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EXECUTIVE INSIGHTS
Exploring the Untapped Power of GenAI in Customer Service

CX TRENDS SPECIAL EDITION

What you'll learn in this report

This Executive Insights guide presents the role of AI—including generative AI (GenAI)—in customer service, and it answers these questions:

- What are customers' biggest concerns about AI and GenAI?

- How do CX leaders tap AI's full potential?

- Which top CX capabilities do leaders think GenAI will enhance the most?

- Do AI and GenAI deliver real value in customer service today?

The AI-specific highlights in this ebook are from _Customer experience (CX) trends: Customer service insights in the GenAI era_, an extensive report based on a study commissioned by ServiceNow. We surveyed nearly 6,400 customers, customer service agents, and customer experience leaders–across more than nine countries and regions and a dozen-plus industries–to learn about perceptions of the state of customer service.

About the survey

Data in this report was gathered in a survey of 4,242 B2B and B2C customers and 2,157 leaders and agents from July 12 to August 8, 2023. Respondents varied across industry, age, role, and job title and were located in Australia, France, Germany, Italy, Japan, the Netherlands, the Nordic region, the UK, and the U.S. For more detailed responses by country, as well as specific demographics of survey respondents, see the "About the survey" section starting on **page 40 in the full report**.

Note: Not all percentage totals in this report equal 100% due to respondents' ability to choose multiple answers for some questions.

6,400
number of people surveyed

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Contents

EXECUTIVE SUMMARY:

Are AI and GenAI really delivering value in customer service?

Digital transformation has upgraded customer experience unlike anything we've seen in a generation. Now, customer experience leaders are turning to AI and GenAI as key capabilities for improving all facets of the customer service process. In fact, they rank at the top of leaders' most-wanted technologies for immediate deployment.

But as you plan your future CX strategy, you're bound to wonder: Do my perspectives on AI align with other CX leaders? Do my colleagues feel that their AI investments in chatbots, sentiment analysis, recommended knowledge articles, and more are paying off?

While leaders cite AI and GenAI as the top capabilities for driving business value in multiple areas, that's not to say adopting these technologies isn't without obstacles.

Read on for data and insights to help inform your AI approach and solve your most pressing business challenges around AI and CX.

AI Perceptions

27%
of leaders say AI is the capability that provides the greatest reduction in customer effort
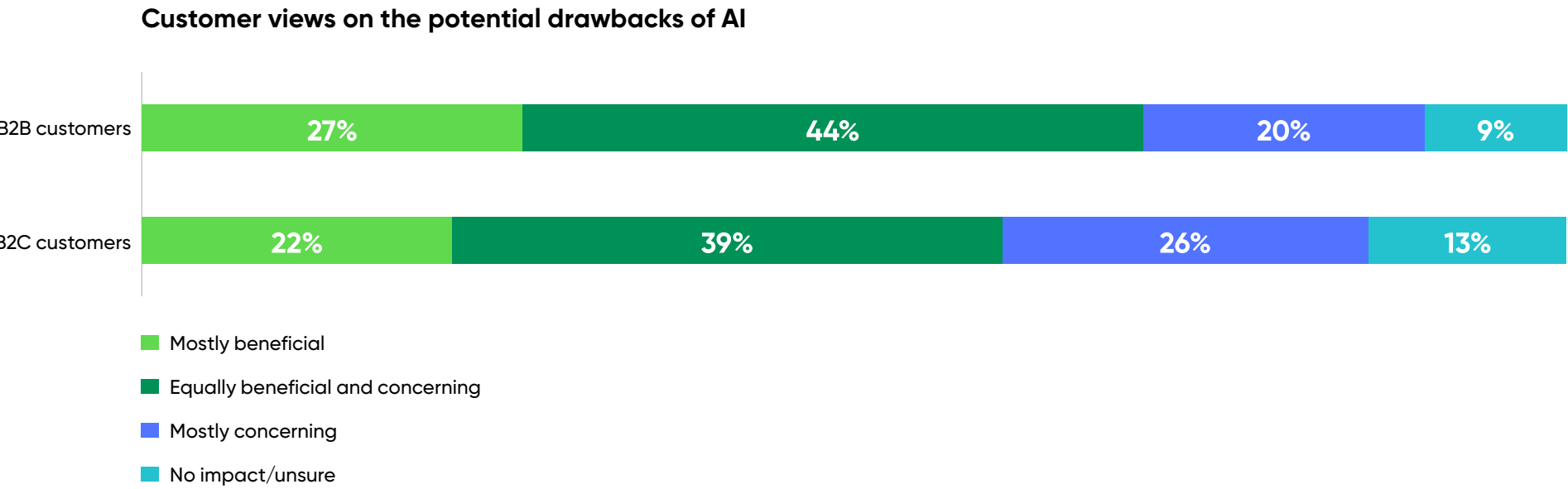
Top 2
capabilities as cited by leaders: AI and GenAI drive both service quality and service efficiency

71%
of B2B customers think GenAI will be beneficial to their experiences

CUSTOMER PERSPECTIVES ON AI

Customers indicate they prefer live agents over chatbots, but they're open to having AI play a role in their service experiences—however, they're conflicted about what impact AI may have.

Overall, customers seem almost equally divided about whether AI is beneficial or concerning, but it's interesting to note that B2B customers are slightly more comfortable with AI than B2C customers. These differences can guide how organizations deploy and communicate their use of AI to support the customer experience.

Customer views on the potential drawbacks of AI

B2B customers	27%	44%	20%	9%
B2C customers	22%	39%	26%	13%

- 🟩 Mostly beneficial
- 🟩 Equally beneficial and concerning
- 🟦 Mostly concerning
- 🟦 No impact/unsure

Learn what customers love—and what they don't—about today's service experiences in the **full CX trends report**.


Leader Viewpoint

How AI creates a unified customer experience

" With AI, companies are highly focused on providing a complete, consistent, and unified experience for customers. Gone are the days of fragmented interactions, fragmented understanding of the customer, and incomplete solutions."

" Data insights can be part of daily workflows and allow a constant revisiting and reimagining of the entire customer journey. Such insights can now be used to impact our strategy, what we build, how we service, and how we ultimately support and retain our customers."

– ***Judith Platz***, *Chief Customer Officer, SupportLogic*

Source: ServiceNow, A new impact on customer and employee journeys, December 20, 2023
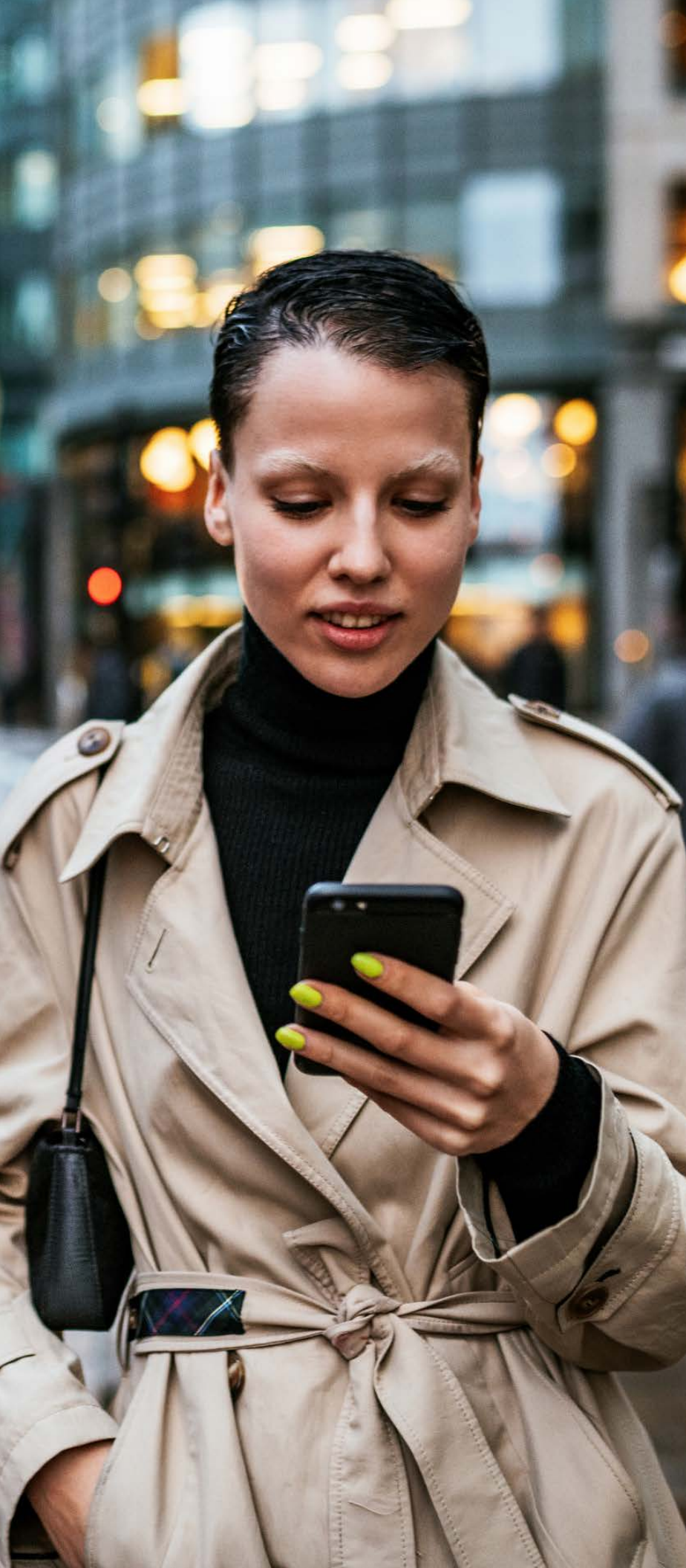
Customers contemplate whether AI's benefits outweigh its concerns

Although customers aren't impressed with current chatbot capabilities, they still see promise in using AI to improve service experiences. Interestingly, they are more concerned about the quality and effort level of their experience than about the expected worries of privacy, data security, or agent job replacement.

Customer perceptions of AI's biggest benefits

Improved speed and efficiency ▇
Increased automation for routine tasks ▇
Improved quality of solutions ▇

68%
51%
46%
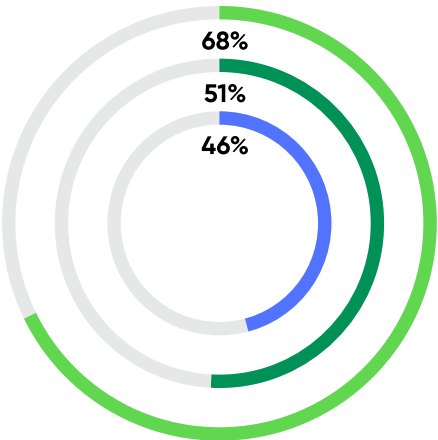
Biggest customer concerns about AI

Difficulty understanding nuanced needs ▇
Limited ability to handle complex cases ▇
Lack of human touch ▇
Potential for error ▇
Privacy and data security ▇
Fear of customer service agent job displacement ▇

60% 57% 56% 54% 36% 36%
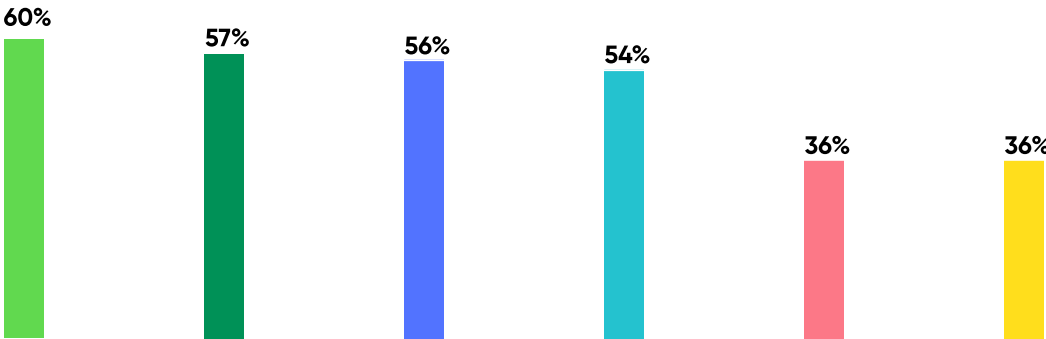
LEADER PERSPECTIVES ON AI

Even with their perceived shortcomings, AI and GenAI are recognized by customer experience leaders as the two most significant business value drivers across multiple key performance indicators (KPIs), including reducing costs, case volume, resolution time, and customer effort.

Areas where leaders perceive AI and GenAI drive the greatest business value
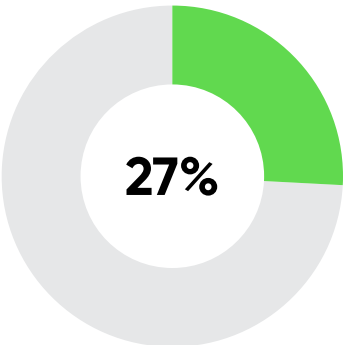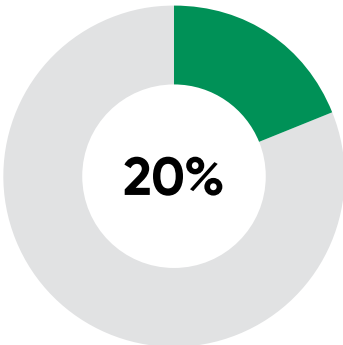
Increase in cost savings
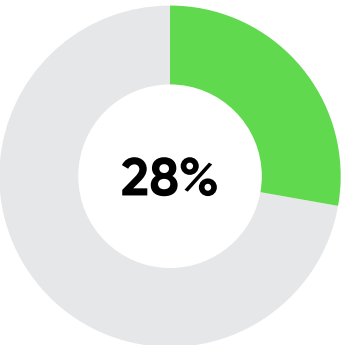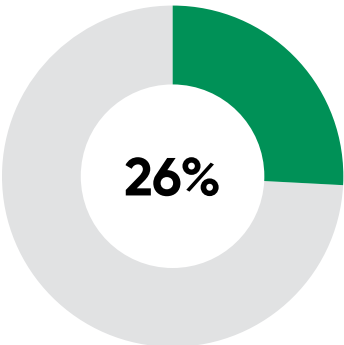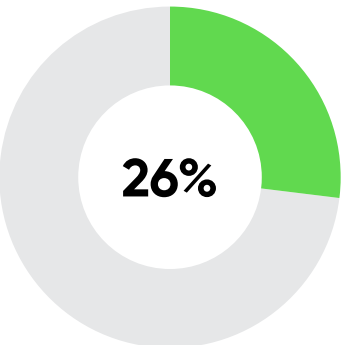
28% — AI
26% — GenAI

Reduction in customer effort

27% — AI
20% — GenAI

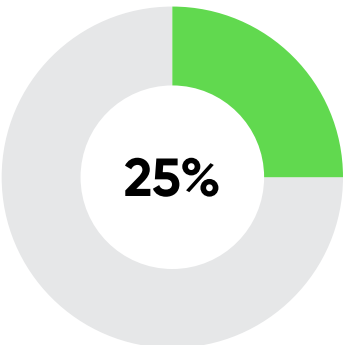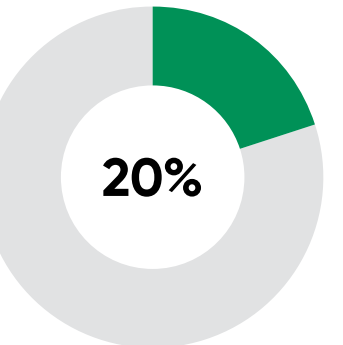**Reduction in case volume**
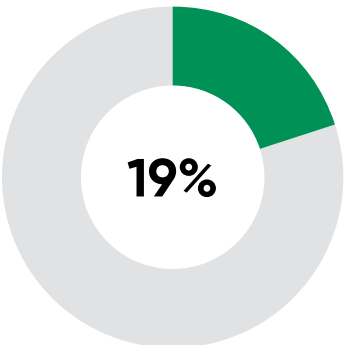
26% — AI
19% — GenAI

Reduction in resolution time
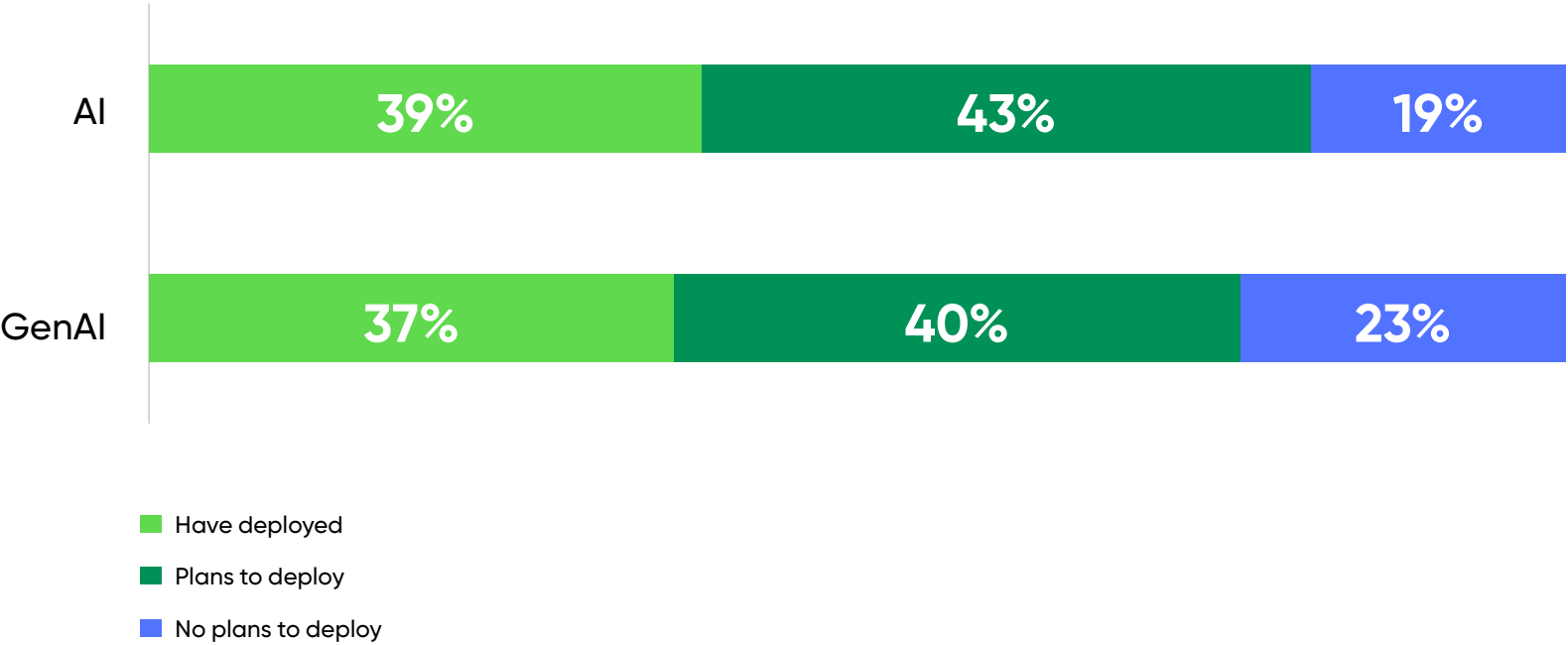
25% — AI
20% — GenAI

Leaders have yet to tap AI's full potential

Because AI and GenAI are viewed as business value drivers, they're also among the top three capabilities customer experience leaders say they most want to deploy right away. Despite this desire, surprisingly few leaders have actually put AI and GenAI to work in a purposeful, cohesive way. One reason may be that these technologies have yet to become strategic priorities for many organizations.

However, leaders aren't uncomfortable with this lack of AI focus, and many feel they're either ahead of or on the same level as their competitors. This sentiment suggests organizations that build AI into their strategy have an opportunity to get ahead of the competition and reap the business value they attribute to AI and GenAI capabilities.

Leaders' AI desire does not equal AI deployment

	Have deployed	Plans to deploy	No plans to deploy
AI	39%	43%	19%
GenAI	37%	40%	23%

- ■ Have deployed
- ■ Plans to deploy
- ■ No plans to deploy

Leader Viewpoint

CX leaders rate their AI adoption

47%
of CX leaders say their organization is implementing AI tools in an ad hoc fashion

Yet when it comes to GenAI...

33%
of CX leaders feel they are ahead of the competition

48%
feel they are about the same as the competition

The state of GenAI adoption

Generative AI is a relative newcomer to the AI scene, but leaders already have distinct perceptions about its value and challenges. When leaders were asked which capabilities they believe will be enhanced by GenAI, their answer was, clearly, "all of the above." Notable differences were revealed only when looking across countries (as detailed in the **full CX trends report beginning on page 41**.)

Despite their enthusiasm, leaders acknowledge that there are obstacles to GenAI adoption. As more organizations seek to unleash the perceived high value of GenAI, they need to consider strategies to overcome potential barriers to success.
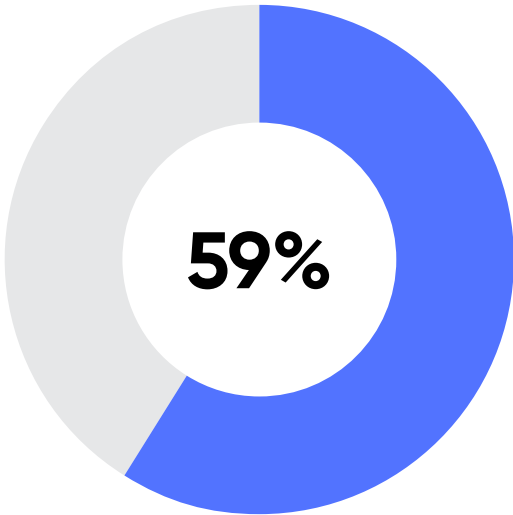
Top capabilities leaders think GenAI will enhance most

64%
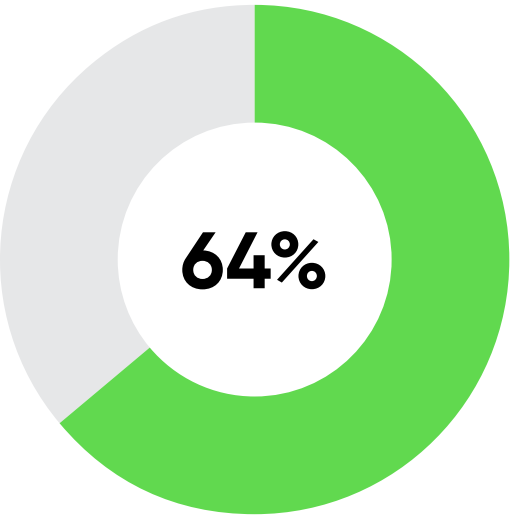
Knowledge-base enrichment
Customer sentiment analysis
Customer self-service
Agent productivity
Reporting efficiency

63%
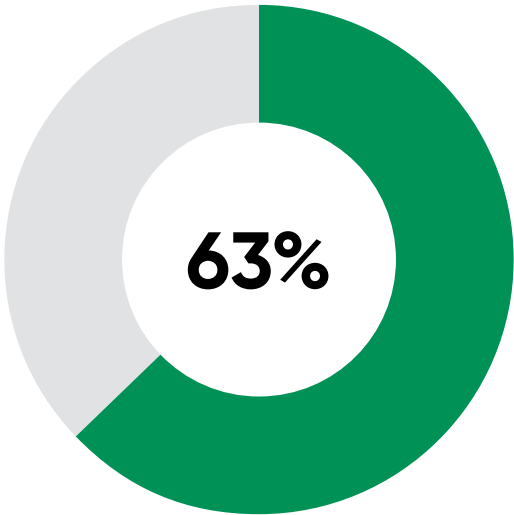
Language translation

59%

Coaching and training

Learn what challenges today's customer experience leaders are facing in the **full CX trends report**.

AI Challenges

What do leaders see as the biggest roadblocks for GenAI?

About **1/3** say...

- User acceptance and trust
- Privacy and security risks
- Need for specialized skills
- Cost and resource constraints

About **1/4** say...

- Ethical concerns and biases
- Legal and regulatory constraints
- Lack of interpretability and transparency
- Computing power requirements

AI TAKEAWAYS FOR CX LEADERS

Generative AI promises to create new frontiers in digitally enabled customer experience

Intelligently applied GenAI will boost customer conversions and retention, elevate customer experience, and boost both efficiency and the bottom line.

To deliver real value in customer service, leaders must devise cohesive AI and GenAI strategies that address:

- **Untapped potential:** Despite recognizing AI's potential, many leaders have yet to deploy it intentionally. However, there's an opportunity for organizations to gain a competitive advantage by thoughtfully integrating AI into their CX strategy.

- **GenAI adoption and challenges:** Leaders perceive GenAI as able to enhance various capabilities, although those perceptions vary by country. Despite leaders' enthusiasm, they acknowledge adoption obstacles, emphasizing the need for strategies to overcome barriers and unleash GenAI's high value.

- **Customer ambivalence:** Customers express a preference for live agents but are open to AI playing a role in service experiences. Opinions on AI are divided, but B2B customers are more comfortable than B2C customers.

- **Concerns and promise:** While customers are not that impressed with current chatbot capabilities, they see promise in the ability of AI to improve service experiences. Concerns focus more on experience quality and effort level than traditional worries about privacy, data security, or job replacement.

Find more survey results on AI in customer service—as well as the state of customer service in general—in the full report: Customer experience (CX) trends: Customer service insights in the GenAI era.

Empower your CX team and enhance customer experiences

Customer service

AI is proving valuable in customer service by alleviating strain on agents through functions such as intelligent routing, language detection, and automated document processing.

Business value

CX leaders acknowledge AI and GenAI as the top drivers of business value across KPIs such as cost reduction, case volume, resolution time, and customer effort.

GenAI augments these customer service use cases

Customer
- GenAI-powered chatbots, converging search, and virtual assistant
- Issue auto-resolution

Front line
- Chat, call, and case summarization
- Resolution recommendations
- Email compose
- Co-pilot

Manager
- Sentiment analysis
- Topic discovery
- Performance management
- Conversational onboarding

Process analyst
- Playbook discovery
- Automation identification
- Root cause analysis

Field technicians
- Work order closure note generation
- Task bundling
- Skills and parts

Leader Viewpoint

How AI creates a unified customer experience

" Artificial intelligence as a whole will improve efficiency and help us find patterns in data. But we must always come back to the fact that it is humans who use the tools."

" Could we use AI to help us design a better customer service system? Yes, absolutely. But it's going to be part of our tool set that enables us to do the analysis to best deploy how we engage customers and how we think about customer journeys."

– **Nikolas Badminton**, *Generative AI Expert and Chief Futurist, Futurist.com*

Source: ServiceNow, **A new impact on customer and employee journeys**, December 20, 2023

FINAL THOUGHTS:

Reshape the customer service landscape with GenAI

Generative AI is going to change the service landscape with the ability to intelligently automate repetitive tasks, enhance self-service, reduce the skills gap between agents, guide decision-making, and assist with high-value tasks. Ultimately, this will result in improved agent productivity, customer sentiment, and agent retention—all while decreasing manager escalations and costs.

ServiceNow can help you improve customer experiences by empowering your whole organization to serve the customer and deliver seamless interactions using automation, AI and GenAI, proactive service, self-service, and more.

ServiceNow Now Assist for Customer Service Management (CSM) streamlines the customer service process from beginning to end, leading to higher agent productivity, potential cost savings, and improved customer experience. By rapidly generating summaries for cases and chats, Now Assist reduces manual work and allows agents to resolve customer issues faster.

Customers also benefit from an improved self-service experience with access to resources that help them find answers fast, leading to higher case deflection and cost reduction. Take advantage of Now Assist for CSM to transform your customer service organization, improve customer experiences, and drive business growth.

Reduce costs and deliver seamless experiences with GenAI

Search		Improve deflection
Answer	Create	Increase productivity
Summarize	Workflow	Optimize processes

Now Assist

For a deeper exploration of ServiceNow solutions, we recommend the following resources:

Customer experience (CX) trends: Customer service insights in the GenAI era

What do customers, customer service agents, and customer experience leaders really think about today's service experience? This report shares five revelations, including perceptions about the role of AI.

Read Report

Customer insights: Customer experience testimonials

How can you exceed customer expectations for speed and convenience while reducing costs? This ebook shares digital transformation strategies and success stories from companies such as SAP, SBB, and Xerox.

Read Ebook

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About ServiceNow

ServiceNow (NYSE: NOW) makes the world work better for everyone. Our cloud-based platform and solutions help digitize and unify organizations so that they can find smarter, faster, better ways to make work flow. So employees and customers can be more connected, more innovative, and more agile. And we can all create the future we imagine. The world works with ServiceNow™. For more information, visit **www.servicenow.com**.