

THE GLOBAL STATE OF CX

2024

How generative AI, data and customer demands are shaping CX in 2024



RESEARCH REPORT



INSIDE

- Why data and analytics are growing in importance for CX practitioners
- How investment priorities change according to budget size
- Why practitioners are working to build recognition of CX as a key business driver

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Featuring insights from CXPA Finland, John Holland Group, PetCo, Hastings Direct, YLE, Maven Clinic, The NTWK and Talkdesk

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Foreword

AI is top of mind and disruptor tech is driving early gains

The Global State of CX 2024 Key findings

Since late 2022, awareness of the power and potential of generative AI has been growing across the business world as revolutionary new tools entered the mainstream. Although no stranger to CX, as a result of this, artificial intelligence (AI) in all its forms is now playing an ever-bigger role in experience design and delivery. These trends, however, are not limited to the organization and in 2024, CX is about more than fielding inquiry volumes or closing feedback loops: practitioners have the tools and data to inform and support the wider business strategy.

The *Global State of CX 2024* is based on the findings of CX Network's Global State of CX survey, completed by 282 CX practitioners, service leaders, experience designers, analysts and consultants from around the world, between January and March 2024.

As always, the report examines the customer behaviors, corporate trends, budget allocations and strategic priorities that are driving the work of the CX practitioner at present, and explains how to identify and seize the opportunities that exist.

With analysis and guidance from practitioners at CXPA Finland, John Holland Group, PetCo, Hastings Direct, YLE, Maven Clinic, Dhruva Express, The NTWK and Talkdesk, this edition is also the first to examine the reach and impact of generative AI on CX, including the loyalty and profit gains some organizations are already recording.

55%

said growing the customer base is a top strategic CX aim for this year

50%

of respondents strongly agreed that automation is critical for delivering CX at scale

28%

of respondents have noted customer loyalty benefits from generative AI

55%

strongly agreed that data privacy and security is becoming more important to customers

66%

said the pressure to prove ROI is increasing, while 25 percent said it stayed the same

63%

said CX delivers benefits to their organizations that go unmeasured

About the respondents

CX Network's annual *Global State of CX* research covers the CX trends, tech developments, customer behaviors and budget values that influence our network of CX practitioners and their ability to deliver superior customer experiences.

This year's survey was completed by 282 CX practitioners, service leaders, experience designers, analysts and consultants from around the world. Their responses provide the wider global CX community with information on the development and maturity of CX, and a reference point for the trends and challenges defining the work of CX practitioners at present.

To contextualize the findings in the 2024 report, this section details the locations, departments, seniority and job functions of the survey respondents. Please note that due to rounding throughout this report, some figures may not total 100 percent.

Figure 1
I am...



Source: CX Network *Global State of CX* Survey, January-March 2024

Figure 2

Which title best describes your current role?

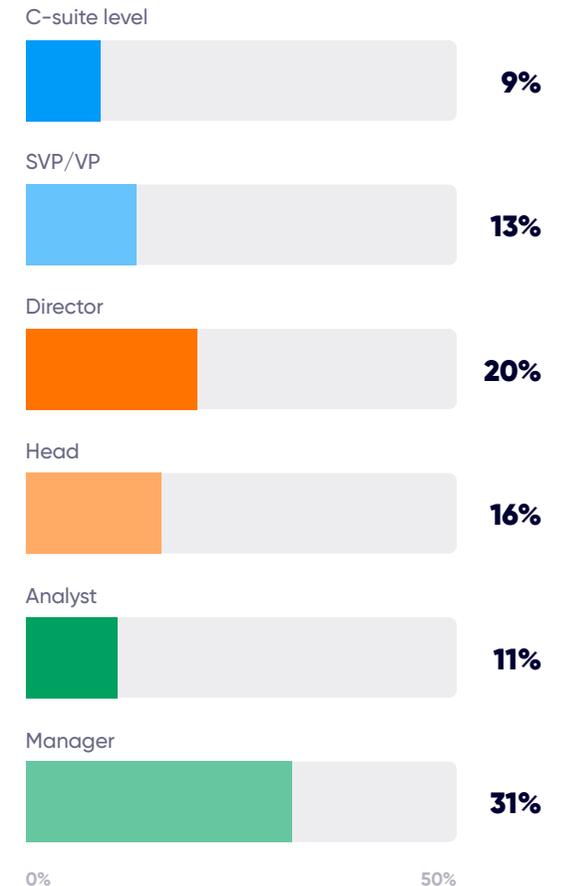


Figure 3
Which regions are you responsible for?

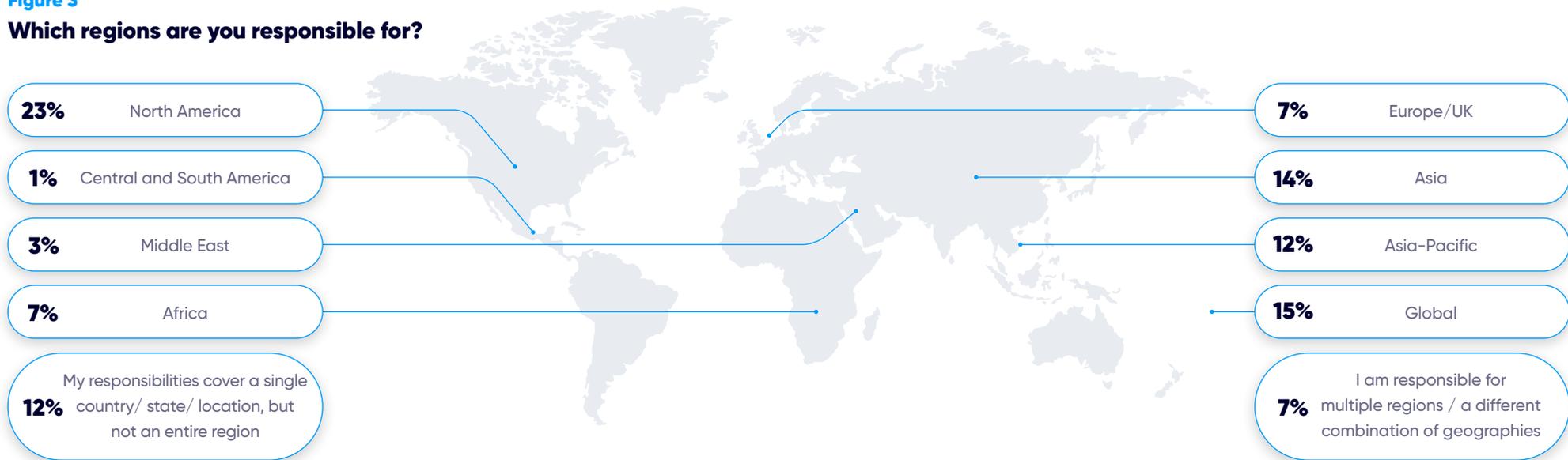
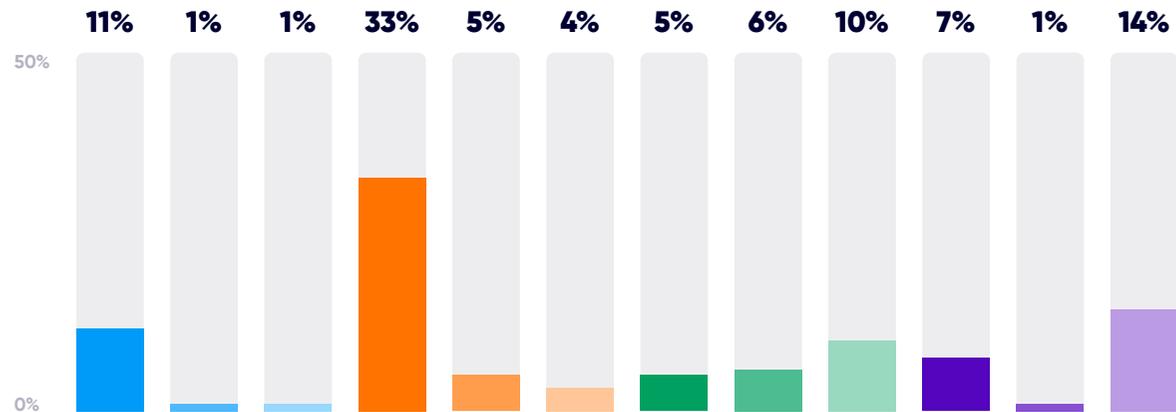


Figure 4
To which department/function do you belong?

- Contact center/ Customer service
- CRM
- Complaint management
- Customer experience
- Digital transformation
- Insights and analytics
- Executive team/ C-suite
- IT, tech
- Marketing and market research
- Operations
- Product management
- I sit across multiple departments



Source: CX Network Global State of CX Survey, January-March 2024

Figure 5
In which industry do you operate?



Source: CX Network Global State of CX Survey, January–March 2024

About the 2024 analysts

To support our analysis of the Global State of CX 2024 survey, CX Network interviewed...



Sirte Pihlaja

Head of team for CXPA Finland and CEO of Shirute



Vinay Parmar

CEO of Dhruva Star, former chief CX officer for National Express and CX Network Advisory Board member



Sam Phillips-Lord

Senior customer insight manager for HastingsDirect



Colin Crowley

VP of customer support for Maven Clinic



Yvette Mihelic

Director of CX at John Holland Group and CX Network Advisory Board member



Travis Gelbrich

VP customer care and contact center for PetCo



Pedro Andrade

VP of AI at Talkdesk



Anna Noakes Schulze

Head of community experience at TheNTWK



Jaakko Lempinen

Head of CX for YLE Finland CX Network Advisory Board member

Our interviewees are CX professionals in major organizations. Their analysis in this report draws on their experience at these organizations and others.

CX IN 2024

Trends, challenges and the modern practitioner

INSIDE THIS SECTION

- AI dominates the top-10 trends identified by practitioners
- Competing priorities remains a top challenge for the second consecutive year
- Practitioners must get to grips with data



CX in 2024: Trends, challenges and the modern practitioner

Over the last 12 months, the major trends defining CX have been shaped by changing technological developments, changing customer demands and the continued digitalization of the modern enterprise.

When practitioners were asked to select which three trends they expect to have the greatest impact on their role in 2024, the most selected responses were data and analytics (42 percent), artificial intelligence (AI) technologies for operations (39 percent) and

automation (37 percent, see Figure 6). While AI features several times in the top-10 list, it is also an enabler of other trends, such as automation and self-service. Only two of the top-10 trends, EX and loyalty, are not directly related to technology.

When compared with 2023, the top trends indicate a strategic shift in the practitioners' focus. Digital CX has dropped from the most important to the seventh most important trend, while the components of digital CX,

such as self-service and automation, have moved up the list of priorities, signaling that practitioners are now more focused on the details of digital.

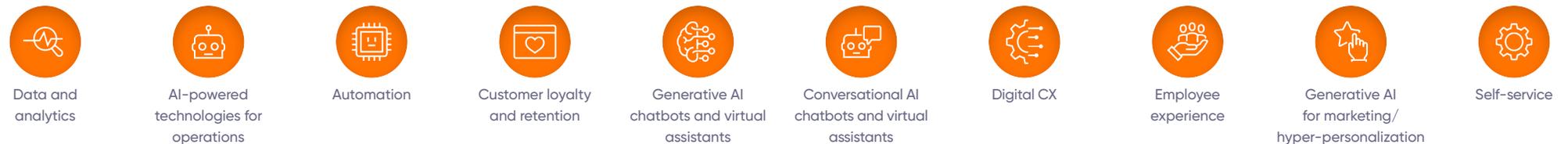
“Linking CX improvements and investments to new and returning customers is still a challenge.”

Travis Gelbrich

VP customer care and contact center for PetCo

Figure 6

10 trends that are changing the role of the CX practitioner in 2024*



10 trends that are changing the role of the CX practitioner in 2023



Source: CX Network Global State of CX Survey, January-March 2024 / *Respondents were asked to select three choices.

Commenting on the results, Sam Phillips-Lord, senior customer insight manager for HastingsDirect, says practitioners are gaining a deeper understanding of what it takes to enhance CX. "I believe many people used to see 'digital' as a golden bullet to solving customer problems and enhancing CX," he says. "While digital can absolutely help, it requires much more than just what was once simply seen as digital servicing."

Phillips-Lord adds: "Customers are becoming much savvier to being palmed off with 'do it online' portals and generic help pages; neither empathy, nor a human connection can be found from digital. I have a sneaking suspicion that the rise of AI is likely to go in a similar direction. Yes, it absolutely has its uses from the experiential and efficiency perspectives, but often overlooked are the brains behind the tool."

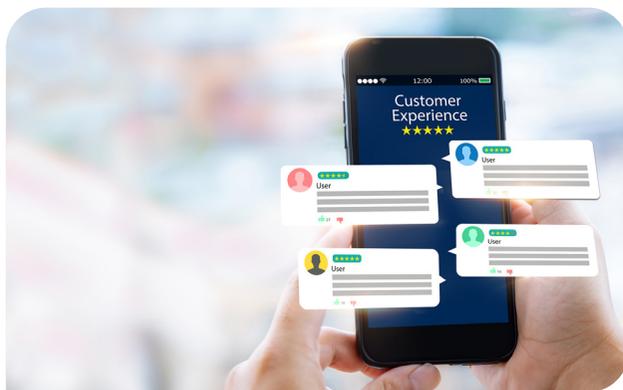


Figure 7

When we asked practitioners how they are preparing for these trends, they said...

"Learning more about bringing technology into service to improve CX and ROI."

"Trying to work with customers as closely as possible and using real-time data to fix issues right away."

"Deploying self-service features online, conducting surveys to re-design employee journey and investing on RPA to eliminate repetitive tasks."

"Upskilling to ensure awareness of latest developments and innovation in CX management."

"Building AI models for cross selling and behavior segmentation."

"Looking for new technologies that can increase value while unlocking features from current systems, solutions and platforms."

"Crafting a clear CX vision aligned with emerging trends, and mapping out a strategy with goals, initiatives, and a roadmap to transform CX by 2024."

Source: CX Network's Global State of CX survey, January-March 2024



AI dominates the top trends identified by practitioners

For the first time in 2024, the response choice for this question included two options on generative AI with both making the top-10, while conversational AI chatbots and virtual assistants both moved down the list of priorities.

Another trend to enter the top-10 this year is self-service. Critical to meeting the customer's demand for friction-free and convenient support, self-service is increasingly being recognized as a driver of both operational efficiency and customer satisfaction. Traditionally, self-service has been somewhat hit and

miss with many customers initiating a self-service journey that ultimately requires live assistance. Today however, with new capabilities and tools at their fingertips, practitioners are revisiting and upgrading self-service for the AI age.

On the leading capabilities practitioners need, Pedro Andrade, VP of AI at Talkdesk, advises a focus on generative AI-powered virtual agents and chatbots that autonomously resolve customer inquiries at first contact rather than deflect them to a human agent. He also advises self-service is enhanced with portals that allow customers to manage accounts, update information and track orders, and biometric authentication for secure identification.

To understand how our practitioner respondents are preparing for these trends, see Figure 7.



Competing priorities remains a top challenge

According to respondents, CX faces a number of challenges in 2024. However, for the second consecutive year, competing priorities were identified as the top challenge (selected by 42 percent of respondents), followed by aligning business objectives with CX initiatives (37 percent, see Figure 8).

Yvette Mihelic, director of CX for John Holland Group (JHG), says there is a link between the two challenges, which is key to overcoming them. "It is important to understand the links between CX and the delivery of overall organizational strategy, which generally involves increasing profit or growth – or both. Being able to clearly link investment in CX with the commerciality of the organization has always been a key driver of advocacy and the commitment of funding of CX related initiatives, programs and investment.

"It becomes difficult at best for the C-suite and board to deny prioritization of items that drive the realization of strategic goals," she adds.

"It is important to understand the links between CX and the delivery of overall organizational strategy, which generally involves increasing profit or growth – or both."

Yvette Mihelic
 Director of CX at John Holland Group

Further to this point, the tenth most selected challenge in 2024 was assigning internal CX responsibility. Mihelic says this means CX practitioners must consider the intent and objectives of not only their end customers, but also strategic stakeholders across the entire decision chain.

She explains: “My tip is to ensure each business case you put forward considers its commercial benefit as well as its alignment and contribution to the overarching organizational strategy.”

One thing that could support practitioners in this work is linking customer feedback to top-line financial metrics such as customer acquisition, revenue, profit and cost savings. However, according to Travis Gelbrich, VP customer care and contact center at PetCo, this is another challenge CX programs face.

“While there are areas where alignment is easy to show, they tend to be more on the cost side of the business, for example through fewer contacts to the contact center. Linking CX improvements and investments to new and returning customers is still a challenge,” he says.

“Survey results do not always easily link to customer acquisition, churn or revenue. The same is true for social media feedback and how it impacts overall brand

consideration and preference. For example, how do we measure the impact on the brand of effectively managing viral events on social media?”

 **Practitioners must get to grips with data**

Elsewhere in the top-10 challenges, respondents identified a mix of operational and technical obstacles, including creating actionable insights from data (29 percent), overcoming data silos (22 percent) and digitalizing platforms and services (18 percent). However, Mihelic says there are “at least another three” CX challenges that she will be watching in 2024: the war on talent, CX mis-identity and “analysis paralysis”.

On hiring, Mihelic says that particularly in Australia, where JHG operates, the Covid-19 pandemic prompted many CX practitioners to leave their specialties for new areas of focus. With fewer people now available to take on CX roles, this has created a talent gap. Compounding this issue further is the mis-identity of CX, which is often still thought of as customer service.

“Unfortunately, for a large number of stakeholders and influencers, customer service is an expensive ‘nice to have’ and many switch off when they hear about a proposed investment in CX,” Mihelic says. “Globally we need to market the value and intent of CX – and its differentiation to customer service.”



Finally, on analysis paralysis Mihelic says the volume of data that are now available to CX means practitioners must be able to identify which data provide actionable insights – and which do not.

“Creating a data set profile that provides you with the information you need – preferably leading, rather than lagging – helps create meaningful change and improvements in the end-to-end delivery of an experience, resulting in improved performance, rather than floating in a wasteland of data that has little to no value.”

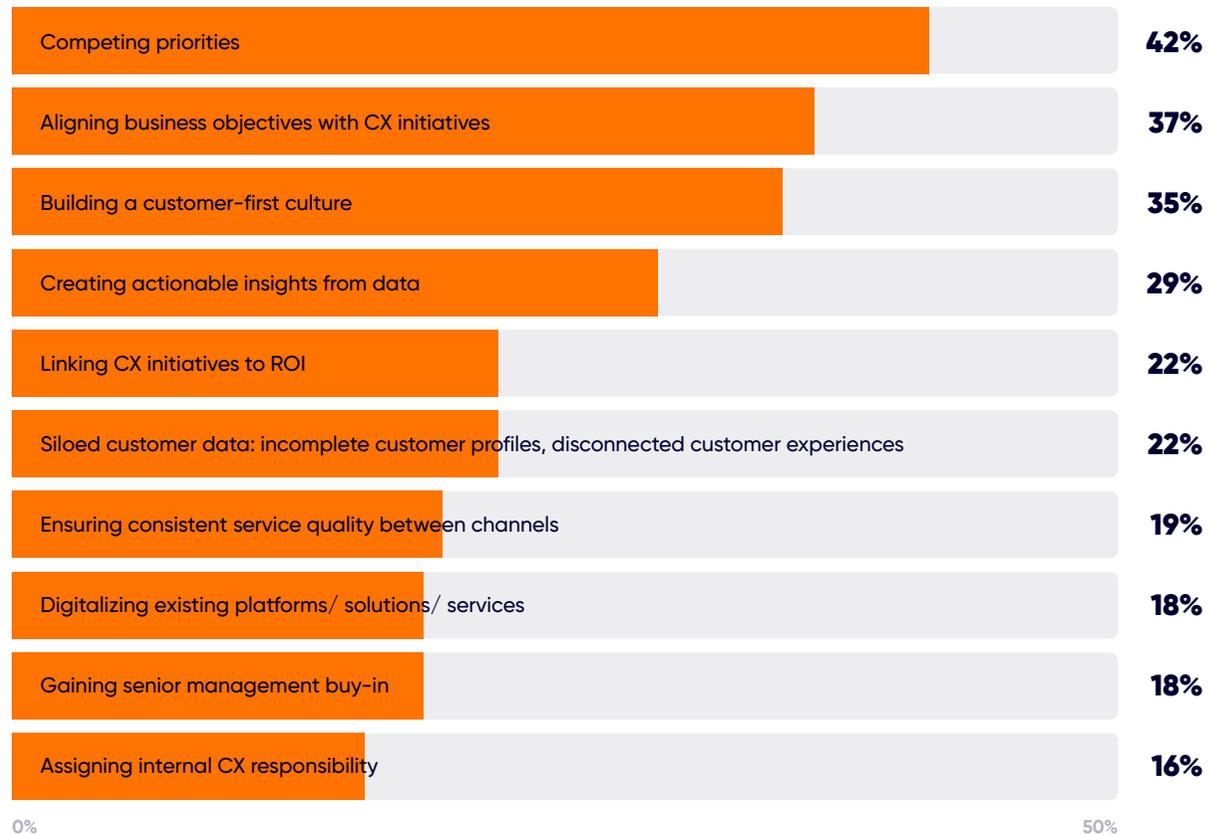
The next section of this report analyzes the budgets CX practitioners are working with, how they plan to allocate the money and their anticipated obstacles to investment.

“I believe many people used to see ‘digital’ as a golden bullet to solving customer problems and enhancing CX. While digital can absolutely help, it requires much more than just what was once simply seen as digital servicing.”

Sam Phillips-Lord

Senior customer insight manager for HastingsDirect

Figure 8
10 challenges CX practitioners face in 2024*



* Respondents were asked to select three choices

Source: CX Network’s Global State of CX survey, January-March 2024

A SNAPSHOT OF CX SPENDING

INSIDE THIS SECTION

- Automation is this year's top investment priority
- The biggest budget holders are focused on accessibility
- The ability to prove ROI is an obstacle to investment

A snapshot of CX spending

As demonstrated in Figure 9, CX budgets have remained relatively stable year-on-year, with the lowest budget bracket selected by the majority of respondents again in 2024. However, the share of practitioners in the lowest budget bracket is at a three-year high this year, with 43 percent reporting they have up to US\$100,000 to spend, compared with 22 percent in 2023 and 34 percent in 2022.

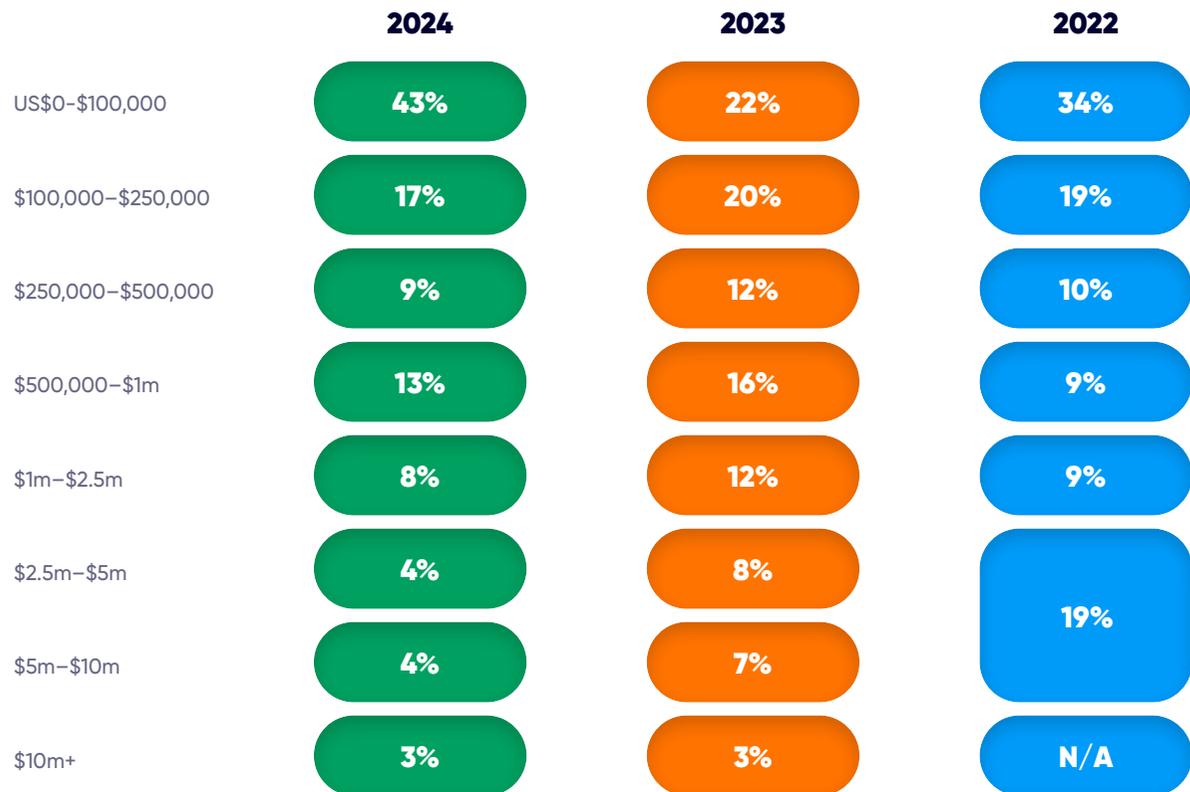
With reference to how CX and service leaders can manage a reduced budget Colin Crowley, VP of customer support for Maven Clinic, says the choice begins with deciding whether to invest in people – through incentive plans, new bonus structures and roles – or whether to invest in technology.



Figure 9

What is your company's annual budget for CX management solutions (US\$)?

Year-on-year comparison, 2022-24



Source: CX Network's Global State of CX survey, January-March 2024

"I recommend starting with a review of the technology options and working back from there," Crowley says. "However, you need an idea of the return on investment (ROI) that you will receive from the technology, and you will need to be more than 80 percent confident that you understand the ROI, you can deliver on it, and it is enough to warrant investment. If you do not have that confidence level, you will probably spend more than you intend, or spend less than you need and not get your return."

For practitioners who do not have the required confidence around ROI, Crowley says they can simplify investments, for example by focusing on robotic process

automation (RPA) over AI. "Technologies like RPA may have less risk and more guaranteed returns, and they save money for more investments in people to ensure you are maintaining loyalty and engagement with your workforce," he continues.

The ability to deliver ROI is a key consideration for practitioners in 2024 and, regardless of the budget value, the money must work harder than ever. When asked, 66 percent of respondents said the pressure to prove ROI is increasing, while 25 percent said it stayed the same and a mere one percent of respondents said it is decreasing.



Automation is this year's top investment priority

On how practitioners are spending their CX budget, the majority (42 percent) said they plan to invest in the automation of CX and service functions. This was followed by data insights and analytics (38 percent) and conversational AI chatbots and virtual assistants (28 percent, see Figure 10).

Explaining how to get started with the automation of CX and service functions, Andrade says the first step is to target low-complexity, high-volume tasks. The identified tasks will vary between industries, but the principles remain the same, he explains.

"You need an idea of the ROI you will receive from the technology, and you will need to be more than 80 percent confident that you understand the ROI, you can deliver on it, and it is enough to warrant investment."

Colin Crowley
VP of customer support for Maven Clinic

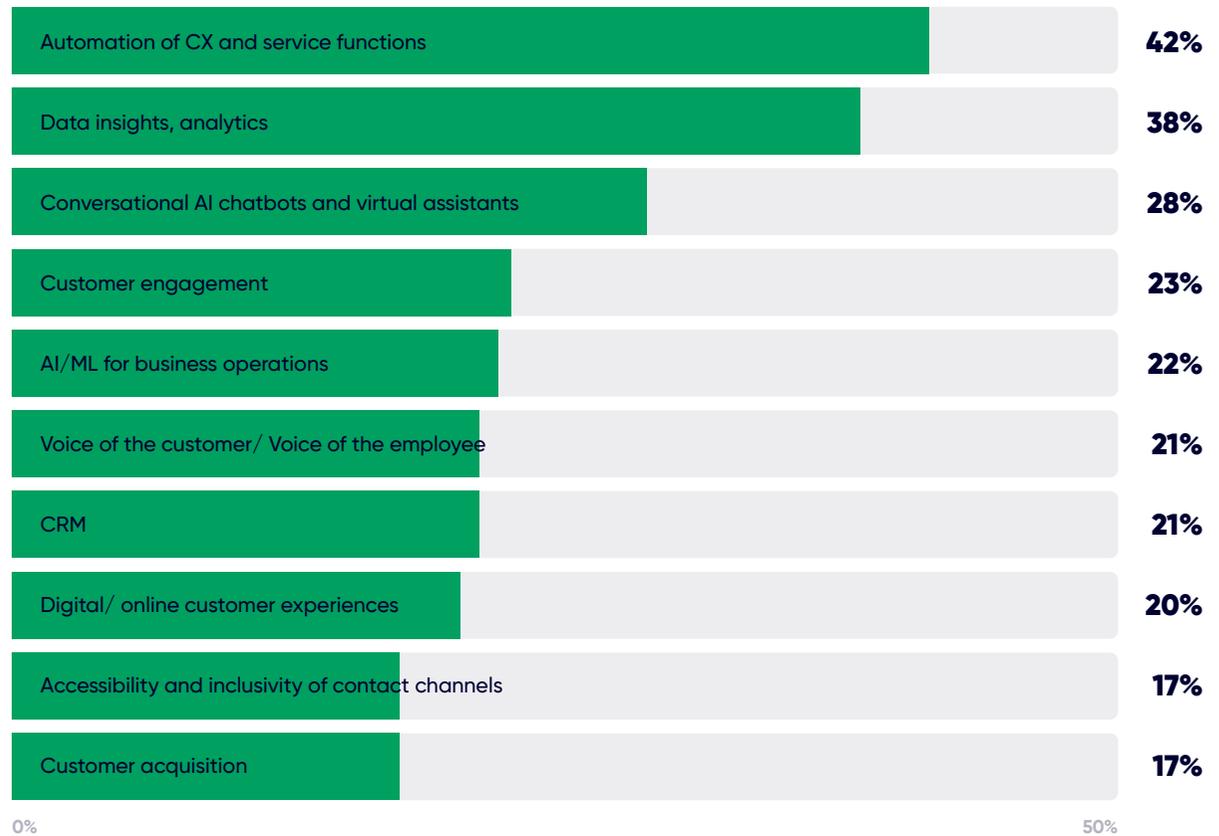


“Healthcare organizations, for example, might want to look at automating how patients schedule appointments and retail brands may want to provide automated updates on an order status or delivery tracking. Areas that reduce operational cost while enhancing CX offer the greatest return on investment,” he explains.

As referenced in section one, AI is both a leading CX trend as well as an enabler of other trends and a similar pattern can be found in practitioners’ spending priorities: in addition to being an investment priority in its own right, AI technology also powers other investment priorities, such as data analytics and chatbots. Sirte Pihlaja, head of team for CXPA Finland and CEO of Shirute, says practitioners can still drive results with AI if they are working with a small or reduced budget, by augmenting their existing chatbots with generative AI. However, there is a common pitfall with all AI projects that practitioners must be mindful of.

“Many a time, when companies are doing AI-related projects, it’s about how can we do the things that we have always done but in a way that is now supported by AI,” Pihlaja says. “Whereas particularly for CX, they should be thinking about new things and experiences that AI can help create and exploring how it can unlock their creativity.”

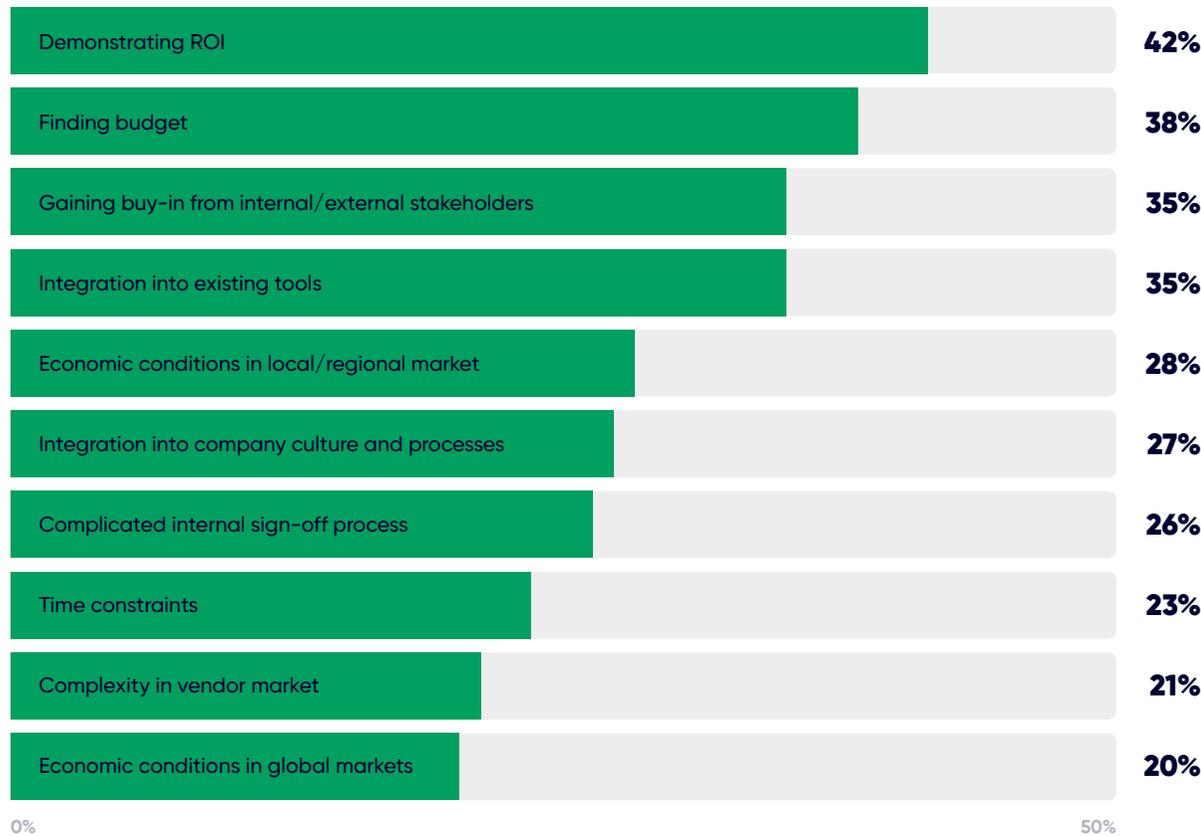
Figure 10
Investment priorities for the year ahead*



* Respondents were asked to select three choices

Source: CX Network’s Global State of CX survey, January-March 2024

Figure 11
The 10 most common obstacles for bringing these investments to life



* Respondents were asked to select three choices

Source: CX Network's Global State of CX survey, January-March 2024



The biggest budget holders are more focused on accessibility

Although there is evidence for CX budgets shrinking in some organizations, 32 percent of respondents said their CX budget is higher now than in 2023. Further analysis of these respondents shows organizations with larger budgets are more likely to have the technological basics in place. For example, there was little appetite among the largest budget holders this year to invest in such basic yet essential capabilities as data analytics, an omnichannel model or a cloud contact center. On how practitioners can invest to continue to drive results, Andrade advises a focus on the continued development of AI capabilities.



“Conversational AI, particularly powered by generative AI, offers a transformative approach to CX by enabling more natural, human-like interactions between customers and virtual agents,” he explains.

These capabilities allow contact centers to resolve a broader range of inquiries by leveraging self-service and minimizing the need for human intervention in routine queries. Additionally, conversational AI powered by generative models can leverage data already collected to continuously learn and improve responses, leading to greater accuracy and efficiency over time.

Andrade says: “This not only enhances customer experiences but also optimizes existing data analytics resources within the contact center.”

Another notable trend among all budget holders is a new focus on the accessibility and inclusivity of contact channels, which entered the top-10 investment priorities for the first time this year. When analyzed further, for those with a budget of \$2.5 million or more, the accessibility of contact channels was the fifth most selected investment priority.

Although many would argue accessibility is a foundation of CX, this trend suggests a sign of CX maturity among the organizations with larger budgets. Crowley says the trend is a continuation of the omnichannel focus, “the idea that companies should be wherever their customers are at, by maximizing where ‘at’ can be”.

Crowley adds: “Another factor is that companies have entered a world where they want to engage their customers. Companies seek to use customer service as a differentiator, and you can’t do that if people are not able to engage with customer service.”

“Areas that reduce operational cost while enhancing CX offer the greatest return on investment.”

Pedro Andrade
VP of AI at Talkdesk

It is even possible to use AI to leverage this trend, by conducting rich Voice of Customer (VOC) analysis of written contacts and call transcriptions. “This actually adds a positive value to customers contacting you through the learnings and insights that customer contacts generate, as opposed to customer contacts being seen primarily as a cost,” Crowley says.



The ability to prove ROI is an obstacle to investment

In addition to the increasing pressure to prove ROI, elsewhere in the survey ROI was named as the most significant obstacle for CX investments (42 percent, see Figure 11). This was followed by finding budget (38

percent) and gaining buy-in from internal and external stakeholders (35 percent).

With more CX technology and tools on the market than ever before, practitioners require a deep understanding of how to navigate their options, work with vendors and make decisions that will deliver true returns.

Advising on how to do this Vinay Parmar, CEO of Dhruva Star and former chief CX officer for National Express, says: "Fundamentally, the reason bad decisions are made on technology is that not enough work has been

done to bring clarity to what you are trying to achieve, and the wrong people are involved in the conversation. Often in companies we knee jerk to point solutions without understanding the root cause of the problem."

During his time in finance, Parmar was tasked with reducing call center volumes. Initial analysis indicated 20 percent of all calls were from customers who wanted to check their balance, however, balances were available via self-service. Rather than automate the balance inquiry journey, Parmar's team started to ask callers why they were not sourcing balance

information independently. It transpired that more than 70 percent of the inquiries were related to the customer wanting to switch to a competitor. "If we had automated, we would have achieved the short-term objective, but we would have also lost the opportunity to change things for customers who wanted to leave," Parmar says.

The next section of this report explores how technology is changing CX, with insights on how such disruptor technologies as augmented reality and metaverse, are driving early profit and loyalty gains.

"Often in companies we knee jerk to point solutions without understanding the root cause of the problem."

Vinay Parmar
CEO of Dhruva Star

THE IMPACT OF TECHNOLOGY ON CX



INSIDE THIS SECTION

- Disruptor technologies are driving profit gains
- Early generative AI deployments are delivering on customer loyalty
- Not all customers want or trust AI

The impact of technology on CX

Across the corporate world, ongoing digital transformation means technology is playing an ever-greater role in business and CX. However, when it comes to adoption, clear leaders and laggards are emerging.

When asked about cloud contact center adoption, 15 percent of respondents said their organization is cloud native, while 19 percent said they have fully migrated. At the other end of the spectrum, 14 percent said they plan to migrate their contact center to the cloud in future while 13 percent said they have no plans.

When asked if they operate an omnichannel communications hub, 16 percent of respondents

said they have a fully implemented omnichannel model and strategy, a three percent increase on 2023. The majority (35 percent) said they have a multi-channel model but the connections between them remain fragmented.

Andrade says those with fragmented channel connections face two significant challenges.

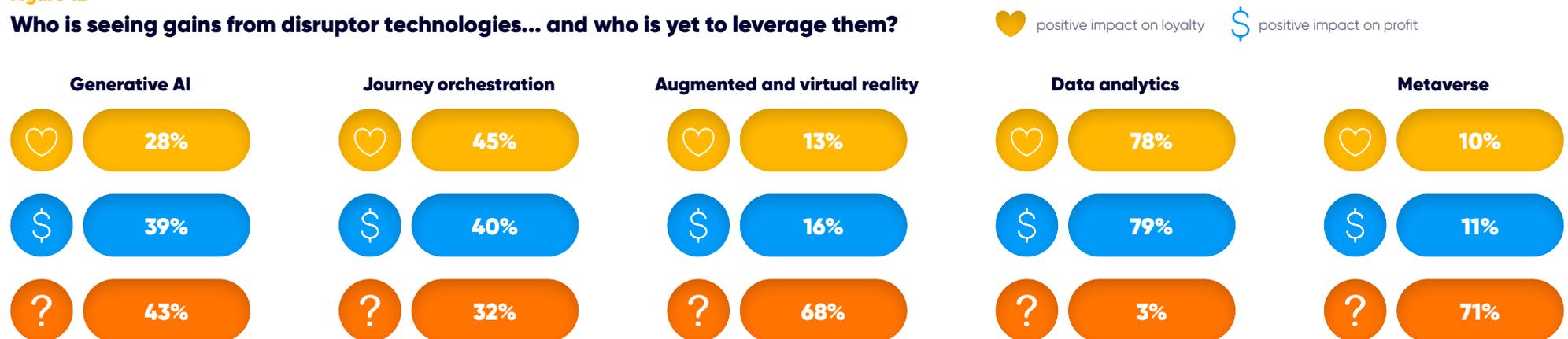
“Brands that do not implement an omnichannel strategy are much more susceptible to customer churn,” Andrade says. Although it is frustrating for a customer to have to repeat information between channels, the real damage is reputational. “This

process not only consumes a customer’s time and patience, but also conveys a sense of inefficiency and disorganization on the part of the company. As a result, customers who encounter this disjointed experience are more likely to become disenchanted and seek out competitors who offer a smoother, more cohesive service experience.”

“Brands that do not implement an omnichannel strategy are much more susceptible to customer churn”

Pedro Andrade
VP of AI at Talkdesk

Figure 12
Who is seeing gains from disruptor technologies... and who is yet to leverage them?



Today, however, omnichannel is about more than communications: it is also a rich source of customer data and enables businesses to track and analyze customer interactions across all touchpoints, including websites, mobile apps, social media, email and phone calls as well as in-person interactions.

"This holistic view allows for a comprehensive understanding of the customer journey, including preferences, pain points and behaviors. Businesses can then tailor their marketing and sales strategies to align with customer preferences and behaviors," Andrade

says. "This targeted approach enables more effective engagement, conversion and retention than a multi-channel model."



Disruptor technologies are driving profit gains

There are many new technologies at the practitioners' fingertips, and some have the potential to disrupt and re-write the rules of CX, including generative AI, journey orchestration, data analytics, metaverse and augmented and virtual reality (AR/VR).

For the first time in 2024, we asked practitioners how their use of seven key CX technologies is driving profit and loyalty. As demonstrated in Figure 12, the early experimenters are seeing gains in both areas, however, many are yet to embrace the high-tech future of CX.

For example, among those who use journey orchestration, 45 percent reported positive loyalty outcomes and 40 percent reported positive financial outcomes. However, 32 percent are yet to get started with this technology.

On why so many are yet to embrace the new generation of technology in the marketplace Anna Noakes Schulze, head of community experience at TheNTWK, says CX often adopts technology after other functions such as marketing, where cutting-edge technologies are required to "grab the customer's attention in new and inventive ways".

"Customer experience is tasked with nurturing and preserving the customer relationship, which naturally lends itself to more conventional, lower-risk approaches that already have a proven track record. These conservative tendencies work against experimentation with cutting edge tech, except in a few rare cases like generative AI where the efficiency gains all but guarantee a positive return on investment," she says.



"If these technologies are not yet important to your customers, then pay attention to what the more future-forward brands are doing and see what you can learn from their initiatives."

Anna Noakes Schulze
Head of community experience at TheNTWK

Although they often divide opinion, AR/VR and metaverse-based experience are growing in popularity, with retail and B2B driving the use cases. On how these technologies can be used to engage customers, Noakes Schulze says CX professionals need to address two basic questions before initiating a high-tech CX project: how relevant are these technologies to our customers now? And how relevant will they be to new and existing customers over the next three to five years?

“If immersive technologies like AR/VR and metaverse are already becoming an important part of how your customers interact with brands, then it’s already time to start testing the waters with iterative cycles of small experiments and learning from customer feedback,” she advises. “If these technologies are not yet important to your customers, then pay attention to what the more future-forward brands are doing and see what you can learn from their initiatives. This will help inform your own strategy when your customers signal that the time is now.”



Generative AI is delivering on customer loyalty

As demonstrated throughout this report, AI in all its forms is invaluable to practitioners in 2024, and generative AI is now being used for marketing, hyper-personalization, chatbots and virtual assistants. Among respondents, 28

percent said they had recorded a positive impact on customer loyalty through their use of generative AI for CX, while 39 percent said they had recorded a positive impact on company profits.

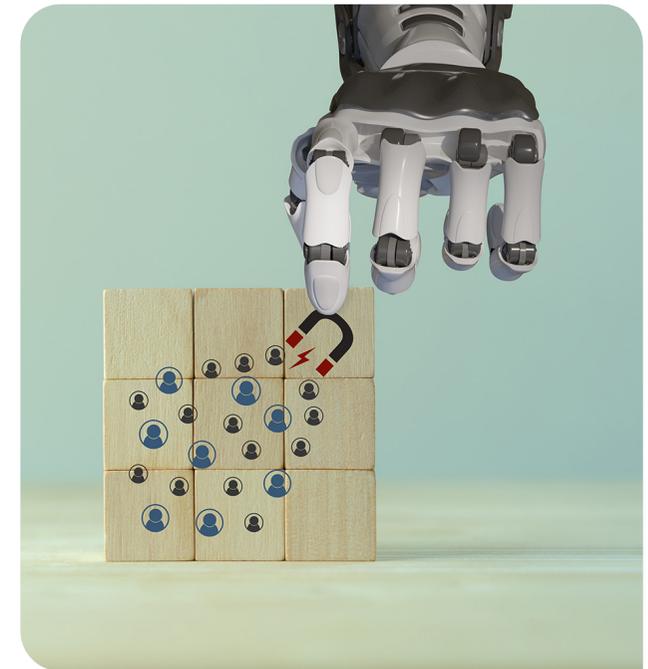
On where this technology is driving the greatest results for CX, Andrade says: “Generative AI is profoundly impacting virtual agents and agent assistants, elevating their capabilities and enhancing their ability to deliver exceptional customer experiences.”

This is because virtual agents powered by generative AI are more adept at understanding and responding to natural language queries and this enables seamless and human-like interactions with customers. “These AI-driven virtual agents possess the ability to comprehend context, infer intent and autonomously resolve a wide range of inquiries, reducing the need for human intervention in complex and routine tasks,” Andrade continues.

On the back end, generative AI is also empowering organizations by augmenting decision-making abilities and streamlining workflows. “These AI-powered assistants analyze customer interactions, suggest appropriate responses and automate repetitive tasks, enabling agents to focus their efforts on more complex issues and high-value interactions,” Andrade says. “Additionally, generative AI enables agent assistants to

provide real-time guidance and coaching to agents, helping them navigate challenging situations and improve their performance.”

Despite the clear benefits generative AI can deliver to the service suite, over the coming 12 months Andrade believes it will predominantly be used to deliver hyper-personalized CX and push the boundaries of what is possible when it comes to targeted sales and advertising journeys, as well as effective communications.



"This level of personalization goes well beyond merely addressing customers by their name or recommending generic products; it involves dynamically adjusting content, offers and recommendations based on the customer's browsing history, purchase patterns, location, demographics and even current context," he says. "By delivering precisely tailored experiences that cater to the unique needs and interests of each customer, generative AI will foster deeper connections, increase engagement and ultimately drive customer satisfaction and loyalty to unprecedented levels."



Not all customers want or trust AI

Despite the general positivity around AI, 65 percent of survey respondents either agreed or strongly agreed that customers are concerned about ethical AI use and the future development of AI for CX.

Jaakko Lempinen, head of customer experience for YLE Finland, says that to demonstrate responsible AI use organizations must be transparent and collaborative, and they should also involve customers in order to understand their preferences and apprehensions.

"Transparency is crucial. Companies should be open about how AI technologies are employed in their operations, specifically in how data are

collected, analyzed and utilized to improve CX. This involves clearly communicating the purposes of data collection and the benefits to the customer, ensuring there is an understanding of the value exchange," he says.

As Finland's national broadcaster, YLE published its ethical guidelines and standards for AI use in 2023, which state that humans are always responsible for the use of AI. Lempinen advises all organizations should make their ethical guidelines and standards for AI use available to the public.

"Thirdly, organizations should actively involve customers in the development of AI solutions through feedback loops, allowing them to express their concerns and preferences. Engaging in dialogue about AI and its role in CX helps demystify technology for customers and builds a foundation of trust," Lempinen says.

Finally, Lempinen says companies can demonstrate their commitment to responsible AI by contributing to and advocating for industry-wide ethical standards.

"Collaborating with regulatory bodies, industry groups and other stakeholders to shape the future of ethical AI use, not only positions the organization as a leader in this space but also helps to ensure that the

development of AI technologies benefits all stakeholders in the CX ecosystem," he explains.

The next section of this report examines the customer behaviors practitioners are keeping an eye on and looks at how AI is being used by customers, as well as organizations.

"Companies should be open about how AI technologies are employed in their operations, specifically in how data are collected, analyzed and utilized to improve CX."

Jaakko Lempinen
Head of CX for YLE Finland



GETTING TO KNOW THE CUSTOMER OF 2024



INSIDE THIS SECTION

- Customers understand more about AI, but still want empathy
- Are machine customers the next big thing?

Getting to know the customer of 2024

The customer's demand for convenience has become more significant for the work of the CX practitioner in 2024, rising from the fourth to the most influential behavior year-on-year.

Elsewhere, the expectation for instant service or delivery has dropped one place this year and reduced customer spending has dropped from the first to the fourth most influential behavior. Awareness of ethical working conditions and the demand for sustainable or ethical products and brands have also fallen down the priority list.

Commenting on the customers' growing demand for convenience, Phillips-Lord says: "We need to go back to basics and deliver to expectations. As a customer, I want to be able to do what I want to do, in the quickest way possible – that means if I can't do something online, don't make me try. Don't lead me down the garden path on a journey that takes in all the things I can do if the thing I want to do cannot be done."

On the factors driving these trends, Parmar says: "The overarching one is our shorter attention spans. There are time pressures in there too, and since remote work became more widespread, that time pressure piece has changed. Pre-Covid, people had less time to fit things in but now, working from home has given people more time

and because they value their time more, they are being selective in how they want to spend it."



Customers understand more about AI, but still want empathy

Several new behaviors feature in this year's list, among them awareness of how AI works or uses customer data, and demand for tighter security across data or communications. In fact, 55 percent strongly agreed that data privacy and security is becoming more important to customers. It is clear customers in 2024 are more tech savvy and time poor than in previous years,

bringing new challenges to how practitioners can and should connect with them.

Lempinen says that to be successful here, companies must focus on delivering seamless, efficient and highly personalized experiences. "A good slogan for this is 'a little bit of friction is a lot of friction', meaning, it doesn't take much to be forgotten," he says. "Utilizing AI and data analytics to understand customer preferences and behaviors in real-time allows for the creation of tailored interactions that resonate on a personal level, minimizing the time spent by customers on finding the products that match their expectations."



"Machine customers will be able to conduct the tasks that feel like chores. It represents an unprecedented growth opportunity for all industries."

Sirte Pihlaja

Head of team for CXPA Finland and CEO of Shirute

By offering multiple, well-integrated digital channels for engagement, organizations can ensure their customers are able to interact in the most convenient way for them, whether through messaging apps, social media or voice assistants. Here, Lempinen says the key to success is a seamless, data-driven management and process model. Loyalty programs also have a role to play by rewarding engagement and offering value beyond discounts, for example through exclusive experiences or enhanced services.

“By recognizing and valuing a customer’s time, companies can foster a sense of loyalty and encourage continued engagement. The best experiences happen when something goes wrong – that is when unforgettable experiences are created and where the true value lies,” Lempinen says.

As the AI-powered service suite evolves from a cost center to a revenue driver, its potential to nurture and repair loyalty is being recognized more broadly across

the organization. As outlined in section one, customer loyalty is a top-10 trend for practitioners in 2024 – and one of only two trends that is not directly related to technology. Elsewhere in the survey, 56 percent of respondents strongly agreed that customers will switch brands when unsatisfied.

Phillips-Lord says that to nurture loyalty in 2024, organizations must also meet the established customer demand for empathy and humanized interactions.

“Through Covid, businesses were able to dial up empathy and personalization and since then, it has naturally reverted. But people loved that experience,” he says, referencing how this trend is evidenced in the rise and decline recorded in customer satisfaction and sentiment surveys. “I think businesses are quickly realizing that while AI and automation are key trends, doing those in conjunction with personalization is what’s really going to drive winning experiences,” he adds.

“We need to go back to basics and deliver to expectations. As a customer, I want to be able to do what I want to do, in the quickest way possible.”

Sam Phillips-Lord

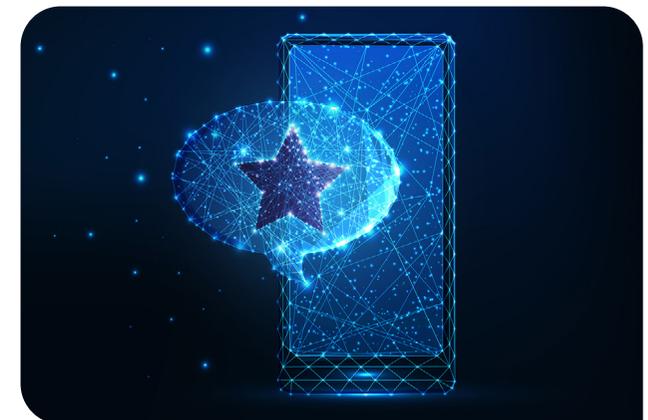
Senior customer insight manager for HastingsDirect



Are machine customers the next big thing?

As the survey data around CX and customer trends demonstrates, practitioners are focusing on AI from both the organizational and customer perspectives. However, according to Pihlaja, practitioners must begin to plan for a future where customers are also using AI to handle service interactions.

“Machine customers are bots, algorithms or processes that make it possible for customers – whether they be in B2B or B2C – to interact with companies and public organizations without needing to be part of the process themselves. Essentially, they are a virtual or digital assistants that act on behalf of the person behind them,” Pihlaja says.



Consumers have become familiar with using Siri and Alexa and now the availability of custom GPTs means any consumer can create an AI assistant to manage their emails, calendars and other tasks, as Pihlaja does. While this trend has existed for some time in B2B, in early 2024, Shirute started to conduct research into how prepared all organizations are for machine customers.

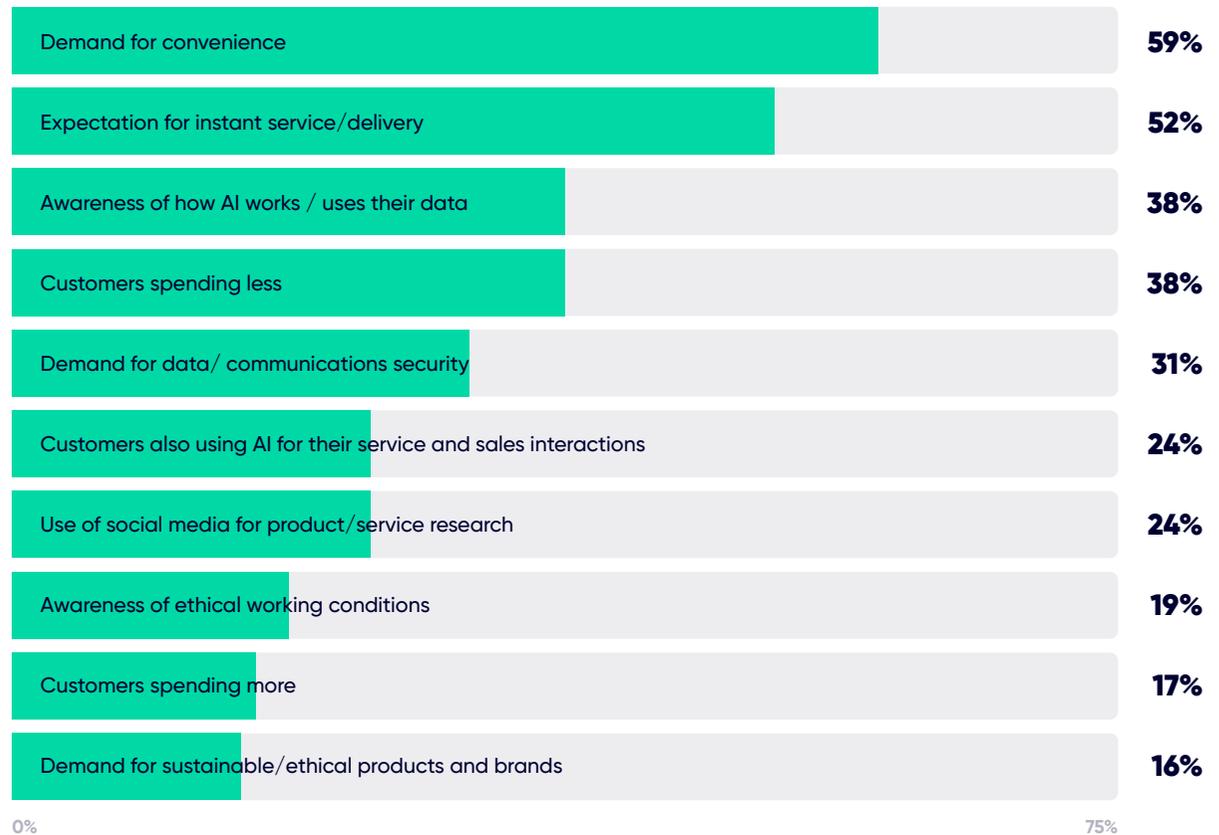
According to Parmar, the future is already here. “We are starting to see younger people using ChatGPT to research their consumer rights and write emails of complaint. So already, agents are dealing with customers who have used AI to get their desired outcome in an efficient and effective way,” he says.

Pihlaja adds: “Machine customers will be able to conduct the tasks that feel like chores to customers, such as changing account details or even negotiating a phone subscription. It represents an unprecedented growth opportunity for all industries.”

The next section of this report looks at the role of the customer experience function in the modern enterprise and examines the unique role practitioners can play to drive the reputation of CX across their organizations.

Figure 13

10 customer behaviors that influenced CX planning in 2024*



* Respondents were asked to select three choices

Source: CX Network’s Global State of CX survey, January-March 2024

CX AND THE MODERN ORGANIZATION

INSIDE THIS SECTION

- Practitioners have a key opportunity to drive the recognition of CX
- Economic pressures threaten the future of CX

CX and the modern organization

In addition to the trends, customer behaviors and budgets that influence CX, organizational culture also has a direct impact on customer centricity and the success of CX initiatives.

To establish how organizations are developing their CX programs we asked our network to select their organization's top three strategic CX goals for 2024. The majority (55 percent) said their primary goal is to grow the customer base (see Figure 14). Other top goals included increasing NPS/CSAT (45 percent) and transitioning to a virtual or hybrid contact center model.

Elsewhere in the survey when asked directly about CX maturity, 13 percent said they would describe their organization's CX management strategy as mature, and 11 percent said they operate in a business culture that trusts them to be more experimental. On how teams are being prepared for the changing role of the CX practitioner, 51 percent said they trained their workforce in soft skills in 2023, including emotional intelligence, adaptability, empathy and resilience.

Commenting on Figure 14, Andrade says that while there is a strong recognition of the importance of CX within organizations, there is still progress to be made in terms of maturity and strategic alignment with broader business goals.

"Many organizations are still in the early stages of developing and implementing comprehensive CX strategies and have not fully integrated CX into their core operations and decision-making processes," he says. "The breakthroughs coming from generative AI may jumpstart investment and the implementation of more customer-centric business models."

Customer centricity cannot happen without listening and responding to customer feedback, yet according to Gelbrich the growing volume of feedback data is creating further obstacles. "Making sense of it all can be a challenge," he says, yet focused efforts can overcome this.

"Sometimes maturing a CX program is less about collecting more feedback and more about focusing efforts on fewer opportunities or priorities that align with the organization's broader goals and areas of investment. As much as we want to resolve queries for every customer, division leaders need a clearer picture of where they should allocate scarce resources to have the biggest customer impact," he says.

"The CX function is successful or mature when it helps the organization translate targeted, and often limited, investment into improvements that customers can see and feel," Gelbrich adds.





Practitioners have a key opportunity to drive the recognition of CX

As highlighted throughout this report, CX plays a critical role in the modern organization, not least by providing the data to inform key business decisions that impact revenue, customer retention and even EX. Since the Covid-19 pandemic, CX has grown in recognition as a driver of business performance, however, our survey data confirms challenges remain around proving ROI, handling multiple projects and priorities, and understanding customer demands.

Gelbrich says clarity is key for practitioners who want to change their fortunes. "The biggest opportunity for CX to grow in recognition is to make the impact of CX on top-line financial metrics clearer," he says, advising practitioners start by analyzing the retention and churn of individual customers to understand what is driving any loss in loyalty.

"It is hard to get this insight when you are looking at the survey results of thousands of customers. But starting with an individual customer's experience and future purchase behavior can unlock key findings about why customers pull back."

Gelbrich continues: "As common themes emerge at the individual level it becomes easier to find the same underlying driver of churn in larger groups or segments of similar customers. This helps find key drivers of churn that may otherwise be missed when starting with the entire survey sample. When you can tie key CX investments that address these themes and stop or slow churn, you can show a direct impact on repeat purchases and ongoing revenue."

According to Mihelic, opportunities to grow the reach and recognition of CX exist beyond the organization, too. She says there are many opportunities for practitioners to advocate for the CX function and its value to the wider business. "I believe it is up to us as practitioners to educate, advise and demonstrate the interconnectivity of CX with overall organizational performance," she says.

"Practitioners need to cross-pollinate CX across organizations and industries – through entire supply chains where possible – in order to create a meaningful identity for CX and ultimately betterment; not only for us organizationally, but also for the customers we serve," Mihelic continues. She says practitioners can spread the word on the importance of CX by participating in and attending multi-disciplinary events, as well as CXcentric events and conferences.



"The breakthroughs coming from generative AI may jumpstart investment and the implementation of more customer-centric business models."

Pedro Andrade
VP of AI at Talkdesk

“This provides the chance for those not familiar with CX to understand its value and become evangelists for our profession,” Mihelic says. “Ultimately, the more people we educate and showcase the value of CX to, the more opportunity we will have to be prioritized in funding, attract and develop a talent pipeline, create career growth opportunities for practitioners, add value to a business and create better experiences for customers.”



Economic pressures threaten the future of CX

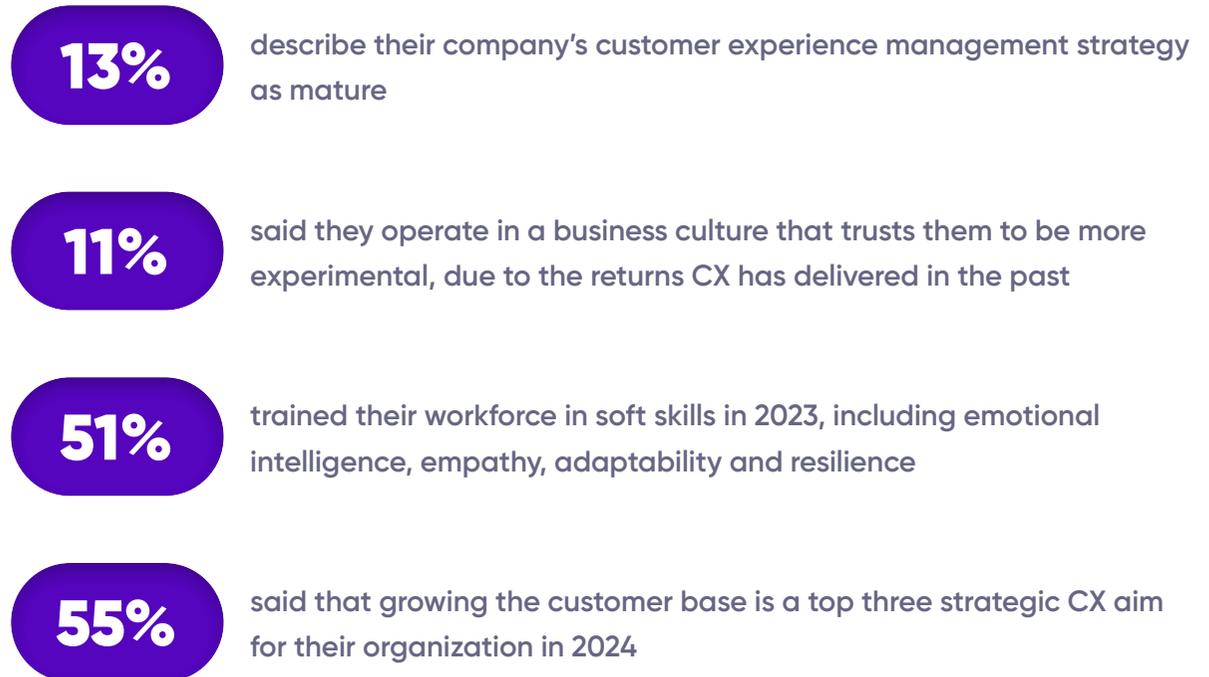
With customers and organizations spending less due to global economic pressures, there is a growing urgency to enhance the position of CX to safeguard its continued existence.

“The funding that gets pulled first is from areas that are unproven in their value to the business,” Mihelic says. Sharing her outlook for CX over the coming 12 months, she says that to counteract this mindset practitioners must be smart with their business cases and thoughtful in their concept creation to create a deeper understanding of “not only the direct value of CX, but also the indirect – brand and reputation uplift – which is hard to measure financially, but definitely valuable when it comes to customer decision sets for purchasing.”

“We need to demonstrate and validate that CX is critical to business growth and development and can provide not only revenue increases, but also deliver efficiencies that result in reduced operating costs. Now more than

ever, we need to be resilient and engage with our cross-industry cohorts in order to convert more and more stakeholders to the power and value of exceptional CX,” Mihelic adds.

Figure 14
Snapshot: The state of CX in 2024



CONCLUSION

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- CX disruption is bringing new opportunities for practitioners
- About CX Network
- About Talkdesk
- CX Network Editorial Calendar

CX disruption is bringing new opportunities for practitioners

In 2024 the core aims of CX remain unchanged: the majority of practitioners want to grow their customer base, upskill their workforce and demonstrate the total value of CX to the entire organization. What has changed is the tools available to achieve these aims. Practitioners are increasingly turning to AI to focus their efforts on enhancing the components of loyalty-building digital CX, such as automation, analytics and self-service.

In fact, from the top CX trends to the leading investment priorities, AI featured heavily in the 2024 survey results. It was even named as a leading customer behavior trend as customers start to embrace generative AI for their own service interactions. As Pihlaja and Parmar outlined, this has the potential to drive unprecedented efficiencies for both parties, while demanding a new service design model.

Along with data analytics and journey orchestration, generative AI is one of several new disruptor technologies that survey respondents say are driving results for their organization. Among the respondents that are using generative AI, 28 percent have already seen customer loyalty benefits and 39 percent reported profit gains. It is clear that CX is on the cusp of transformation.

However, as outlined by Lempinen, to be successful with AI in any form, organizations must order their data and create policies to safeguard responsible AI use and, therefore, customer trust.

"We couldn't be more hopeful for the state of CX than we are now," Andrade says. "Generative AI is going to transform all aspects of CX and help businesses forge genuine connections with their customers, fostering loyalty, advocacy and mutual growth. With generative

AI, CX becomes not just a strategy but a transformative force, where every interaction leaves a lasting, positive imprint on both customer and brand alike."

Despite this, new technology has not eliminated old challenges. Competing priorities and shrinking budgets remain primary concerns for practitioners in all markets. While this goes a long way to explaining the focus on automation seen in this year's results, overcoming these challenges is dependent on enhancing the recognition of CX as a key business driver. As Gelbrich said, the CX function is successful when it helps the organization translate targeted investment into improvements that customers can see and feel.

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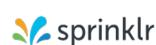
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