust when AI is implemented).⁷ Though this distrust may evolve over time, it's something that leaders should keep at the forefront of all AI implementation discussions.

HOW LEADERS CAN GET STARTED

AI has the potential to create space for deeper creativity and ideation, but first, CX leaders must overcome the distrust many employees may harbor towards the technology. To reap the benefits of adoption, CX leaders should intentionally ensure that they are meeting employee needs as they anticipate customer needs.



1. **Maintain a top-tier workforce experience:** Though tasked with customer obsession, CX leaders understand that the highest-quality customer experience comes from an exceptional team of employees, meaning that upholding an excellent workforce experience also falls within the purview of CX leader responsibilities. One leader even quipped, "We all know how enhancing employee experience will help customer experience."

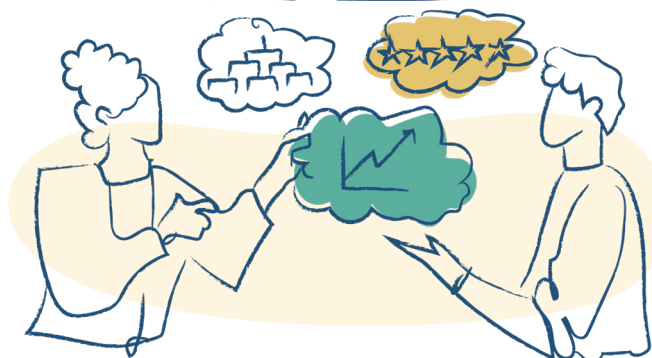


We all know how enhancing employee experience will help customer experience."

- Customer experience leader

2. **Think through the lens of WX:** As they brainstorm all of the ways that AI can revolutionize how their workforce operates in service of customers, CX leaders should think like their WX counterparts to mitigate the impact on employees and their relationships to the organization.
3. **Build trust-enabling training and communication plans:** CX leaders should develop realistic plans for training on how to use new employee-facing technology or communicating new elements being directly infused into the customer experience in a way that drives employee engagement and ease. Case in point: Workers at organizations that focus on building employee trust are 2.6 times more likely to use AI tools at work.⁶

4. The Experience Leader Link



CX and WX leaders are both focused on the experiences that they bring to their customers; however, for WX leaders, their customers are employees. **CX leaders and WX leaders from our two roundtables shared similar perspectives** regarding hopes and challenges of AI in the experience. The biggest difference was that **CX leaders showed greater rates of adopting AI** in their internal decision-making than WX leaders.

POINTS OF ALIGNMENT

- The proportion of leaders who thought AI would generally have a **positive impact on the human experience remained similarly high** across the two groups, with nearly all participants responding affirmatively.
- CX and WX leaders were **similarly split** on whether they expected AI to improve the quality of human connections, while both groups largely **agreed that employee creativity would be positively impacted** by the technology.

POINTS OF DIVERGENCE

- For **CX leaders, 1 in 4 were using AI often or extremely often** to make decisions today, whereas for **WX leaders it was 1 in ten**.
- CX leaders brought up **new considerations about the practicality of implementing AI**, such as vetting AI vendors to ensure that they are effective and trustworthy.

1 in 4 vs. 1 in 10

CX leaders use AI often to make decisions today

WX leaders use AI often to make decisions today

Why is the adoption rate higher for CX leaders than WX leaders? One explanation for wider use among CX leaders is that they are typically dealing with a customer audience that has more choices than the workforce audience. For many products and services, it's easy to choose a different business to buy from, but switching workplaces has historically been stickier. According to a [2023 LinkedIn study](#), job seekers spend around 50 days in the interview process pipeline for any given role across seniority levels, while the average consumer spends [less than 20 seconds](#) purchasing a product.^{8,9} With more competition and less time to make an impression, CX leaders may feel a greater pressure to innovate by engaging with new technologies like AI.

Overall, customer and workforce experience leaders hold opinions that are more similar than different; both are hopeful about AI improving their work but cautious about risking the power of human connection. In contrast to WX leaders, CX leaders seem to be more readily diving into using the AI tools to make decisions.

HOW LEADERS CAN GET STARTED

1. **Create a shared internal structure, operating model, and experience-wide strategy:** Connect CX and WX to enable co-creation of AI that impacts both employees and customers. Some CX leaders are looking to their own workforce as a testing ground for how their customers will adapt to AI in the experience. Whether employees are testing customer-facing technology or being asked to learn workforce-facing AI, CX leaders should call on WX leaders during development and implementation as the foremost experts on the workforce audience. By doing so, CX leaders can appropriately “ensure employees understand the value of AI as a copilot and enabler for them [and] be transparent and commit to reinvesting in employee upskilling,” as suggested by one roundtable participant, among other measures to make employees feel heard and valued and ensure that their efforts are aligned.
2. **Establish an organization-wide culture of AI iteration and learning:** As they set up their CX labs to test AI applications, CX leaders should bring WX leaders into their experimentation process. WX leaders should draw from CX leaders’ experimental mindset and willingness to try out new tools, even if just internally or in a controlled setting. Especially now that increased job switching is acceptable and widely practiced, WX leaders must innovate to meet workforce needs.



[Customer experience leaders must] ensure employees understand the value of AI as a copilot and enabler for them, [and] be transparent and commit to reinvesting in employee upskilling,”

– Customer experience leader

Conclusion



This conversation comes at a time when AI capabilities are still rapidly evolving, as are the corresponding possibilities for customer experience. While CX leaders are optimistic about the enormous potential of AI in the customer experience, they grapple with concern over the risks of losing human connections with their customers and workforces if they misstep. They should balance the need for efficiency with customers' needs to connect, while working in tandem with workforce counterparts to introduce employee-facing AI. As adoption accelerates, a key will be a focus on **humanity throughout the customer experience**.

If you'd like to [request access to Natter's data](#), [learn more about CXPA](#), or continue the conversation, [please reach out and say hello](#).

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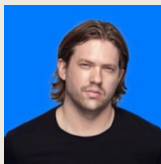


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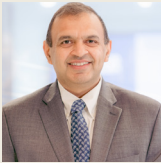
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