# Harvard study reveals AI boosts customer service by making agents faster and more empathetic



The integration of artificial intelligence (AI) into customer service frameworks has emerged as a transformative force, enhancing human interactions rather than replacing them. A recent study conducted by researchers at Harvard Business School delves into this phenomenon, revealing how AI can bolster the performance of customer service representatives—making them not only faster but also more empathetic. By analysing over 256,000 online chat conversations between a meal delivery company and its customers over the course of a year, the study found that AI assistance helped human agents respond approximately 20% quicker. This uplift in efficiency was particularly pronounced among less experienced agents, highlighting a vital area where AI can effectively bridge gaps in skills.

The AI tool in question, developed by L.ai, was initially conceived as an aide for managing challenging customer interactions with grace. With training informed by a diverse dataset encompassing over three million customer service scenarios, the AI was able to suggest responses that incorporated elements of empathy, such as apologies and gratitude. Such nuanced suggestions allowed human agents to convey a sense of understanding that is crucial in customer service. “You should not use AI as a one-size-fits-all solution… even when you are thinking about a very specific context such as customer service,” warned Shunyuan Zhang, an Assistant Professor at Harvard Business School. The results indicate that the effectiveness of AI varies significantly based on customer intent, suggesting a need for cautious implementation.

While the advantages of AI in customer service are apparent, it is equally important to recognise the potential pitfalls associated with its integration. Concerns over the dehumanisation of interactions persist, with many customers prioritising human empathy over the allure of immediate responses provided by AI. Research indicates that consumers often prefer waiting longer for a personal touch rather than opting for instant, yet impersonal, AI interactions. This sentiment underscores the notion that AI should function as a complement to human interaction, enhancing the quality of engagement rather than detracting from it.

Additional studies reinforce the findings from Harvard. For instance, an investigation by Stanford University's Digital Economic Laboratory and MIT demonstrated that customer support agents utilising AI assistance experienced an average productivity boost of 14%. Such tools have proven especially beneficial for less skilled agents, facilitating not only faster interactions but also improving overall quality. This pattern of increased productivity is echoed in another analysis, highlighting how generative AI aids both the efficiency of service and the politeness of customer interactions—tangible benefits that directly influence customer satisfaction and loyalty.

Interestingly, the broader implications of AI adoption extend beyond operational enhancements; the implementation of chatbots and AI tools can positively influence market perception. Companies announcing AI improvements often see an increment in their stock prices, an increase averaging around 0.22%, which translates to an uptick in market value by an estimated $175 million. Intelligent automation not only promises faster service but also personalisation and increased responsiveness, creating a virtuous cycle of elevated customer satisfaction and shareholder confidence.

As AI technology continues to evolve, predictions suggest that by 2025, a staggering 80% of customer service organisations will be applying generative AI to enhance agent productivity and overall customer experience. This rapid adoption underscores the growing recognition of AI's balancing act: streamlining processes while reinforcing the core tenets of empathy and connection that define effective customer service. The challenge for businesses lies in harnessing this powerful technology while remaining attuned to the irreplaceable value of human interaction, ensuring that customers feel understood and valued throughout their experiences.

In conclusion, while the findings from Harvard Business School illuminate a path towards enhanced customer service through AI, they also serve as a reminder of the nuanced interplay between technology and human emotion. As companies navigate this landscape, the essential question remains—how can they best leverage AI not as a substitute, but as a tool to enhance the distinctly human qualities that resonate most with their customers?

## Reference Map:

* Paragraph 1 – [[1]](https://www.library.hbs.edu/working-knowledge/when-ai-chatbots-help-people-be-more-human), [[2]](https://www.ft.com/content/a3753f62-1efc-4ca3-9934-47ab9994fa87)
* Paragraph 2 – [[1]](https://www.library.hbs.edu/working-knowledge/when-ai-chatbots-help-people-be-more-human), [[3]](https://arxiv.org/abs/2304.11771), [[4]](https://www.hrdive.com/news/generative-ai-chatgpt-increased-customer-service-agent-productivity/648925/)
* Paragraph 3 – [[2]](https://www.ft.com/content/a3753f62-1efc-4ca3-9934-47ab9994fa87), [[5]](https://news.wpcarey.asu.edu/20230823-how-customer-service-chatbots-increase-companies-value)
* Paragraph 4 – [[6]](https://www.forbes.com/councils/forbesbusinesscouncil/2024/08/22/customer-service-how-ai-is-transforming-interactions/), [[7]](https://hbr.org/sponsored/2020/12/ai-and-chatbots-can-help-organizations-meet-rising-customer-expectations)
* Paragraph 5 – [[1]](https://www.library.hbs.edu/working-knowledge/when-ai-chatbots-help-people-be-more-human)

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## Bibliography

1. <https://www.library.hbs.edu/working-knowledge/when-ai-chatbots-help-people-be-more-human> - Please view link - unable to able to access data
2. <https://www.ft.com/content/a3753f62-1efc-4ca3-9934-47ab9994fa87> - This article discusses the potential of AI to improve customer service, highlighting benefits like faster responses and predictive analytics. However, it also raises concerns about AI dehumanising interactions and emphasises the importance of human empathy in customer service. The piece references research from Harvard Business School, indicating that customers value human empathy and are willing to wait longer for a personal response over an instant AI one. The article suggests that AI should enhance human connection rather than replace it.
3. <https://arxiv.org/abs/2304.11771> - This academic paper examines the impact of generative AI-based conversational assistants on customer support agents. The study found that access to AI assistance increased worker productivity by 15% on average, with less experienced and lower-skilled workers showing significant improvements in both speed and quality of output. The research also indicates that AI assistance facilitates worker learning and improves English fluency, particularly among international agents. Additionally, AI assistance led to more polite customer interactions and a reduced likelihood of customers requesting to speak to a manager.
4. <https://www.hrdive.com/news/generative-ai-chatgpt-increased-customer-service-agent-productivity/648925/> - This article reports on a study by researchers at Stanford University’s Digital Economic Laboratory and the Massachusetts Institute of Technology, which found that customer support agents using a generative AI assistant increased their productivity by 14% on average. The AI assistant provided real-time response suggestions, decreasing the time it took agents to handle individual chats and slightly increasing the number of successfully resolved chats. The study also noted that the AI had a disproportionate positive impact on less skilled and less experienced agents, with minimal effects on more experienced and highly skilled workers.
5. <https://news.wpcarey.asu.edu/20230823-how-customer-service-chatbots-increase-companies-value> - This research highlights how the implementation of AI chatbots in customer service can positively affect a company's market value. The study found that when companies announced the rollout of automated helpers, their stock prices rose an average of 0.22%, boosting a typical firm's market value by about $175 million. The research indicates that chatbots offer faster, more convenient, and personalized services, leading to increased customer satisfaction and loyalty, which in turn positively influences investor perception and company valuation.
6. <https://www.forbes.com/councils/forbesbusinesscouncil/2024/08/22/customer-service-how-ai-is-transforming-interactions/> - This article explores the transformative impact of AI on customer service interactions. It discusses how AI can make customer service faster and more efficient by streamlining processes and reducing wait times. The piece references a Salesforce survey indicating that 63% of service professionals believe generative AI will help them serve customers faster. It also cites Gartner's prediction that by 2025, 80% of customer service and support organizations will be applying generative AI technology to improve agent productivity and customer experience.
7. <https://hbr.org/sponsored/2020/12/ai-and-chatbots-can-help-organizations-meet-rising-customer-expectations> - This sponsored article discusses how AI and chatbots can help organizations meet rising customer expectations. It highlights that chatbots powered by AI and machine learning can resolve questions and offer quick solutions to common issues, while also learning and adapting to customer preferences to provide more personalized responses. The piece provides an example from Strayer University, where a chatbot named Irving helped students solve issues easily, leading to increased demand for support and improved administrative efficiency across departments.