

F R O S T  S U L L I V A N

A Virtual Think Tank Executive Summary

Can Bots and Virtual Assistants Help Boost your Brand?



Frost & Sullivan, a leader in growth, innovation and leadership for over 50 years, recently assembled a select group of Customer Experience executives from diverse organizations to participate in a forum on creating a state-of-the-art partner ecosystem for maximum customer value.



INTRODUCTION

Recently, a select panel of diverse industry leaders participated in a Virtual Think Tank discussion on the topic, “Can Bots and Virtual Assistants Help Boost Your Brand?”

The exchange was moderated by Michael DeSalles, Principal Analyst, Frost & Sullivan.

DeSalles opened the discussion by asking each of the participants to provide a bit of information about their responsibilities and experience with Chat and Virtual Assistants (VA’s) to date. Most organizations present were leveraging Chat to some extent, and overall the group was beginning to experiment with Chat Robots (Bots) and VA’s. As a few of the participants stated however, incorporating these emerging technologies into the customer service experience is a fairly complex and complicated undertaking. It certainly requires a lot of trial and error before “getting it right” and providing a faster and more efficient customer experience.

They know the minute you shop, what to offer you and what to add.

CUSTOMER EXPERIENCE AND THE BRAND

Taking the discussion to the next level, Jodey Ryan, Senior Manager, Customer Experience Innovation, at Verizon, asked two important questions: “How can we touch customers better by using Bots and VA’s? How can Bots in virtual systems help to boost the brand?” These questions are of central importance, as the experts know it’s not just about the implementation of Bot and VA technologies; it’s about leveraging them in intelligent ways to better serve customers, to enhance the customer experience and to improve the bottom line.

As Jeff Cotrupe, *Industry Director at Stratcast, Frost & Sullivan, states in a recent Analysis, “Customers Want Fast Answers Online, Not Waiting on a Phone Line: Virtual Assistants are Essential”:*

The good news is that, while poor customer experiences can be revenue-crushing, delivering positive customer experiences can be the #1 way to differentiate a brand—even if the brand’s competitors currently have greater market share and outspend it with massive marketing budgets. In fact, by 2020, customer experience will overtake price and product as a key brand differentiator.¹

Given the importance of using customer experience to retain existing customers, it is counterintuitive that, in the court of business opinion, seemingly everyone wants to talk about using online and mobile to sell. However, few organizations are putting the same amount of energy and focus into using these channels to keep the customers they already have. The truth is a company’s website and social sites are its portal to the world. Increasingly, those views of the company occur mainly or entirely on mobile devices. How a company handles each interaction, at each touch point, with every customer and prospect, is critical.

¹Sources: eMarketer; IBM: State of the Market (2014)

SERVING THE MILLENNIAL MARKETPLACE

And who exactly are the customers who will be on the front lines using Bots and VAs? By and large, they are Generation Y, Millennials and Gen-C. Millennials and Generation Y are those born in the 1980's and 1990's, all the way through the early 2000's. They are known for their high comfort level with digital technology, particularly mobile devices and self-service options.

Those who comprise Generation C were born between 1982 and 1996; however they are more importantly defined by the "C" component which stands for connected. In fact, this group regularly and deeply connects via technology, particularly social media. They share and communicate digitally daily. In many ways, Gen-C is as much an age group as an attitude.*

All three of these groups are very tech-savvy and influential. They are also ready for the next steps in customer service and will likely be the first to embrace the efficiencies and self-service options that well placed Chat Bots and VA's can provide.

As discussed in this Virtual Think Tank, the advantages of using Chat Bots and Virtual Assistants include the fact that they can take on many of the rote functions of live agents, thus freeing agents for more sophisticated customer service tasks. The 24 x 7 availability of Chat Bots and VA's and their ability to provide high-quality self-service options (especially to the Millennials and Gen-C's who are eager for it) are other key selling points. Used well, they can also help streamline customer service operations to help improve the overall customer experience.





THE REAL CHALLENGES OF AUTOMATION

As the discussion progressed, the participants were asked about the channels their respective organizations were ready to automate. One panelist shared that they were ready to automate parts of their corporate website, another shared that they were working on integrating Bots and VA's into Chat experiences. As Allison Garreston, *Senior Vice President, Direct Operations and Customer Engagement*, Homesite Insurance noted, her organization believes that next-gen technology is a critical part of their customer engagement strategy.

Ross Haskell, *Senior Director, BoldChat Product*, LogMeIn, explained the importance and complexity of integrating Chat Bots into the customer chat experience. As he outlined, there are issues of natural language, grammar and context. For example, Bots can't ask clarifying questions like humans, and sometimes jump to incorrect, literal conclusions. This makes integrating Chat Bots into chat and customer conversations more complicated than many realize, often until they are at the implementation stage. Haskell noted the necessity of "planning for failure" and reminded colleagues to factor in the trial and error it will take to integrate Chat Bots and VA's into the customer fold in an effective way. One of the participant's organizations is currently ready to test password bots — this is a simple, rote task to begin with.

INTEGRATING BOTS AND VA'S INTO THE CUSTOMER EXPERIENCE

Following up on this line of thought, the group discussed the importance of creating seamless transitions to live agents for those instances when the Bot cannot decipher the customer issue or would not be effective in handling the customer issue. As Ryan observed, ideally Bots will know when they fail and transfer the customer to a live agent.

Looking ahead, advanced organizations and eventually all organizations will work towards Artificial Intelligence (AI) solutions. AI is defined by Techopedia as an area of computer science that emphasizes the creation of intelligent machines that work and react like humans, and includes activities such as speech recognition, learning, planning and problem solving. Verizon is typical of many companies as they are currently looking for the right AI partners to enhance their customer experience platforms.

Another question asked of the participants was, "How is your company utilizing Bots and VA's in typical customer interactions?" One of the panelists stated that they were using Bots to leverage their knowledge base and help them transition from multi - channel to omnichannel, which is a huge shift in itself. They believe that Bots and VA's can provide opportunities to self-serve and improve the customer experience. On the positive side, Chat Bots have question-answer and recommendation capabilities that make it a highly scalable yet personal sales channel.

A challenge many organizations currently face is incorporating Bots into mobile devices and apps. This is a specific but important issue, as early adopters are those who rely on mobile and apps the most; these are the customers who are most ready for Bots and VA's, so companies

need to be prepared to serve this customer segment. As one of the panelists shared, at his organization, customers contacting them via app are given priority as they are most likely to be an existing customer.



Other key topics covered in the discussion included how to differentiate the brand with automation and how Bots can drive brand loyalty. To further explore this question we turn again to Cotrupe's Stratecast Analysis which describes the benefits of VAs:

A Strategic Imperative

VAs offer a number of strategic benefits. From a customer-facing perspective, VAs deliver accurate, consistent, and personalized information across channels, providing answers that are channel-, product-, and user-specific. They enable customers to move seamlessly from one service channel to another, with self-service options that reduce call, email, and live chat interactions. Meanwhile, the brand gains better insight into customer behavior to improve the customer experience, and increases customer satisfaction metrics, usually within six months of VA deployment. This builds brand loyalty and increases sales. On the cost side, VAs also deliver significant cost reductions, with ROI associated with some providers typically in less than 12 months.*

Yet, while many view the use of VA's and Bots as a positive, efficient and time-saving component to integrate into the customer experience, one participant cautioned others about using Bots before all – or most – of the issues associated with them have been resolved. The panelist went on to say that he believed there is a great risk for brand damage with un-tested Bots and VA's in the marketplace.



NEW METRICS FOR SUCCESS

The Virtual Think Tank ended with a discussion about measuring the effectiveness of Bots and VA's. As one participant summed up, if an organization can send 50% of their queries to self-service and 50% to a live agent, they will be ahead of the curve and very likely to experience higher C-SAT scores and more stickiness too. This led to a brief analysis of using Bots to retain certain types of customers for greater competitive advantage. Also briefly mentioned was using Bots for pro-active, intelligently placed chats...all desirable objectives for improving the overall customer experience, provided they are done in a way that is consistent with the brand and underscores the brands mission, not always an easy task.

The VTT ended with questions about the evolving role of human agents as Bots, VA's and even AI continue to be refined and readied for center stage in the contact center. All agreed that the agent's role in the age of Bots will need to become more sophisticated and that the skills needed will change as well. But that is perhaps a topic for the next Virtual Think Tank.



CONCLUSION

From this informed discussion by diverse practitioners in the field, we can conclude the following about Bots and brands:

1. It is a strategic imperative for organizations to begin to utilize Bots, VA's and soon AI in the contact center; these time-saving technologies offer efficient and crucial advantages when it comes to serving customers
2. Millennials, who now comprise the largest group of consumers in the marketplace, are ready, eager and able to leverage self-service and other advanced technologies. Brands who do not offer them will be at a competitive disadvantage
3. Ideally, organizations using Bots will move beyond simple automation to utilizing them as a tool to differentiate their brand, for example by incorporating their brand's specific message into the Bot or tailoring Chat to include features that underscore the brand identity
4. Excellence, testing and perhaps even partnerships with top vendors must guide how Bots and VA's are implemented across organizations—the risk of technological failure, customer frustration and customer attrition is very real

The time is right to start to build your brand with Bots and Virtual Assistants—but the smartest organizations will proceed with caution, partnerships, and a well-thought out strategy.

