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# Strategy and Leadership Predictions for Service and Support Leaders in 2024



Generative AI promises a new solution to an age-old problem: costly assisted service. We expect that customer service and support leaders who leverage generative AI to enable human contact will be more successful than those who leverage it to reduce human contact by eliminating assisted service.

# Overview

## Key Findings

- There is hype around the cost-cutting potential and ease of use of generative AI, and how it can be used to improve self-service containment and reduce inbound contacts.
- In response to this hype, some service and support organizations will rush to leverage customer-facing generative AI to reduce inbound volume (and cost) — potentially harming customers due to hallucinations and misinformation.
- Other service and support organizations will discover that the biggest benefit of generative AI is in enabling human contact, and leverage it to enable a greater variety of postpurchase tasks
- Governments could impact organizations' generative AI strategies by mandating “the right to talk to a human” — potentially disrupting certain organizations' digital-only ambitions.

## Recommendations

- Experiment with employee-facing or back-office generative AI use cases first. When deploying customer-facing use cases, maintain a human in the loop to review the output to avoid causing customer harm.
- Temper executives' expectations about cost savings from generative AI, and communicate the benefits of using generative AI to enable employees to perform tasks that impact the top line.
- Keep abreast of evolving regulations by reviewing industry press, consumer reports and big tech's use of generative AI in customer service and support.

# Strategic Planning Assumptions



**By 2027**, a company's generative AI chatbot will directly lead to the death of a customer from bad information it provides.

**By 2027**, 30% of the Fortune 500 will consolidate postpurchase tasks (expansion, service, success, renewal) into a unified customer-facing employee role.

**By 2028**, the EU will mandate “the right to talk to a human” in customer service interactions.

## Analysis

### What You Need to Know

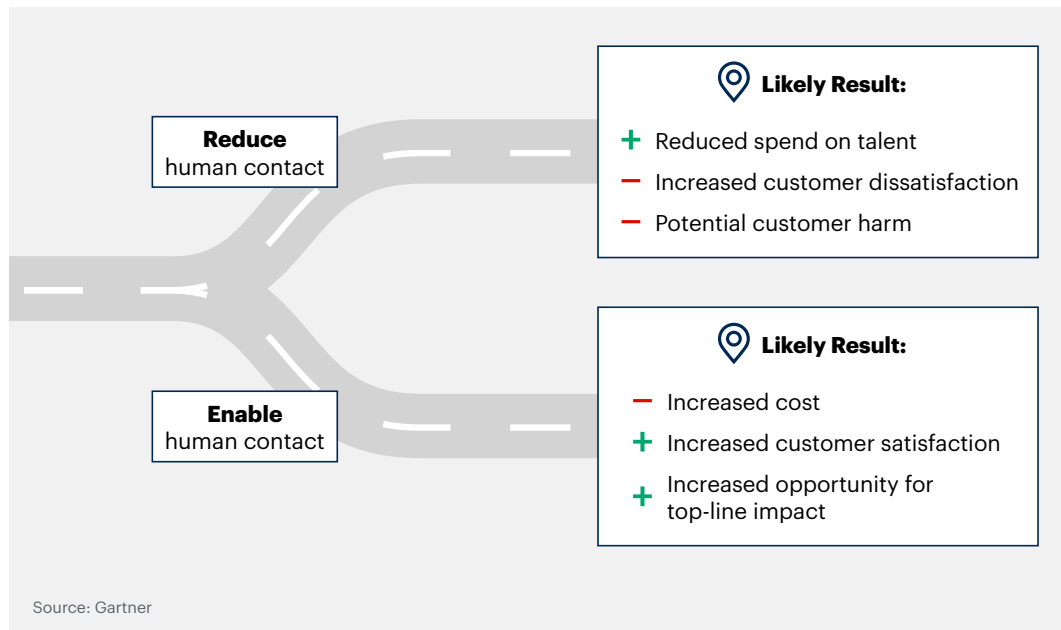
There is a lot of hype around the potential for generative AI in customer service. In particular, much of this hype centers around how organizations can reduce customer service costs, mainly by reducing the need for customer service reps. This hype is leading to heightened expectations — in fact, 60% of recently surveyed customer service and support leaders report that they are under pressure to adopt generative AI in their function.

Gartner's stance: It is currently too risky, expensive and difficult to replace customer service reps with a generative-AI-powered chatbot (see [How to Create an Ambitious, Achievable Generative AI Strategy](#)). But displacing reps with generative AI may become increasingly possible in the next few years.

We predict that service and support organizations will focus primarily on one of two very different uses for generative AI and how it enables customer contacts (see [Figure 1](#)):

- **Reduce human contact:** Many organizations will pursue generative AI primarily with cost reduction and self-service containment in mind, leading them to speak with customers less.
- **Enable human contact:** Some organizations will pursue generative AI to prompt engagement with customers, investing in use cases that enable employees to perform a broader variety of postpurchase activities.

**Figure 1: Two Paths Forward When Leveraging Generative AI in Service and Support**



We expect that organizations that predominantly focus their efforts on enabling human contact will better match customer preference and need for service and support. They will also minimize the risks associated with customer-facing generative AI and be better prepared for the emerging regulatory climate.

In particular, we predict that:

- Organizations that invest in customer-facing generative AI will overreach, rolling out improperly vetted use cases too early, potentially causing harm to their customers.
- Organizations that leverage generative AI to enable assisted interactions will drive value, as they use these increased touchpoints to go beyond resolving issues.
- Organizations that shut down assisted service channels will run afoul of new regulations, as governments look to protect consumers' right to speak to a human.

# Strategic Planning Assumptions



**By 2027**, a company's generative AI chatbot will directly lead to the death of a customer from bad information it provides.

**Analysis by:** Brad Fager



## Key Findings:

- As chatbots become more realistic and, therefore, more trusted by users, “hallucinations” present a major complication. According to OpenAI's GPT-4 Technical Report, hallucinations refer to content that is “nonsensical or untruthful in relation to certain sources.”
- Incorrect information from hallucinations can create a heightened risk when presented with a veneer of authenticity and as users begin to overrely on model outputs.
- The risk of bad information has existed for a while — like in 2014, when a fake ad highlighted that Apple's iOS8 software enabled charging via a microwave — but not at the scale that generative AI creates. This risk is no longer limited to a bad actor to perpetrate; rather, it could come from any generative AI tool.
- Rapid change in generative AI capabilities can outpace a company's ability to prepare for its associated risks, and enable the sharing of misinformation. Only 1% of risk executives said they were thoroughly prepared for the risks of AI adoption (see 2Q23 Emerging Risk Report).
- Depending on the context, misinformation from a company's chatbot could cause serious harm in the form of a hallucination or seemingly good advice applied in an improper way (e.g., dangerous advice on how to repair a product, failure to mention an allergen when listing food ingredients, misapplied medical advice).

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**Near-Term Flag:** By 2025, generative AI will be embedded in 80% of conversational AI offerings, up from 20% in 2023.

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### **Market Implications:**

- Customers losing trust in company self-service tools that use generative AI, possibly conflated with all conversational technology, could dramatically increase customer needs for assisted service.
- Companies fearing an incidence of customer harm could trigger a mass halt of generative AI tools until safer mitigation mechanisms can be put in place.
- Greater governance, whether driven by legal and risk management teams or government intervention, will tighten controls over how companies and individuals use generative AI and impose limits on that use.
- Overreliance on cyber insurance policies to insulate companies from the risks of generative AI could lead to the creation of new insurance markets specific to AI and increase the costs of its implementation.
- Bad actors could attempt to cause harm by hacking generative AI tools and disseminating misinformation.



### **Recommendations:**

- Focus initial generative AI investments primarily in back-office and employee-facing use cases. Customer-facing use cases should be limited in scope and maintain a human in the loop to review the output.
- Invest in model training that first builds trust and safety with customers, rather than trying to be first to market with advanced capabilities.
- Do not underinvest in information security, proper governance and controls. High-profile data hacks have shown the impact of early underinvestment in these areas as regulation kept up with data security risks.
- Coordinate all steps of the way with legal, compliance and risk officers in your company. Generative AI is not fit for a shadow IT program to build covertly and circumvent internal controls.
- Avoid building generative AI capabilities in-house; instead leverage third-party generative AI solutions specifically designed for customer service use cases and integrations. These vendors are more likely to invest in controls and mitigate risk because of their potential for scale and the greater threat to their business resulting from an incident.

# Strategic Planning Assumptions



**By 2027**, 30% of the Fortune 500 will consolidate postpurchase tasks (expansion, service, success, renewal) into a unified customer-facing employee role.

**Analysis by:** Patrick Quinlan, Kathy Ross, Steve Blood, Emily Potosky, Brad Fager



## Key Findings:

- Customer service and support leaders are pressured to reduce operating costs, but more customer service leaders are also turning their attention to the top line — how they can use service interactions to grow the business and impact loyalty outcomes.
- Employees are by far the largest expense for most service and support organizations, but AI promises to automate greater portions of agent roles, creating employee capacity and enabling new talent management approaches (see *Get Started With These Generative AI Use Cases in Customer Service*). Our survey of service and support leaders' priorities indicates they're especially interested in agent-facing assistants (conversational interfaces powered by GenAI) as they head into 2024.
- Employee enablement technology broadens the available talent pool that can perform customer-facing work (see *The Connected Rep: Effectively Enabling Reps With Technology*). In fact, employees enabled with the right set of technology capabilities outperform their peers who aren't, even if they have comparatively less experience.
- As customer service functions continue to battle attrition, the value of technology investments will continue to increase, as they are a more stable way to store institutional knowledge.
- In order to address business demands, maximize the value of AI investments and increase employee efficiency by reducing the need to perform redundant activities, some organizations will merge postpurchase tasks into a single role.



### **Market Implications:**

- As the lines between postpurchase activities blur, service, success and sales leaders will increasingly compete for ownership of the customer relationship and, by extension, an increasing share of political capital. Service and support leaders who fail to act with urgency may find their function subsumed by another customer-facing organization.
- As service and support organizations shift to a value focus, and encroach on the responsibilities of other teams, some companies will find scale by merging these groups into a unified customer-facing function
- Successful recruiters will focus on hiring service and support talent, regardless of location, with strong interpersonal skills, and deemphasize technical mastery as technology increasingly provides that expertise.
- How-to questions and break/fix issues will be largely handled by third-party conversational UIs powered by publicly available content; we know customers increasingly use and trust third-party sources as part of their customer journey (see *Integrate Third-Party Content in Your Digital Service Strategy*). This will reduce the emphasis on first-party self-service.
- Customer expectations will continue to evolve as customers become increasingly frustrated by business silos; they will expect to save time by completing a variety of tasks through a single interaction. These might include onboarding, resolving issues, receiving best-practice guidance and purchasing new products or services.
- Organizations that consolidate postpurchase tasks into one role will experience long-term cost savings, largely due to headcount reduction. However, they may need to increase compensation, as these employees are taking on more critical tasks. Additionally, it may take these organizations some time to see ROI on this reorganization, as they will need to invest upfront in employee-enabling technologies and system consolidation.



### **Recommendations:**

- Shift workforce planning to focus on a smaller, higher-paid team with a broad set of soft skills like de-escalation, negotiation and relationship management.
- Develop a strategy that moves the service organization past focusing on break/fix issues and toward driving value to the customer across all postpurchase activities.
- Focus generative AI use cases on making agents more efficient by summarizing cases, categorizing data and assisting with knowledge capture.
- Target specific, easy-to-solve issues for automation through a generative-AI-powered conversational UI as part of an overall channel strategy.
- Design an agent desktop experience that incorporates generative AI technology as a teammate that assists agents with simple but otherwise time-consuming tasks.



# Strategic Planning Assumptions



**By 2028**, the EU will mandate “the right to talk to a human” in customer service interactions.

**Analysis by:** Patrick Quinlan, Emily Potosky, Brian Weber, Nivedita Choudhary



## Key Findings:

- A number of customer service and support organizations have experimented with hiding, putting behind a paywall or entirely shutting down their assisted service channels. (The most newsworthy example perhaps came from Frontier Airlines in November 2022.)
- Generative AI promises to make this elimination of assisted service channels a much more feasible option for organizations that want to pursue this path.
- Consumers are not pleased with this trend, as evidenced by the popularity of businesses like GetHuman (which helps consumers find customer service phone numbers) and articles decrying disappearing customer service phone numbers.
- While governments and regulatory bodies are historically slow to respond to technological innovation, they are already discussing the role of AI in business and consumer relations, including:
  - The EU Commission’s AI Act plans to regulate AI based on perceived risk.
  - The Bletchley Declaration, unveiled at the 2023 AI Safety Summit, calls to develop a regulatory framework for AI through international collaboration.
  - A White House executive order focuses on setting safety standards and protecting privacy, among other objectives.
- The EU in particular is well-known for being a standard setter when it comes to consumer protection. It has put forth multiple regulations that have changed the way businesses operate. For example, the GDPR is changing how organizations collect and use data, and single charger reform is impacting the design of electronic devices.
- In response to growing consumer backlash, Gartner predicts that the EU will adjust its consumer protection laws, requiring organizations to provide access to a customer service employee.



### **Market Implications:**

- Companies that overrotate toward AI-generated support will need to scramble to reenable assisted support. This will be operationally complex, as they will need to rapidly ramp up their staffing, reinstate operational practices and potentially reinvest in rep-supporting technologies.
- These organizations may also incur substantial reputational harm if they are required to change their operations due to regulations instead of proactively reinstating their assisted service channels. Service and support leaders who have to rapidly reinstate assisted service after promoting the cost savings of a digital-only strategy may also suffer harm to their reputation and personal brand.
- There will be increased demand for business process outsourcing (BPO), as some organizations look to vendors to offer the minimum assisted service required while addressing new regulations to at least some degree.



### **Recommendations:**

- Keep abreast of evolving regulations by reviewing industry press and consumer reports; also consider following big tech's use of generative AI in customer service and support, as these companies are often ahead of regulation and public policy.
- Keep assisted service channels operational — even if minimally resourced — to be able to quickly address any change in regulation that impacts your channel strategy.
- We do not recommend fully shutting down your assisted service function. However, if you plan to shut it down, develop a contingency plan for how to rapidly restart assisted service. This plan should include not just hiring and training but also maintaining documentation and rep-facing systems.

# Actionable, objective insight

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