

# AI for better CX

How brands can  
crack the code



**verizon**

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# Executive summary

Brands have been using artificial intelligence (AI) in customer interactions for almost a decade, with intelligent chatbots being the prime example. But the rapid ascent of generative AI has opened management's eyes to the technology's vast potential to improve customer experience (CX). Hyper-personalization, automated note-taking and call processing, and real-time prompts for responding to customer queries are just some of the ways this technology could help CX teams. But are they using it to good effect?

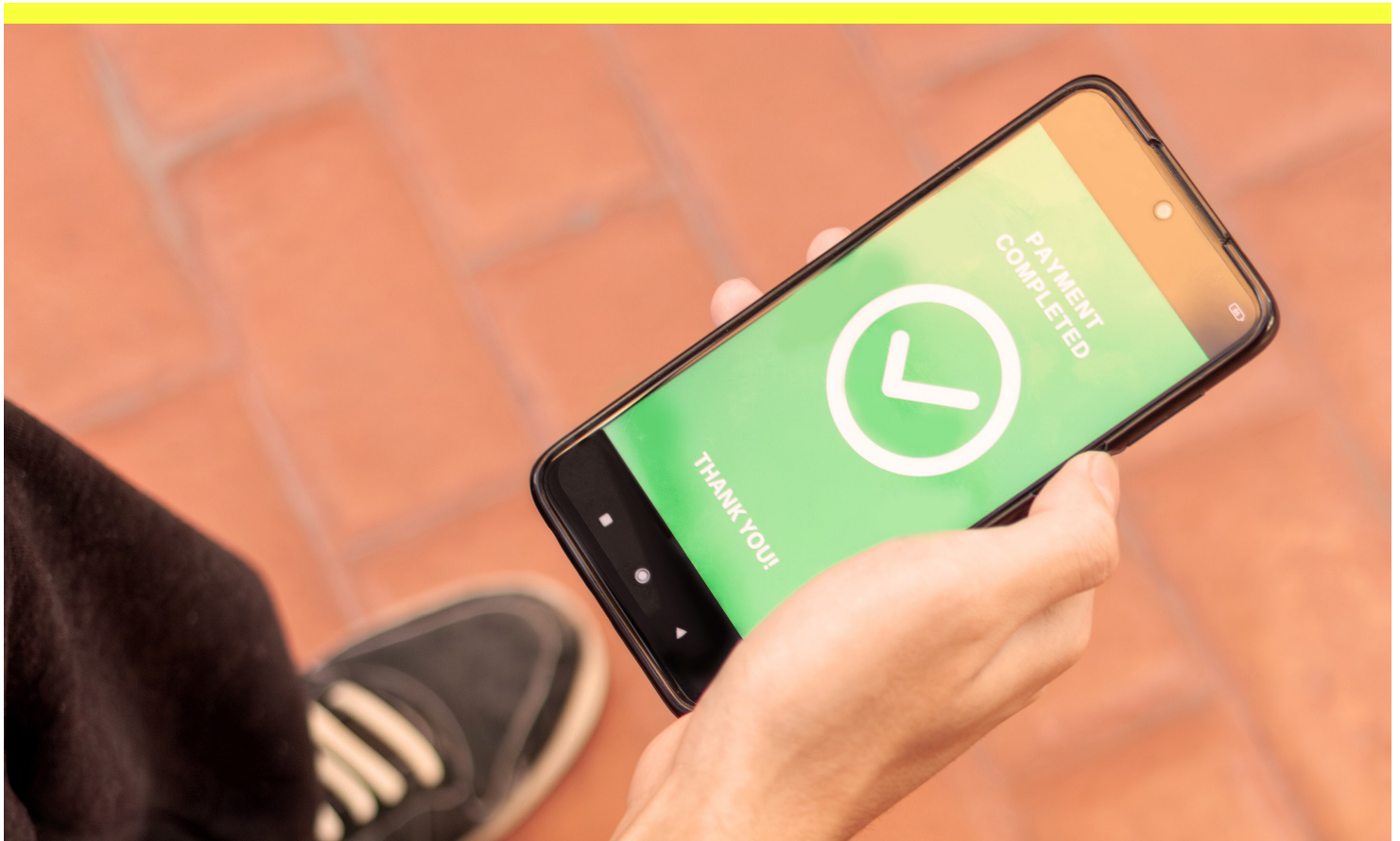
We surveyed senior business executives and consumers to find out what kind of impact AI is having on CX. We learned that brands are actively developing CX use cases for AI, and they see it paying off for them in areas such as personalization, customer support and overall customer loyalty.

But it's not all good news. Most consumers are not seeing any improvements in personalized experiences that could be attributed to AI. And they think that brands are not providing enough access to humans in automated interactions.

Our survey polled 5,000 consumers and 500 executives in seven countries. We asked the consumers how comfortable they are with the AI-enabled interactions they're having with brands. And we asked the executives about the challenges they face when they use AI in CX – and how they plan to overcome them.

We also spoke to four CX experts to find out their thoughts on AI:

- **John Aylward**  
Career Chief Marketing Officer
- **Morlon Bell-Izzard**  
Senior Vice President, Customer Experience  
Exelon
- **Abhii Parakh**  
Head of Customer Experience  
Prudential Financial
- **Stacy Sherman**  
Founder and Chief Executive Officer  
Doing CX Right

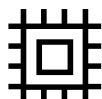


# Our findings in short



## **Brands must do more to pass on their internal CX benefits from AI to customers**

Most executives say that their CX and customer loyalty metrics have improved in the past two years. More than half (52% for CX and 60% for loyalty) say that AI is a major reason for the improvement. But although consumers are broadly satisfied with automated interactions, they still get frustrated – especially by a lack of access to human agents (cited by 47%).



## **Companies need to overcome data constraints to do better on personalization**

Personalization is a top CX use case for AI, and 44% of executives say that AI is delivering benefits in this area. But not many consumers are seeing the benefits: they're more likely to say that personalization has detracted from their overall CX in the past two years (30%) than to say it has improved it (26%). Most report no improvement in personalization. About two-thirds of executives say that data privacy is limiting their use of AI to enhance personalization. And 46% say that data quality is a major CX pain point. The use of voice AI, a step up from existing chatbots, can improve the personalized aspects of automated interactions.



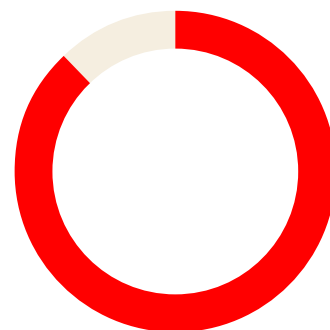
## **Consumers are not ready to give up human contact**

Consumer satisfaction in online interactions with brands is far higher when humans are involved than when the interaction is driven by AI (88% compared with 60%). And as we have heard, consumers want easy access to humans when they need it. Some companies may hope that one day CX will be driven entirely by AI, but today they're investing in the human side of CX alongside AI.



## **The hunt is on for new ways to measure the impact of AI**

It's hard to capture the true impact of AI on CX – perhaps because companies are using it in multiple ways. More than half of the surveyed companies (53%) are adapting their existing CX metrics to try and measure AI's impact, but one-third are looking to develop entirely new ones. As spending on AI grows, management is likely to demand more evidence of the return on investment (ROI).



# 88%

of consumers are satisfied with interactions handled by human agents versus 60% who are satisfied with interactions driven by AI.



# 33%

of brands are looking to develop entirely new metrics to measure AI's impact on CX.

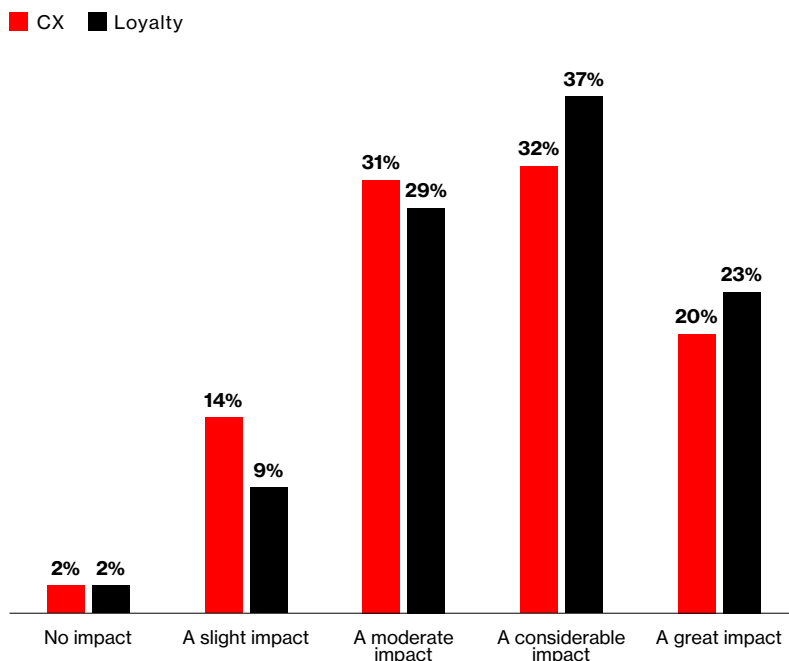


# AI in CX: What do brands gain?

Since generative AI's emergence as an enterprise technology, companies have been exploring ways for it to improve their CX operations. Most of the executives we surveyed say their businesses are benefiting from using AI in CX. In the past two years:

- **72%** of executives say their companies' CX metrics have improved, and 52% say AI played a significant role in the improvement.
- **66%** also say their customer loyalty metrics have improved, and 60% believe AI played a significant part in that.

## Brands are seeing a positive AI impact on CX



**Figure 1:** Q. How would you describe the impact of AI on the improvement of your company's CX and loyalty metrics in the past two years?

As we will see later in this report, not many companies can quantify AI's impact, which suggests that this positive assessment is based more on executives' gut feel than on metrics. But some companies are putting numbers to it and seeing gains – in employee productivity, for example. Abhii Parakh, Head of Customer Experience at insurance and retirement security provider Prudential Financial, says that using AI has saved the company's marketing team up to 75% in time when generating first drafts of marketing content. The team has also seen time savings when the company synthesizes the results of customer research. "Doing this manually for up to 50 customers used to take us three weeks," says Parakh. "Using AI, we now do it in three minutes."



The biggest AI gains are in productivity

Brands are pursuing AI use cases in a range of CX operations. Customer support is the most common type of use case, cited by 75% of executives.

Exelon, an American energy utility with a presence in several states, is mainly using AI to increase the productivity of its customer service agents. “We’re piloting generative AI to help our representatives handle calls more efficiently,” says Morlon Bell-Izzard, the company’s Senior Vice President of Customer Experience. “That includes putting the right data in front of them at the right time during calls to enable smoother and more personalized experiences. AI also summarizes calls, which will relieve agents of that burden.”

Personalization is another major AI use case for 71% of the surveyed companies, and 69% are using the technology to improve customer data collection and analysis. It’s in these same areas, along with customer support, that executives say AI is delivering the chief CX benefits thus far.

But our research indicates that many of the benefits are not filtering through to consumers – particularly when it comes to AI-enabled personalization.

Customer support and personalization are companies’ top AI use cases

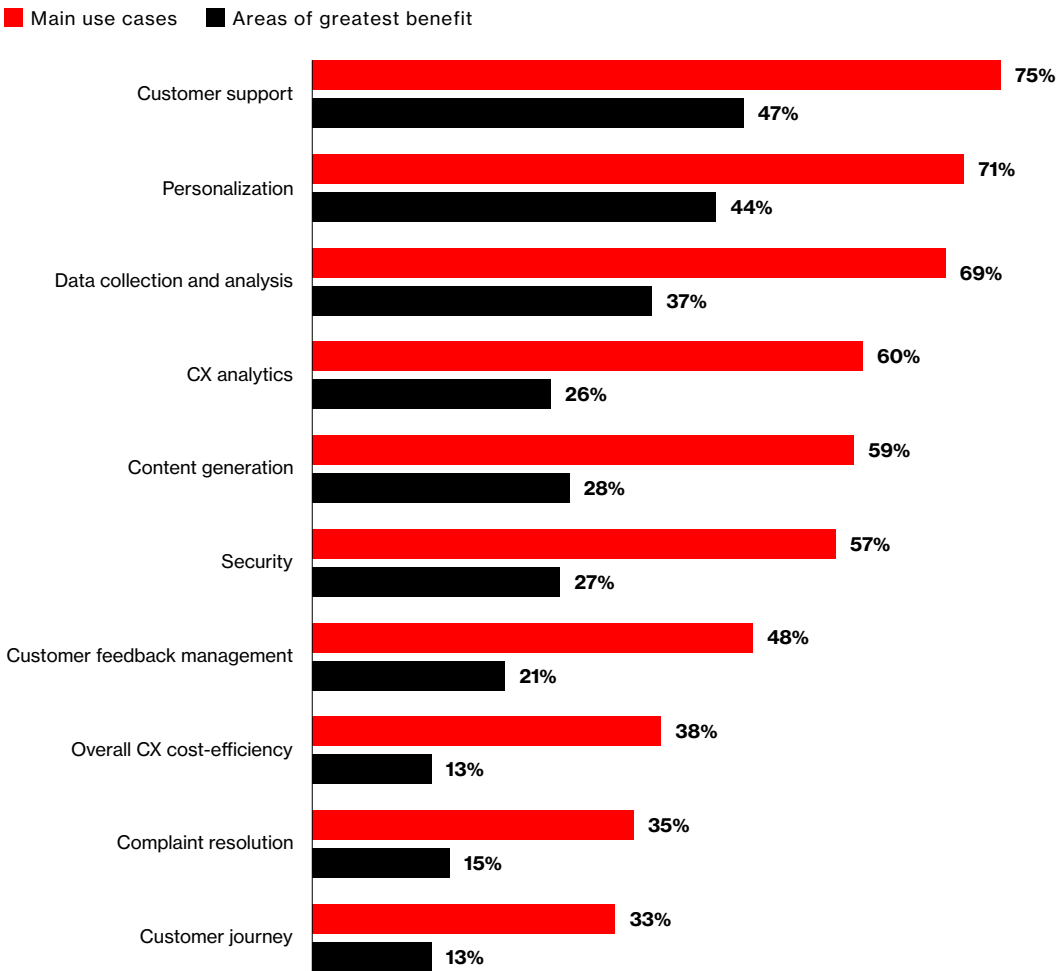


Figure 2: Q. In which of the following areas of CX operations is your company currently using AI, and in which areas has AI brought the greatest benefits?



## How AI helps to keep the lights on

As the COVID-19 lockdowns took their toll in the US, many middle-income households struggled for the first time to pay their energy bills. “Unlike some lower-income households, these customers had always paid their bills on time and never had to reach out for assistance,” says Morlon Bell-Izzard at utility provider Exelon. “All of a sudden, they were in a situation they didn’t recognize, and they didn’t know where to turn.” The crisis gave Exelon its first big opportunity to use AI to benefit customers.

It used AI and predictive analytics to identify which of these customers might have difficulty paying their bills over the coming months. Based on that analysis, says Bell-Izzard, the company initiated an outreach program targeted to those customers that included personalized recommendations about the most relevant assistance programs and how to access them.

“Several customers got in touch with us to express their appreciation for the help,” says Bell-Izzard. “Some were surprised by our proactive outreach, and I’d say that was our first big success in using AI to improve the customer experience.” Exelon continued this AI-enabled outreach after the pandemic, when the pace of inflation accelerated.

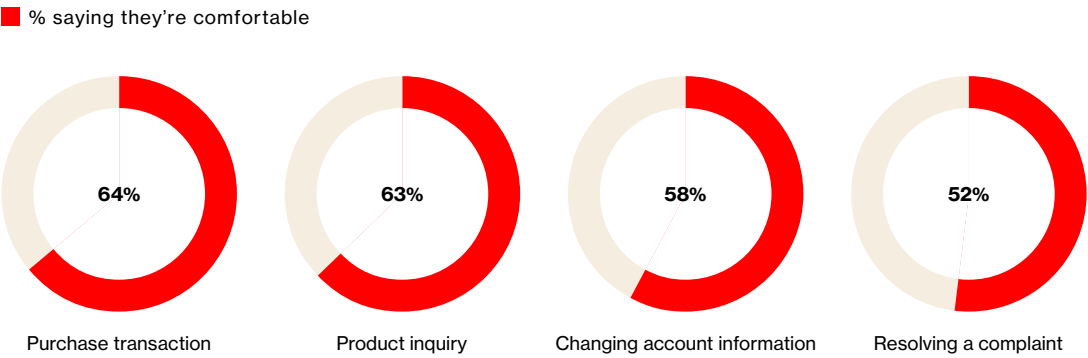
Bell-Izzard sees opportunities for AI to help Exelon’s low-income customers as well. “Energy assistance funding exists in several of the states where we operate, but it’s not easy for customers to tap into it because it’s a complex process,” she says. “In one of our jurisdictions, if someone has applied for SNAP [the federal Supplemental Nutrition Assistance Program], they automatically qualify for state energy assistance. We want to use AI to help them streamline the application process.”



# Consumers' verdict: Mixed

The 5,000 consumers we surveyed across seven countries are less positive than brand executives about AI's impact on CX. They're broadly relaxed about AI-only interactions with brands, but their comfort levels depend on the type of interaction. Nearly two-thirds are comfortable with AI-enabled purchase transactions and product inquiries, but fewer are comfortable when AI handles their complaints.

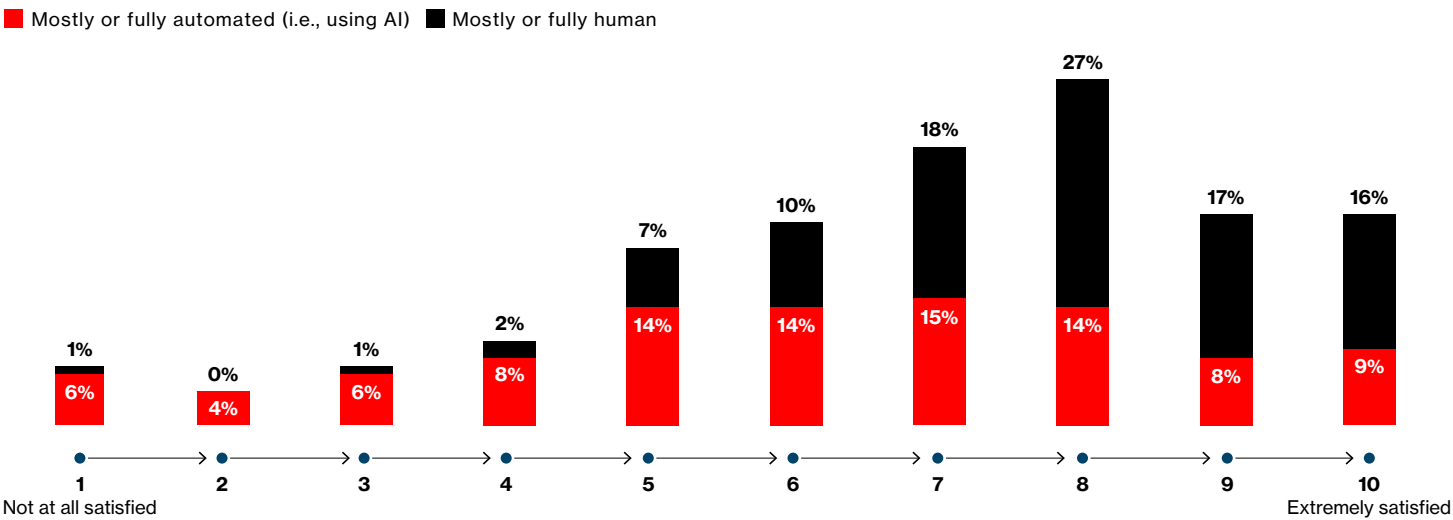
## Most consumers are relaxed about machine-enabled interactions



**Figure 3:** Q. In your interactions with companies today, generally how comfortable are you when a machine (i.e., AI) handles the following types of tasks without any involvement of a human agent?

Consumers' most common automated interactions involve banking and other financial services, retail purchases and obtaining health products or services. And 60% say they have been largely satisfied with their automated interactions with companies over the past two years. But they much prefer the human touch: 88% say they have been satisfied with interactions that are handled mostly or completely by human customer service agents.

## Consumers strongly prefer human-led interactions



**Figure 4:** Q. In the past two years, how satisfied have you been with your interactions with companies that have been mostly or fully automated (i.e., using AI) and those that have been mostly or fully human?

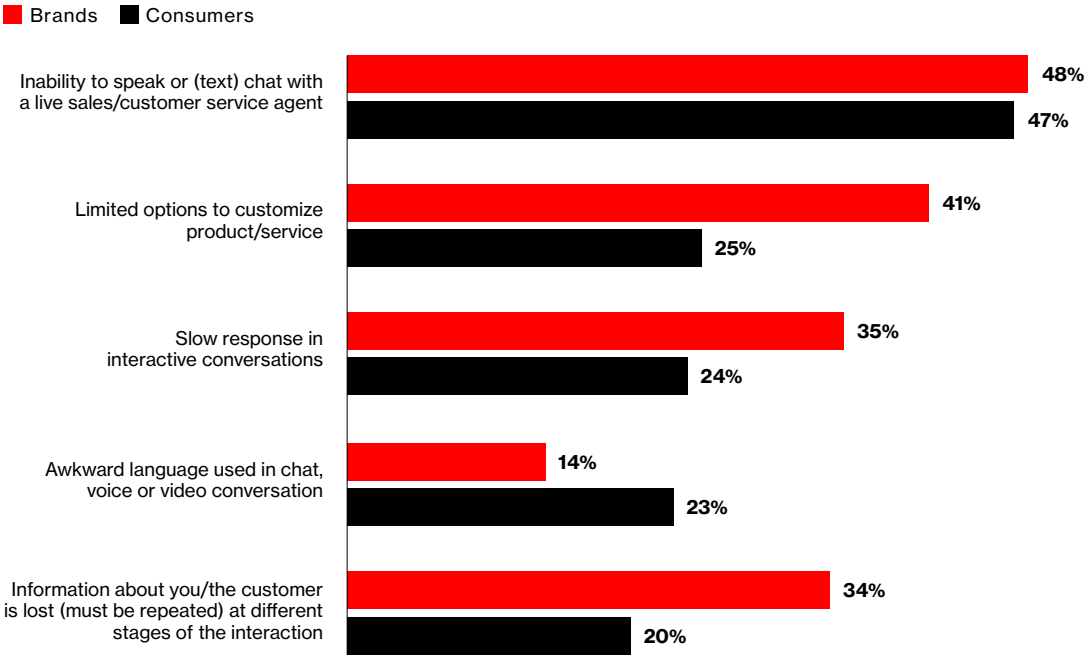


The biggest source of frustration for consumers? It's their inability to access a human when they need one, which is top of their list of annoyances by a large margin. Brands recognize their frustration: a very similar proportion say that lack of access to human agents is the main complaint they get from customers about AI-enabled interactions.

“In the utility space, if a customer can't pay their bill and is nearing a service interruption, or if they've got a complex billing question, speaking to a human who has empathy is far preferable to speaking with a chatbot that lacks it,” says Bell-Izzard. “Even if we manage to build empathy into AI, that's not going to satisfy all the needs that customers have.”



No human involvement is the top source of consumer frustration



**47%**  
of consumers cite the inability to access a human agent as their main source of frustration with automated interactions.

**Figure 5: Q. Consumers:** When you've had negative experiences in mostly or fully automated interactions with companies in the past two years, what aspects have caused the most annoyance? **Brands:** What are the principal frustrations with AI-enabled interactions that customers voice in feedback?

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**Even if we manage to build empathy into AI, that's not going to satisfy all the needs that customers have.**

**Morlon Bell-Izzard**  
Senior Vice President, Customer Experience  
Exelon



“There’s still too little human involvement in automated interactions,” says Stacy Sherman, a speaker on CX and Founder of advisory firm Doing CX Right. But even when human agents are involved, says Sherman, responses can be fragmented and clunky: “Someone calls customer service and gets a chatbot that takes information from them. Once they get to a human, too often, they’re asked the same questions. There’s a lack of alignment and consistency between the teams that handle the AI responses and the ones that handle the human ones. This causes friction with customers.”

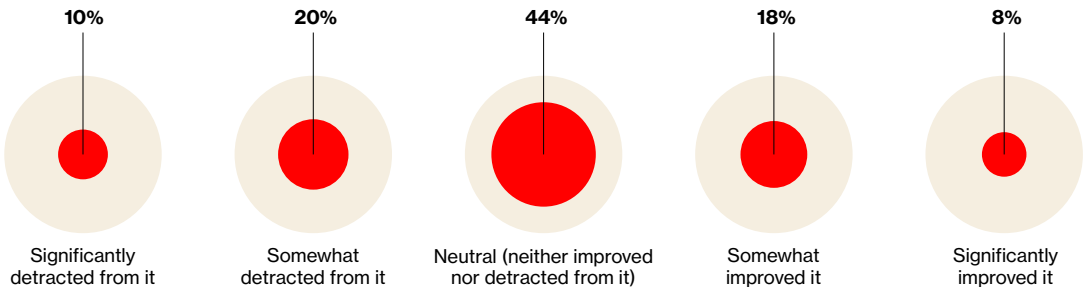
Humans aside, slow or awkward chatbots themselves cause consumers an enormous amount of frustration, according to John Aylward, a career Chief Marketing Officer who has performed that role at retail companies such as JCPenney. The consumers and brands in our survey appear to agree, with many saying that slow responses and awkward language are sources of frustration. “When brands do AI chatbots well, consumers want more of the experience,” says Aylward. “But so few do them well.”

Voice AI promises to improve the quality of such automated interactions. A step up from chatbots, voice AI systems use natural language processing, machine learning and speech recognition to provide voice-based responses to customer queries and requests. Among other advantages, such systems can leverage AI’s related capabilities, such as real-time data analytics, to improve the personalized aspects of interactions.

**Personalization leaves a lot to be desired**

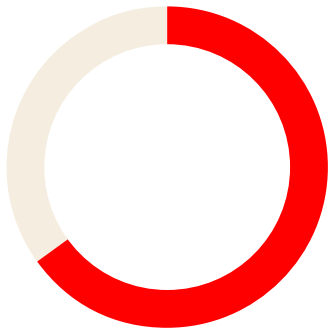
Consumers are unimpressed by brands’ current use of AI in personalization. More say it has detracted from their overall customer experience than improved it (30% compared with 26%). The biggest share (44%) say it has had no impact on their experience. This is a problem for brands because personalization is one of the two most common CX use cases for AI. Many executives say that their personalization use cases are delivering benefits, but most consumers are not seeing them.

**AI has not transformed personalization yet**



**Figure 6:** Q. Thinking about the personalized aspects of interactions you’ve had with companies in the past two years (e.g., automated offers made to you based on knowledge of your personal preferences and past transactions), have they generally improved or detracted from the overall customer experience?

One factor in this is the constraints on companies’ use of customer data: 65% of executives say that data privacy rules limit the extent to which they can use AI to enhance personalization in CX operations. “It’s tough to achieve the right balance between personalization and data privacy,” says Bell-Izzard. “There are times when you have a great vision, but you have to recognize and assess the privacy risks. Our risk management team is always at the table with us as we do this.”



# 65%

of brands say data privacy rules limit their ability to use AI to enhance personalization.

Companies that do not achieve that balance risk eroding consumers' trust. Over half (54%) of consumers say that their trust in companies to use their personal data properly has declined in the past two years. And 41% say they continue to experience violations of their data privacy by the companies they interact with. "Reassuring customers about the integrity of their data is only going to get tougher in the future as companies find more ways to use AI to create new services and revenue streams," says Aylward.

For Sherman, transparency is crucial to trust: "Personalization is essential in this day and age, but communication about it's also essential. When you're telling customers what you're doing and why, they're more accepting. Brands that do this will have more lasting customer relationships."

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**Stacy Sherman**

Founder and Chief Executive Officer  
Doing CX Right





# Data, skills and metrics are holding companies back

Data issues pose difficult challenges for brands that want to use AI in their CX operations. Inadequate data quality and privacy rules are two of the top three pain points cited by executives.

## Data and skills issues are the biggest problems for brands when using AI for CX



**Figure 7:** Q. What are the chief pain points your company has encountered in using AI to improve CX?



For companies like Prudential Financial that have a dedicated data office and well-developed data governance, quality concerns revolve more around the safety of internal data. “We plan to adopt some CX-specific tools from vendors in the near future,” says Abhii Parakh. “And we have to be sure we can fully integrate our data and link it in the right places to be able to use it effectively.”

Companies need to answer questions about data availability and quality when they develop new CX use cases for AI. A use case where this is relevant is using predictive models to pre-empt customer complaints about long call wait times. “We intend to scale such models, but first, we need to be sure we have all the data we need to make the predictions accurate,” says Parakh. “And we need to be sure the data is in a form that the models can use.”

Gaps in AI-specific skills are a long-standing issue for companies, and the rise of generative AI has increased the urgency of filling them. This might explain why recruiting skilled experts is among companies’ top priorities for improving AI’s use in CX operations, cited by 41% of executives. And nearly one-third (30%) are prioritizing AI training for their existing staff.

Generative AI can give customer service agents access to impressive tools and content, but handling them is complex, according to Bell-Izzard. “Preparing our workforce to be able to handle the more complex items is a priority for us,” she says.

Customer-facing teams’ top priority for enhancing AI’s impact is improving the way customers can provide feedback on how it’s used in interactions. Doing this could help reduce some of the gaps between customer and brand perceptions of AI’s role, including in personalization.

Customer feedback is executives’ top priority for improving their use of AI

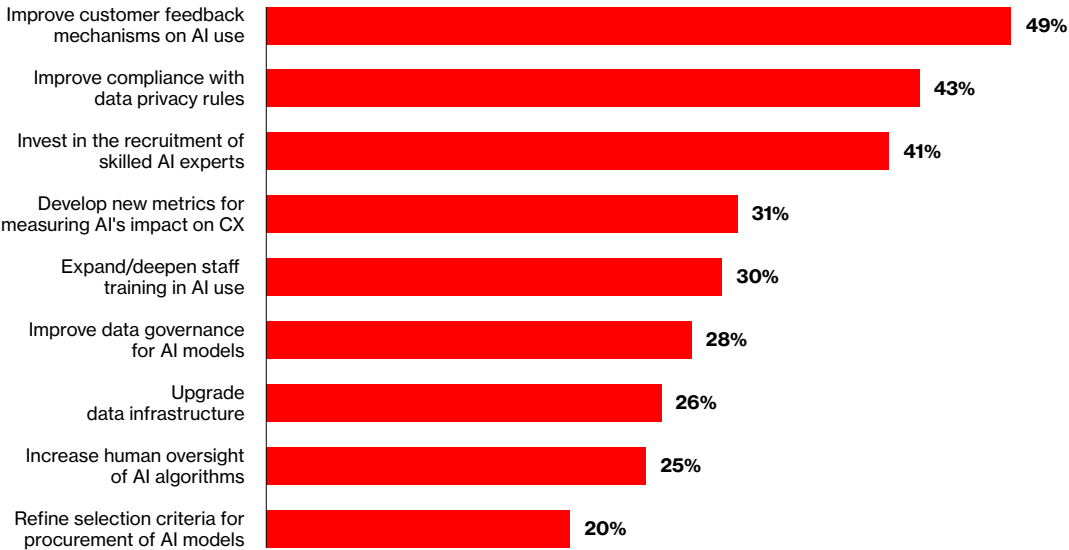
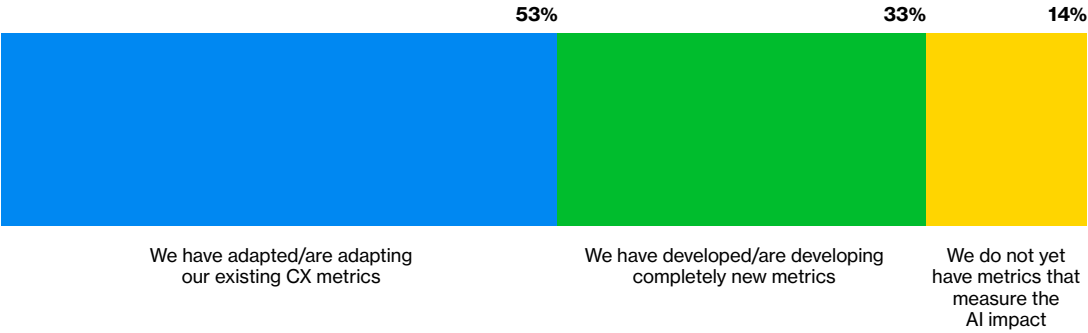


Figure 8: Q. Which of the following are you prioritizing over the next two years to improve your company’s use of AI in CX?

**There is work to do on measuring AI's impact**

Nearly one-third of executives say that developing new ways to measure AI's impact on CX is a priority for the next two years. New AI-specific metrics are proving elusive for organizations thus far. Over half of those in the survey (53%) say they're adapting their existing CX metrics to do the job. That may not be enough, however, to capture the full AI impact. One-third are looking to develop entirely new ones.

**Most companies are using their existing metrics to capture AI's impact on CX**



**Figure 9:** Q. Which of the following best describes your use of metrics to measure AI's impact on CX?

“We don’t have tangible proof points yet for how AI is moving our CX KPIs, such as customer loyalty and customer experience, but we’re working on developing them,” says Abhii Parakh at Prudential Financial. In the meantime, the company is exploring the use of established metrics as a proxy, such as call handle time. “This is a good measure if you’re using AI tools on the back end to help your agents,” says Parakh. “That’s because the agents have to go through multiple sources of information for multiple scenarios for the hundreds of products that we’ve sold over the years. Without AI, that takes a lot of time.”

Exelon is proceeding in a similar way. “The rapid growth of generative AI has led us to ask whether we’re using the right metrics for customer experience,” says Bell-Izzard. “It’s still early [for generative AI use in CX], but we intend to devise new metrics that capture its impact.”

Finding ways to measure AI’s ROI might take more time. “That’s an area of opportunity for us,” says Bell-Izzard. “We know what our use cases and our business cases have said we should achieve. We’re trying to do a better job on the back end of determining whether we achieved those benefits. Translating that into ROI is a little more challenging.”

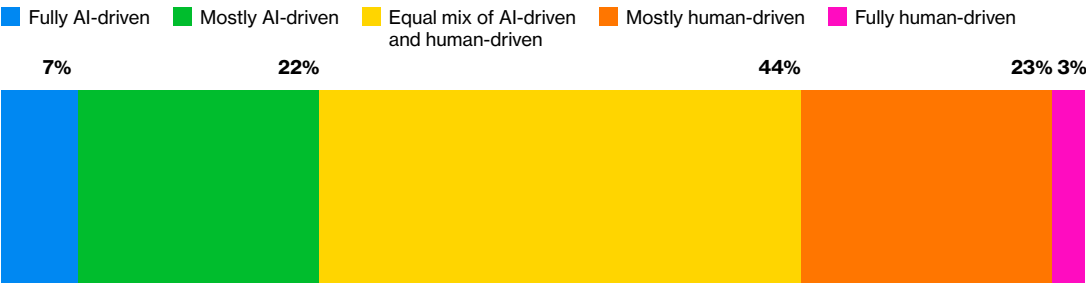


# Is the human role in CX secure?

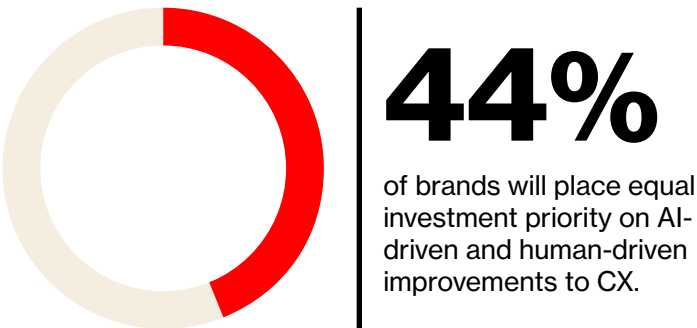
Executives are unsure whether their companies' CX operations will ever be carried out completely by AI. About one-quarter (26%) say they will always retain the human element, while the rest are ambivalent or lean the other way.

But when it comes to investing in efforts to improve CX, their intentions are clearer. When asked how those investments will be split between AI-driven and human-driven improvements, the largest percentage by far, 44%, say that spending will be split roughly evenly between the two. Retail is an exception here: 52% of executives in the sector say that most spending will be on AI-driven improvements

## Spending on CX will target both AI and human improvements



**Figure 10:** Q. Thinking about your company's future investments in CX, what will the balance of spending look like between AI-driven and human-driven improvements?



“Utilities will always depend on the compassion and understanding of human agents to truly connect with customers and address their unique needs,” says Bell-Izzard from Exelon. “Some challenges require more than just solutions – they require the empathy and care that only people can provide.”

This hybrid approach means that customer-facing staff have to be upskilled to work effectively with AI. When it comes to training, executives say there are three priority areas:

- 1. Handling customer complaints about chatbots
- 2. Understanding AI prompts during interactions
- 3. Handling complaints about data privacy

Handling customer complaints is a focus of AI training

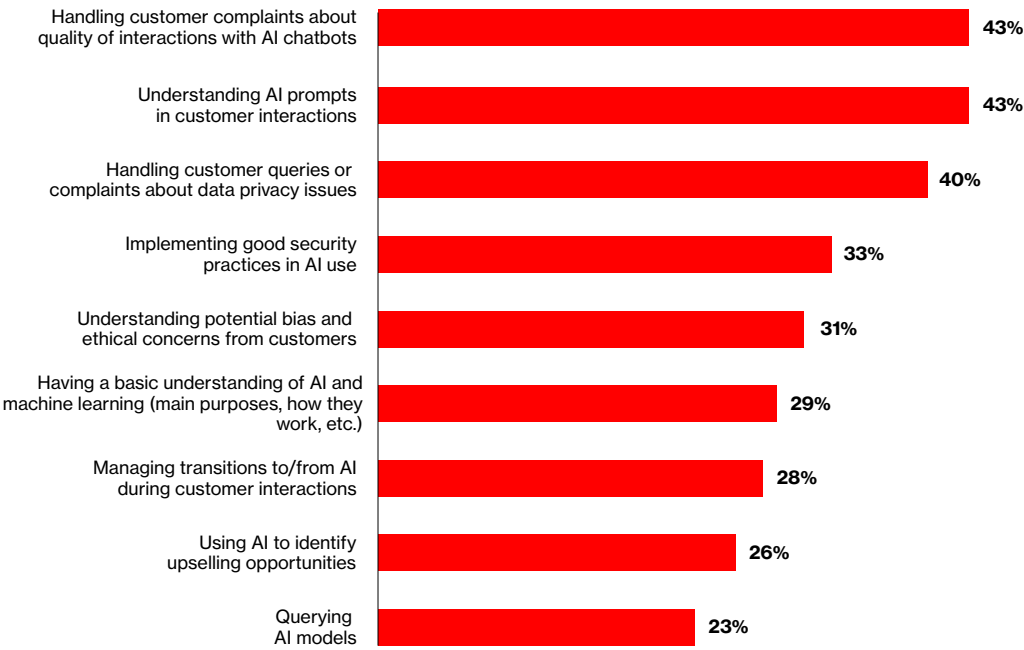


Figure 11: Q. In which aspects of AI use will your company prioritize the training of customer service and other CX staff?

Companies can use AI itself as a tool to enhance their training needs. “AI is a powerful simulation tool and is used by many companies to train customer-facing staff,” says Stacy Sherman. “Customer service reps and salespeople practice interacting with customers in different simulated scenarios. Employees can make mistakes without their boss hearing or seeing about them. This type of training can build their confidence and, at the same time, help them become more familiar with AI.”

This use of AI can help employees to overcome the fear that is so often associated with the technology. “Some companies throw AI at employees and just hope it sticks,” says Sherman. “They don’t acknowledge the fear that people have of it, including whether it’s going to take their jobs. Companies must address head on the emotional and psychological barriers that many customer service staff have about using AI.”

“As with customers, transparency is the best policy with employees,” says Sherman. “Managers need to be upfront about how they plan to use AI in customer interactions and at the same time, show employees how it can help to widen their skill sets.”

At Prudential, there were passionate early adopters of AI tools, and there were naturally some skeptics as well. “Once they started playing with the tools, however, they began to get excited about it,” says Parakh. “Some employees have gone from one end of the comfort spectrum to the other once they saw how beneficial AI is for them.”

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**Abhii Parakh**  
Head of Customer Experience  
Prudential Financial





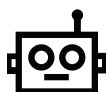
# AI in CX: Cracking the code

Our research shows that brands are a long way from achieving a breakthrough with AI-enabled CX. Generative AI may have significantly expanded the CX use cases that companies are implementing, and many tie recent improvements in KPIs to AI use. Customers' general comfort with automated interactions is certainly cause for encouragement. But the ongoing frustrations they report are a reminder that brands have much to do to crack the code for AI use in CX. What can brands do next?



## 1. Make it easier for employees to work with AI

Whatever they think about the long term, not many brands are planning to hand CX operations over to AI entirely any time soon. Instead, brands need to remove any friction between the human and machine elements of interactions and improve AI training for customer-facing employees.



## 2. Use the power of pre-emption

AI's predictive capabilities are enormous. As our research shows, some companies are using those capabilities to help customers pre-empt problems with the provision of services. Others aim to use AI to avert problems in individual interactions. This could counteract some of consumers' frustrations with automated interactions.



## 3. Trust in personalization

AI has huge potential to improve personalized experiences, including through the use of voice AI, but the research shows that companies have not yet achieved much here. Executives feel constrained by data privacy concerns, but greater transparency about personal data use could help increase consumers' acceptance of personalization.



## 4. Find new metrics

Companies' spending on AI in CX operations will grow as the technology evolves and executives see its benefits. But those executives will want to see specific evidence of the impact on KPIs. Adapting existing metrics might be enough for now, but teams managing CX will need to develop new ways to identify AI's contributions.



# About the research

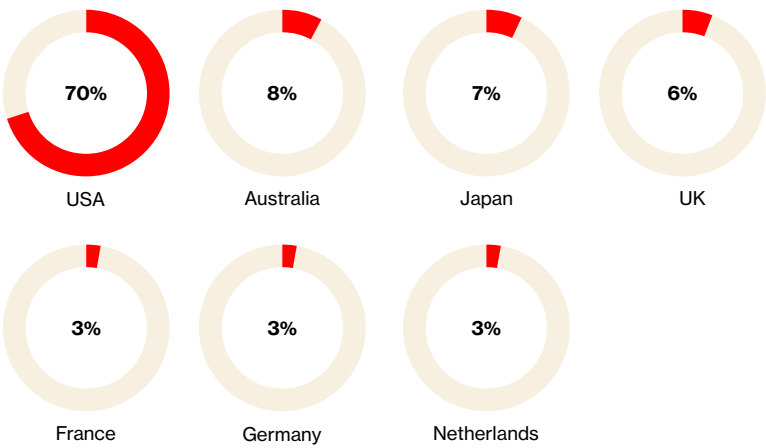
The analysis in this report is based on a survey of 5,000 consumers and a survey of 500 executives in seven countries. Both surveys were conducted in October and November 2024.

The respondents in the executive survey worked across six industries and held senior roles in their organizations (one-fifth were C-level executives). The respondents in the consumer survey were all more than 18 years of age.

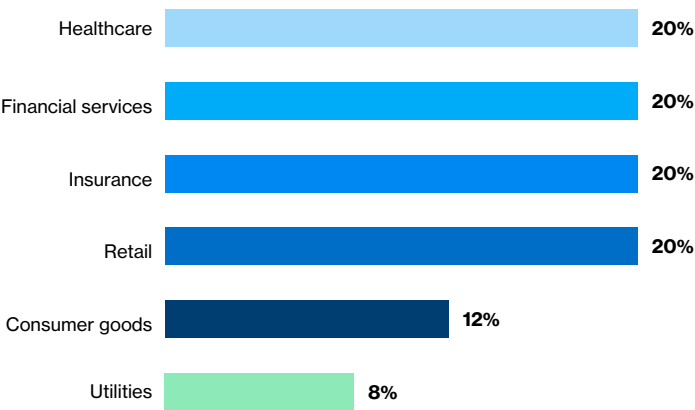
The surveys were carried out by Longitude, a Financial Times company, on behalf of Verizon.

## The executive survey

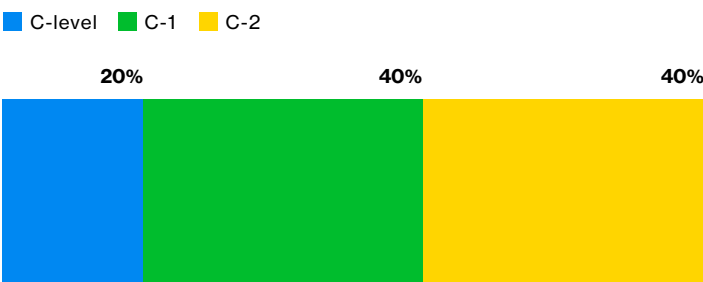
### Countries



### Sectors

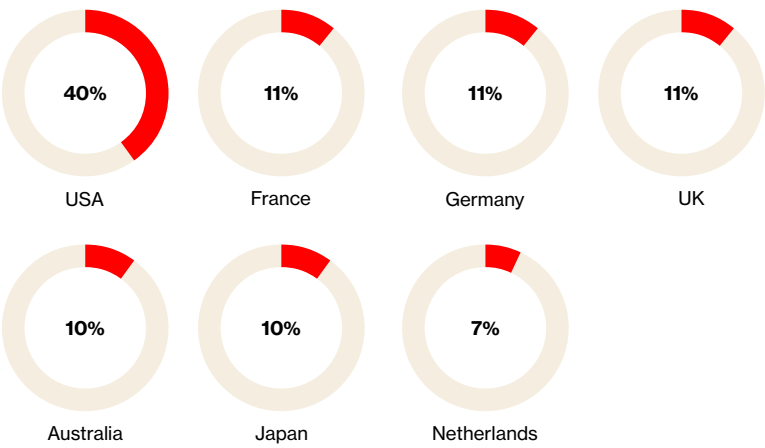


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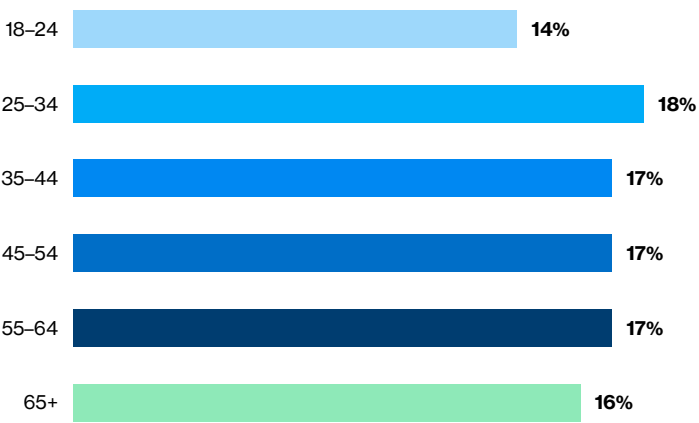


# The consumer survey

## Countries



## Ages



## Gender

