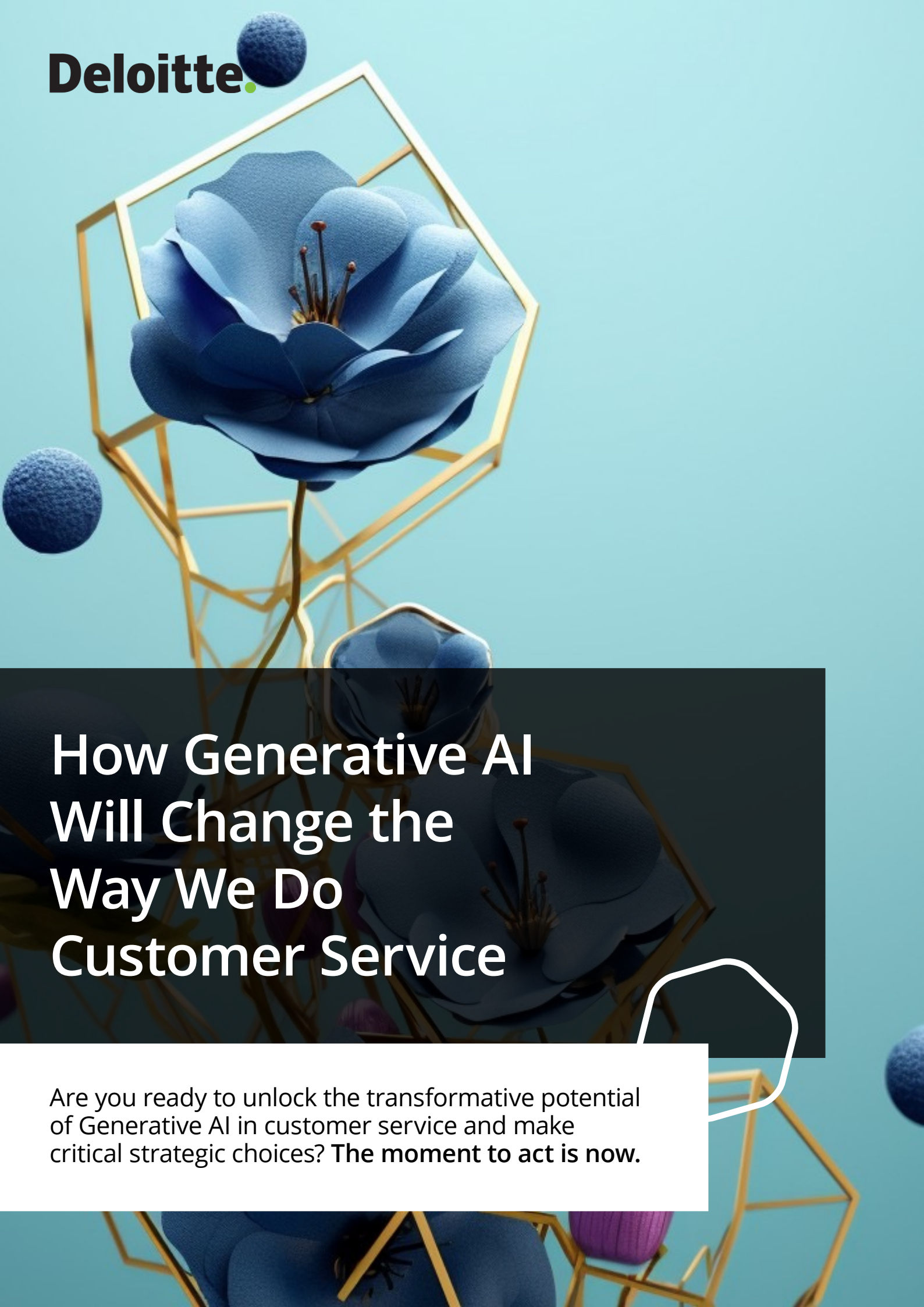




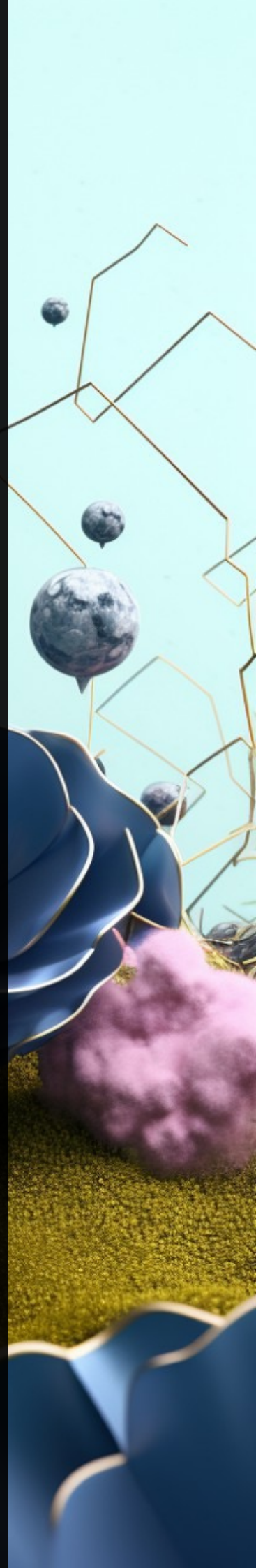
Deloitte.



# How Generative AI Will Change the Way We Do Customer Service

Are you ready to unlock the transformative potential of Generative AI in customer service and make critical strategic choices? **The moment to act is now.**

**Dive into the revolutionary world of Generative AI and its transformative impact on customer service. We unravel its potential across customer engagement, service delivery, and customer retention & advocacy. Learn about the critical choices necessary for harnessing this emerging technological wave.**



## We unravel its potential across customer engagement, service delivery, and customer retention & advocacy. Learn about the critical choices necessary for harnessing this emerging technological wave.

Imagine a world where customer service transcends boundaries and enters a new realm of efficiency, personalisation, and entertainment. Meet AI-powered 3D avatars who hold the power to flawlessly answer all product questions from customers and even achieve remarkable sales figures in live streaming rooms. Generative AI provides us with the opportunity to engage with customers in a live (automated) conversation while adding relevant functionalities such as seamlessly integrated 3D rendering and virtual reality (VR) to the conversation while analysing data from the Internet of Things (IoT). Organisations are now presented with unprecedented ways to elevate the human experience and their level of customer service while orchestrating seamless and relevant interactions across every touchpoint in the customer journey.

### Balancing Generative and Conversational AI for Effective Customer Service Solutions

In this evolving landscape, Generative AI takes a centre stage. A branch of artificial intelligence powered by foundation models such as GPT-4, PaLM or Gemini focused on creating new and original content is transforming customer service by empowering a myriad of innovative applications. Coupled with the generation and creation of branded 3D avatars, it can greatly enhance the human experience.

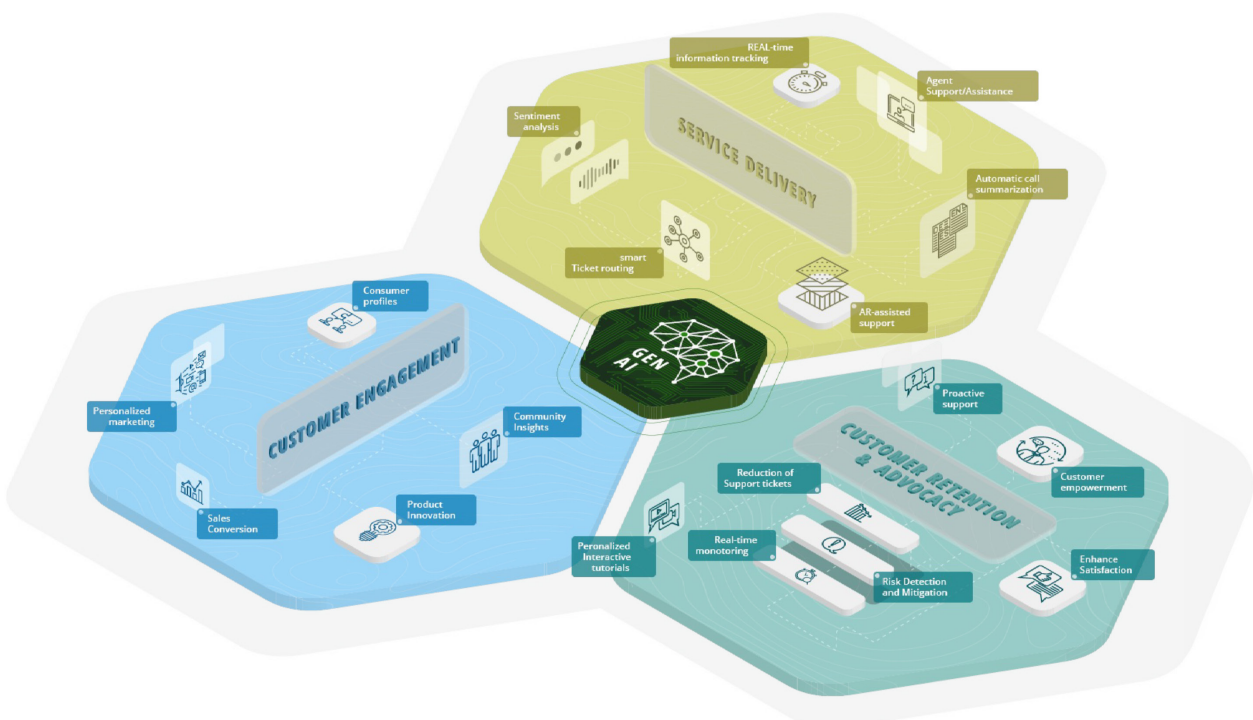
AI is certainly not a new technology to customer service, with chatbots powered by Conversational AI making their presence known for some time now. Conversational AI, focusing on natural language processing and dialogue management, enables chatbots to offer specific and factual responses based on pre-set conditions. This technology presents a lower risk due to its controllable nature. In contrast, Generative AI generates unique responses that consider contextual information, engaging customers in a manner remarkably similar to human interaction. However, it's crucial to note the potential downsides of Generative AI, e.g. risk of producing inappropriate or unethical content as well as unintentionally creating content that infringes upon existing copyrights.

Striking the correct balance in the application of Generative AI and Conversational AI is essential to deliver a customer support solution that is both accurate and engaging. Measures need to be put in place to manage the risks of Generative AI, all while harnessing its unique capabilities.

### Exploring the Enormous Potential of Generative AI in Customer Service

Generative AI holds immense potential across all business models - be it B2B, B2C, or even B2E - yet its applications in customer service remain a relatively unexplored territory. With a projected market size (by MarketResearch) of USD 2,103.0 Mn by 2032 in the customer service sector, growing at a CAGR of 24.20% since 2023<sup>1</sup>, Generative AI transformative potential spans customer engagement, service delivery, and customer retention & advocacy, positioning it as a significant catalyst in the realm of customer service.

Some of the remarkable ways Generative AI can revolutionise these critical areas include:

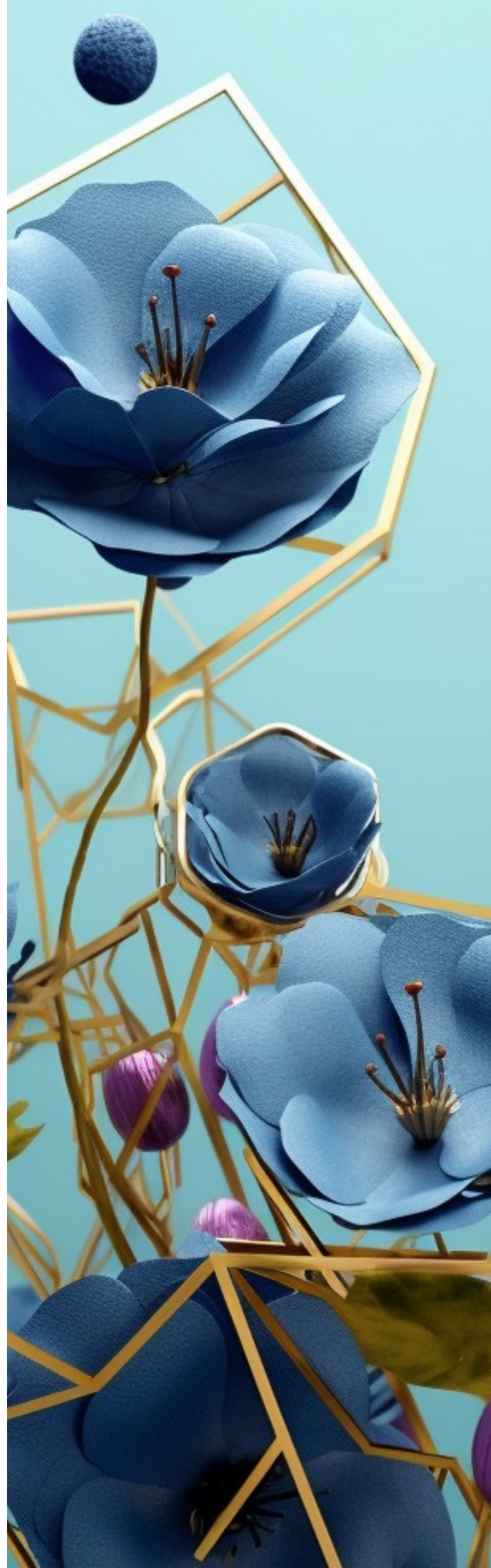


1. MarketResearch.biz, May 2023 (<https://marketresearch.biz/report/generative-ai-in-customer-services-market/>)

**1. Customer engagement:** Generative AI is already transforming the pre-service stage, where it has been used to drive personalised marketing, sales conversion, and product innovation by utilising diverse consumer data formats, such as texts, pictures, audios, and videos. With the help of advanced sentiment analysis, it extracts valuable insights, uncovers opportunities, and enhances personalised marketing content based on consumer profiles and community insights. A grocery delivery startup named Instacart utilised Generative AI to develop a personalised search tool. The tool offers customers personalised suggestions and responses to open-ended inquiries, like “What should I pack in my child’s lunch box?” and “Are there any gluten-free snacks?” These responses incorporate food preparation, product features, and dietary considerations, making the customer interaction more natural and inspiring, and encouraging people to discover new products and access the products they already know and love.

**2. Service delivery:** During the in-service stage, Generative AI-powered solutions have the potential to revolutionise the customer journey by offering personalised interactions beyond text. By incorporating visuals and voice messages, businesses can achieve clearer communication, even when customers struggle to describe their issues. Advanced capabilities like automated call summarisation, sentiment analysis, and smart ticket routing empower call center agents to handle customer inquiries more precisely and effectively, thereby enhancing overall customer satisfaction and agent efficiency in the service process. Additionally, real-time delivery tracking and updates cater to customers’ schedules, ensuring convenience and trust. AR-assisted support enhances in-store experiences, equipping employees with real-time product information. A prime example of Generative AI in action is Wendy’s partnership with Google Cloud, introducing their Generative AI tool for fully automated drive-thru orders. This American fast-food chain showcases a future where seamless service is delivered via conversations powered by Generative AI, even addressing special requests like no cheese or extra sauce.

**3. Customer retention & advocacy:** Generative AI revolutionises the post-service stage by providing businesses intelligent proactive support, pre-emptively identifying customer concerns to enhance satisfaction. This can be achieved through personalised interactive tutorials, which empower customers with comprehensive product understanding, resulting in a reduction of support tickets. Furthermore, when combined with IoT, Generative AI can enable real-time monitoring, risk detection, and a customised remediation plan for proactive customer management. For instance, Biofourmis uses Generative AI in remote patient monitoring, collecting real-time physiological data from wearables to provide healthcare providers with alerts and insights for abnormal patterns and potential health risks.



**Streamlined data extraction:** Generative AI can automatically and efficiently detect and understand important details in various documents such as medical records, police records, and invoices, reducing manual data entry and accelerating the claims processing timeline.

**Enhanced fraud detection:** Generative AI can analyze patterns and anomalies in claims data and quickly identify potentially fraudulent activities more efficiently, enabling quicker and more accurate detection of suspicious claims and reduce overall financial losses.

# Generative AI Automated claims flow



*Filling out claims is burdensome due to slow and outdated systems*

*It makes my job stressful and slows down the entire process*

Customer Linda



Employee Jonathan



*Manual processing is time-consuming and could be spent on more meaningful tasks*

*Risk of errors adds pressure and hinders my productivity*



Interaction

Customer submits a claim through the customer portal with additional assistance from chatbot or voicebot to find instructions.

Customer profile is created, and AI is utilized to analyze if the claim can be solved through self-service or not. If not, claim is summarized and directed to the most suitable agent.

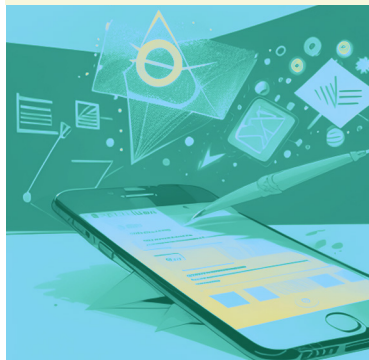
Information is pre-filled with the help of Gen AI so that the agent has more time to focus on the conversation with the customer. Conversation is transcribed with the help of Gen AI.

Outcome

Claim submission process is more efficient and user-friendly.

Claim resolution is expedited through AI analysis, ensuring timely and accurate assistance.

Agent productivity is enhanced allowing more personalized conversations and value creation for the customer.



Interaction

Claim decision is made based on analytics and the customer is informed about the decision with the help of an AI formulated message. AI also assists in intelligent assessment of claims to assess for fraud.

If the customer has some additional inquiries, AI assists by formulating responses directly or directs more complicated inquiries to the most suitable agent.

Gen AI helps sending proactive communications, such as personalized content and marketing messages to the customer by analyzing their profile.

Outcome

Claim decisions are made with greater accuracy and speed, and customers are promptly informed.

Customer inquiries are efficiently handled ensuring quick responses and appropriate routing.

Customer engagement and satisfaction as well as marketing effectiveness is improved.

**Automated document processing:** Generative AI can analyze and extract key information from mortgage-related documents, such as income statements, credit reports, and property appraisals, streamlining the verification process and reducing the workload.

**Personalized customer communication:** Generative AI can generate tailored responses and updates based on individual mortgage applicants' data, providing timely and accurate information about mortgage status changes and required actions, thus improving customer experience.

# Generative AI Mortgage changes making flow



*Making changes in mortgages is frustrating due to long wait times*

*Bureaucratic forms make me feel overwhelmed and stuck*

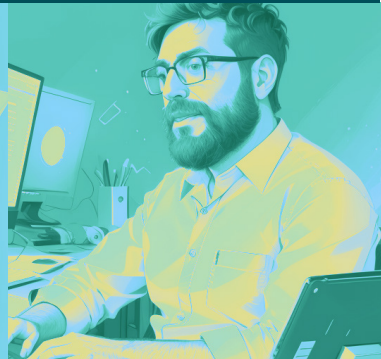
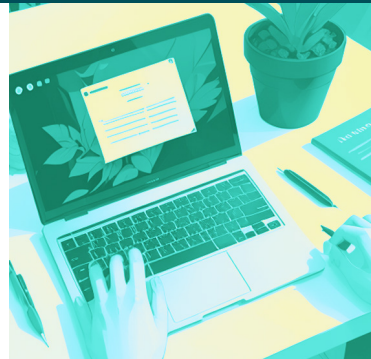


Customer Anthony

Employee Clarissa

*Change making to mortgages can contain complex administrative obstacles*

*It is difficult to get things done smoothly and quickly*



Interaction

Customer submits pre-approval through the customer portal with additional assistance from chatbot or voicebot to find instructions.

Gen AI is utilized to analyze if the inquiry can be solved through self-service or not. If not, the pre-approval is summarized and directed to the most suitable agent.

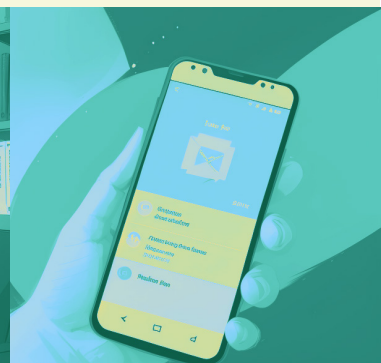
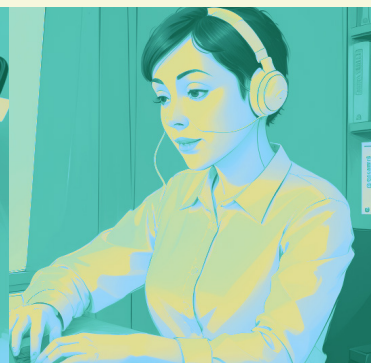
Information is pre-filled with the help of Gen AI for the customer service agent.

Outcome

Pre-approval submission process is more efficient and user-friendly.

Inquiry resolution is expedited through AI analysis, ensuring timely and accurate assistance.

Agent productivity is enhanced allowing more personalized conversations.



Interaction

Decision is made based on analytics and the customer is informed about the decision with the help of an AI formulated message.

Additional inquiries are automated with AI and more complicated inquiries and quality assurance are handled by agents. The new contract and terms are sent to the customer with the help of AI.

Customer receives personalized emails and proactive marketing based on their profile and needs.

Outcome

Decisions are made with greater accuracy and speed, and customers are promptly informed.

Customer inquiries are efficiently handled ensuring quick responses and appropriate routing.

Customer engagement and satisfaction as well as marketing effectiveness is improved.

## The 4 Critical Choices Organisations Need to Make:

When exploring the potential of Generative AI to enhance customer service, business leads may be eager to envision how these applications can benefit their own business. To turn that vision into reality, addressing the unique needs, and driving growth and success, the organisation should focus on four key questions that will guide the integration and implementation of Generative AI:

### 1. What value do we need to create? What customer service opportunities do we then prioritise?

Identify and select the most valuable use cases that align with the business objectives. To prioritise use cases effectively, a three-lens assessment based on the following questions should be considered:

- Does the solution meet user needs (Desirability)?
- What's our ability to deliver the solution (Feasibility)?
- Will the solution generate lasting business value (Viability)?

By evaluating and scoring all potential use cases through these 3 lenses, the organisation can focus on areas that offer the greatest value and immediate impact.

### 2. What platform(s) will we choose?

Selecting the appropriate platform is crucial for the successful integration and implementation of Generative AI. Evaluating different platforms based on their features, capabilities, and compatibility with the existing systems will ensure that the organisation has the right technology foundation to support selected customer service initiatives. For example, some renowned platforms, like Salesforce and Google, are already employing Generative AI-powered features, such as automatic case summarisation, to enhance their offerings.

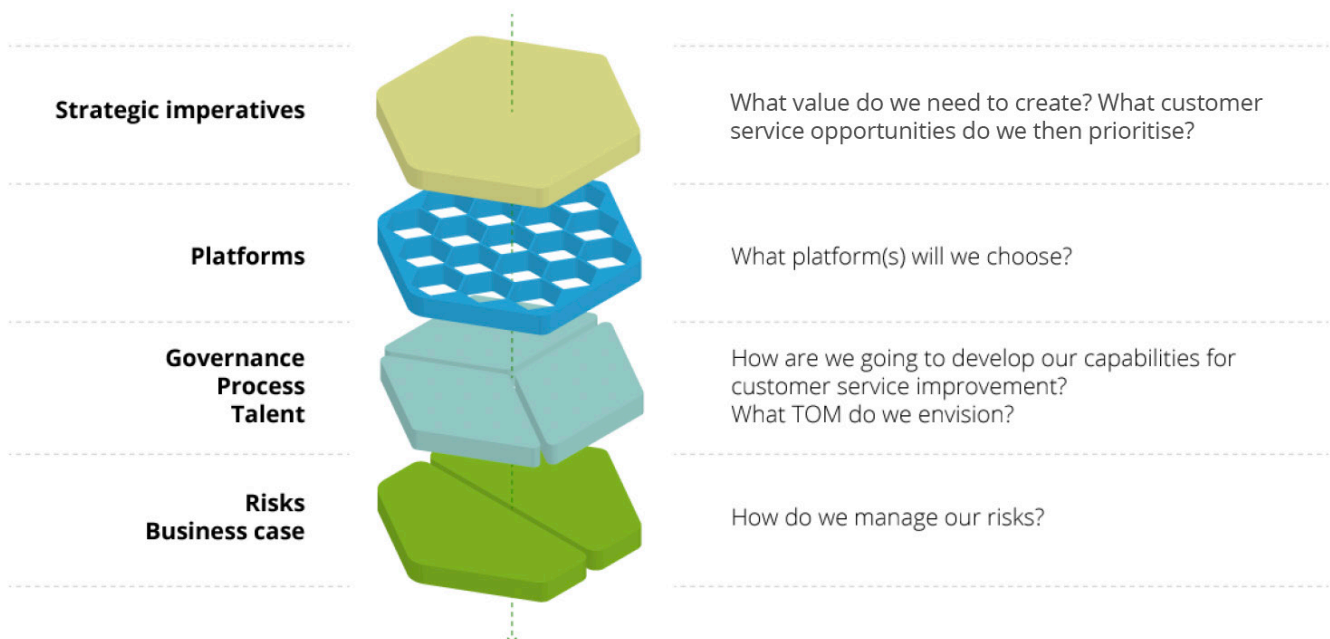
### 3. How are we going to develop our capabilities for customer service improvement? What Target Operating Model do we envision?

Tailor the implementation of Generative AI to meet the unique needs of the business. Consider how it can improve the current customer service processes and workflows, and develop the necessary capabilities to fully leverage its potential. This may involve adapting the organisational structure, refining data and processes for insights management, training the team, and implementing new strategies for measuring and tracking performance and outcomes.

### 4. How do we manage our risks?

Like any new technology, Generative AI comes with inherent risks. It's important to address these risks and establish robust safeguards to protect customer data, ensure ethical use of AI, and maintain compliance with regulations. Implementing a comprehensive risk management strategy will offer the organisation peace of mind and build trust with its customers. [Deloitte's Trustworthy AI Framework](#) provides a comprehensive approach to managing risks associated with AI by incorporating principles of fairness, transparency, accountability, robustness, privacy, and security.

After exploring these four questions, the organisation should have a deeper understanding of how Generative AI can truly transform customer service. At Deloitte, we are committed to helping our clients navigate the challenges of discovering, strategising and implementing AI solutions and leveraging our expertise and experience to provide guidance every step of the way.



Deloitte has also collected 60 Generative AI use cases that hold significant potential to affect the customer service journey under three critical areas mentioned in the article (Enhancing customer engagement, Service delivery and Customer retention & advocacy)

### Enhancing customer engagement

A chatbot that answers user questions based on a knowledge base of internal documents without affecting existing workflow.

### Transcription assistant

Automatically transcribe and summarize conversations related to claims handling.

### Automatic call summarization

The audio stream from telephone calls are streamed to a speech-to-text engine to form a transcript. An AI-model uses the transcript to summarize the call. The resulting summary is saved in the CRM system.

### Synthetic data generation

Create artificial data that mimics real-world data for various purposes such as testing, simulation and research, while preserving privacy of the real-world information.

### Content generation

Support content development to generate images based on website text and choose the best picture.

### Complex tasks

Copilot is a multi-turn conversational interface on top of an application that helps you do cognitively complex tasks. Unlike classic chatbots, Copilots can reason, enabling them to break down a request into a simple set of tasks, and then find the right tools for each item on their to-do list.



## **Deloitte's Nordic Customer Service Excellence community**

With our dedicated Nordic Customer Service Excellence community, we are specialized in advising organizations in how to drive success through their customer service business and implementing technologies, design and processes to make it happen. The Deloitte AI Institute helps organizations transform with cutting-edge research and innovation by bringing together the brightest minds in AI to advance the collaboration between humans and machines. Let's embark on a journey towards revolutionizing your organization's approach to customer service together.

We invite you to reach out to speak about your challenges and ambitions. Nathalie Ramsbjer, Reeta Kalmari and Joanna Järvi along with our other specialists in the Nordics are ready to team up with you to deliver the impact your organization and customer deserves.



**The content of this article is completely generated by humans.**

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### Recognition and Appreciation

This report would not be possible without the collaboration that results from working alongside colleagues on the front lines to understand the impact of these trends in the marketplace and how to embrace them to drive growth for the coming year.

*Thank you to the following:*

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