FROST 👉 SULLIVAN

Blending Human Touch with Al Innovation

By Sebastian Menutti - Frost & Sullivan

FROST & SULLIVAN THOUGH LEADERSHIP ARTICLE

The contents of these pages are copyright © Frost & Sullivan. All rights reserved.

The capabilities enabled by AI innovation are profound. The opportunity to meaningfully transform the customer experience (CX) is increasingly at reach, as well as significant efficiencies and cost-optimizations. As a result, numerous companies are looking to leverage AI and automate as many customer interactions as possible. However, it is easy to get lost in the noise and forget the importance of the human touch. Only the right combination of these two will deliver optimal CX results and tangible business outcomes.

Finding the Right Balance

Discovering the precise mix between AI and the human touch is the holy grail of CX: automating tasks and interactions through self-service whenever possible and reserving human agents for when empathy, emotional intelligence or negotiation skills are required to positively impact results. Improving resolution time, reducing post-call work, cutting repetitive tasks, eliminating human errors, enhancing quality monitoring and intent detection: all needed and desirable outcomes of leveraging AI in customer interactions. Businesses that do this have the upper hand against organizations that do not.

However, companies must worry about frustrating the customer by automating too much and not allowing him/her to talk to a live agent. To avoid this, Frost & Sullivan recommends that a human representative should always be easily and seamlessly available for the customer to talk to. Permitting these conversations will not only increase customer satisfaction but also spark cross and up-selling opportunities, which would go unnoticed otherwise.

It is imperative for organizations to understand that while AI cannot replace live agents, it can significantly empower them.

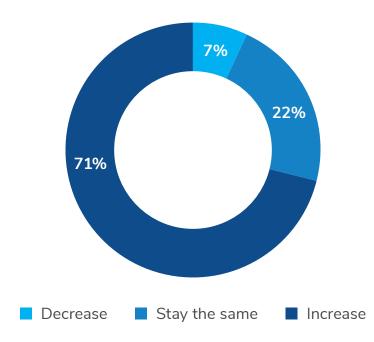
By providing agents with the right tools (i.e., copilots, agent assist, conversational AI, intelligent routing, response drafting), organizations are making sure that, when a customer needs to talk to a human, the outcome of this conversation will be optimal. Neither human nor artificial intelligence is enough; business must develop collective intelligence to take their CX to the next level.

Furthermore, customers not only accept the infusion of AI in their relationship with brands but are expecting it to bring in faster and better results. In fact, 73% of consumers expect to interact more with AI-based interfaces and, at the same time, assume that the infusion of AI will generate better customer experiencesⁱ, and 86% of respondents believe AI will have a transformative impact on CXⁱⁱ. And yet, customer service levels are significantly below compared to 2020-2022 standardsⁱⁱⁱ. Why?



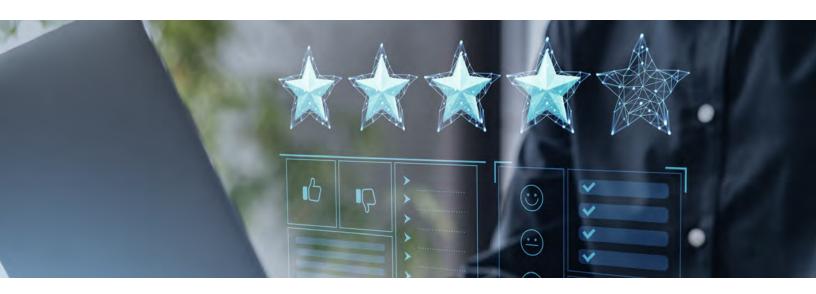
Customer Expectations Are on the Rise

The answer to this question has two facets. On the one hand, most companies are struggling with getting CX right and many are not paying enough attention to the human element of the equation. And it is not about reduced budgets. In fact, 71% of organizations are planning to increase their spending in CX, according to Frost & Sullivan IT Decision Makers survey. But finding a way to efficiently infuse AI into the customer journey to drive significant improvements is not easy.



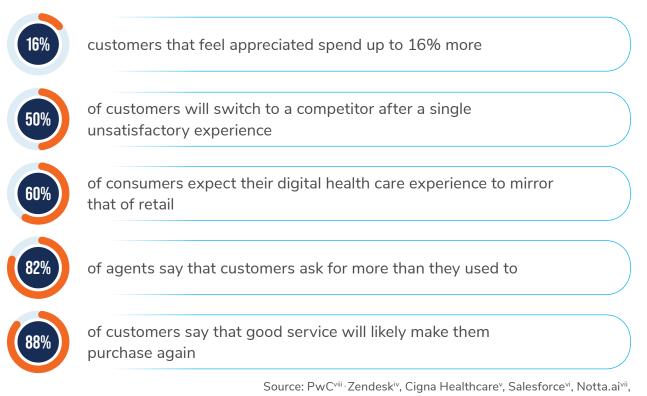
Companies' CX Spend in 2025 compared to 2024

N: 758. Question: Think about your organization's spending on CX technologies. How is this spending most likely to change in the next 12 months? Source: Frost & Sullivan IT decision markers survey, 2024



All rights reserved ©2025 Frost & Sullivan | www.frost.com

On the other hand, customer expectations continue to evolve and are at an alltime high. Today's consumer is highly demanding when interacting with a brand and expects nothing short of fast, efficient, memorable, and effortless experiences, regardless of the industry he/she is interacting with. In fact:



Customers want brands to be relevant, efficient, have the necessary context in every interaction and be available 24/7. They expect a seamless, consistent experience regardless of the contact channel, empathetic to their needs and preferences. They want to be known, understood, and helped - even proactively. Yet, these are not static wants but are constantly evolving, and it is as important to meet today's expectations as it is to prepare for those of tomorrow.



How to Deliver a Killer, Future-Proof CX

AI-based tools are transforming the CX landscape, and their relevance in the market is likely to increase even further in the future. Companies are looking to leverage selfservice and automation tools for simple transactions, yet they are concerned about automating too much as customers might get frustrated if they are unable to interact with the brand in the way they want. Forward-looking providers must guide clients to find the right mix between AI and human touch.

Balancing cost efficiency and value creation is crucial. Going forward, the most successful companies in CX will not be those that fully automate—but those that master the human-AI handshake. AI will manage complexity. Humans will deliver augmented empathy. It is key to enhance customer experiences by enabling faster responses and better solutions while preserving personal connections. This is the best way to cement customer loyalty, consolidate long-term client relationships, and maximize revenue-generating opportunities.



Endnotes

- ⁱ Zendesk. "CX Trends 2025"
- Hubspot "15 Customer Experience Trends & Stats That'll Define the Next Year [+ State of Service Data]". May, 2024
- Customer service institute. "UK customer satisfaction index". January, 2025; McKinsey. "Where is customer care in 2024?". March, 2024; The Wall Street Journal. "Customer Experience Gets Worse. Again". June, 2024.
- ^{iv} Zendesk "35 customer experience statistics to know for 2025". February, 2025
- Cigna Healthcare. "15 Stats That Demonstrate Rising Consumer Demand for Digital Experience in Health Care"
- vi Salesforce. "42 Customer Service Statistics To Move Your Business Forward". April, 2025
- vii Notta.ai "Top 30+ Customer Experience Statistics to Know in 2025". November, 2024
- viii PWC "Experience is everything. Get it right."

YOUR TRANSFORMATIONAL GROWTH JOURNEY STARTS HERE

Frost & Sullivan's Growth Pipeline Engine, transformational strategies and best-practice models drive the generation, evaluation, and implementation of powerful growth opportunities.

Is your company prepared to survive and thrive through the coming transformation?

Join the journey. \rightarrow

FROST 🔗 SULLIVAN