



The Rise of **CHATBOTS**

in Customer Service & Support

An overview of chatbot technology,
use cases, and business benefits

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01. INTRODUCTION

The trend of using chatbots in business shows no sign of slowing. As one-to-one messaging becomes the new norm, more businesses have adopted chatbots — particularly customer service departments. But exactly what are chatbots, and how do you know if they can help your business?

At Acquire, we know a thing or two about chatbots. In this overview, we'll cover chatbots and their most common use cases, which industries beyond customer service benefit from chatbots, signs your business needs a bot, and factors to consider before buying.

02. WHAT ARE CHATBOTS?

Chatbots are simple and effective artificial intelligence (AI) systems that interact with humans using text or voice. Perhaps you have used a chatbot and not even been aware of it. Sophisticated chatbots have self-learning capabilities that enable them to engage with humans naturally. These bots are encoded to understand how we react to questions, comments, and events, creating an even more human communication experience online.

Chatbots come in many different shapes and forms, and can be used across a variety of industries. Businesses most commonly use them on their websites and popular messaging and social media apps. Technically, chatbots are comprised of three key parts: user interface (UI), AI and integrations¹.

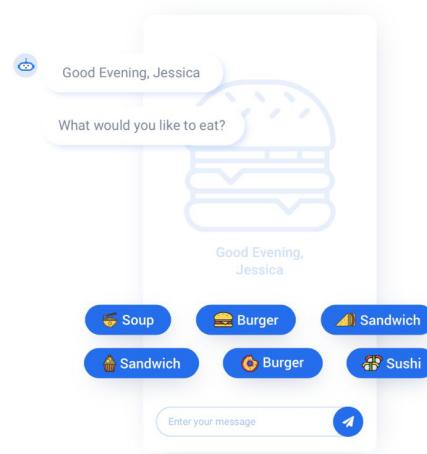
03. THE UI

The UI is the point of interaction between the chatbot and the user. Mostly this interaction takes place through a messaging app or a within a chat session on a company's website. As technology advances though, the spoken word is becoming an increasingly viable alternative.

Think of personal digital assistants such as Siri, or Google's Assistant. Using Natural Language Processing (NLP), this technology can draw on the current context as well as previous queries to understand the customer requests. As AI techniques progress, natural-sounding conversation becomes increasingly achievable.

04. THE AI

Artificial intelligence underpins a chatbot's ability to understand and ultimately solve customer queries, but also, crucially, to learn from each interaction.

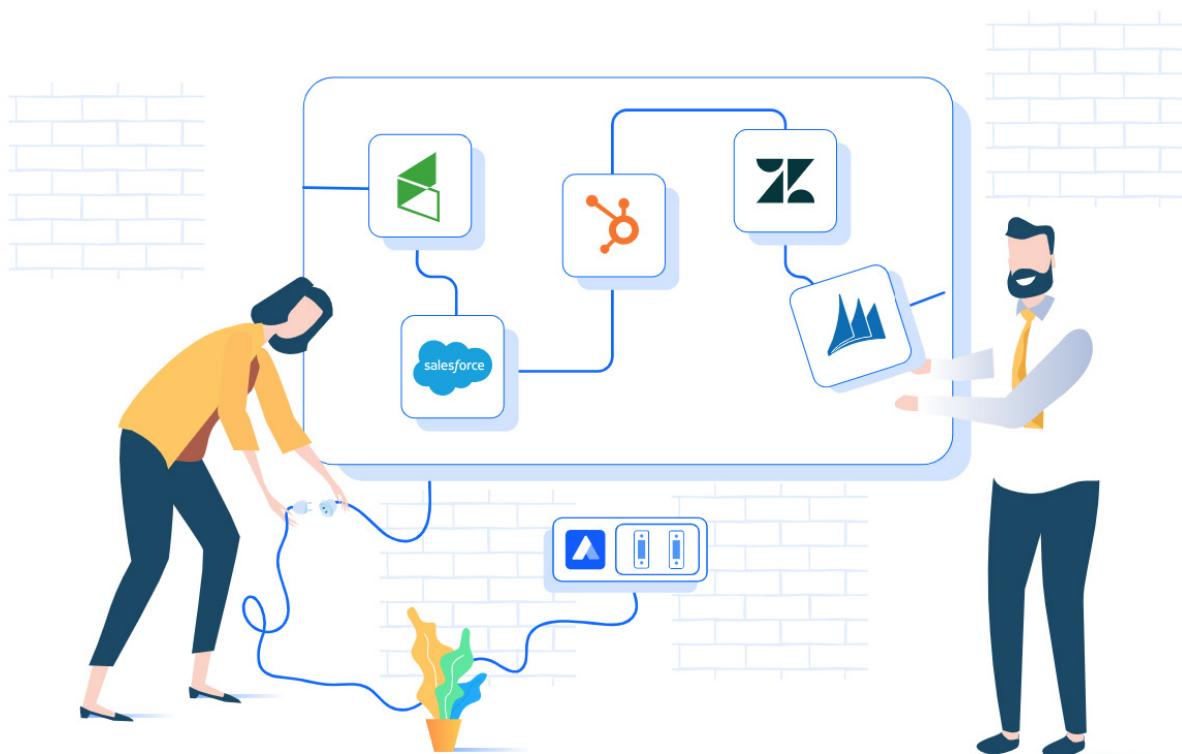


The current reality sees most problem-solving undertaken by chatbots relying on a decision tree built from predefined rules, rather than leveraging more sophisticated machine learning techniques. As these techniques gain traction they are beginning to be applied more widely.

Relying purely on these decision trees though confines chatbots into a specific area of expertise, one in which they have been programmed to provide predefined answers to the most common questions.

05. INTEGRATIONS

Integration with other systems and platforms gives chatbots access to multiple data sources, increasing effectiveness. With access to the right information, they can help customers complete transactions. Connecting with workforce management systems helps chatbots check availability of human agents and escalate more complex customer queries to them.



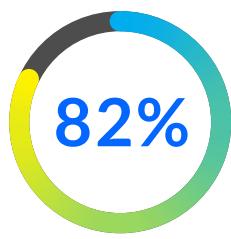
06. CHATBOT EFFECTIVENESS

The data shows that chatbots are on the rise in customer service². This makes sense: the functionality of a chatbot is well-suited to the question-and-answer nature of customer service.

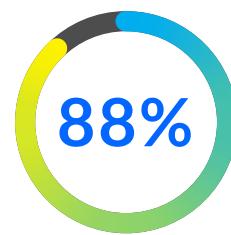
Although chatbots currently lack the sophistication to handle all customer queries, dealing with more routine queries— which typically make up most customer service requests— falls well within their capabilities.

For example, at one European telco, a chatbot was used in a pilot program on a set of common customer queries and resolved 82% of interactions by itself, rising to 88% of interactions when combined with live intervention by a human agent.³

This level of performance was achieved after only a few weeks of training the chatbot. It is worth noting complex customer queries were referred to human agents, though.



Common customer queries
resolved by chatbot only



When combined with live
intervention by a human agent

07.

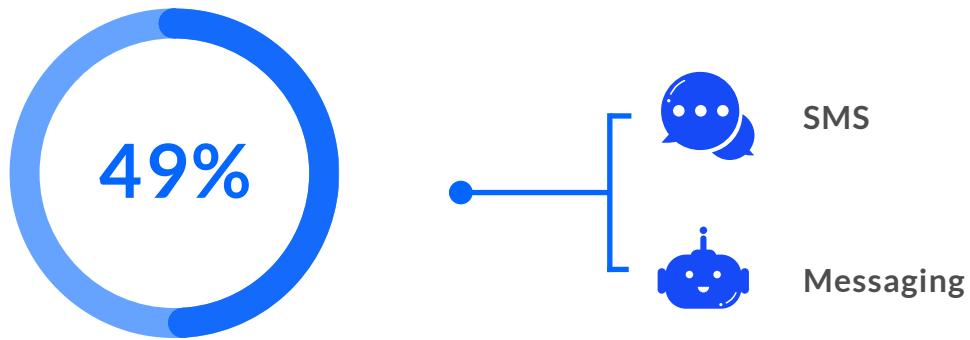
CHATBOT USE CASES

USE CASES	DESCRIPTION	BENEFITS
Customer Service	Chatbots help customer service teams triage and answer basic requests. They reduce the burden on support agents to respond to every single query.	<ul style="list-style-type: none"> • Ensure consistent quality in your online customer service • Improve support team efficiency • Speed up resolution time • Route customers to the right department
Customer Experience	Customer experience (CX) is not just a buzzword, it's a competitive differentiator. Customer experience has become the new way businesses set themselves apart.	<ul style="list-style-type: none"> • Offer 24/7 support • Provide guided onboarding • Immediate response to customers
Marketing	Chatbots are another marketing channel for anonymous visitors to instantly engage and convert into leads and customers. Chatbots serve as a concierge, greeting visitors with not just a welcome message, but an offer.	<ul style="list-style-type: none"> • Invite visitors to sign up for a newsletter • Invite visitors to register for a webinar • Extend visitors a promotional offer or coupon
Sales	Chatbots are well-suited to help businesses optimize on the trend of conversational sales. They use dialogue to assist prospects before, during and after the sales cycle.	<ul style="list-style-type: none"> • Qualify leads by asking the right questions • Progressively push out the right message to the right audience at the right time • Schedule meetings and sales demos

08. CHATBOTS AND CX: A POWERFUL DUO

The data shows that customers are on board with chatbots. As reported by Business Insider, globally, 38% of consumers view chatbots positively, whereas only 11% have a negative perception of chatbots.⁴

There is enormous potential here if businesses are able to harness this trend effectively. According to a survey of 1,000 U.S. consumers, 49% of consumers would rather conduct all their customer service interactions via text or messaging⁵.



Consumers prefer customer service via text or messaging

09. CHATBOTS IN ENTERPRISE BUSINESS

Apple, Samsung, Microsoft, and Facebook, all make up a list of successful companies willing to invest billions on digital assistants and the technology behind them. With such big names acting as a driving force for technological advancement, customers rightly expect the digital space to provide convenience and efficiency for them, trusting chatbots to answer their questions.

Importantly, enterprises are now pushing back the frontiers in finding new ways of delivering a better experience to their customers.

Dutch Airline KLM and American Express were among the first companies to launch messenger chatbots for customer service. When SEB, a leading Swedish bank, deployed a digital agent chatbot in its internal IT department, the bank conducted over 4,000 conversations with 700 employees over a three-week period which successfully resolved the majority of issues.⁶



10. BENEFITS OF CHATBOTS



IMPROVE EFFICIENCY

Now customers can interact intuitively with chatbots through messaging platforms. Customers don't even need to worry about repeating themselves over and over again, as conversations they have had with the brand remain easily accessible for future reference. Chatbots are predicted to deal with 90% of all customer inquiries within 5 years.

STANDARDIZE QUALITY

Chatbots can sift through vast data sets at great speed, meaning they are actually better at many customer service tasks than humans. When it comes to providing relevant information, a chatbot can retrieve this virtually in an instant. A human may take several hours to locate the same information.

Humans also suffer from a unique set of issues that impact their ability to perform tasks effectively. The quality of the service chatbots provide is unaffected by emotion, for example. Neither can they tire — another huge benefit, as they are always available 24/7 to take customer queries.

REDUCE OPERATIONAL COSTS

Every year, around 265 billion customer support requests are made and it costs businesses whopping \$1.3 trillion to service them⁷. These costs can significantly be reduced with the help of chatbots. Implementing virtual agents or chatbots can help businesses save up to 30%.

According to industry research, chatbots are predicted to deal with 90% of all customer inquiries within 5 years. This means that by 2022, it's expected that they will cut business costs by \$8 billion⁸.

11.

SIGNS YOUR BUSINESS NEEDS A CHATBOT

Chatbots may not be a great fit for every business, but if you suspect you need one, there are a few signs to look out for.



Your support team spends more than half their time answering simple, repetitive questions daily

There are customer scenarios that need a human touch, and there are ones that don't. Time spent answering common questions (e.g. "What is your pricing?") takes away from more complex issues that truly need a human touch.

When considering whether or not a chatbot could help answer easy questions, there are a few things to think about. First, how much time does your support team spend on common questions? Avis Budget was able to automate 68% of their service calls⁹ with a bot. Another thing to think about: how much time is your team spending rerouting questions to different departments? Chatbots can help streamline rerouting by recognizing language in customer queries and directing them to the right team at your company.



of consumers expect an immediate response when they have a sales or marketing question.

02

You need to improve your customer experience

We live in a connected world where information and products are often delivered to consumers immediately. This means everyone expects fast service.

If your customer support team isn't able to respond to customers fast, it might be time to bring on a chatbot. How fast is fast enough? 82% of consumers¹⁰ expect an immediate response when they have a sales or marketing question.

03

You want to chat with customers while ensuring their privacy

Some industries, such as banking and insurance, handle sensitive information. While security is essential to customers no matter what company they're interacting with, businesses handling personal info should consider how a chatbot fits into their operation. Before building a bot, take time to make a plan about how information is shared and stored within your customer support systems. While it's important to consider security in your chatbot decision, privacy concerns shouldn't hold you back. Some of the biggest global banks have adopted chatbots, including Bank of America, JP Morgan Chase, Capital One, and MasterCard. Erica, Bank of America's chatbot, helped a million new users¹¹ in her first two months.





04

You need help qualifying leads

Chatbots aren't just for support—they're also great at qualifying leads. Tree Ring, a service that creates custom yearbooks, was able to 15X their ROI¹² by increasing the value of their sales pipeline through using a chatbot to qualify leads. Everyone wants more qualified leads, but you have to assess your current sales pipeline before sticking a chatbot into the mix. Do you have a clear lead qualification process? If you do, a chatbot may be able to help. Another scenario in which a chatbot can boost sales is if your sales team is overwhelmed by the number of potential leads coming in.



05

You use multiple messaging platforms to communicate with visitors and customers

If your sales or support teams use Twitter, Facebook, Instagram, WhatsApp, and other social media to talk to leads or clients, they've likely got multiple tabs and windows open at all times - which can leave your team open to forgetting to respond to a customer. Some third-party chatbot providers¹³ offer integrations with major messaging platforms, enabling your team to manage all customer and visitor communication in just one window.

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09. BEFORE BUYING A CHATBOT: CHECKLIST

Whether it's providing an excellent customer experience through faster service, or finding a way to improve your marketing and sales efforts online – chatbots have the power to improve your business. So how should you go about choosing a chatbot? Check vendors and their offerings against the following criteria:



Will the chatbot integrate seamlessly with my current systems?

Before deciding to purchase a third-party chatbot, make sure it integrates effectively with your business systems. Here are a few categories to consider:

Legacy systems : A seamless integration into your existing legacy system is important. If a situation arises in which the chatbot doesn't fully understand what the customer wants, it can then send relevant information to a live agent and have them take over. In cases when there is no agent available, the query can be redirected, allowing an agent to reply via email or an in-app message once they receive it.

Social media and messaging apps: Chatbots that integrate with your social media and messaging platforms provide a massive advantage to your business and customers.

These chatbots enable customers to get answers via their preferred social media or messaging platform.

Popular social media and messaging platforms that chatbots can connect to include Facebook, Twitter, Skype, WhatsApp, Line, Viber, WeChat, Telegram and more¹³. Whichever your selection is, make sure your vendor is able to provide a way for you to manage your chats all in one place.

Marketing and sales tools: Chatbots live on your website. If you conduct most of your marketing and sales online, then it's wise for your chatbot to integrate with your marketing and sales tools. Search for a provider with a robust set of integrations. Popular sales and marketing platforms to integrate chatbots to include: Sales-force, Hubspot, Clearbit, and Calendly.



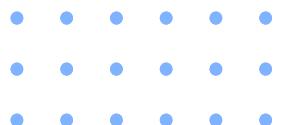
Does the chatbot come with chat routing?

Customer questions are often nuanced. As powerful as chatbots are, they won't be able to understand every support request. That's when chat routing comes in.

Chatbots that can route chats are able to forward requests they don't understand to human employees. The advantage to business: you don't have to babysit your bot. Plus, you guarantee that your customer gets a smooth customer experience.

Most chatbots come with basic routing capabilities, enabling you to route chats to everyone on your team. Chatbots that have more sophisticated routing features include:

- Custom routing based on page URL, time on page and other attributes
- Department-based routing, transferring chats to different departments
- Routing based on chat limits, queues and your team's individual workload





Can the chatbot offer help articles in the chat widget?

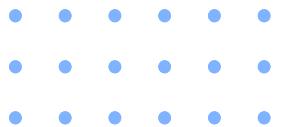
Research from Harvard Business Review shows that more than 8 out of 10 customers¹⁴ will try to take care of their problem themselves before reaching out to a live rep. Another helpful feature to offer inside the UI of your chatbot is access to your knowledge base, or database of help articles. This makes it easy for your visitors to self-serve from the help resources you make available. By the way - these are the same resources that will help you onboard your chatbot.



Can you analyze your chatbot's performance?

You have spent time training and setting up your chatbot to work for your unique needs. Analytics give you insight into how your bot(s) are performing. With analytics, you can track data such as conversion rates, customer satisfaction and more.

Use analytics to tweak your chatbot functionality and messaging. For example, you might find that your chatbot message on your pricing page has a high open rate, but a low click-through rate. In that situation, you might tweak the message to be more relevant to your pricing packages.





Is the chatbot able to provide API responses?

Action-based chatbots can provide a response using information from your system, and this might be a highly effective tool for you depending on your business. Set up an API where chatbots take an action based on the customer request. For example, if a customer asks, "When is my credit card balance due?" chatbots can then delve into their account, giving the customer the relevant information. This API input is very useful for ecommerce companies. If a customer says, 'I am looking for blue t-shirt in XXL', the chatbot can automatically filter this data from the website, listing all the matching items.



Does the chatbot meet security and compliance standards?

Chatbots interact with your customers, creating an exchange of information that requires data security. Security and compliance capabilities vary among chatbot providers, and requirements vary from business to business, too. Before you buy, make sure your data security needs align with your chatbot provider's security program.

Questions to ask before buying a chatbot:

- Will this chatbot enable my business to comply with audit regulations?
 - Is the provider ISO 27001/27002 certified?
 - Is the provider SOC 2 Type II certified?
 - Is the provider GDPR and HIPAA compliant?
 - Can the chatbot mask personally identifiable information (PII)?
 - Does the provider offer file audit and security logging for sensitive files?
 - Does the provider enable me to set up access permissions and controls?
 - What are the provider's data encryption capabilities?
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13. CONCLUSION

Chatbots are primarily based on text interactions, but increasing sophistication allows chatbots to interpret and employ rich content like images, emojis, and other icons. When communicating with potential customers, they provide the chance to get your message across in different ways, persuade people to complete an action, and even showcase your products.

Chatbots are fast becoming a necessary part of the customer service mix. If you don't want to miss out on this trend then make sure chatbots form a part of your customer service strategy. Use them wisely to create better customer service, positioning your brand for future success.





14. SOURCES

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15. ABOUT ACQUIRE

Acquire equips enterprise support teams with the digital tools they need to create the best customer experiences. With features including secure cobrowsing, AI chatbots, live chat, and video and voice calls, Acquire empowers teams to resolve complex support issues in real-time. Headquartered in San Francisco, Acquire's customers span the globe, and include Fortune 500 brands. Its investors include S28 Capital, Fathom Capital and NHN Ventures.

Want to learn more about how Acquire can help your business? Schedule a demo at www.acquire.io.

San Francisco, CA, USA
133 Kearny Street, Suite 401
San Francisco, CA 94108
+1 (415) 212-5151

Ahmedabad, India
1201, Times Square I Thaltej - Shilaj Rd,
Opposite Rambag, Thaltej,
Ahmedabad, Gujarat 380059
+ 91 9823412519