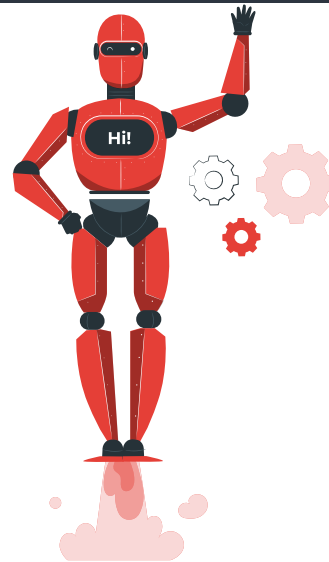conectys
global BPO solutions

The rise of chatbots as the new power in CX

A Conectys made Whitepaper

The humble beginnings of chatbots

Don't worry, we'll keep this section short, but it's important to nerd out and know the basics and the arc of what happened with chatbots.

The first-ever chatbot, presumably, was developed in 1966 at MIT by a professor named Joseph Weizenbaum. Said chatbot was named ELIZA, was actually rooted in some of Alan Turing's work around The Turing Test, and the idea was that a computer program could trick a human being into believing it was having a conversation with another human being.

That was 1966. The term "chatbot," which actually began as "chatterbot," was not even coined until 1994, by another pioneer named Michael Mauldin, who created one of the first "verbots," named Julia. "Verbot" was a popular software development kit (SDK) for early AI and chatbots, designed specifically for early-era Windows and web.

That gap between 1966 and 1994 mirrors a bit what happened with AI in general.

Artificial intelligence actually debuted at a conference at Dartmouth University in 1956. At the time, there was a lot of optimism. Some people at the conference believed robots and AI machines would be doing the work of humans by the mid-1970s. Of course, that didn't happen -- what happened instead was that funding dried up and a period called "The AI Winter" began. That ostensibly lasted into the 2000s, when IBM's Watson peaked a lot of interest in artificial intelligence again.

Now we're at an interesting place. Like PCs in the early 1980s or the Internet in the early 1990s, artificial intelligence is "out there" and people know about it -- Tom Cruise and Will Smith movies, for one -- and while it's starting to massively impact businesses, its overall impact on business is still nascent.

Then, of course, there are the fears. Average workers worry it means job loss down the road. Prominent Silicon Valley executives, like Sam Altman of Y Combinator and Elon Musk of Tesla/RocketX, are beginning to do more around AI -- including being scared of its potential ramifications.

That's the brief history of how chatbots and AI were created probably way before you even realize, then disappeared from the scene for decades, and are now back en vogue and powering a good portion of business interactions (again, things you might not even realize).

Now the question becomes: what does this mean for you? What could a chatbot do for your business? Why is this relevant and important?

Where we see chatbots most, and their impact

One of the major areas you initially saw chatbots scale was recruiting and talent management functions. You can argue that bots shouldn't necessarily be talking to candidates in the name of "candidate experience," but bots are good at handling FAQ and application status, so logically it makes sense at scale.

Another common use is customer experience chatbots, which place orders and make appointments.

There are other industries where chatbots are common, notably e-commerce, HR functions, travel and hospitality (largely to help cover different time zones), and even

health care (bots can help patients pre-fill information to make the actual visit more efficient).

Customer experience and support is typically the main focus of a chatbot. 63% of customers typically stop dealing with a company after one poor experience, and 70% don't want to wait more than two minutes for an answer they seek. Chatbots specifically address both of those concepts.

As for some of the core functions that chatbots can typically provide? Here's a partial list:

- **Improving customer service:** This means getting customers quick answers to FAQ, or reducing wait time, giving customers another option instead of waiting, etc.

- **More effective shopping process:** A customer sends specifications to the chatbot, and the chatbot can go into the inventory or contact the sales department directly -- plus, preferences get saved, so the next time the customer returns, that information is pre-loaded.

- **Personalization:** Instead of a customer having to navigate a website with potentially hundreds of different pages and navigation options, the chatbot creates a 1-to-1 conversation.

- **Response rate:** Chatbots can reply to 100% of messages, which humans often do not do (largely because of time being a finite resource). When responses are actually answered, you obviously have a better chance of converting a visitor to a buyer.

The automation of repetitive tasks or questions: This saves your business time, and it keeps your customers happy. Who wants to wait forever for the answer to a simple question, when you can get it quickly from a chatbot?

All in all, the benefits of chatbots are pronounced both internally and externally:

- **Internally** (your processes): Save time, focus on more important things, retain and up-sell customers, and save money.

- **Externally** (your customers): Make your digital processes easier for them, save them time, keep them happy and returning.

Is there a drawback to chatbots, then?

Sure, there are drawbacks, although as chatbots evolve, there are less and less. Probably the biggest disadvantage is that most simple, basic chatbots are designed to answer first-level questions only, as opposed to more complex queries -- and that could potentially frustrate customers.

Now, there are simple workarounds to that on the business side, including training chatbots to immediately route complicated questions to a live support person. But because chatbots operate from a specific database that could be limited in scope, they work best for FAQ and repetitive, automatable processes as opposed to deep conversations with customers.

That said, with increasing chatbot complexity, there is increasing possibility for more complex conversations that involve full decision trees, including selecting vacation opens and then booking them. Those chatbots are less normative, but the field is evolving daily.

What percentage of companies are using chatbots right now?

About 40% of companies with 500+ employees currently deploy at least one chatbot or AI-driven assistant right now, and financial services is expected to automate up to 90% of consumer interactions with chatbots by EOY 2022. Gartner has predicted that 85% of customer interactions will be managed without humans by EOY 2021, and by the end of 2023, that could mean 2.5 billion customer service hours saved by companies. (That's the equivalent of 285,388 years.)

Per Forrester and others, the chatbot industry has a compound annual growth rate (CAGR) of 27.9%, and should be a $10 billion sector by 2024.

Should you build your own chatbot, then?

You theoretically could, although without a proper development background, it's very likely to be a longer, time-consuming, potentially-frustrating process. There are tutorials online to guide you, but typically a better approach is a third-party, outsourced chatbot solution.

At Conectys, we partner with Google, which is designed to engage with your end users. It's very multi-faceted, including ES documentation.

At the same time, it's important to note that Conectys deeply believes in the intersection of human beings and technology. We don't see technology, however advanced, as a replacement for human beings by any means. In fact, during the pandemic, we grew headcount 30%, largely among agents, and we're about to (might have when you read this) clear 3,000 total global headcount. We think the most productive customer experience comes from human and tech working together. Our delving into chatbots was more a function of what the market, and our customers, wanted to see around natural language processing, AI, machine learning, and the ability to more rapidly scale customer support efforts.

While chatbots can no doubt capture data about customer preferences and trends (this item being returned more, etc.), human agents do that very well, and then can go inform sales, marketing, and product discussions.

This leads nicely into an important point.

Aren't chatbots and AI designed to take jobs away from people?

No. This is a misunderstanding. Chatbots and AI are designed to optimize processes around people's time, priorities, and the scaling of quality customer experience. While many do invest in Robotic Process Automation (RPA) and chatbots as a form of cost containment or control -- we would never ignore that topic -- the goal of these innovations is not to remove humans from the workforce, but to make human contributions more value-add.

For example, with one hardware provider we work with, when we began automating some of the support processes, the human agents were able to notice new trends in languages we needed to support and the need for Sunday coverage as well. We presented that to the client, who accepted and was glad to have a strategic partner looking out for their brand in the process. Some of those decisions are arrived at because human agents have more time to think about the client engagement when a portion of their support work goes to automated processes.

What should you do now regarding chatbots?

Feel free to connect with us if you'd like. We have been in business since 2004, and now do customer experience work with several major global brands, including social media, travel, hospitality, and financial services. We work in 35+ languages, 24/7, with 11 global delivery centers -- and in 2019, we began building our digital-first team with consultants focused on RPA and chatbots. We expect this team to grow exponentially in coming years; we also just added a new CTO.

We'd love to discuss how chatbots could most benefit your customer base.

conectys

global BPO solutions