



BUZZ!

What's Buzzing in CX World This Month?

The quality of CX performance is in many instances inextricably linked with employee performance which in turn is a function of employee engagement and motivation.

So how is that relationship faring ?

Well not so well it appears as Gallup's April 2016 report

"Employee Engagement is Sliding and Productivity is Paying the Price"

When the job market is strong, disengaged employees leave. When it tightens, they stay and show up checked out, delivering less. That double bind is the central warning in Gallup's newly published analysis of its State of the Global Workplace 2026 Report, which finds that global employee engagement has now fallen for two consecutive years and sits at its lowest level since 2020.

Gallup estimates that each percentage point of lost engagement represents approximately 21 million fewer engaged employees worldwide. Last year, the cumulative drag of disengagement cost the global economy around \$10 trillion in lost productivity, equivalent to nine per cent of GDP. For leaders who have treated engagement as a people-function concern rather than a strategic one that figure may raise alarm bells, particularly given the current financial climate amplifying the impact on employee work.

Why Managers are the Key

Managers have historically been more engaged than the people they lead, a pattern Gallup calls an "engagement premium." That premium is disappearing. Lower manager engagement now accounts for much of the overall decline since 2023. In South Asia alone, manager engagement fell eight percentage points in 2025, the largest regional drop of any group, which Gallup links in part to organisational flattening.

For US and Canadian workers, the trajectory is sharper still. Job market optimism in that region fell ten percentage points in 2025, and the US/Canada now sits second-to-last globally, down 23 points since 2019. The US added 181,000 jobs in 2025, against 1.5 million the previous year. Gallup notes that US business media described a "no hire, no fire" climate for most of the year. Australia and New Zealand recorded an even steeper fall of 12 points, reversing a run of post-pandemic optimism.

Unfortunately for business leaders, while disengaged workers tend not to leave when market conditions are tighter, the consequences show up in reduced effort and output in their work.

So how is this playing out for those who lead organisations in this climate?

According to a report by Becky Norman in April's CXM from the same Gallup research **Leaders Are Engaged, Angry and Lonely — and Organisations Need to Pay Attention** *Leaders are your organisation's most engaged people, and most satisfied in their personal lives. Yet they are also most likely to feel angry, stressed, and lonely day to day.*

The perceptions of leaders, managers, project managers and individual contributors reported higher levels of work engagement and overall wellbeing. Yet these same leaders more frequently reported experiencing stress, anger, sadness and loneliness.

The leadership wellbeing paradox

What's driving this disconnection between leaders' broader sense of satisfaction and their daily workplace experience? On the one hand, senior roles bring real rewards. Leaders are well-respected, valued for their expertise, and called upon for their opinion. They have the agency to make important business decisions, steer strategy, and shape teams to drive their vision forward. They are also associated with higher income and greater life satisfaction, which goes some way to explaining the gap between how leaders evaluate their lives and how they actually feel in the thick of work. But this level of responsibility comes with a heavy price. While navigating a climate of uncertainty and complexity, leaders today are expected to make fast decisions, often with limited information. They feel the pressure to transform rapidly with AI, fix growing disengagement and hold together teams across hybrid, remote and in-person environments. And the decisions they make often carry a heavy emotional weight – they may be handling redundancies, communicating restructures, overruling a popular team decision, or managing the knowledge of a merger they aren't yet permitted to disclose.

Pay attention to leadership experience

Employee experience programmes have historically focused on the organisation's middle managers and individual contributors – not the leaders. The data clearly shows high engagement scores among 'managers of managers' are masking everyday experiences that are far from ideal. Meanwhile, leadership burnout is a growing and underreported contributor to senior turnover.

Organisations that want to address the leadership wellbeing paradox need to go beyond the standard response. Resilience training treats the symptom rather than the cause, as it asks leaders to absorb more, not to carry less.

What's needed instead is a genuine rethink of how leadership experience is designed. When leaders are genuinely engaged – not just submitting high engagement scores – negative emotions fall to levels comparable with individual contributors. Teams led by people who are doing well tend to do well themselves. And teams that do well tend to deliver better customer experiences. Leadership wellbeing should therefore be front and centre of an organisation's EX strategy, not sitting on the sidelines.

As AI now appears front and centre of every report on everything it may be worth asking AI what is buzzing in CX and EX this month. Here is some of what our special correspondent Claude had to say.

Adobe Goes All-In on Agentic AI for CX

*The biggest splash this month came from Adobe Summit (held in Las Vegas on April 20). Adobe unveiled its **CX Enterprise** platform — a new end-to-end agentic AI system designed to simplify how businesses manage their entire customer lifecycle, from prospect acquisition through to loyalty. It includes new tools like Adobe Engagement Intelligence (a decisioning engine optimised for customer lifetime value), Adobe Journey Optimizer Loyalty (gamified loyalty experiences), and Adobe CX Analytics (a unified intelligence layer connecting journeys across all touchpoints). Adobe is also expanding partnerships with AWS, Anthropic, Google Cloud, IBM, Microsoft, NVIDIA and OpenAI to ensure interoperability across platforms. [Adobe Newsroom + 2](#)*

The "Engagement Divide" — SAP's Wake-Up Call

SAP published findings from its 2026 Global Engagement Index that are sobering reading for CX leaders. A striking 82% of consumers say a brand has disappointed them, even when the product itself meets their needs — the core of what SAP calls the "Engagement Divide." Meanwhile, 78% of brands view AI as critical to customer retention, but 66% admit they can't actually use it to optimise campaign performance in practice. Only 30% of brands are sharing customer engagement data within a CX or CRM platform — meaning most are trying to personalise without the unified data to do it properly. [SAPSAP](#)

US Government Moves on Offshore Call Centres

The US government is pursuing call volume limits for offshore contact centres, along with a proposed right for customers to request support from US-based agents. This follows earlier FCC activity on the topic and could have significant implications for brands operating large-scale offshore contact centre operations. [CX Network](#)

Google & Visa Push Agentic Commerce

Google unveiled a new open standard for agentic commerce, alongside Search-based agents and AI Mode shopping discounts — a development that will force CX leaders to rethink how and where customer journeys begin. Separately, Visa's moves into agentic commerce are prompting questions about whether CX teams are ready for AI acting autonomously on behalf of shoppers. [CX Network](#)

AI Backlash: When Chatbots Make Things Worse

There's a growing counter-narrative to the AI hype. Rob Markey (of NPS fame) shared a widely discussed story of being caught in a chatbot's "circular loop" that kept repeating the same unhelpful suggestion — leading him to abandon the digital experience entirely and drive to a store, where a technician resolved the issue in under five minutes. It's becoming a touchstone moment in the debate about whether AI is genuinely improving service or quietly eroding it. [Shep Hyken](#)

The overarching theme? Agentic AI is dominating the agenda, but execution is lagging behind ambition — and there's a growing tension between the efficiency case for AI and the customer loyalty case for keeping humans in the loop.

The AI Customer Service Backlash: A Deeper Dive - The Scale of the Problem

The dissatisfaction with AI-powered customer service is broader than the anecdotes suggest. Nearly one in five consumers who have used AI for customer service saw no benefit from the experience, according to the Qualtrics 2026 Customer Experience Trends Report — a failure rate almost four times higher than for AI use in general. Consumers rank AI applications for customer service among the worst for convenience, time savings, and usefulness. [CNBC](#)

Research shows 75% of consumers are left frustrated by AI customer support. And frustrated customers leave — 56% of unhappy customers simply stop doing business with a company without ever complaining. That silent churn is particularly dangerous because it's invisible in the metrics. [Chatbase](#)

The Klarna Case Study: A Cautionary Tale

Klarna became the poster child for AI-first customer service — and then for why it doesn't always work. Klarna's initial strategy, launched in 2023, aimed to reduce operational costs by automating up to 75% of customer support interactions. The company said its chatbot handled more than 2.3 million conversations within a month of rollout, supporting more than 35 languages. [FinTech Weekly](#)

But the headline numbers masked a quality problem. Customer satisfaction scores — specifically CSAT and NPS on post-interaction surveys — deteriorated on complex service interactions. The volume-based metrics the AI performed well on (resolution rate, time to first response, tickets handled per hour) masked the quality deterioration on specific interaction types. [Digital Applied Team](#)

By early 2026, Klarna had shifted to what it calls an "Uber-style" model — AI handles simple, standardised queries, while humans become the "VIP experience" for complex, emotionally sensitive, or high-value cases, with those human agents recruited directly from Klarna's own customer base. [Silicon CanalsSubstack](#)

The financial sting in the tail: reversing the layoffs required recruiting, onboarding, and training new customer service staff — an expensive process that companies rarely model in their original AI replacement business cases. [Digital Applied Team](#)

Gartner Drops a Bombshell on the Economics

Perhaps the most significant development for CX leaders is Gartner's challenge to the fundamental business case for AI in customer service. The consultancy predicts that costs per resolution for generative AI will exceed \$3 by 2030 — a rate higher than many offshore agents. Gartner points to rising data centre costs, AI vendors pivoting from subsidised growth to seeking profitability, and complex use cases as reasons for AI costs to soar. [CX Dive](#)

As Gartner's Emily Potosky put it starkly: "Historically, we have invested in less expensive technology to replace more expensive talent, and currently what we are looking at is investing in a more expensive technology solution to replace a less expensive talent source. And I do not know economically if that is going to pay off."

[CX Dive](#)

Gartner's February 2026 prediction: by 2027, 50% of companies that attributed headcount reduction to AI will rehire staff to perform similar functions, but under different job titles. "AI simply isn't mature enough to fully replace the expertise, empathy, and judgment that human agents provide," said Emily Potosky. [Gartner](#)

Why Chatbots Actually Fail

Most AI chatbot failures are not caused by technology limitations, but by how systems are designed, deployed, and maintained. Failures typically fall into three categories: design failures (poor conversation flows, weak user experience); data failures (incomplete, outdated, or unstructured data leading to inaccurate responses); and strategy failures (lack of ownership, unclear goals, missing success metrics). [Getmyai](#)

There's also the "deflect vs. resolve" problem. Many consumers say early experiences with customer support chatbots feel more like deflection than resolution — the technology is often designed with the wrong incentives and can optimise for poor customer outcomes. [CNBC](#)

And once trust is broken, it's hard to rebuild. The psychology research calls this "algorithmic aversion" — once a customer has a bad experience with an AI system, they distrust AI systems broadly, not just yours. [Chatbase](#)

The "AI Washing" Problem

Perhaps the most troubling finding of all comes from a Harvard Business Review survey published in January 2026. Of 1,006 global executives surveyed, 60% of organisations had already reduced headcount in anticipation of AI — but only 2% of companies had AI actually performing those jobs, and only 14% had AI solutions ready to deploy. The authors call this "AI washing": using artificial intelligence as a narrative shield to justify headcount reductions to investors. [Substack](#)

See <https://icxi.com/> for all details of the institute's Look out for the imminent relaunch of **The ICXI Online Academy** and the all-new **International Excellence Awards** — a new kind of awards programme that give every organisation the opportunity to optimise the positive motivational benefits of that **winning feeling**.