

# Conversational Commerce Changes the Customer Service Conversation

# Introduction

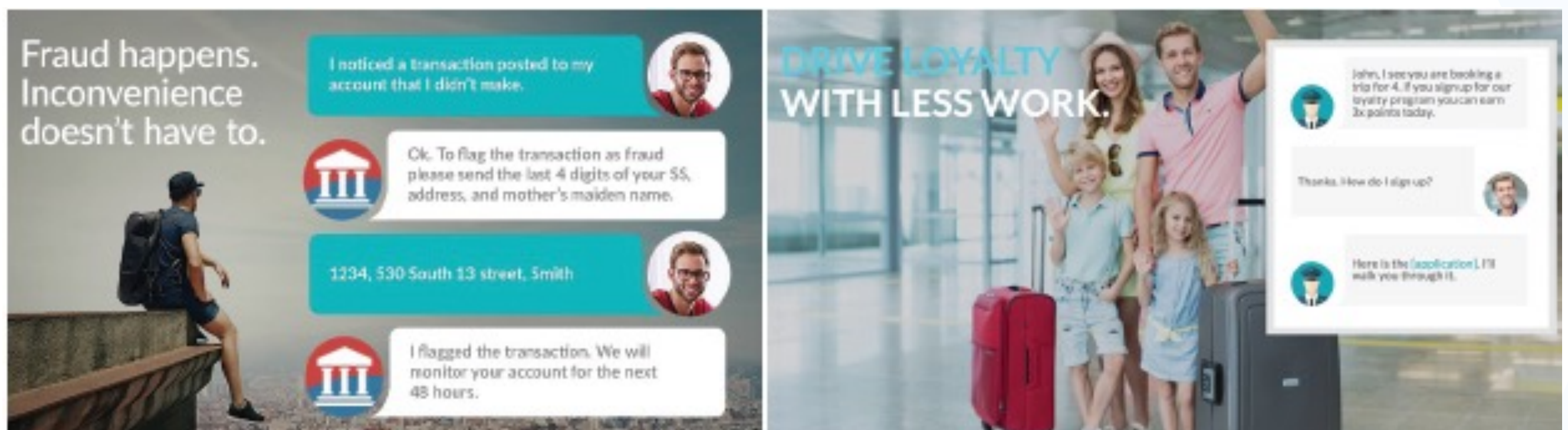
Customers want to connect and engage with their brands. Yet today, brands that provide customers with great sales and service experiences are in the minority, which leaves the vast majority of customers yearning for something more. For those that are customer engagement leaders, there are tangible returns. Engagement “magnets” see measurably higher profit margins and increased rates of advocacy and loyalty than companies outside of the leadership quadrant.<sup>1</sup> The essence of customer engagement is personalization - humanized interactions that make customers feel like they're doing business with a real person instead of a company. Often times, you'll hear customers refer to great customer service as “old-fashioned” or “the way things used to be.” What they really mean is the desire for the days before companies ditched conversational engagement for automation and self-service. Grasping the importance of connection gives businesses a major competitive advantage. Gartner predicts that brands offering personalization will outperform competitive brands by 15 percent by 2018.<sup>3</sup> The personification of commercial interactions has been dubbed “conversational commerce.” Indeed, because of the maturation and coalescence of technologies such as Natural Language Processing (NLP), cloud services, and machine learning, many believe 2016 is the year of conversational commerce.

## *Engaged Customers Are*

- *90% more likely to make more frequent purchases*
- *Spending 300% more than unengaged customers each year*
- *5x more likely to choose brands for future purchases*
- *7x more likely to respond to a brand's promotional offers*
- *Spending 60% more on each transaction*
- *Have 3x higher annual customer lifetime value*
- *6x more likely to try a new product*

# Conversational Commerce

What is conversational commerce? It's human-to-machine (H2M) engagement that utilizes chat, messaging, and other NLP interfaces (e.g., voice). Typically, the conversation driver is a chat bot that can integrate with various application interfaces, facilitating a dialogue between customers and companies. A chat bot can be device, channel, and application agnostic, meaning it can be wherever the customer is, which in today's business landscape is virtually everywhere. It also breaks down barriers separating different industries through an intertwining of API-based cloud services.



H2M interactions using a text-based graphical user interface (GUI) and voice-based interactive voice response (IVR) don't offer the level of personalization customers want. Why? Because they are largely one-directional and designed to route (or "course") customers down a pre-destined path instead of addressing each customer's needs individually. They also force users to speak machine language in order to communicate. Furthermore, they don't intelligently route customers to applications or channels that best meet their needs, but rather they require users to make that determination themselves. This creates a gap that can be difficult to bridge, with 40 percent of customer problems not even represented on digital self-care channels.

“ 40% of customer problems are not represented on digital self-care channels. 30% of customers indicate their attempts at self-service fail.

Customer self-service is up to 98% less expensive than channels that require human intervention such as call center or live web chat support.

# Failed Engagement

There's been talk in recent years about omni-channel and digital engagement as "the goose that would lay the golden egg" and turn frustrated, unhappy customers into passionate advocates. Well, the egg hasn't materialized. In fact, if omni-channel and digital engagement were the solutions, then customer satisfaction should be higher today than yesterday. But that is far from the case. Customers feel businesses disrespect their time and dehumanize the engagement experience. Customer dissatisfaction continues to grow—from 39 percent in 2003, to 45 percent in 2011, to 54 percent in 2015. An alarming 66 percent indicate they experienced rage as a result of a customer service issue; and only five percent report that their sales and service experiences exceed expectations.

*Only 5% of customers report their sales and service experiences exceed expectations.*

# How Failed Engagement Hurts The Bottom Line

Customer experience angst has a measurable business impact—and it isn't positive. Eighty-seven percent of customers indicate their customer service experience impacts their decision to do business with a vendor<sup>11</sup>. Forty five percent will abandon an online purchase if they can't find a quick answer to a question. Eighty-two percent are likely to stop spending with a company due to a bad service experience. And, with it being six-to-seven times more expensive to acquire a new customer than to keep an existing one, <sup>14</sup> the financial repercussions can pile up very quickly.

*82% of customers are likely to stop spending with a company due to bad service experience. 45% will abandon an online purchase if they cannot find a quick answer to a question.*

Because of the rise of social media, the dark cloud of poor customer service influences more than just those directly impacted by a subpar experience. For example, compared to just five years ago, customers are three times more likely to share brand information with someone they don't know. Forty-five percent share bad experiences on their social networks.

*45% of customers share bad customer experiences on their social networks..*

# From Automated and Unintelligent to Personal and Intelligent

Admittedly, delivering a great customer experience isn't easy. Research shows customers are four times as likely to leave a service or sales interaction disloyal than loyal.<sup>17</sup> What customers really want in their interactions with businesses is for their time to be valued. They want easy and quick ways to get their questions answered and their problems solved.<sup>18</sup> The majority prefer self service when that channel will answer their question or solve their problem. Self-service doesn't necessarily mean speedy or efficient service. Currently, customers have the burden of doing a lot of guesswork and digging to find what they need. This is a huge time sink for them, but with conversational commerce that decision will be made for them. Contrary to what many assume, automation and self-service aren't the problems. The issue is unintelligent, one-way service channels that are time consuming, frustrating, and lack personalization. Sixty percent of customers interact through multiple channels irrespective of device and location.<sup>21</sup> Having a seamless experience between channels is thus critical. However, nearly half of all call centers admit they are unable to manage the end to- end workflow of interactions and information.<sup>22</sup> The problem isn't simple to solve; it requires integration across different channels, information sources, and applications. These are some of the reasons omni-channel and digital engagement have fallen short in turning the customer service needle.

## “ *Customer Service Wish List*

*When asked to compile a customer service wish list, customers listed the following:*

- Phone systems that can understand them and provide navigation to answers, 42%*
- A better way to search for and find information on a vendor's website, 37%*
- Proactive customer service systems that anticipate needs, 28%*
- Virtual assistant technology to advise them on customer service issues, 19%*

“ 65% of customers report being given conflicting information when they move between a vendor’s customer service channels. 70% rank a poor multichannel experience as an annoyance. Customers who receive a resolution or an answer on their first contact with a business are twice as likely to remain loyal and four times more likely to be a positive advocate about the company. 73% of customers indicate valuing their time as the most important thing a company can do to provide them with good service.

In contrast with these legacy H2M communications, conversational commerce speaks the language of the customer and is bi-directional. It is also contextually aware, retaining a human touch that is lost as a result of the GUI and IVR, and becomes increasingly intelligent over time using artificial intelligence (AI).

H2M interactions are more social and less technologic, employing verbs like invite, contact, mute, block, and message to humanize the experience. This makes H2M communications accessible to a broader group.

## Bots Bring Human Element to Digital Customer Experience

A crucial lynchpin in conversational commerce is bots. Using a combination of Natural Language Processing (NLP), machine learning, and AI, bots are poised to transform the digital customer experience. Customers no longer need to decide which medium best matches their requirements. Bots are contextually aware and connected to hundreds (which will quickly grow into the thousands) of different applications through open application protocol interfaces (APIs). What does this mean? A bot can identify and solve a customer's problem faster and easier than ever before.

Because bots track each user interaction, a conversation thread with each users exists, making it easier to offer heuristic resolutions and recommendations that anticipate the individual user needs—whether through text or voice. This two-way conversation humanizes the service and sales experience through localized discovery and past behaviors. Simply put, the bot starts to know you, just like it would if you frequented a brick-and-mortar store.



# From Automated and Unintelligent to Personal and Intelligent

Communications with bots also become proactive. In the same way that someone might be reminded by an assistant to buy their mother a birthday gift or take a business-related action, a bot can preempt those conversations. Delays in responding to customers, which plague many of the service channels employed today, evaporate with bots. Service and sales inquiries reach customer service agents in real time regardless of the channel—voice, email, live web chat, text, or social.

## *Customer Service Response Expectations*

- 42% of customers expect a response to a service inquiry on social media within an hour (only one-third who submit a service request never get a response)*
- 60% of customers want a response to an email service inquiry within four hours<sup>28</sup>*
- Nearly two-thirds of customers will wait only 60 seconds for voice support; one-third of customers feel being put on hold for voice support is unacceptable<sup>29</sup>*

Companies and developers also see the value of bots from an internal perspective. Businesses face burgeoning development costs and a landscape clogged full of different apps. App developers see bots as an opportunity to shrink development cycles from months to weeks or even days. For GUI-based applications, bots eliminate the need for the cycle of updates and releases, making it much more cost efficient for developers while also improving user adoption

“ *Proactive Notifications: Things Customers Care About the Most*

- *A notice about sales or discounts, 50%*
- *A reminder for an upcoming appointment, 46%*
- *A status update on an application or order, 42%*
- *A reminder about an upcoming payment, 35%*

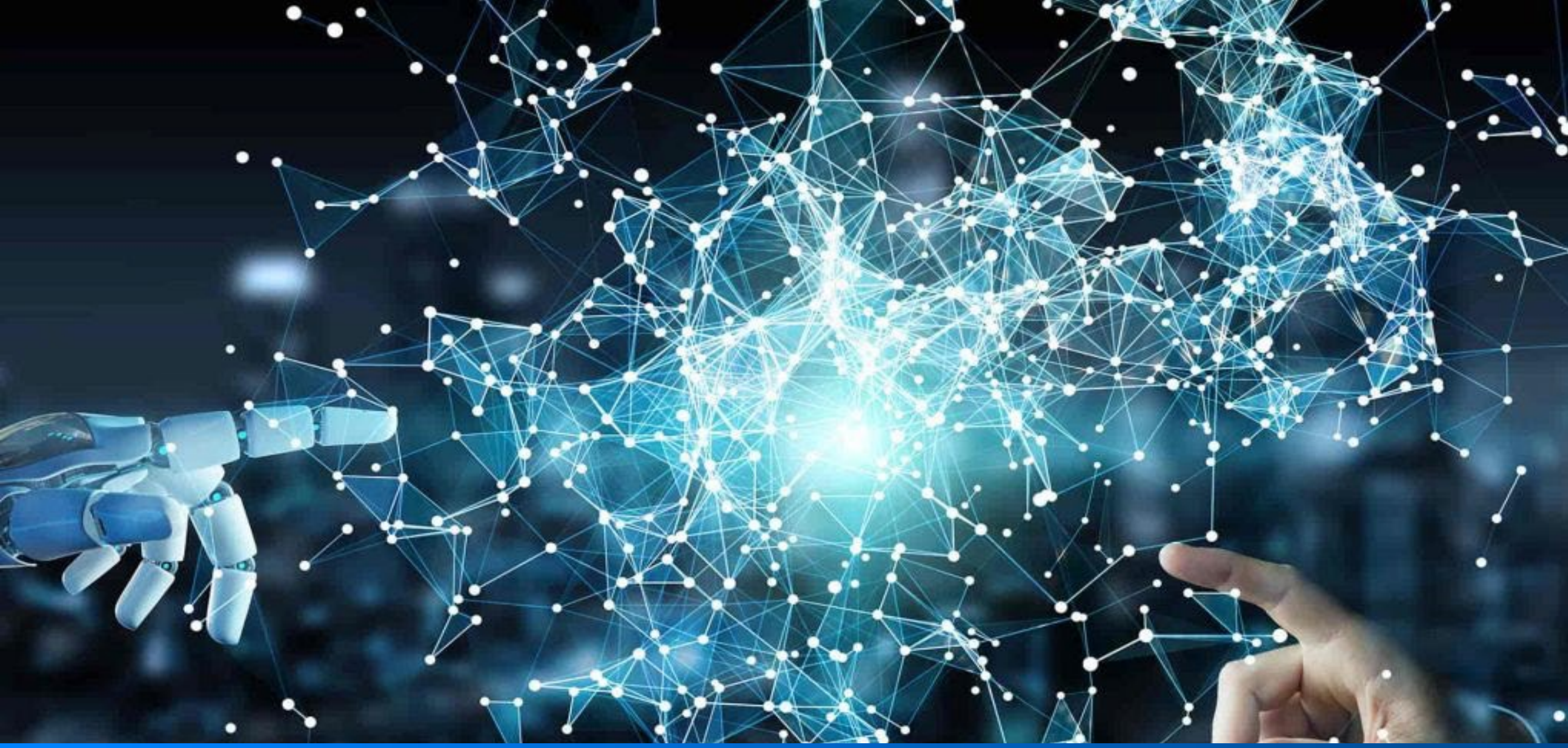
# Making a Market Impact

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**Thank You**