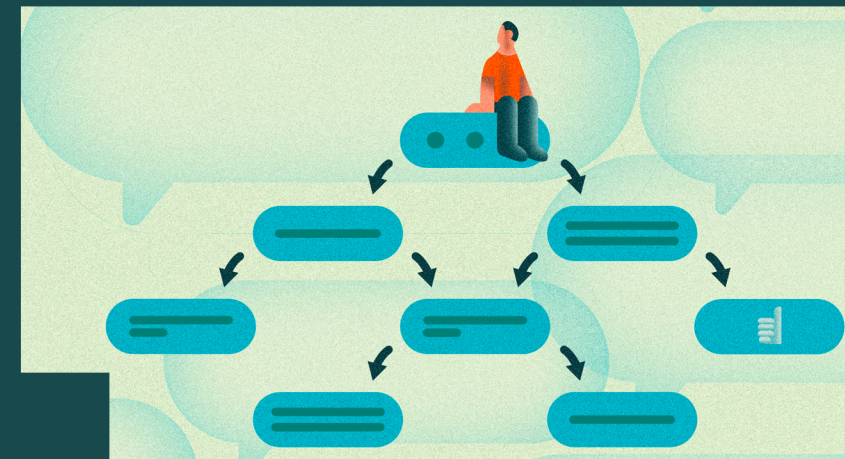# zendesk

CX TRENDS 2023

Consumers expect AI to radically transform service

Companies must prepare for AI's massive impact on how support is delivered to customers
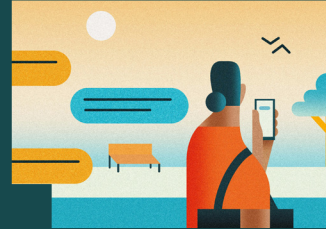
Table of contents

Consumers expect AI to upend the way they interact with businesses

Back in 1965, future Intel cofounder Gordon Moore – then the Director of Research and Development at Fairchild Semiconductor – formed his theory that computational power doubles every year (which he revised a decade later to every two years). That theory, which became known as Moore's Law, held true for almost half a century. But now, the rise of AI-powered computing has thrown that accepted theory into question.

As computer scientists from the UK's University of Aberdeen have shown, AI-powered computing now doubles in power roughly every six months. And while those scientists chart the ever-growing computational power of AI, consumers are taking notice of how this technology promises to upend the world as they know it.

Proof of AI's rapid advancements can be seen everywhere, with open-source tools like OpenAI's ChatGPT conversational interface and its generative text-to-imagery application, Dall-E 2, creating a constant buzz that's difficult to escape. And as Zendesk's research has discovered, consumers are paying close attention to these rapidly evolving technologies. They fully expect AI to utterly transform their lives, especially when it comes to customer service.

Zendesk's 2023 CX Trends report revealed that most consumers don't have a doom-and-gloom attitude about it. Most believe that AI is becoming increasingly prevalent in daily life and expect that to increase, believing that it will have a positive impact on their lives. This reflects a growing level of comfort with an AI-powered world.

That sense of ease can be traced to the environment where consumers are most likely to interact with AI: customer service. There's no going back — AI is a key component in modern customer service and consumer expectations around its efficacy and use continue to rise.

As Zendesk found, those consumers have clear ideas about AI: they want businesses of all sizes to evolve with the technology and implement it on the customer-facing side.

So far, however, companies aren't moving fast enough according to consumers. Fully two-thirds of customers think businesses are underutilising AI to deliver excellent service, and they're getting impatient.

In this whitepaper we'll explore consumer perceptions of AI: from how it will radically transform how they interact with businesses, to how personalisation will be delivered and just how lifelike AI can become before consumers blanch. We'll also dive into what this will mean to the customer-facing side of customer service.

AI will fill existing context gaps to ensure every experience is seamless

Whether it's moving from one support channel to another – say, from a chatbot to a phone call with an agent or beginning an interaction in a business's bricks-and-mortar location and then switching to its website – consumers have developed clear expectations and they're not thrilled with its current state.

Here's what they're seeing: fragmented experiences across channels and places. And for these frustrated consumers, AI holds the key to delivering the cohesive, seamless experiences they crave. Some 60% believe companies are failing when it comes to creating seamless experiences between physical locations and their corresponding websites.

Slightly more – 63% – think that AI can bridge those gaps and nearly two-thirds of respondents want the technology to enable their personal information to be available for all employees of the company they're patronising.

WHAT CONSUMERS THINK

"I think being able to get information on the spot instead of having to wait for somebody to review something and get back to me – having that instant gratification and answer – is going to be huge."

Meanwhile, 72% believe that most companies will start using AI to create connected experiences between all of their touchpoints, resulting in tangible benefits for customers.

With a solid majority of consumers expecting companies to implement AI to create better customer experiences, what does that mean for businesses?

AI will provide seamless, quick and context-rich handoffs between bots and human agents

That will signify a considerable improvement to how those handoffs currently happen – 74% of consumers agree that most companies could improve the transition from a chatbot to a human agent.
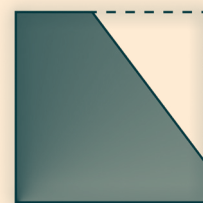
78% of consumers want AI to summarise their questions or issues so the person helping them can quickly resolve the matter when being transferred from a chatbot to a human agent.

AI will connect customers to human agents intelligently, bringing in the right support personnel for the issue at hand. But beyond that, those human agents will have a complete picture of the customer: products or services purchased, previous support interactions, sentiment and whether that customer has attempted to resolve the issue via self-service.

AI will enable companies to provide consumers with consistent service experiences across touchpoints, from bricks-and-mortar locations to online e-commerce sites

AI-powered tools on the support side will intelligently surface key information about a customer instantly, erasing the distinction between physical and digital spaces.

For consumers, AI will become part of the fabric of their day-to-day experiences with businesses. As one consumer put it, "interacting with AI is going to become so blended into our normal day-to-day life that there's going to be times where you might not notice it". That ubiquity will create a world in which seamless experiences are taken for granted.

AI will redefine how it will look to deliver instant personalisation

As Zendesk found in its CX Trends 2023 research, consumers eagerly await deeper personalisation: 59% say they expect companies to do more with the data they have. These consumers want to be truly seen and heard, to have their interactions resonate on a personal level.

Not surprisingly, 70% of consumers who often interact with support believe the use of AI by companies can lead to more personalised and effective customer support. They want – and expect – businesses to use AI to create more personalised experiences.

WHAT CONSUMERS THINK

"The more a company's AI knows about you, the better it will be able to personalise and get everything done for you. Everything is going to be so personalised."

About two-thirds of consumers are so eager to experience deeper personalisation that they're willing to share more of their data, provided AI is the technology fuelling these richer experiences. When customers want to share more personal data with your business, it's an unparalleled opportunity to forge deeper relationships and achieve better customer retention.

So if customers are willing to share more of their data, what will that mean for service?

AI will redefine personalisation standards by providing real-time recommendations at every step of the customer journey, which will give consumers the deeper personalisation they want.

That will have a direct impact on the bottom line. As 61% of consumers said, the faster a company can personalise their experiences, the more likely they are to use services or purchase products from a business. More than two-thirds of consumers expect that this will happen in the near future, and when it comes to pass, 65% want offers, promotions and recommendations tailored to their needs.

WHAT CONSUMERS THINK

"Ultimately AI will become so smart that it's gonna know exactly what you're looking for. It will need to be able to offer end-to-end customer service."
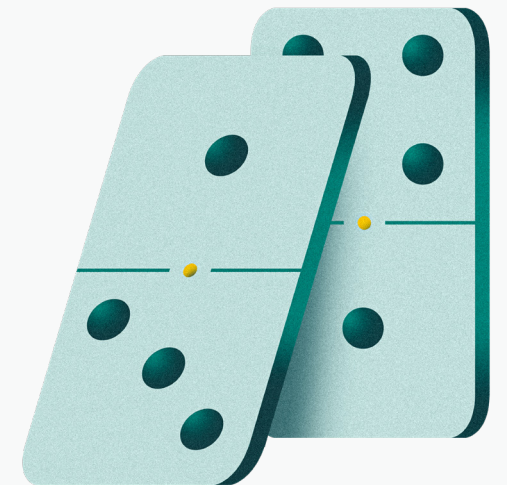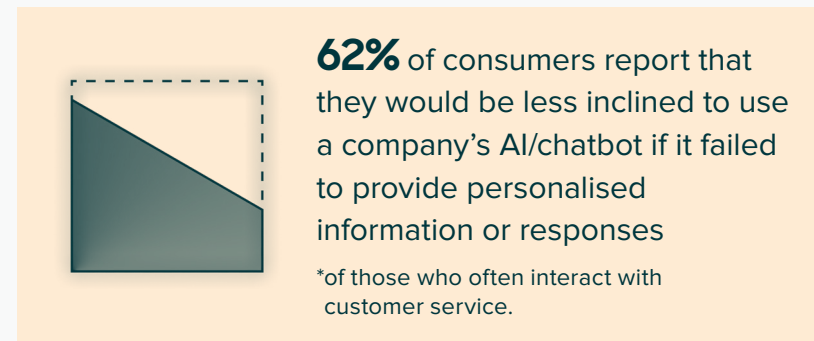
One consumer envisioned AI's ability to enable deeper personalisation like so: "AI is going to be able to look at things like my shopping history and make really strong suggestions about what I'd like. If I were shopping for clothes, I could ask it to build an outfit for a black tie event and tell it I need it to be red, I like jumpsuits, and it needs to be $50–$200".

Yet as consumers warm to the idea of sharing more of their data to get deeper personalisation, businesses will need to pivot.

Companies will have to explore new and creative ways to use data that are both effective and ethical.

For businesses, that means threading the needle between leveraging huge volumes of data and being buttoned-up in terms of privacy protections. Just 21% of consumers strongly agree that businesses are doing enough to protect their identity and information. So while customers want to share more data with businesses, there's a clear sense of caution.

"I would hope that I would get to control what data a company's AI uses or at least ask me permission, give me the option to provide my information or not", said one respondent. "That's kind of the big thing for me. So I always want the option to say no or yes to sharing my data."

62% of consumers report that they would be less inclined to use a company's AI/chatbot if it failed to provide personalised information or responses

*of those who often interact with customer service.

AI should be sensitive and demonstrate empathy, but not too much

AI will eventually – perhaps in the near future – pass the Turing test, in which a human being interacting with it can't tell that they're not conversing with a fellow human. But for now, consumers seem less focused on that momentous event.

However, while consumers desire more emotional intelligence from AI, they draw a line in the sand at the technology actually mimicking human emotions. Yet what consumers consistently ask for is more empathy from companies.

7/10 consumers say AI should be able to understand and respond to their emotions and feelings during customer service interactions

*of those who often interact with customer service.

For example, 73% of consumers who often interact with support believe their emotional state is ignored in most digital/online interactions with a company. Almost as many – 71% – think that AI will, if it can understand their emotions, provide more empathetic customer experiences. These sentiments provide rich opportunities for companies, but also risk.

The importance of navigating this terrain with care cannot be overstated. While AI will enable dynamic journeys based on consumer emotions, companies must exercise caution. Inauthentic or unsettling AI-powered communication could have devastating consequences.

What consumers think

"The perfect AI would be easy to interact with and be empathic to my problems."

AI should recognise and capture consumer emotion and use it to improve the customer experience. What it shouldn't do is suggest it has its own emotions or that it truly empathises.

That said, consumers have begun to notice that AI is getting better at understanding and responding to their emotions (stated 64% of consumers who often interact with support). And a whopping 81% think that it would make sense for AI to automatically route them to human agents based on those feelings.

"Act on my emotions, but I don't need an AI customer service chatbot to respond to me by saying 'I empathise with how you're feeling'", said one consumer. "Like, no, no, you don't. You're a machine."

Experiences powered by AI will need human oversight, and easy access to human agents will be key to building and maintaining trust.

Some 84% of consumers believe that having access to a human agent when AI customer service fails is important, and 78% say they'd be more likely to continue using AI/chatbots in customer service if they knew that they could easily switch to a human agent.

"I want companies to use AI, but I don't want companies to completely replace humans" said one consumer.

"It probably wouldn't even be possible to completely replace that human feel."

81% of consumers state that if they're having trouble with AI customer service, having a human agent available is critical to maintaining trust with that business.

AI will supercharge chatbot and voice AI communication
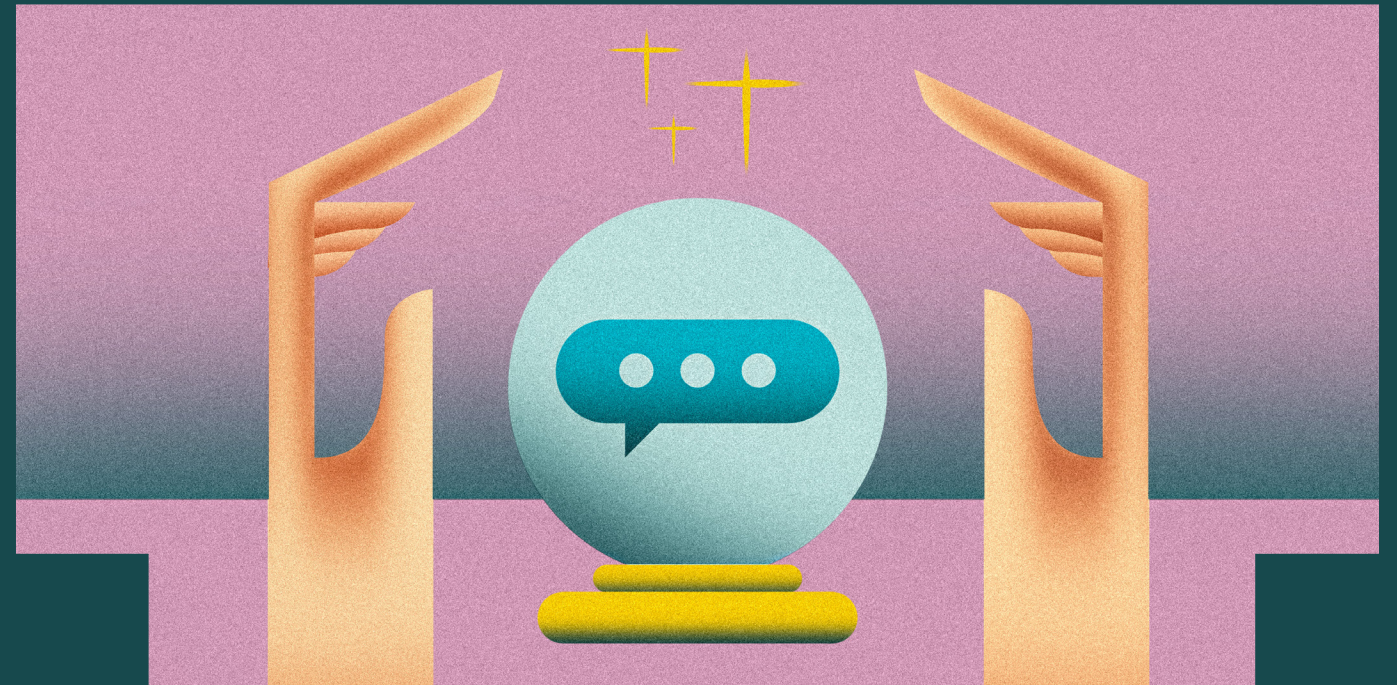
So while consumers want AI with more empathy – but not too much – they also expect the technology to significantly improve chatbot and voice experiences. That means exchanges that are more natural, intuitive and interactive, where AI anticipates their needs.

Here's what consumers told Zendesk: 66% believe that AI has the potential to revolutionise the way they communicate and interact with technology. A slightly higher percentage – 69% – expect that they will interact differently with AI/chatbots in the next few years.
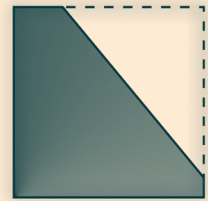
68% of consumers are confident that AI will continue to evolve and improve its ability to understand and respond to human communication

Those expectations are in line with how AI communication tools such as chatbots and voice assistants are evolving.

AI communication tools will gain the ability to handle more nuanced and complex requests.

Consumers have already started to see progress, with 72% noting that AI is becoming more proficient at understanding human language and differing communication styles.

And even more consumers – 78% – think that AI will improve significantly over the next few years. "A lot of the time chatbots respond with 'I don't understand what you're saying', or they give you the wrong information", one consumer told Zendesk. "They're quite terrible. I think with generative AI, they'll be able to provide some level of support that will actually be acceptable in terms of correctly understanding and providing real solutions."

Nearly **2/3** of consumers wish it were possible to interact more with AI/chatbots via voice

*of those who often interact with customer service.

While consumers and businesses alike expect AI-powered chatbots and voice assistants to get better at handling complex requests, there's also a widely held belief that these tools will also improve their ability to anticipate customer needs and provide proactive information via interactive exchanges.

AI will be able to anticipate customer needs and provide proactive information through interactive (back and forth) exchanges.

Two-thirds of consumers expect that AI will be able to predict what they need and provide relevant solutions in a proactive manner. "With the new AI I'm seeing, I can continue to ask deeper questions and continue the conversation to find more information all within one conversation", said one consumer.
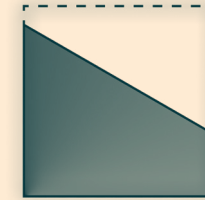
62% of consumers believe that AI will soon be able to anticipate their needs

*of those who often interact with customer service.

Another consumer thinks that AI will improve chatbot adoption. "I think the AI we're starting to see can make it a bit more conversational, a little bit more personal, where people may feel it's like speaking to an actual person", they said. "People will be more inclined to use chatbots more since they know that the results will be better."

Generative AI will improve the depth and quality of responses dramatically
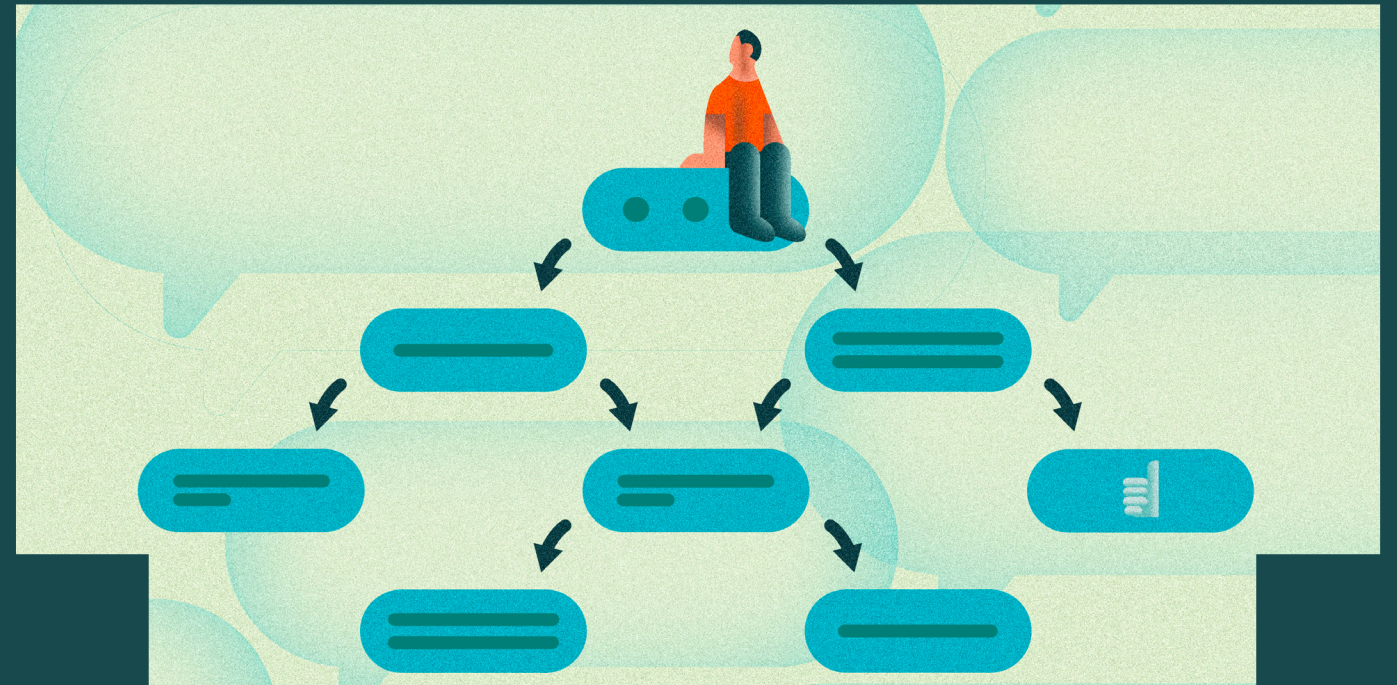
Finally, consumers have big expectations about generative AI (though how the technology evolves and its true impact remains unclear). When trained by huge data sets, generative AI models can create audio and video, as well as text and images. The startling – and sometimes bizarre – results of generative AI have captured the attention of consumers and businesses alike, and the technology's refinement will only increase.

As consumers interact with generative AI on a more frequent basis, their expectations of what correct (or satisfactory) responses will look like have evolved. Some 62% expect to interact with generative AI more over the next 12 months, and for those who have already experienced the tool, 85% are certain they will continue to do so. In other words, the expectation is that generative AI is here to stay.

While slightly more than half of consumers think generative AI will become an essential tool in their daily lives, a significant number of those (72%) who have interacted with it at least once believe it will be a regular part of their lives.
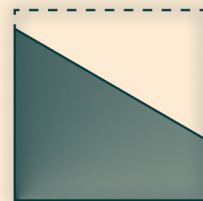
And the one place these consumers expect to see generative AI in use? Customer service. Two-thirds think that it will become an essential component in their experiences with companies, and for those who have used it before, the number jumps to 78%.

Expectations are high. For those who have interacted with generative AI before, 75% think that companies planning to use generative AI are doing so out of concern for their customers. They expect companies to begin implementing the tool (82%), and they are overwhelmingly comfortable (80%) with the idea of human agents employing generative AI to create better experiences.

Generative AI will deliver context-correct, accurate and tailored information to consumers
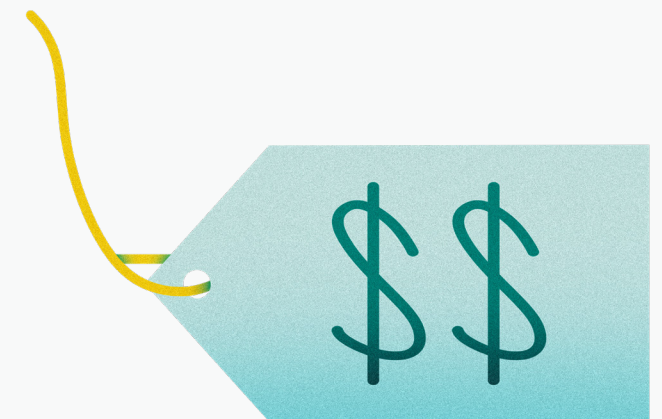
Those customers are waiting to see this come to pass: 60% think generative AI will create valuable content and that number climbs to 78% for those who have experienced the technology.

While 56% of consumers imparted a sense of excitement about receiving instant, personalised help and content via generative AI, those who have already interacted with AI once again exhibit higher levels of enthusiasm (in this case, 77%).

"Generative AI will make answers a little bit more detailed and unique when looking for information and asking questions. I use search engines when I need a straight answer or I need to look up a place and where it is – simple things", one consumer told Zendesk. "Something like ChatGPT can be used to get a little bit more colour, background and information about what I'm asking. It's an expansive, more detailed search engine that can provide background to the things that I'm asking, rather than just showing me a list of results of things that are related."

6/10 consumers believe generative AI will improve the customer service experience

63% of consumers think generative AI has the potential to revolutionise the way they get help from a company

Generative AI will change how consumers search for information and receive support

Some 63% of consumers expect generative AI to utterly transform the way they interact with businesses in just five years, and a similar number (60%) envision it completely changing how they search for information online.

2 in 3 consumers see a future where generative AI will be a central tool for discovering and exploring information

"Tools like ChatGPT get certain things quite wrong and other times are extremely impressive", said one consumer. "So it shows the possibility of learning and asking questions in a much more human type way compared to a search engine. And in a way that's kind of easier, because it gives you exactly what you want versus having to dig for it. I can picture it basically being a replacement for many aspects of how I find information today."

Consumers expectations of AI couldn't be clearer

If there's one takeaway from what consumers told Zendesk about AI, it's this: to remain competitive, businesses must offer AI-powered service. Two-thirds of those surveyed said they view companies that use AI to be ahead of the competition, a sentiment that businesses cannot ignore. When it comes to customer service, the era of AI has arrived and it will upend support as we know it. And in an ultra-competitive marketplace, companies that harness its potential stand to eclipse businesses that don't.

Join us in exploring how immersive CX is shaping the future of business today by accessing the CX Trends 2023 report. If you're interested in learning more about Zendesk's AI offerings, including our newly launched AI capabilities, visit zendesk.co.uk/AI.