

Meeting the New Standard:

Evolving Customer Expectations in the Age of AI





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Executive Summary

In August 2024, Sogolytics conducted a comprehensive study to examine the shifting landscape of customer expectations, driven by rapid advancements in artificial intelligence (AI), automation, and data analytics. The study emphasizes the growing importance of speed, efficiency, and personalization across various sectors, especially healthcare and financial services, where traditional service models continue to dominate.

The findings indicate that while technology adoption is increasing, businesses are challenged to balance the benefits of automation with the human touch that customers still value in sensitive and complex interactions. This study highlights the importance of strategic technology investments to enhance service delivery, while maintaining human involvement in areas that require trust and empathy.

Sogolytics recommends businesses focus on leveraging AI and data-driven personalization to meet rising customer demands, while also addressing concerns around privacy, security, and the reliability of automated systems. By achieving this balance, companies can better align with evolving expectations and ensure long-term customer satisfaction and success in a competitive market.



The Changing Landscape of Customer Expectations

Over the past decade, advancements in AI, automation, and data analytics have reshaped customer expectations across industries like finance and healthcare. With [97% of Americans owning a cellphone and 90% using a smartphone](#), consumers have become accustomed to instant gratification and personalized services, expecting faster and more efficient interactions.

Despite these innovations, a significant gap remains between what customers expect and what companies deliver. Even organizations actively working to scale efforts with AI sometimes struggle to meet the rising demand for seamless service. In fact, [27% of businesses report challenges in measuring AI's return on investment \(ROI\), and 37% of customer experience leaders find it difficult to identify the right AI technology](#). This gap is especially pronounced in sectors like healthcare and financial services, where traditional models prevail, and personalized, on-demand services remain underdeveloped, leading to increased customer frustration.

Understanding these evolving expectations is crucial for businesses to stay competitive. Studies show that [prioritizing customer service can boost revenue by 4% to 8% above market averages](#). This report explores how companies can leverage emerging technologies to bridge the gap between customer demands and service delivery.

While AI and automation have scaled operations, human interaction remains vital in areas like healthcare consultations and financial negotiations. Customers still prefer human involvement in complex or emotionally sensitive situations. This report highlights where human interaction is essential and explores how businesses can balance automation and personalization to future-proof their services.



Survey Methodology and Participant Demographics

The survey was carefully designed to ensure a representative sample of customer expectations, with responses gathered from 1,005 participants across the US. The questionnaire combined multiple-choice, Likert scale, and open-ended questions to explore evolving customer expectations, service delivery preferences, and attitudes toward emerging technologies.

Participant Diversity

Demographic coverage was broad, offering insights across key segments:

- **Age Groups:** The age distribution of participants was aligned with U.S. Census data, ensuring representation from different generations.
- **Gender:** There was an almost even gender split, with 52% male and 48% female respondents.
- **Geographical Diversity:** Respondents came from a range of locations, with 23% from urban areas, 43% from suburban areas, and 33% from rural areas.
- **Household Income:** Participants represented a wide range of income levels, providing perspectives from lower to higher-income brackets.

This diverse demographic coverage allows the study to provide meaningful insights into how customer expectations vary across different segments, helping businesses tailor their service strategies more effectively.



Evolving Customer Expectations Over the Past 5 Years

Speed and Efficiency Are Non-Negotiable

Over the past five years, customer expectations for service delivery have intensified, with increasing demands for faster and more efficient services. As businesses adapt to new technologies, consumers are becoming accustomed to near-instant interactions, making the traditional service models less appealing.

Survey results show that 27% of respondents strongly agree and 37% somewhat agree that they now expect faster service compared to five years ago. Similarly, 33% strongly agree and 38% somewhat agree that they expect higher levels of efficiency, particularly in terms of accuracy and reliability. Expectations for responsiveness have also surged, with 36% of respondents strongly agreeing and 33% somewhat agreeing that they anticipate quicker customer service responses, such as faster replies and problem resolution.

In today's competitive landscape, **businesses that fail to meet these heightened expectations risk losing their customers** to more agile competitors. The data underscores a critical trend: **Customers are increasingly unwilling to compromise on speed, efficiency, or responsiveness, making them non-negotiable aspects of modern service delivery.** Companies must, therefore, prioritize technological investments and process improvements to keep up with these evolving demands.

Personalization Is the New Standard

As technology continues to evolve, **customers are increasingly expecting personalized services** that cater to their specific needs and preferences, as the study results indicate. Personalization is no longer a value-added feature—it has become a standard expectation across industries. In fact, **55% of respondents rated personalization as either *Extremely important* or *Very important*.** Whether it's tailored product recommendations, customized pricing models, or adaptive customer support, businesses are expected to know and anticipate their customers' needs.



Participants in this study highlighted several key areas where they believe personalization should be more integrated. The demand for customization is clear, especially in product recommendations and customer support. As one respondent aptly noted, "Personalization through AI and Data: Services should be increasingly tailored to individual needs, preferences, and behaviors, using advanced data analytics and AI. This could mean personalized healthcare plans, customer service that anticipates needs, or educational tools that adapt to different learning styles."

Key Areas for Increased Personalization

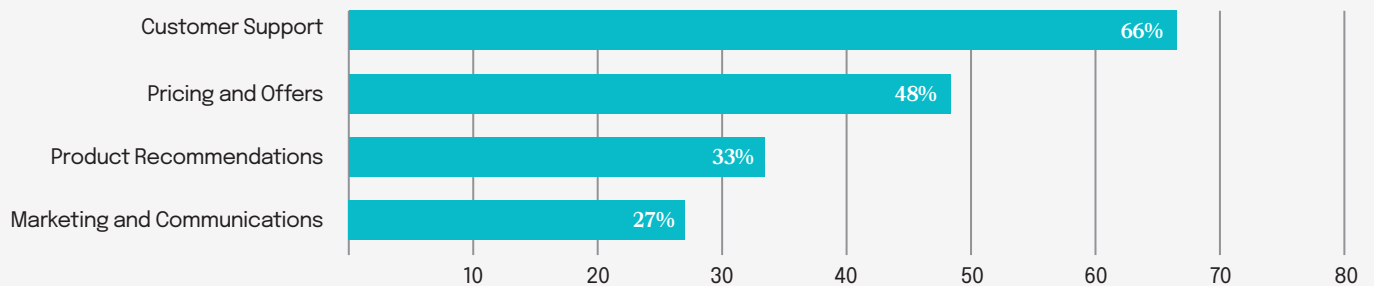


Figure 1: The graph highlights customer preferences for more personalized services. Because multiple answers per participant were possible, the total percentage may exceed 100%.

The use of AI and data analytics is driving personalized experiences, allowing businesses to tailor services to individual needs. By leveraging these technologies, companies can deepen customer connections and enhance satisfaction.



Looking Ahead: Expectations for the Next 10 Years

A Clear Demand for Improvements

As businesses look ahead to the next decade, customer expectations for service improvements are unmistakable. Survey results highlight a few clear priority areas:

Speed: 30% of respondents strongly agree and 37% somewhat agree that they expect faster service delivery over the next ten years. The push for quicker services is clearly a growing priority.

Efficiency: 40% of respondents strongly agree and 33% somewhat agree that they expect greater efficiency, emphasizing the importance of accurate and reliable service.

Personalization: 30% of respondents strongly agree and 36% somewhat agree that they anticipate more personalized services, further indicating that customization will continue to be a major focus.

These results underscore a critical trend: As customers continue to expect improvements in all areas, companies must focus on delivering faster, more efficient, and highly personalized services to remain competitive in the evolving marketplace.

Emerging Technologies: The Enablers of Change

Respondents identified several key technologies as crucial drivers for enhancing service delivery in the coming decade. Among these, artificial intelligence and automation stand out, widely recognized for their potential to streamline processes and improve efficiency. Similarly, 5G and enhanced connectivity are expected to significantly impact service speed and customer experiences, providing businesses with the infrastructure needed to support real-time interactions.



Key Technologies Predicted to Drive Service Delivery Improvements

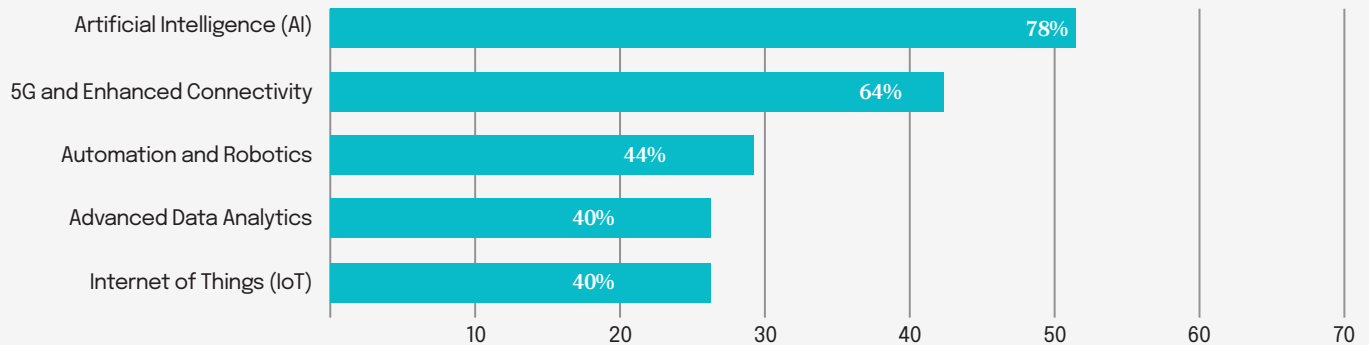


Figure 2: The graph displays the top five technologies that respondents believe will have the greatest impact on enhancing service delivery over the next decade. Because multiple answers per participant were possible, the total percentage may exceed 100%.

Another pivotal technology is advanced data analytics, which will play a critical role in enabling deeper personalization. **By leveraging data to deliver more relevant and timely recommendations, businesses can better anticipate and cater to individual customer preferences.** As these technologies evolve, they will reshape the future of service delivery, allowing companies to meet rising customer expectations more effectively.



The Role of Automation: Striking the Right Balance

Willingness to Embrace Automation

As businesses continue to adopt automated technologies, customer openness to automated chats and AI is becoming a critical factor in service delivery. According to the survey, **27% of respondents strongly agree and 30% somewhat agree that they are willing to use automated chats and AI technologies if it leads to faster service delivery and greater efficiency.** This indicates a growing acceptance of automation as long as it improves the overall service experience. However, 10% somewhat disagree and 10% strongly disagree with the idea of adopting these technologies, showing that a portion of customers remains hesitant.

Among those expressing reservations, primary concerns include:

- **Privacy and data security concerns:** 52% of respondents are worried about how their personal data is handled by automated systems.
- **Accuracy and reliability:** 44% of respondents are concerned about the accuracy and reliability of automated technologies, seeking assurance that these systems will provide dependable service.
- **Previous bad experiences:** 28% of respondents highlighted past negative experiences with automation, suggesting that earlier interactions can influence their future acceptance of AI-driven solutions.

To gain wider acceptance, companies must address these concerns, ensuring their automated systems are both secure and reliable, while also improving the overall customer experience with these technologies.



Human Interaction Still Matters

While automation and AI are becoming more prevalent in service delivery, many customers continue to emphasize the importance of human interaction in specific situations.

50% of respondents expressed concerns about the lack of personal touch when using automated systems. This reflects a broader desire for human involvement in interactions that require empathy, personalization, or a deep understanding of individual needs.

Certain areas stand out as requiring human interaction, even if it means slightly slower service. As seen in the graph below, healthcare consultations, emotional support, and complex problem-solving are examples where respondents feel the human element is irreplaceable. In these situations, customers rely on the expertise, empathy, and judgment of a person to address more complex or sensitive issues. As one respondent noted, “In customer service, I would like less AI and more person to person. I hate how hard it is to get a live agent—this applies to almost all internet-based companies.”

Key Areas Where Human Interaction is Preferred

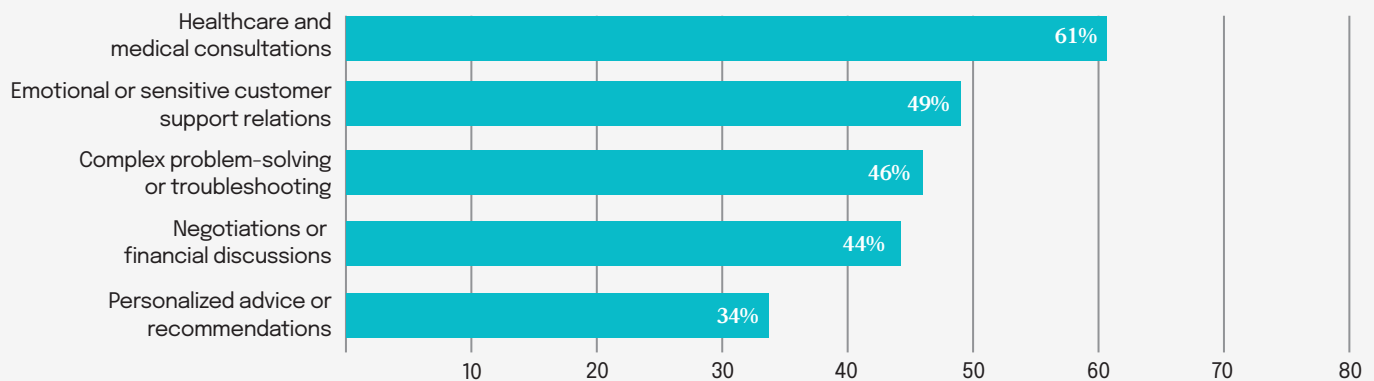


Figure 3: The graph highlights the top 5 areas where respondents prefer human interaction over automation even if it means slower service. Because multiple answers per participant were possible, the total percentage may exceed 100%.

Similarly, negotiations or financial discussions, and personalized advice are areas where automation falls short. Customers expect a more personalized, nuanced approach that technology alone cannot provide. Despite advancements in AI and automation, these findings highlight the continued importance of human interaction where trust, empathy, and expert judgment are essential.



Implications for Businesses: The Path Forward

As customer expectations continue to evolve, businesses must adapt by striking a balance between leveraging cutting-edge technology and maintaining essential human interaction. Meeting demands for speed, efficiency, and personalization requires a strategic approach to technology while addressing customer concerns around security and accuracy.

1. Invest in Technology While Maintaining a Human Touch

To keep up with the changing landscape, businesses should:

Leverage AI and Automation: Automate routine tasks to streamline service delivery, enhancing both speed and reliability. However, businesses must ensure that automation enhances the overall customer experience without sacrificing quality or personal connection.

Implement Data-Driven Personalization: Advanced analytics should be used to tailor services and anticipate customer needs. By offering personalized recommendations and experiences, businesses can foster deeper customer engagement and loyalty.

Retain Human Interaction Where It Counts: In areas like healthcare, financial consultations, and complex customer support, human interaction remains crucial. Maintaining a personal touch in these critical areas is key to ensuring customer satisfaction and trust, even as automation becomes more widespread.



2. Address Security and Accuracy Concerns

For automation and AI to gain widespread acceptance, businesses must also address the concerns that customers have about these technologies. To do so:

Leverage AI and Automation: Automate routine tasks to streamline service delivery, enhancing both speed and reliability. However, businesses must ensure that automation enhances the overall customer experience without sacrificing quality or personal connection.

Implement Data-Driven Personalization: Advanced analytics should be used to tailor services and anticipate customer needs. By offering personalized recommendations and experiences, businesses can foster deeper customer engagement and loyalty.



Conclusion

As customer expectations evolve, businesses face increasing pressure to deliver faster, more efficient, and highly personalized services. Technology, particularly AI, automation, and data analytics, has emerged as a powerful tool to meet these demands, offering the potential to streamline service delivery and enhance customer experiences.

However, findings from this study show that a balance must be struck between adopting new technologies and retaining the human element where it matters most.

While automation drives speed and efficiency, many customers still value human interaction in areas requiring empathy, trust, and expert judgment, such as healthcare consultations, financial discussions, and complex problem-solving. Businesses that overlook the importance of personal touch risk alienating customers, particularly those who express concerns about privacy and accuracy.

To thrive in this changing landscape, companies must take a strategic approach by investing in technology that enhances services while simultaneously addressing concerns around security and reliability. Equally important is maintaining human interaction in areas where automation cannot provide the depth of understanding or empathy that customers expect.

By focusing on both technological advancements and personal connections, businesses can build trust, meet rising customer expectations, and position themselves for long-term success in an increasingly digital world.



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