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THE ECONOMICS OF BALANCING ARTIFICIAL INTELLIGENCE AND EMOTIONAL INTELLIGENCE IN CUSTOMER EXPERIENCE

*Maximising growth and cost-efficiency
by integrating AI without sacrificing the
human touch in customer experience.*



The rapid adoption of artificial intelligence (AI) in customer experience (CX) such as IVR and chatbots has improved cost-efficiency for many businesses. With the introduction of AI tools such as Chat GPT and Bard, the use of AI will only accelerate. However, it is important not to lose sight of the human touch that drives emotional connections and customer loyalty, which ultimately contribute to growth.

Over my several years of experience in the CX space, I have seen firsthand the impact of emotions on customer experience. In today's digital age, it is easy to fall into the trap of relying too heavily on AI tools like chatbots and IVR systems to interact with customers. While these tools offer cost savings and increased efficiency, they can also lead to a loss of emotional connection with customers.

Our research at Engaged Strategy consistently demonstrates the power of emotions like feeling cared for, valued, and supported in driving significant improvements in Net Promoter Score® (NPS), customer loyalty, and referrals. In fact, when you compare customers that have felt these emotions to those that have not felt them, the difference in Net Promoter Score® is around 70 points. In simple terms, an organisation that can make customers feel valued, cared for and supported can increase their NPS by up to 70 points! People familiar with NPS will know that this is a significant increase.

Emotions in CX can be planned, ideated, managed and measured. At Engaged Strategy, we have even been able to measure Love as an emotion that staff have towards their organisation and their job. This makes it all the more important that understanding the economics of balancing AI and Emotional Intelligence is essential for brands seeking to maximise both cost savings and growth potential.

Here are seven critical strategies to achieve this delicate balance:

1. Assess the potential cost of losing emotional connections

While AI offers substantial cost savings in terms of labour and efficiency, brands must consider the potential economic impact of losing customer loyalty and referrals due to diminished emotional connections. Losing the trust and loyalty of your customers can lead to increased customer churn, reduced lifetime value, and fewer new customers through word-of-mouth marketing.



2. Leverage AI for cost savings and improved personalisation

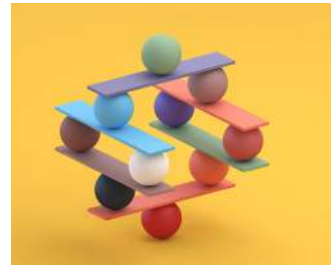
AI can provide significant cost savings by automating routine tasks and enabling 24/7 customer support without additional labour costs. It can also analyse customer data to offer personalised recommendations and solutions, resulting in improved customer satisfaction.

Use these savings to invest in training and retaining top-tier human agents who can handle emotionally sensitive interactions and foster stronger emotional connections with customers.



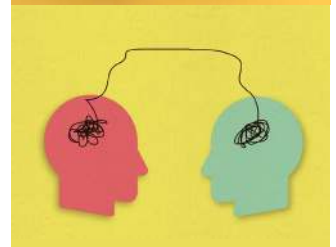
3. Implement a hybrid model for optimal efficiency and emotional impact

Integrating AI and human agents in a hybrid model can help balance cost-efficiency with emotional connection. Allow AI to handle simple tasks and high-volume inquiries while directing more complex or emotionally charged interactions to human agents. This approach can reduce labour costs while still preserving the empathy and understanding that only humans can provide. Make it easy for customers to talk to a human being.



4. Train human agents to maximise emotional connections

Invest in training human agents to deliver exceptional customer experiences that evoke positive emotions. This can increase customer loyalty, drive referrals, and contribute to long-term growth. Focus on empathy, active listening, and problem-solving skills that create genuine emotional connections with customers. We offer specific speed ideation solutions that involve staff in the development of creating great experiences with emotional resonance. Interestingly this also improves staff engagement.



5. Measure the economic impact of emotions in CX

Establish a system for measuring and tracking the emotional impact of your CX initiatives. This can include NPS, customer satisfaction scores, referrals, or customer retention rates. Use this data to evaluate the effectiveness of your current approach and optimise your strategy for maximum growth potential.



6. Continuously optimise for cost-efficiency and emotional resonance

Regularly review the performance of both AI and human agents, and make adjustments as needed to balance cost-efficiency and emotional impact. This may include refining AI algorithms to better recognize emotional cues or investing in additional training for human agents to enhance their empathy and communication skills.



Remember that the key to unlocking the full economic potential of AI in CX lies in striking the right balance between cost-efficiency and emotional intelligence. By recognising the unique strengths of both AI and human agents and making strategic investments in both technologies, brands can create a customer experience that drives loyalty, referrals, and long-term growth while keeping costs in check.

- Christopher Roberts
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& Author of
'10 Reasons Why CX/NPS® Programs Fail'