# Klarna reverses AI chatbot strategy to restore human customer support



Klarna, the buy now, pay later service, has made a significant pivot in its approach to customer service, moving away from a near-total reliance on AI-powered chatbots. Initially, the company eagerly embraced this technology, claiming to replace a significant portion of its human workforce with AI solutions. However, following unsatisfactory experiences and a notable decrease in customer satisfaction, Klarna has begun hiring again, promising to provide genuine human support when needed.

Recent statements from CEO Sebastian Siemiatkowski highlight the company's newfound commitment to maintaining a human touch in customer interactions. In an announcement reported by Bloomberg, Siemiatkowski asserted the importance of ensuring customers always have the option to speak to a human representative. This marks a stark contrast to the company's previous stance, where Siemiatkowski expressed enthusiasm for deploying AI, even referring to Klarna as OpenAI’s “favourite guinea pig.” During that period, the company initiated a hiring freeze and drastically reduced its workforce from 3,800 employees to approximately 2,000, proclaiming these cutbacks as a natural attrition rather than a series of layoffs.

While Klarna’s AI chatbots were initially touted for their impressive ability to handle two-thirds of customer service inquiries—equating to the workload of 700 full-time agents—the reality proved more complex. Siemiatkowski later admitted that reliance on these AI tools, which were praised for quickly resolving customer issues and reducing repeat inquiries by 25%, resulted in detrimental quality issues. “What you end up having is lower quality,” he stated, underlining the effect that a focus on cost-cutting had on service standards. This feedback aligns with broader research indicating widespread consumer dissatisfaction with AI-driven customer service.

Surveys reveal a strong preference among customers for human interaction; over 80% prefer to wait for a human agent, while two-thirds express a desire for minimal AI involvement in customer service. These sentiments echo Klarna’s current predicament—having pursued an advanced, cost-saving solution that ultimately failed to satisfy its user base. In a landscape where customer loyalty hinges upon positive experiences, Klarna’s initial gamble on AI became a cautionary tale of prioritising innovation over quality.

As the company resumes its hiring spree, it plans to structure this new workforce in a way reminiscent of gig economy models, appealing to students and individuals in rural areas seeking flexible work. While this move may address the immediate need for human agents, concerns about the nature of such roles persist. Critics warn that reliance on contract employment may exacerbate issues of job security and quality of worklife, raising ethical questions about the treatment of workers.

Furthermore, Klarna's strategic deployment of AI has not come without its own controversies. While company reports indicate that the AI assistant has achieved customer satisfaction scores on par with human agents, there remains that a disparity exists in the authentic, empathetic interactions often offered by human representatives. The dichotomy between cost savings and customer satisfaction is glaring, as the company grapples with the long-term implications of its automation efforts.

Klarna's journey illustrates a broader trend in the industry, where rapid technological adoption must be balanced with genuine customer care. The enthusiasm for AI’s capabilities initially propelled companies toward automation; however, as Klarna has experienced, the road to customer satisfaction is paved not just with technological advancements but with the irreplaceable value of human connection. As it adapts its strategy, Klarna serves as a compelling case study in the evolving relationship between technology and customer service.

### Reference Map

1. Paragraph 1: [[1]](https://gizmodo.com/klarna-hiring-back-human-help-after-going-all-in-on-ai-2000600767)
2. Paragraph 2: [[1]](https://gizmodo.com/klarna-hiring-back-human-help-after-going-all-in-on-ai-2000600767)
3. Paragraph 3: [[1]](https://gizmodo.com/klarna-hiring-back-human-help-after-going-all-in-on-ai-2000600767), [[4]](https://www.cbsnews.com/news/klarna-ceo-ai-chatbot-replacing-workers-sebastian-siemiatkowski/)
4. Paragraph 4: [[2]](https://www.prnewswire.com/news-releases/klarna-ai-assistant-handles-two-thirds-of-customer-service-chats-in-its-first-month-302072744.html), [[3]](https://www.americanbanker.com/payments/news/klarnas-ai-does-the-work-of-700-people-whats-that-really-mean), [[6]](https://www.forbes.com/sites/quickerbettertech/2024/03/13/klarnas-new-ai-tool-does-the-work-of-700-customer-service-reps/)
5. Paragraph 5: [[1]](https://gizmodo.com/klarna-hiring-back-human-help-after-going-all-in-on-ai-2000600767), [[7]](https://www.euronews.com/next/2024/02/28/klarnas-ai-bot-is-doing-the-work-of-700-employees-what-will-happen-to-their-jobs)
6. Paragraph 6: [[1]](https://gizmodo.com/klarna-hiring-back-human-help-after-going-all-in-on-ai-2000600767), [[3]](https://www.americanbanker.com/payments/news/klarnas-ai-does-the-work-of-700-people-whats-that-really-mean), [[5]](https://www.klarna.com/international/press/90-of-klarna-staff-are-using-ai-daily-game-changer-for-productivity/)
7. Paragraph 7: [[1]](https://gizmodo.com/klarna-hiring-back-human-help-after-going-all-in-on-ai-2000600767), [[4]](https://www.cbsnews.com/news/klarna-ceo-ai-chatbot-replacing-workers-sebastian-siemiatkowski/), [[6]](https://www.forbes.com/sites/quickerbettertech/2024/03/13/klarnas-new-ai-tool-does-the-work-of-700-customer-service-reps/)
8. Paragraph 8: [[1]](https://gizmodo.com/klarna-hiring-back-human-help-after-going-all-in-on-ai-2000600767), [[3]](https://www.americanbanker.com/payments/news/klarnas-ai-does-the-work-of-700-people-whats-that-really-mean), [[6]](https://www.forbes.com/sites/quickerbettertech/2024/03/13/klarnas-new-ai-tool-does-the-work-of-700-customer-service-reps/)

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## Bibliography

1. <https://gizmodo.com/klarna-hiring-back-human-help-after-going-all-in-on-ai-2000600767> - Please view link - unable to able to access data
2. <https://www.prnewswire.com/news-releases/klarna-ai-assistant-handles-two-thirds-of-customer-service-chats-in-its-first-month-302072744.html> - Klarna's AI assistant, powered by OpenAI, has handled 2.3 million conversations, representing two-thirds of the company's customer service chats. It performs the work equivalent to 700 full-time agents, achieving customer satisfaction scores on par with human agents. The AI assistant has led to a 25% reduction in repeat inquiries and resolves issues in less than two minutes, compared to 11 minutes with human agents. Available in 23 markets and 35 languages, it is estimated to drive a $40 million profit improvement for Klarna in 2024.
3. <https://www.americanbanker.com/payments/news/klarnas-ai-does-the-work-of-700-people-whats-that-really-mean> - Klarna's AI assistant has handled 2.3 million conversations, accounting for 66% of customer service engagements. It matches human agents in customer satisfaction and has reduced repeat queries by 25%. The AI assistant resolves issues in under two minutes, compared to 11 minutes with human agents. Available in 23 markets and 35 languages, it is estimated to drive a $40 million profit improvement for Klarna in 2024. The company emphasizes that the AI deployment has not impacted its headcount, as outsourced customer service agents are reassigned to other tasks.
4. <https://www.cbsnews.com/news/klarna-ceo-ai-chatbot-replacing-workers-sebastian-siemiatkowski/> - Klarna's CEO, Sebastian Siemiatkowski, announced that the company's AI assistant is performing the equivalent work of 700 full-time customer service agents. The AI assistant handles two-thirds of customer service chat inquiries, achieving customer satisfaction scores comparable to human agents. It has led to a 25% reduction in repeat inquiries and resolves issues in less than two minutes, compared to 11 minutes with human agents. Siemiatkowski emphasized the need for society to consider the implications of AI on employment and the economy.
5. <https://www.klarna.com/international/press/90-of-klarna-staff-are-using-ai-daily-game-changer-for-productivity/> - Klarna reports that 87% of its employees are using generative AI in their daily work, with non-technical teams like Communications, Marketing, and Legal having adoption rates of 93%, 88%, and 86%, respectively. This widespread adoption is facilitated by Kiki, Klarna's internal AI assistant, which has responded to over 250,000 employee inquiries since its launch in June 2023. The company views this integration as a significant productivity boost and a strategic move to enhance operations across various departments.
6. <https://www.forbes.com/sites/quickerbettertech/2024/03/13/klarnas-new-ai-tool-does-the-work-of-700-customer-service-reps/> - Klarna's AI assistant has handled 2.3 million conversations, representing two-thirds of its customer service chats, and is now performing the work of 700 full-time agents. The AI assistant matches human agents in customer satisfaction and has led to a 25% reduction in repeat inquiries. It resolves issues in less than two minutes, compared to 11 minutes with human agents. Available in 23 markets and 35 languages, the AI assistant is estimated to drive a $40 million profit improvement for Klarna in 2024.
7. <https://www.euronews.com/next/2024/02/28/klarnas-ai-bot-is-doing-the-work-of-700-employees-what-will-happen-to-their-jobs> - Klarna's AI assistant is handling the work equivalent to 700 full-time agents, managing two-thirds of the company's customer service chats. The chatbot is available in 23 markets and communicates in more than 35 languages. It has led to a 25% reduction in repeat inquiries and resolves issues in less than two minutes, compared to 11 minutes with human agents. CEO Sebastian Siemiatkowski emphasized the need for society to consider the implications of AI on employment and the economy.