

What Consumers Really Think About AI: A Global Study

Insights into the minds of consumers to
help businesses reshape their customer
engagement strategies





Executive summary: The AI/consumer paradox

Several decades after it first arrived on the scene, artificial intelligence (AI) is enjoying yet another rebirth.

The latest waves of rapid innovation are capturing the world's imagination for how AI can transform the way we work and live. This time, it's not relegated to research labs and the back office. Businesses are taking AI out of the box and exposing it to their customers – whose expectations for better brand experiences are rising as Siri, Alexa, and the like, become more ubiquitous.

But while the AI-hype machine marches on, few organizations understand what consumers – the ones experiencing their service bots, recommendation engines, and virtual assistants – think about this new way to engage. These insights can have a profound impact on how and where businesses use AI in any customer engagement scenario.

To find out more, Pegasystems, a leader in customer engagement software, conducted a global study to measure consumer attitudes toward AI and, more specifically, what they think of AI used in customer experience. In total, 6,000 adults were surveyed in North America, EMEA, and APAC.

The data reveals confused consumers who are split on their feelings toward AI: Over one-third say they are comfortable with AI used by businesses, while

just under one-third say they aren't. And then there's another third who say they just don't know yet.

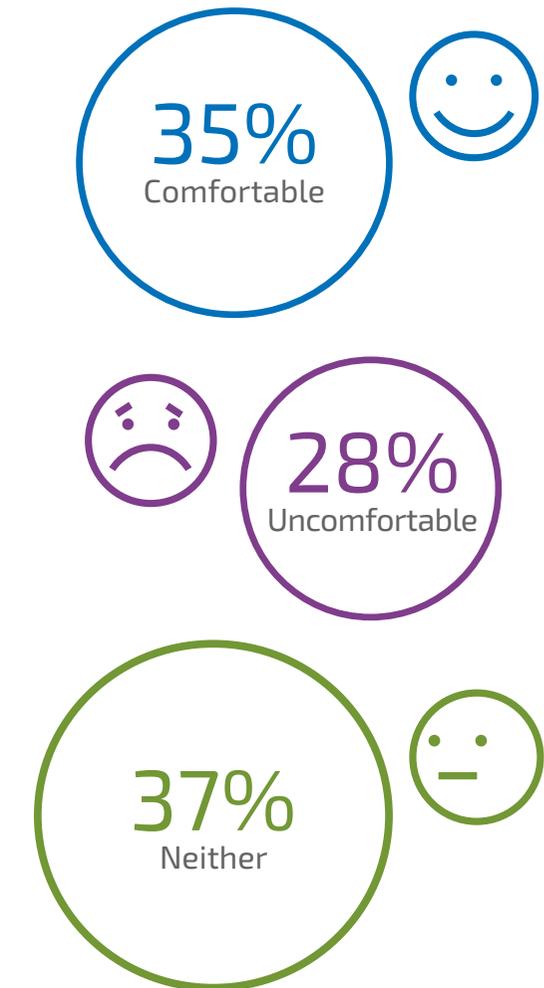
To be sure, many consumers are excited to embrace the benefits of AI and see a promising future ahead. But some harbor deep-rooted fears about AI, and most still prefer the familiarity of the human touch over a faceless machine when given the option. For others, the AI experience isn't yet living up to their expectations. And across the board, we found most consumers just don't understand AI – not realizing how it already touches their lives every day.

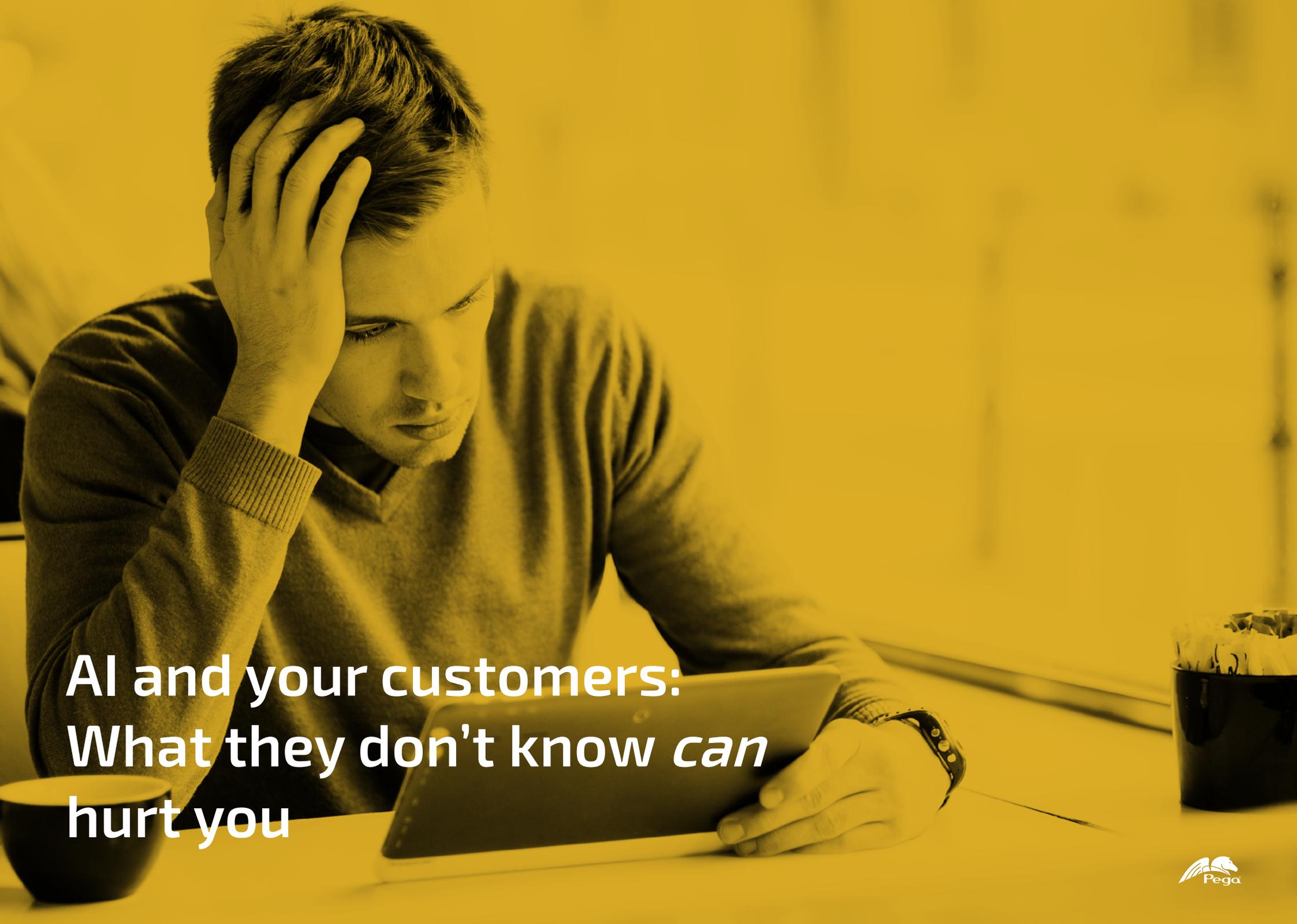
“ The door is wide open for forward-thinking companies to take advantage of this period of uncertainty and adjust their approach to align with their customers' AI preferences. ”

Despite these apparent contradictions, the data also reveals a major opportunity. The door is wide open for forward-thinking companies to take advantage of this period of uncertainty and adjust their approach to align with their customers' AI preferences. Done right, they can demystify AI by strategically pulling back the curtain and providing the best possible customer experiences.

In the following pages, we will break down the results of this study to reveal what's on consumers' minds when it comes to AI. More importantly, we will identify what it could mean for your business as you continue with your own AI initiatives.

How comfortable are you/would you be with a business using Artificial Intelligence to interact with you?



A man with short brown hair, wearing a dark sweater, is sitting at a desk. He has his right hand pressed against his forehead, looking down at a laptop with a frustrated or stressed expression. The entire image is overlaid with a semi-transparent yellow filter. In the bottom right corner, there is a small logo for Pega, which consists of a stylized white horse head icon above the word "Pega" in a sans-serif font.

AI and your customers:
What they don't know *can*
hurt you

We started with a simple question to establish a baseline: How much do consumers really know about artificial intelligence?

But the answer wasn't quite that simple. People think they know AI, but the reality is much different – creating a series of hurdles for businesses to overcome.

More than 70 percent of all respondents confidently said that they understand AI – one of the most complex and rapidly changing technologies in the world. However, the study reveals that many consumers couldn't even recognize some of AI's most basic tenets.

Consider that nearly half don't understand that AI solutions enable machines to learn new things, and even fewer don't know it can solve problems or understand speech. These abilities are at the core of the very definition of AI – even as that definition continues to shift.

Fear of the unknown

This immediately should raise some warning signs for businesses. A knowledge gap like this can easily shape how consumers perceive AI...and not in a good way. Combined with media stories and pop culture predicting the rise of the machines, fear can easily fill in the gaps where real knowledge is lacking.

Our survey finds that more than 70 percent of consumers harbor some sort of fear of Artificial Intelligence. And yes, a quarter of them even worry about machines taking over the world. This is a basic mistrust that businesses must face head on and overcome. This takes time and a well thought out strategy to introduce the benefits of AI and gradually increase consumers' comfort levels.

Which of the following scares you most about the use of AI in society?

33%

"Its never going to know me and my preferences as well as a human being"

24%

"The rise of the robots and enslavement of humanity"

10%

"Finding that I get on better with AI than I do with my friends and family"

5%

"Robots uncovering my deepest secrets"

28%

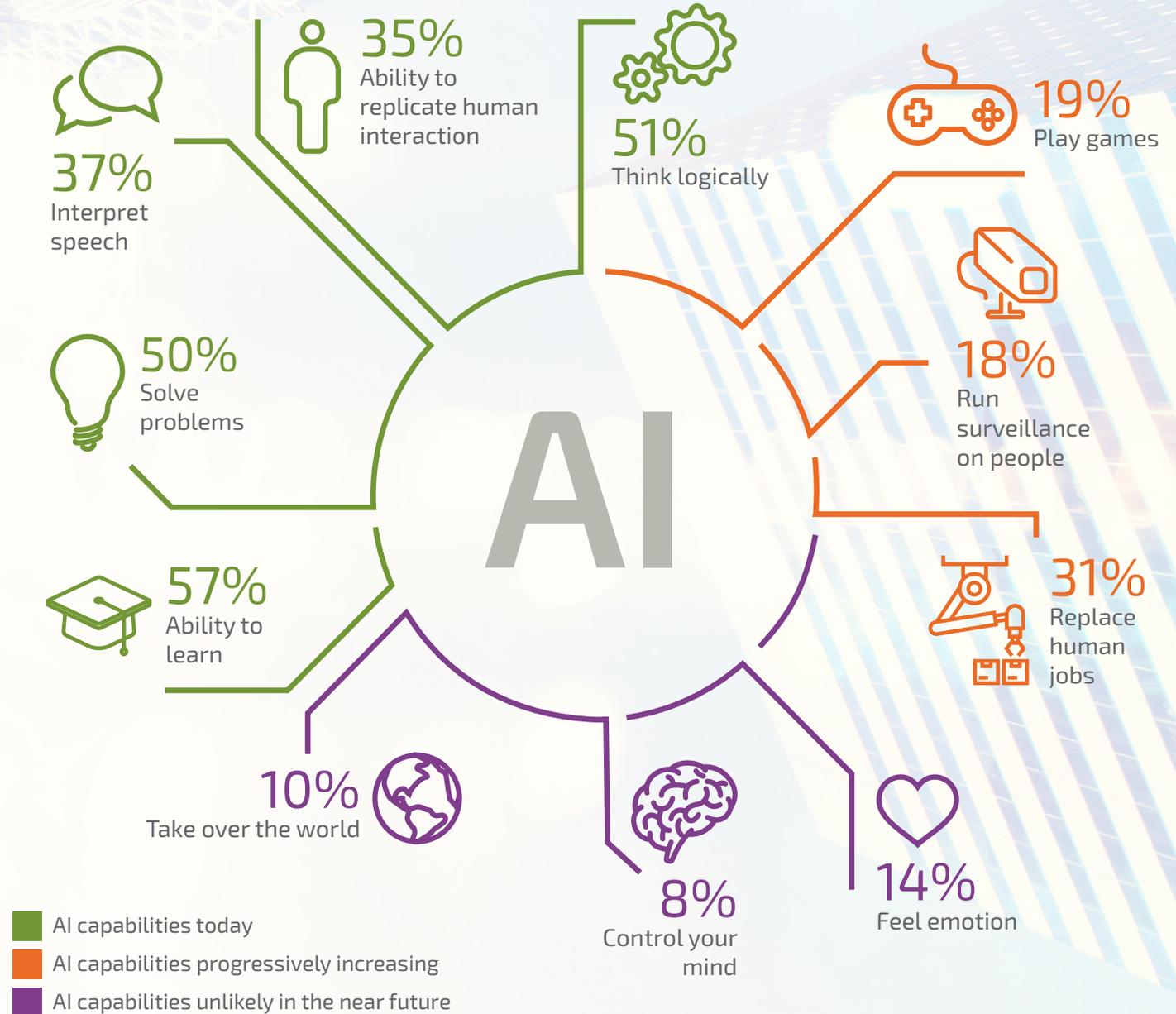
"None of the above/nothing"

Do you understand what Artificial Intelligence is?



How do you describe what AI can do?

Check all that apply



Have you ever interacted with Artificial Intelligence technology?



Percentage of consumers who use AI based on the devices/ services they said they actually use



*See right hand chart for usage cases

Surprise! You already use AI

However, these consumer fears may be misguided. That's because the majority of respondents are already using AI-powered devices and services today – they just don't know it.

Only 34 percent of respondents think they have interacted with some sort of AI technology in the recent past. But when asked about the technologies they use in their daily lives, it reveals a much different story. The survey found that 84 percent had recently used at least one AI-powered service or device – such as virtual home assistants, intelligent chat bots, or predictive product suggestions. That's a knowledge gap of 50 points. If you've used Google or even spam filters, you've perhaps unknowingly experienced the benefit of AI in some form.

Misidentifying the level of AI in some of these technologies is understandable, but some misses were more surprising than others. Only 41 percent knew AI was present in Google Home or Amazon Alexa – which are marketed as bringing intelligent assistants into the home. More consumers recognized AI's presence in Apple's Siri (57 percent), perhaps because it's older and more ubiquitous.

Which of the following technologies have you used or encountered in the last year?*

Check all that apply



*All use a form of AI

Demystifying AI and making it real

So, what does all this mean for businesses? To find out, let's look back at the first data point in this report. It showed that only 35 percent of respondents are comfortable with businesses using AI to interact with them – that's only one in three people.

But remember, these opinions are clouded by lack of knowledge and misinformation. What if we ask the same question again, but filter the results based on whether they've used an AI-powered product or service?

What we find is a marked jump in comfort level for those who have dabbled in AI. Only one quarter (25 percent) of the people who report no previous AI exposure feel at ease with businesses using AI with them. But for the AI experienced, this number jumps to 55 percent – a full 30 points higher.

Unsurprisingly, consumers who have used AI also better understand it and can more readily identify AI in consumer technology than non-users.

The lesson here: An educated customer is often your best customer. The more they understand AI and experience the benefits, the more open they will be to new ways AI can improve customer experience. With this knowledge, businesses should:

- Consider appropriate levels of transparency in how they use AI to interact with customers.
- Provide clarity on how AI benefits the customer experience, positioning it as a way to get the best service possible.
- Give customers information about the guardrails in place to safeguard their privacy.

How comfortable are you with a business using AI to interact with you?



A woman with long dark hair is shown in profile, smiling and holding a smartphone to her ear. The entire image is overlaid with a semi-transparent green filter. The background is blurred, suggesting an outdoor setting with trees.

**AI and customer engagement:
Ready for prime time?**

Many of the worries about AI fall by the wayside when consumers better understand what's in it for them.

We asked consumers if they would be more open to AI if it helped them in their daily lives, such as saving them time or money. Framed with the benefit front and center, we saw a much more positive response. Nearly 70 percent agreed that AI would be beneficial in these situations.

So, naturally, we'd expect to see lots of enthusiasm when it comes to AI in customer engagements – where AI can clearly save them time, money, and a whole lot of frustration. Right? But once again, consumers are sending us mixed signals.

Do you think you would be more open to using more AI if it helped you in your daily life (for example, saving you time or money)?



Future looks bright, the present a little dim

For many consumers, the potential is there for AI to improve their customer experience, but they're not fully convinced it adds enough value today.

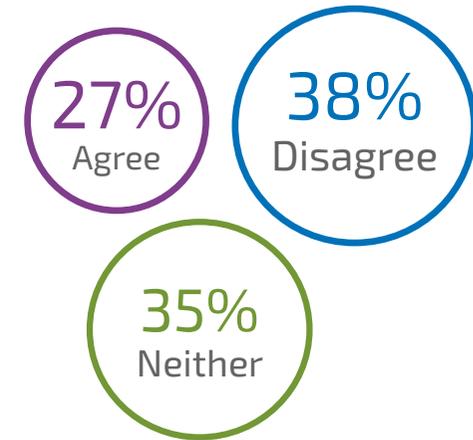
The largest number of respondents, nearly 40 percent, agree the future of customer service looks brighter with AI in it. Many are banking on the fast pace of innovation to usher in a world of 'super service' that leaves endless contact center calls a thing of the past. But today's AI isn't measuring up. Most respondents, 38 percent, do not believe AI delivers the same or better service than humans today. The fewest number of respondents, just 27 percent, think that it does.

Bottom line: consumers just aren't seeing the 'what's in it for them.' Not yet anyway. But why?

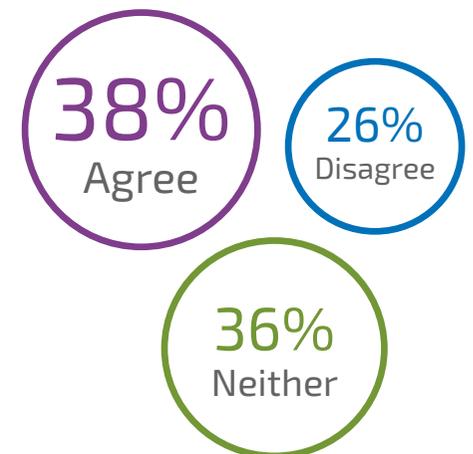
What's holding them back today?

One of the biggest challenges for businesses is a fundamental one – the strong preference for human interaction. For example, calling a human service agent remains the most popular method of customer service – beating online chat, social media, or going into a store (which apparently is a little too much human contact for them).

The Present: How much do you agree that AI can provide the same, if not better, levels of customer service than a human can *today*?



The Future: How much do you agree that AI has the *potential* to improve customer service?

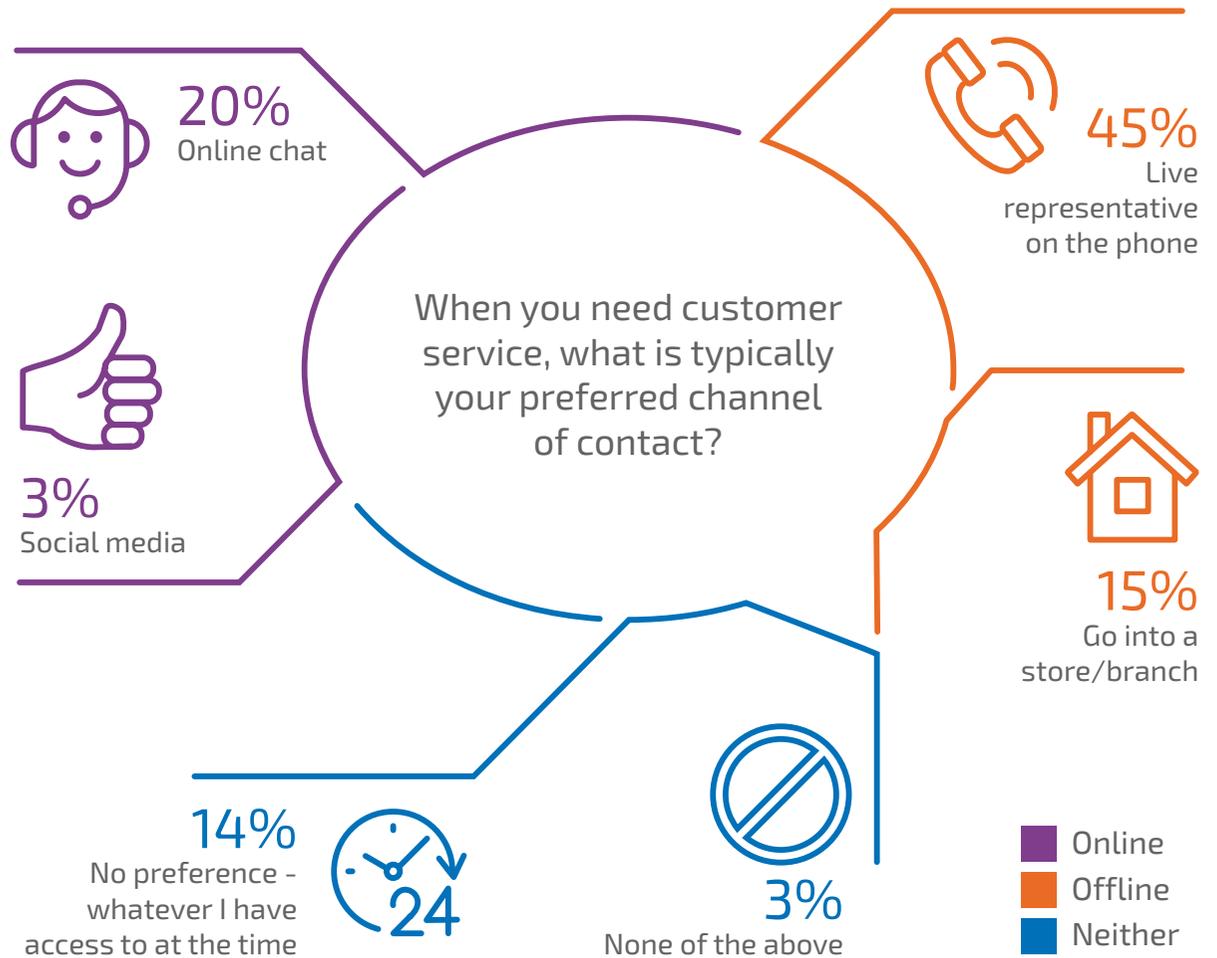


Even when consumers do turn to online chat, there had better be a real person on the other end. An overwhelming majority (nearly 80 percent) want to chat online with a person, not with a machine.

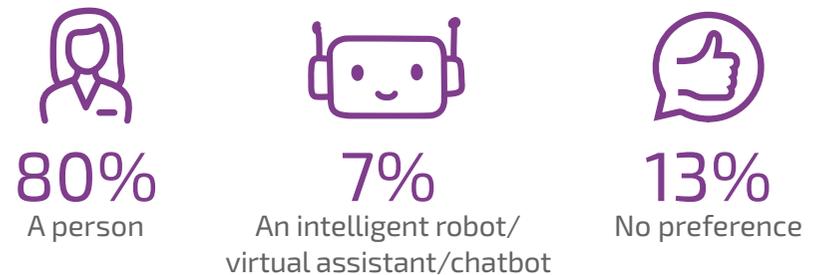
Part of the problem is that most chatbot experiences today feel like, well, pre-scripted chatbots. Most people (nearly 60 percent) think they can spot a machine-powered chat from a mile away. The state of most chatbots today is still largely rudimentary – not sophisticated enough to pick up context, sentiment, or emotion in the moment.

If there's a bright side, this may inadvertently solve another problem – 88 percent of consumers demand businesses be transparent about how and when they deploy automated bots. While most bots apparently do a poor job masking their mechanical selves, AI transparency is still critical to gaining customer trust. The customers should never feel like their vendor is trying to put one over on them.

Last, but never least, is privacy. Data is the lifeblood of any AI system. But while 70 percent of consumers want AI to improve their lives, only 27 percent are willing to open up their personal data to get better customer service. In order for AI to work and continuously learn, consumers have to give (such as location) in order to get (such as a deal delivered to your phone as you walk into your favorite store). But in many cases, their desire for personalization conflicts with a stronger need for privacy.



When you use online chat for customer service, which do you typically prefer to chat with?



In which situations would you be comfortable with a company using AI to give you better customer service?

Check all that apply

 **1. Online retail**
34%
Using AI to provide personalized recommendations on items you may want to purchase

 **2. Healthcare**
27%
A doctor using AI to help make a better diagnosis or recommendation about your health treatment

 **3. Telecommunications**
25%
A telecommunications provider using AI to make you a better offer on a new or renewed mobile contract

 **4. Banking**
20%
A bank using AI to determine the best banking products to offer you when opening an account

 **5. Financial advice**
20%
A financial advisor using AI to help determine better investment choices for you

 **6. Insurance**
15%
An insurance company using AI to monitor and analyze your daily activities in exchange for a lower insurance premium

 **7. Car dealership**
15%
A car dealer using AI to give you personalized advice on the best car to buy

 **8. Government**
10%
The government using AI to provide you with better and more personalized public services

Who do you trust with AI?

The survey also revealed the industries in which consumers feel most comfortable using AI. Online retail was the most trusted scenario, perhaps because product recommendation engines have become increasingly common and the risk of being wrong is relatively low. It's less of an issue if they get a recommendation for a shirt in a color they don't like. But to put this in perspective, while retail was the top pick, it was still only chosen by 34 percent of respondents.

Interestingly, the second highest ranked scenario is one that could literally be life-or-death – a doctor using AI to make a recommendation on health treatment. Given the sheer volume of research data available, perhaps consumers feel AI could better search and analyze it all to improve the doctor's diagnosis. But the doctor's involvement is still key. The combination of AI with a trusted human to interpret it is a powerful recipe.

Not unsurprisingly, relatively few trust their government with AI. Only 11 percent across the six polled countries felt comfortable with this. In fact, consumers trusted car dealers (15 percent) with AI more than the government. By region, Germans were the least trusting (six percent) while Australians were relatively positive by comparison (15 percent).

Are your AI systems up to the task?

In the end, the survey reveals a sobering fact for customer experience: Most AI systems just aren't good enough yet. Customers are experiencing stilted and inconsistent interactions that don't add enough value to the overall customer journey. This is largely the norm in most industries.

However, the technology is moving quickly, and businesses are learning fast. Some leading businesses are tuning their AI systems and strategies to dramatically change the way they engage with customers at every single touchpoint – not just in customer service, but in marketing and even sales.

Before long, these superior engagements won't be anomalies. Consumers will be drawn to businesses that use AI in ways they can't get from any other provider. It's up to businesses to take AI and make it their own, creating competitive differentiators unique to their business.

Don't forget: 70 percent of consumers believe AI can make their lives better. But businesses have to show them real value – the 'what's in it for them.' Companies need to reassess their AI strategy – and quickly – to ensure AI is not just a novelty but a real competitive advantage in a fickle consumer world.



**How can organizations
advance customer
engagement with AI?**

When it comes to customer engagement, the promise of AI is to improve the experience by anticipating customer needs and optimizing work to provide faster and more effective customer outcomes.

Recent advances in data processing speeds, big data volume, machine learning methods, and algorithms at lower costs mean the promise of AI can be even more readily extended to almost any customer engagement scenario. But it is clear that organizations need to approach the technology with a strategic vision.

As the survey suggests, some of today's customer engagement AI falls short of what customers want and expect. Some of the negativity may reflect the reality of customer engagement systems today. They are often siloed in different departments – from customer service to marketing to sales – when they should be working together to inform one another. Quite naturally, this results in disconnected customer experiences, relegating AI to discrete pockets of the brand journey that doesn't follow the customer wherever they go.

Businesses need a way to unify how AI is deployed across all experiences – which ultimately means better customer service at every touchpoint. An always-on central 'brain' can provide insights across an organization's different lines of business, channels, systems, and data. This ensures customers get consistent treatment – and the best treatment – no matter how they interact with an organization.

Being 'human first' is critical in how AI can support great customer engagements. Businesses should ensure that their strategy includes:

- Engaging consumers with insights that are conversational, contextual, and adjust based on the situation to respond in real time.
- Teaming human employees with the intelligent guidance of AI so they can provide customers with next-best actions, personalized to them.
- Empowering customers who want to look after their own affairs with intelligent guidance and support when needed.

Done right, AI-powered customer engagements can change the face of a business and have significant impact on customer loyalty, satisfaction, and the bottom line so long as businesses:

1. Design for business outcomes

Businesses must aim their AI systems at the outcomes they want to achieve by asking themselves: Am I trying to optimize customer service operations to ensure retention? Cross-sell and upsell? Reduce the cost of service? Organizations must ensure their systems provides anyone — including customer service managers and executives — the means to easily tune the rules to make it work for their organization.

2. Deliver a consistent experience across channels

Provide consistent experiences, not just for customer

service, but also for marketing and sales across all communication channels. How can businesses centralize their AI systems so that each channel benefits from each other? Look for solutions that are truly unified across the organization to break down these revenue-killing silos.

3. Connect insight with action

Tie AI to the ability to orchestrate outcomes, even those that must cross multiple legacy systems and organizational silos, and then use the results of that process to improve future outcomes. Insights alone aren't enough. Pragmatic AI systems take those insights and surface executable actions that carry the customer from a service problem to loyalty-building resolution.

About Pega and AI

Pegasystems Inc., has been pioneering and delivering AI and machine learning capabilities since its founding in 1983, from advanced business rule engines, to data-driven predictive and machine-learning analytics.

Pegasystems is leader in software for customer engagement and operational excellence. Our adaptive, cloud-architected software – built on the unified Pega® Platform – empowers people to rapidly deploy, and easily extend and change applications to meet strategic business needs. Over our 30-year history, we've delivered award-winning capabilities in CRM and BPM, powered by advanced artificial intelligence and robotic automation, to help the world's leading brands achieve staggering results. For more information on Pegasystems visit www.pegacom



To learn more about Pega and its
AI capabilities, please visit
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