

A PLAYBOOK TO BUILD CUSTOMER EXPERIENCE STRATEGY WITH CHATBOTS

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Introduction to Changing Customer Scenario

We all are witness to the fact that the world of business is changing faster than ever before. Customer-centricity has come to the forefront, and creating positive engagement and meaningful customer experiences have become the foremost priorities for companies worldwide.

In its latest “The Global State of Customer Experience 2021” research, CX Network surveyed 284 customer experience experts and found that 51% of them strongly agree “customers are willing to switch brands if unsatisfied.”

The past year has seen customers turning to online brands to meet their needs as the COVID-19 pandemic created restrictions on free movement. In turn, brands needed to keep pace with the ever-evolving needs of their customers to build lasting loyalty and lifelong relationships and produce exceptional bottom-line results.

AI has emerged as the top spending priority in customer experience (CX). CX practitioners are making investments in AI to reap benefits, such as reduced cost-to-serve, sophisticated upsell and cross-sell opportunities, and mapping and personalization of the customer journey. Brands have adopted AI chatbots to satisfy customers’ desire for instant, personalized, and more flexible interactions.

Indeed, modern customers seek proactive engagement and expect companies to meet them on their preferred channels and understand and act upon their desires, needs, and intentions.

In subsequent chapters, we’ll discuss in detail the “new-age” customer, how brands can build a foolproof CX strategy using chatbots, the role of conversational analytics in personalizing CX, and ways and means to measure the success of your chatbot program.

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What do customers of today expect from brands?

A customer survey conducted by CCW Digital found that 62% of respondents are more likely to spend with brands that deliver easy experiences.

In a highly digitized era, what does an “easy” customer experience constitute? What does the new-age customer expect from brands? Let’s find out.

Options for self-service

Omnichannel customer support

Quick information, speedy support, and round-the-clock service

Personalized and proactive support



1. Options for self-service

Amidst an overwhelming demand for support during the COVID-19 pandemic, customers turned to self-service options and digital channels, including AI chatbots.

More than a year later, customers are now comfortable using chatbots to search for products, make purchases, and get their queries answered within minutes.

The CCW Digital Market Study released in August 2021 has noted, “Customers are particularly willing to self-serve for informational issues. Just under 49% of consumers prefer to use self-service for inquiries like account balance checks and delivery date confirmations. Other popular self-service drivers include transactions (38%), desire for fast resolution (30%), and situations in which connecting with an agent would be inconvenient (26%).”



2. Omnichannel & cross- device customer support

The customers of today want to be recognized and empowered and feel supported at every touchpoint. They want brands to communicate with them through their preferred channels. Moreover, at times, customers may want to switch channels amidst an ongoing support case. For example, a customer communicating via WhatsApp may wish to change to Facebook Messenger in the middle of the engagement.

Here’s where omnichannel AI chatbots come into being. By storing information about past interactions, purchase history, and customer demographics and retaining the context of the original exchange, such chatbots ensure customers can switch channels seamlessly without the need to start over.

Moreover, chatbots permit cross-device interaction. For example, a customer may use his mobile to ask questions from the business's FB Messenger bot. Later on, he may check-in and ask follow-up questions using his work desktop while in the office. Subsequently, the customer may connect with the brand through a smart speaker while sitting and unwinding at home.



3. Quick information, speedy support, & round-the-clock service

Modern customers are on the internet, searching for products and scrolling through websites 24X7. They may order things at 1 AM or reach out for customer support at three at night. Additionally, today's customers desire quick access to relevant product details and information about orders and purchases. At times, contact centers may already be closed for business. Consequently, online brands cannot afford to function on a 9-5 clock and must be accessible to customers at all times.

Moreover, a CCW research conducted in August 2021 identifies excessive waiting time as the most common pain point; 68% of customers said they often wait on hold. This adversely affects critical metrics, such as First Call Resolution Rates.

AI chatbots operate 24X7 and can provide quick responses to a host of complex and straightforward issues while handling multiple customers simultaneously.



4. Personalized & proactive support

With the onset of the digital era in CX, customer needs have become more dynamic, and customer behavior extremely challenging to fathom. Yet, customers tend to gravitate towards brands that can understand their needs, predict what they may desire, and tailor engagement accordingly. Consequently, brands that leverage generic and repetitive messaging tend to lose out on valuable customers.

AI chatbots can capture, analyze, and evaluate customer conversations to generate actionable intelligence & real-time insights into customer preferences, sentiment, & intent and help brands comprehend customer demeanor & disposition.

Instead of reacting to a problem, brands can take a proactive approach and provide customers assistance, or pitch new products, even before the customers ask for them.

3

Building a future proof CX strategy using chatbots

Moreover, "teams that use chatbots to automate conversations are 27% more likely to meet rising customer expectations than those that don't."

Indeed, organizations can build a foolproof and future-proof CX strategy by leveraging AI chatbots. The cognitive ability of chatbots can be used to create personalized, immersive, highly engaging, and helpful customer conversations that customers tend to seek out again and again.

Beyond providing product/service-related customer support, chatbots can simplify and automate different stages of the sales journey, ensuring customers experience seamless engagement during each of the following phases :

"By 2023, more than 60% of all customer service engagements will be delivered via digital and web-service channels, up from 23% in 2019."

"GARTNER"



Reach

Reach is the beginning of a customer's journey with the brand. It is all about focusing an organization's marketing efforts on platforms where the customers are present and creating awareness about its products and services.

As discussed above, today's customers desire an omnichannel experience and want to be recognized and engaged at every touchpoint. To generate customer interest around their brand and its products, companies may deploy chatbots on multiple channels, including websites, mobile apps, and popular messaging platforms like Facebook Messenger and WhatsApp.

Success Story:

POND's SAL – Your skincare expert!





Customers can access **POND's** SAL through Unilever's flagship store on Shopee. SAL leverages powerful technologies like AI and augmented reality (AR) to act as a personalized skincare assistant for users.

AR allows POND's to interact three-dimensionally with customers and provide immersive shopping experiences to users.

SAL's success can be established from the fact that 98% of users have cited positive ratings with the bot. Moreover, 95% of users have enjoyed the personalized shopping experience on SAL.

These chatbots can push alerts about new products, answer customer queries, collect insights on customer preferences, and send personalized advice and tips.

Use Cases:

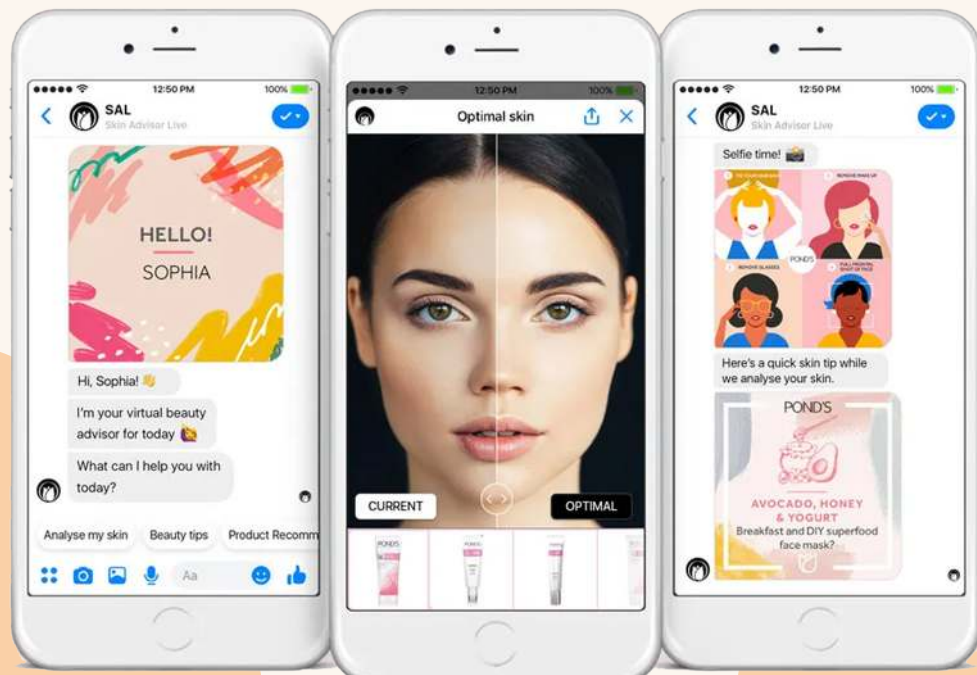
-  Push alerts about new products
-  Answer customer queries
-  Collect insights on customer preferences
-  Send personalized advice and tips

How does SAL leverage AR?

On opening the chat interface, the user must first upload a selfie, and based on the headshot, SAL identifies significant skincare concerns in four critical areas: pimples, spots, wrinkles, and uneven skin tone.

Additionally, the bot keeps sending beauty tips to keep the user engaged while the analysis takes place.

Based on the skin analysis, SAL recommends suitable products from POND's according to the customer's skin condition.









Customer Acquisition

Reaching potential customers is just the start of the journey. What follows is engaging them with meaningful messaging and personalized product recommendations.

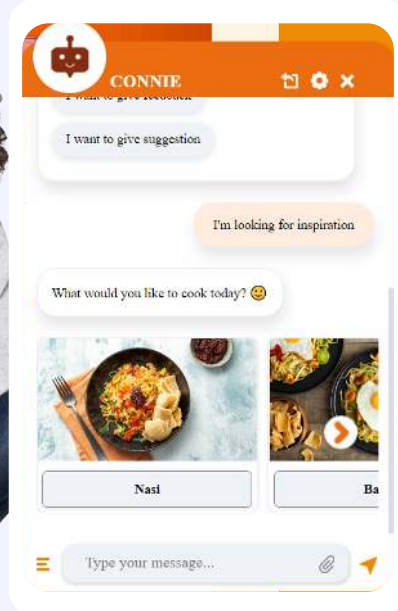
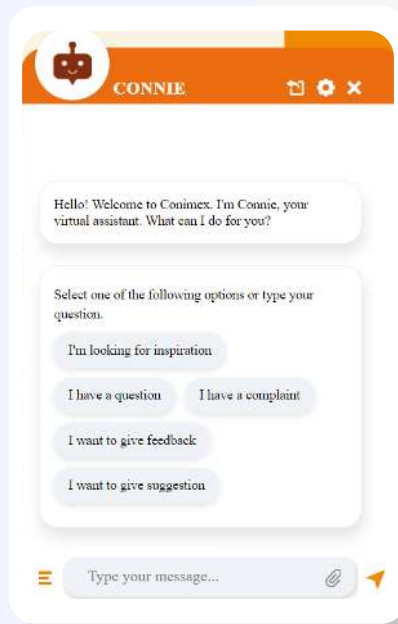
AI chatbots study customer profiles to curate engagement and target tailored suggestions about what to purchase. Moreover, they can guide customers on product use, assist them in navigating the company's online store, and help with payment and checkout.

Use Cases:

-  Curate meaningful brand messaging
-  Personalized product recommendations
-  Assist in online shopping
-  Guide on product use

Enjoy the best of Asian flavors with Conimex

Another brand in the food space that has deployed a chatbot to deliver personalized engagement to website visitors is **Conimex**. Conimex brings delicious Asian flavors to the Netherlands. With more than 100 products, including soy sauce, sambal, side dishes, soups, and marinades. The brand's website bot Connie helps customers answer questions, give suggestions and feedback, and look for recipe inspiration.

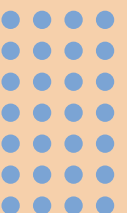
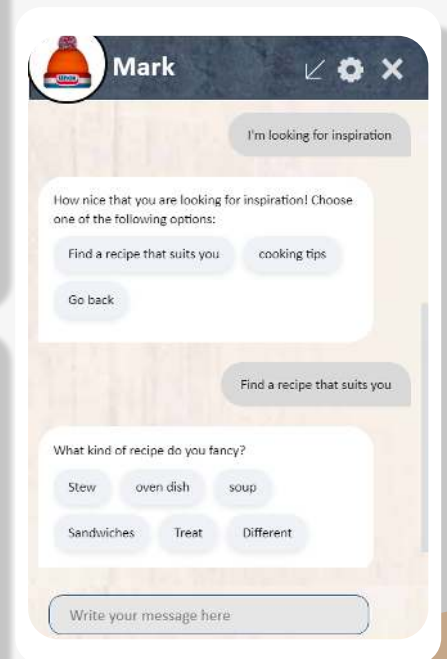
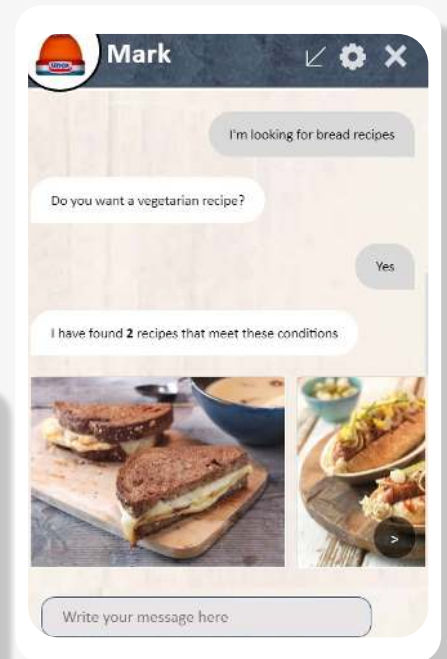


Success Story:

Savor the best of Dutch cuisine with Unox

Unox has been linked to Dutch cuisine for over 80 years. The brand is popular for its smoked sausages, frankfurters, and canned soup.

Through its website chatbot, "Mark," the brand answers customer queries, addresses their complaints, and provides recipes for delicious Dutch dishes, with options for vegetarian recipes too.



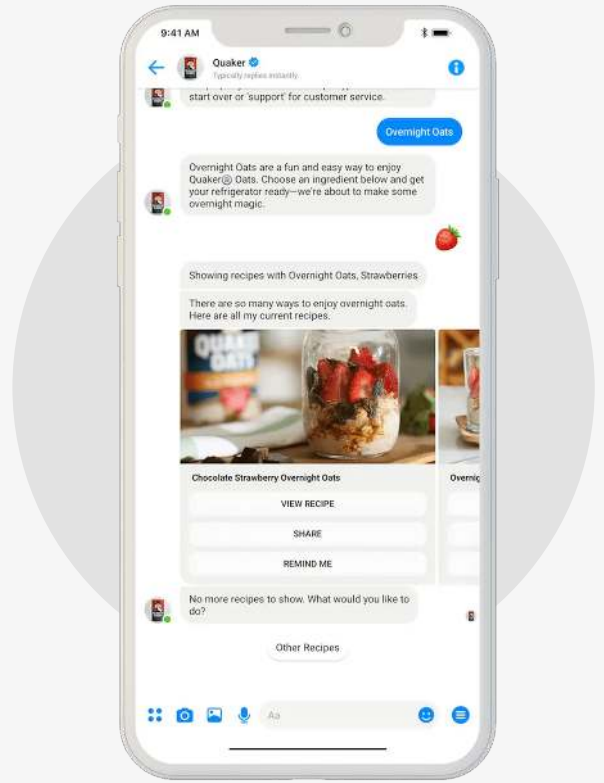


Success Story:
Have a healthy breakfast with Quaker Oats!

Quaker Oats' Facebook Messenger bot **Otis** assists customers with online shopping, provides answers to queries, sets reminders for overnight oats, and offers a range of delicious recipes to choose from.

Additionally, users may type in a food emoji if they know what they want to eat. The brand can gauge consumer preferences and personalize recommendations for products, ingredients, and recipes through the bot.

Otis has helped Quaker increase year-on-year engagement by 13% without any other marketing or media support.



Customer Retention

Retaining acquired customers requires organizations to engage them with meaningful recommendations and messaging continuously.

Chatbots collect and retain valuable data and feedback that helps marketers predict customer needs, refine engagement strategies, and develop creative marketing campaigns.

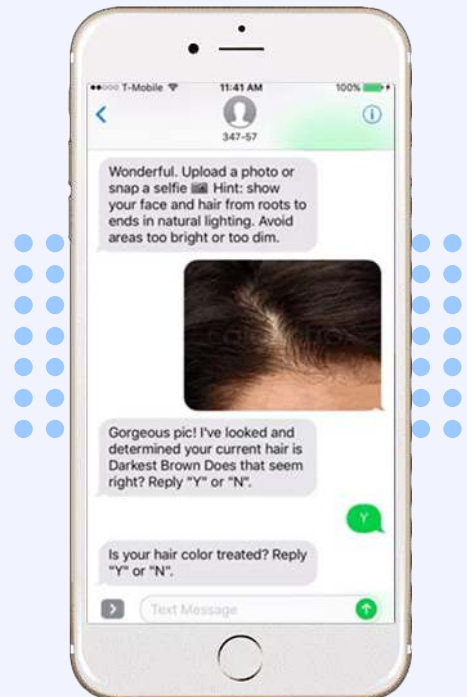
Such data saves company costs as organizations devote less time, money, and effort to developing products that customers wouldn't prefer.

Success Story:
Shop quickly for your favorite hair colors with Madison Reed!

Madison Reed's Facebook Messenger bot **Madi** helps customers buy hair colors for at-home hair treatment. For customers, Madi is like a professional personal hair colorist available at their fingertips.

Customers must upload a selfie. Madi then uses AR for image recognition and hair localization to confirm the primary hair color and secondary hair tones. Consequently, she enquires about the desired outcome and recommends the perfect hair color, which the customers can purchase at Madison-Reed.com.

- Use Cases:**
- Provide a seamless buying experience
 - Collect valuable customer data
 - Provide proactive support
 - Tailor marketing campaigns and refine engagement
 - Develop products based on customer preferences





Customer Support

Providing product support is essential to ensure customers come back to your brand again and again. Whether it's offering technical assistance, guiding customers on product usage, tracking orders, changing passwords, or retrieving other product/service information, customer support forms the backbone of an organization's customer experience strategy.

Chatbots expedite and automate customer service activities, provide 24X7 support, and help take the burden off contact center agents, allowing them time and space to focus on other business-critical initiatives.

Success Story:

Cook scrumptious meals with HelloFresh!

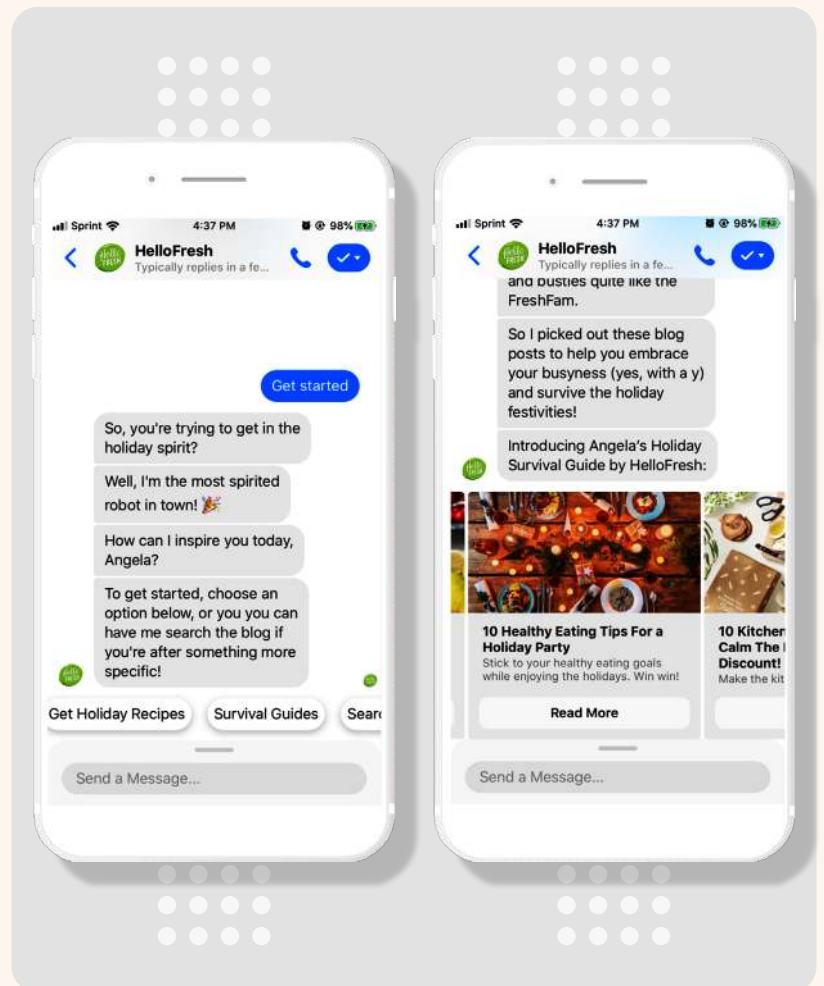
HelloFresh offers pre-designed meal kits in the US. The company delivers fresh, pre-measured ingredients and step-by-step recipes along with nutritional information to help customers cook delicious meals quickly.

HelloFresh's Freddy was deployed to shorten wait times for customers by responding to customer queries in a matter of minutes. Besides offering customer support, the bot gives recipe suggestions to customers, sets reminders for users to pick their weekly meals on time, and recommends playlists on Spotify that customers can listen to while cooking their meals.

Additionally, the bot engages and entertains users with "food-themed" quizzes. Post implementing Freddy, HelloFresh has recorded a 47% increase in incoming messages and witnessed a significant reduction in response times by 76%.

Use Cases:

- Offer technical assistance
- Help with product use
- Track order status
- Retrieve product information
- Answer product/service related queries



Customer Loyalty & Advocacy

A customer who develops lasting relationships with a brand would have no issue recommending the products and services of the organization and spreading positive word of mouth about the brand.

Brands can use chatbots to tailor loyalty programs, send customized discounts, freebies, and coupons to customers through email and messaging channels, and help them redeem gift balances and reward points.

Success Story:

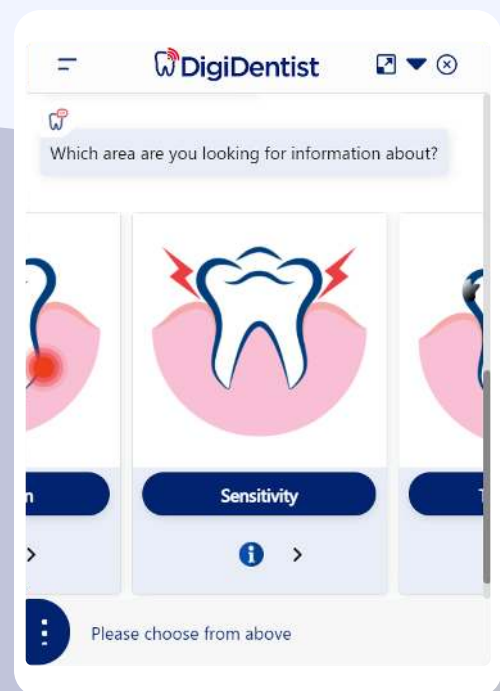
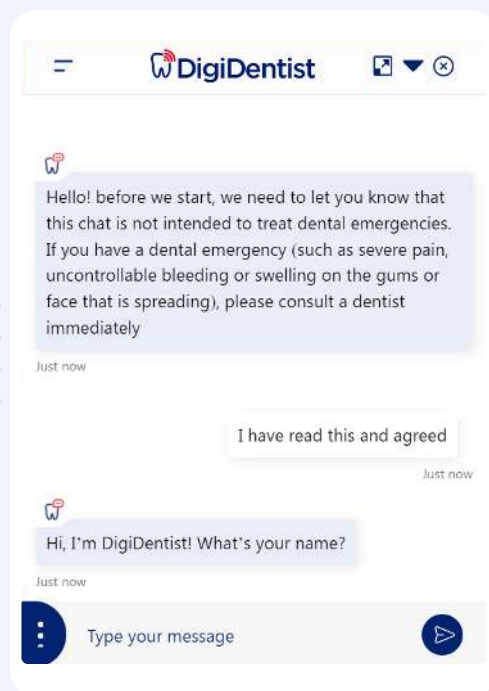
Solve all your oral care concerns with a personalized oral care advisor

Digidentist, Pepsodent's personalized oral care advisor, helps you with common oral health problems, including tooth pain, sensitivity, tooth decay, etc. The bot is a free online tool to help with oral health concerns quickly and provide personalized healthcare advice endorsed by the IDA.

Moreover, Digidentist collects personal information from website visitors, such as phone numbers and email addresses, to send information about Pepsodent and other Unilever brands' products, services, and offers.

Use Cases:

- ✉ Tailor loyalty programs, like discount coupons, freebies, etc.
- ★ Help users redeem gift cards & loyalty points
- ♥ Collect customer feedback



4 The power of conversational analytics in personalizing customer engagement

As discussed above, it is becoming increasingly crucial for brands to understand changing customer demands and behaviors, tailor engagement, and create memorable experiences.

Owing to the growing use of chatbots, real-time conversational analytics has emerged as the next big thing in the CX world. What is it? As stated earlier, chatbots can capture and analyze customer conversations while they happen. That's what real-time conversational analytics is, in simple words.

Powered by advanced AI and machine learning technologies, real-time conversational analytics improves CSAT levels, enhances revenue, and prevents customer churn.

Let's explore the power of conversational analytics in detail.

Enabling sentiment analysis

Measuring conversational data points

Evolving product offerings

Hyper-personalizing the customer journey

Augmenting real-time agent experience

Improving customer effort score (CES)



Enabling Sentiment Analysis

Customers are emotional beings. Indeed, AI chatbots have transformed CX. Yet, brands don't want to lose the human touch.

In today's highly digitized business era, brands must remain sensitive to customer sentiment and respond empathetically to improve overall CX.

Sentiment analysis empowers chatbots to understand customer mood from words, utterances, and phrases that indicate a particular emotion.

By helping bots gauge the polarity and intensity of a customer's emotions, sentiment analysis renders bots emotional intelligence and allows them to take suitable action.

For instance, if a customer says, "I am delighted with the product," it indicates happiness and allows the bot an opportunity to upsell. On the downside, phrases like annoyed and dissatisfied indicate anger/sadness and require the bot to change the course of the interaction or escalate the conversation to a human agent.



Measuring Conversational Data Points

Different customers pose the same query in different ways. Conversational analytics helps organizations study such patterns and make the needed upgrades in AI and automation to ensure all users can get their questions answered seamlessly.

Key metrics, including customer satisfaction (CSAT) (measured through surveys and customer ratings), first call resolution rates, and chatbot interactions that escalate to contact center agents, help brands measure and improve CX.



Evolving Product Offerings

Real-time conversational analytics opens a treasure trove of valuable customer data that can be used to design better products, customize marketing campaigns, and improve customer support.

Traditional web analytics, such as open and click-through rates, show customer reactions to what is presented to them; they do not help companies build better products. However, customer intelligence delivered through conversational analytics show product features that work for customers and help brands align products and services to customer expectations.



Hyper-Personalizing the Customer Journey

Although customers ask similar, repetitive questions, real-time conversational analytics can adjust responses to a customer's unique disposition (emotion, tone, etc.), provide advice and answers according to current and past interactions, and hyper-personalize customer journeys to connect with them individually.

Moreover, customer data analysis helps bots predict users' needs and upsell/cross-sell products to meet those needs.





Augmenting Real-time Agent Experience

Real-time conversational analytics provides AI-driven recommendations to agents in real-time, helping them take the next best course of action while handling customer queries.

Targeted alerts help agents fix mistakes in real-time, personalize solutions, improve performance, and turn a negative interaction into a positive one.

Moreover, real-time sentiment analysis understands customer emotion and enables agents to respond accordingly.



Improving Customer Effort Score (CES)

According to Gartner, "Effort is the strongest driver to customer loyalty." Customer effort score is a CX metric that shows the amount of effort a customer has to put in to get an issue resolved or query answered.

Advanced real-time conversational analytics helps improve this metric by collecting valuable customer insights, predicting customer behavior, and shortening the in-call and post-call interactions.



5

How to measure the success of your chatbot program?

A comprehensive CX strategy doesn't end at implementing AI chatbots. What follows next is the crucial part of measuring the success of your chatbot program.

The first step towards determining the success of your chatbot program is defining the scope of your bot in addressing the challenges related to CX.

As seen above, chatbots serve various purposes in helping brands augment customer engagement and experience. From answering queries to resolving complaints, directing users to the information they need, upselling and cross-selling, and prompting customers to purchase items in their cart, they solve customer satisfaction and service goals and ensure retention, conversion, and engagement.

So, what are the key metrics that help brands measure the success of their chatbot program?



First-call Resolution Rate

Measures the percentage of calls that get resolved in a single engagement.



Self-service Rate

Measures the extent to which chatbots can solve issues independently without escalating to a human agent.



Net Promoter Score

A customer loyalty and satisfaction measurement that indicates the likelihood of customers recommending a brand's product or service; often measured on a scale of 1-10.



Conversion Rate

Percentage of chatbot interactions that convert online into new business.



Customer Satisfaction (CSAT)

Determines customers' satisfaction levels with the bot; can be measured through a 5-star rating system deployed after every chat conversation.



Customer Effort Score (CES)

CES measures the ease of customer interaction and resolution during a request. CES is measured by asking customers to put forth their level of agreement or disagreement.



User Uptake

Total unique users interacting with the bot versus the total user base. User uptake is measured against the time dimension. It needs to be calculated on a weekly and monthly basis.



Confusion Triggers

Indicates the quality of each conversation. Just like any human agent who is chatting, even chatbots are susceptible to confusion. Any fall-throughs or chat abandonments due to such confusion is an indication to improve the way your chatbot understands the user's language and intent.



Engaged Users

An engaged user would have more conversations and also respond to the calls-to-action (CTAs) provided by the chatbot interface.



Other Qualitative & Quantitative Metrics

include the number of active users, number of bot sessions initiated, the average daily number of chats handled by the bot, customer retention rate, intent-based analytics, etc.

About Acuvate

Acuvate Software is a global player in next-generation digital services and consulting with 15+ years of experience in improving business efficiencies and revenue for numerous enterprises worldwide. As a Microsoft Gold Partner, we leverage all things Microsoft to build enterprise apps that support intelligent analysis, collaboration, and orchestration of information.

Over the past few years, we have helped several enterprises across industries build, deploy, and manage custom chatbots to meet the needs of their employees, customers, and vendors.

We also assist clients to seamlessly build and launch AI-chatbots with Microsoft's low-code bot-building platform Power Virtual Agents (PVA).

To know more about Acuvate services, please feel free to schedule a personalized consultation with our experts.



 www.acuvate.com

 info@acuvate.com

