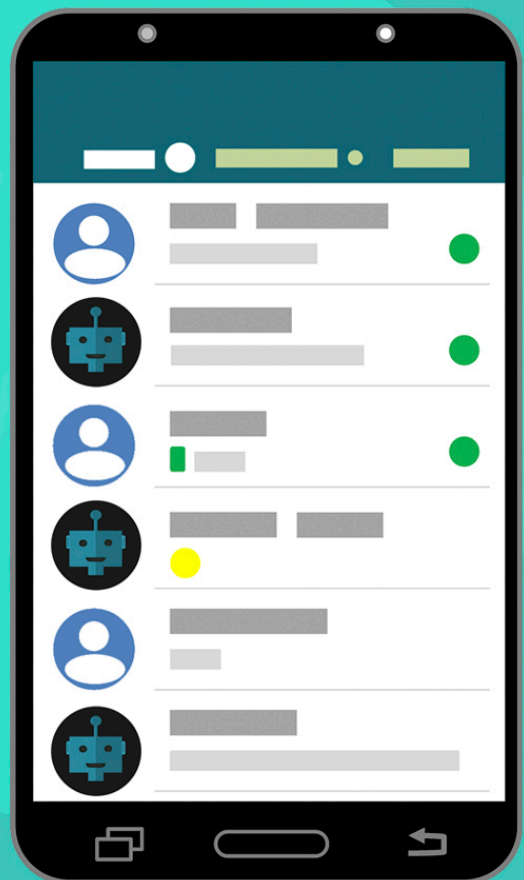


# Getting Started With CHATBOTS



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You're sure to have heard the word "chatbot." You may also understand what a chatbot is – perhaps you know it has something to do with AI or machine learning. Or you may know it's a way for businesses to engage directly with millions of customers without their physical presence.

So, what exactly is a chatbot? What do they do? How can they benefit your business? When should you use a chatbot, and when shouldn't you?

We'll answer all these questions and more in this comprehensive guide to chatbots. By the end of this guide, we aim to provide you with an understanding of what chatbots are, what they do, how they can benefit your business, and why and how to measure their performance.

## What Are Chatbots and What Do They Do?

A bot is software that performs automatic tasks. It's a computer program that communicates with people through the internet.

A chatbot is a developed program that can have a "conversation" or a "discussion" with humans. For instance, any user can ask the chatbot a question, and the chatbot will respond or perform the appropriate activity.

Chatbots are programmed to answer certain questions in specific ways. However, they aren't limited to this functionality, because chatbots can access and use all of a company's resources to answer dynamic questions. Also, chatbots can use many systems and files simultaneously to find answers.

Chatbots interact in a format similar to chat platforms such as SMS text, website chat window and social media platforms like Instagram, Twitter, and Facebook to receive and respond to messages.

The simplest way to think of chatbots is as a virtual assistant on messaging channels like Facebook Messenger. By leveraging the power of AI, chatbots help businesses to engage with customers, build loyalty, automate routine tasks, and provide excellent customer service.

The work of a chatbot is to interact with website visitors like a human would and answer any questions they may have.

Thus, chatbots are typically used to automate customer service interactions for brands with a high volume of online inquiries. Also, you can use them to make it easier for prospective customers to get timely answers to their queries.

To scale your business, you need to leverage chatbots to streamline customer communications, marketing, and sales.

# How Chatbots Benefit Businesses

Running a successful business requires you to be as productive as possible so expenses are lower and profits are higher. This is an obvious, basic fact of doing business.

However, many business owners don't use the tools needed to make this happen. One new tool that's gaining popularity but is not adequately used by all businesses, is the chatbot.

Chatbots' simulation of human language and behavior offers many benefits to brands, including:

## 1. Save Time

One of the primary benefits of using chatbots in your company is that they save time.

When you use chatbots on your website, they can deliver fast, automated answers to most queries. Using chatbots reduces the waiting time so that customers don't have to wait a day to get responses.

This way, you can serve many customers while boosting productivity and reducing operating costs.

## 2. Save Money

Chatbots are cheaper than hiring many customer support agents to offer fast customer communication, because hiring more support agents means additional costs and time. The costs are in terms of:

- Salaries
- Training
- Infrastructure

By investing in chatbots, you can lower these costs.

According to reports, every year there are 265 billion customer requests and companies spend over \$1.3 trillion to serve these requests. However, leveraging chatbots can help you save up to 30%. This is because chatbots speed up response times and can answer up to 80% of routine questions.

## 3. Offer 24/7 Automated Customer Support

No one likes waiting and neither do your customers. In fact, 91% of customers who are unhappy with a brand leave without complaining. Chatbots can help engage customers

24/7 with immediate answers to all the frequently asked questions. Offering excellent customer service round the clock will naturally have a positive impact on your customer satisfaction and retention.

#### **4. Boost Customer Engagement**

To build a successful, sustainable business, it's essential to keep your customers engaged. Brands that successfully engage with their customers can increase the customer spend by 20% to 40%.

By leveraging chatbots, you can take your customer engagement to the next level. Chatbots improve customer satisfaction by delivering immediate one-on-one responses to your customers – exactly what customers want. By using this problem-solving approach, you'll make your customers happy and satisfied.

Chatbots also offer real-time conversation. They are the fastest way to communicate with your customers, which saves time and money for both you and them.

#### **5. Improve Team Productivity**

By 2020, chatbots are predicted to handle 85% of customer service communications with no human interaction. Chatbots will play an integral role in the shift from human to automated customer services for every brand. While they can't replace human agents completely, they empower you to offer primary support that filters a customer request before it's directed to human agents.

To improve the productivity of your team, you need to automate your sales and customer service tasks.

Using chatbots, common queries can be answered immediately, allowing your customer support agents to focus on important tasks that need human involvement.

#### **6. Improve Lead Generation, Qualification, and Nurturing**

Using the information that chatbots receive, you can deliver personalized messages that assist customers along the “buyer's journey.” This is because you can use a chatbot to ask relevant and necessary questions, persuade the visitor, and generate leads. Chatbots make sure there's a seamless conversation flow, which generates higher conversions.

Apart from using chatbots to generate potential customers and notify the sales team, you can also use them to determine the unqualified leads through identified KPIs, such as relevancy, budget, timeline, and resources. This prevents you from dealing with time-consuming leads.

# Ways Chatbots Are Used in Business

Artificial Intelligence (AI) has advanced significantly in the last decade, and chatbots are one of the most useful products of this AI evolution. Chatbots can help businesses reduce the time taken to answer customer queries and they also reduce the number of customer service agents.

It's estimated that the chatbot market will reach \$1.25 billion by 2025. That's because many brands are investing in improving their customer experience. The benefits of chatbots go beyond offering immediate responses to customers. They can also perform business tasks such as collecting customer information, scheduling meetings, and reducing overhead costs. That's why the size of the chatbot market is expanding exponentially.

Thus, many startups and savvy brands are now incorporating chatbots into their daily operations, interaction with customers, and sales processes. Here are five ways businesses can use chatbots:

## 1. Deliver Excellent Customer Service

This is a great option for businesses that don't want their customers to:

- Wait for the customer service agent's answer — "Hold on while we connect you to an available customer agent", which is frustrating, isn't it?
- Search for answers in the FAQs — customers don't have the time for scrolling dozens of FAQ pages.

## 2. Streamline the Shopping Experience

To offer a great shopping experience only requires you to write what you want to the chatbot and it'll send the information to the sales department.

Customers don't have to repeat several times, "I need the same product, but with metal buttons." Also, the chatbot remembers customer preferences, and it uses this information to offer them a great experience when they return.

## 3. Personalize Communication

Chatbots answer the specific questions customers have instead of displaying a long list of unnecessary information. Remember; the more attention a customer gets, the greater their desire to buy something. This is where chatbots come in handy. You can use them to deliver personalized messages to customers and offer one-on-one help, which will ultimately boost your conversion rates.

#### **4. Automate Repetitive Tasks**

Most customers are looking for answers to common and related questions, such as, “When do you open?” “Where are you located?” “Do you make free deliveries?” “What’s your return policy?”

By leveraging chatbots, you can avoid answering the same questions every time. This will also reduce your employees’ workload.

#### **5. Personal Assistant**

Running a business is daunting. However, you can use chatbots as personal assistants to simplify your tasks. For instance, you can create bots to send customers suggestions and tips related to what they’re looking for.

Customers can get travel or fashion recommendations from chatbots. And you can make it easy for them to order what you’re offering using chatbots.

For example, MasterCard built its chatbot for Facebook Messenger. This bot makes banking easy for its customers by notifying them how much they spend each month and showing their transactions. This way, it’s easier for customers to bank with MasterCard.

MasterCard’s bots make it easier for the merchant to conduct transactions directly from Facebook Messenger. Also, with bots, consumers can order food directly from Subway, FreshDirect, and The Cheesecake Factory.

#### **6. Showcase New Products or Services**

Using chatbots, you can showcase your latest products or services to your target market. Since chatbots maintain a friendly tone all the time, they can help you announce your latest products or services easily.

The best part about bot notifications is that they’re highly targeted. And you can choose which notifications should be sent to whom. This will make your customers feel special and valued, and those who don’t find relevant products or services won’t get irritated.

Now that we’ve looked at how you can use chatbots to scale your business, let’s look at when you should use them and when you shouldn’t.

# When You Should Use Chatbots... And When You Shouldn't

How do you communicate with your customers? Is calling, emailing, or submitting a form on your website the only way for customers to reach you? If so, you likely need to get with the times and make changes.

Having a chatbot on your website is a great way to offer a better customer experience. According to research, 67% of consumers globally used a chatbot for customer service in the past year. And 95% of consumers believe that “customer service” will be the main beneficiary of chatbots. In fact, 45% of consumers say they prefer chatbots for customer support inquiries.

Thus, with this technology on the rise, you must have marketing skills to survive the age of AI.

Having said that, to get the maximum benefit out of chatbots, you need to know when to use them and when not to.

## When You Should Use Chatbots

### 1. To Collect Data and Pinpoint Market Trends and Demands of Customers

Chatbots are a cost-effective way for businesses to connect with potential customers. If you're a business with online sales, you need to use a chatbot. This is not only vital for building strong relationships with your customers, but it's also crucial for your own analytics. The reason is that customers are very honest with bots, and the data you collect from these conversations can propel your business to a new level.

Chatbots offer a great opportunity for brands to gather data and identify the trends and demands of customers.

Today, consumers want more than the traditional one-sided transaction; they want two-way interaction. They want to engage and connect with their favorite brands. By using chatbots to offer a two-way communication, you'll reap the benefits of a personal, actionable conversation through increased profits and increased loyalty.

### 2. To Simplify Basic Interactions

The power of chatbots lies in the convenience they offer. Ideally, a customer with a simple question or request can contact a chatbot to get an immediate response.



Over 53% of consumers are likely to ditch an online purchase if they can't find a quick answer to their query. Thus, if you use chatbots correctly you can prevent cart abandonment.

For example, a customer who isn't sure if a certain product is in stock can quickly ask a chatbot. Here, both the customer and the brand will save time and effort. This shows a simple, transactional touchpoint that doesn't need the finesse of a human customer support agent, who will now have more time to address more complex customer concerns.

### 3. Deliver Welcome Messages

You can use chatbots to greet your customers. By using chatbots on your website you can grab your customers' attention, make them feel welcome, and put them in a good mood for shopping.

### 4. Automate Regular Tips to Create Brand Awareness

People love being inspired and learning new things regularly. That's why inspirational Instagram and Facebook accounts are popular.

However, don't go posting inspirational quotes on Facebook and Instagram and expect to make big sales.

Why? It's too crowded and everyone is doing that. Also, it doesn't guarantee that those who you engage with are interested in your products or services.

Instead, you can leverage chatbots to deliver tidbits to your subscribers daily. Using chatbots, you can share your content directly with interested users instead of random Facebook or Instagram users who haven't connected with you.

You can set up your scheduled chatbot conversation with two button-based responses, to get customers to opt in from ads to your website to get your bite-sized inspiration.

With this kind of chatbot, you can regularly deliver marketing messages because users who interact with you have opted in.

### **When You Shouldn't Use Chatbots**

Today, chatbots are being extensively used for services such as customer service outsourcing. Chatbots offer many benefits but they also have certain limitations which makes them unsuitable in certain situations. It's beneficial to automate interactions with your customers; however, overusing chatbots can lead to severe problems.

- Don't Use Chatbots when a Human Touch Is Required

Sometimes, AI doesn't get it. Only humans are equipped to handle inevitable frustrations such as missed deliveries, damaged products, or bad customer service experiences.

In emotional situations, human customer service agents can respond with empathy, making sure they resolve customer's concerns. Thus, if a customer engages with a chatbot during a complicated or emotional situation, you should automatically transfer the customer's call to an online support agent to ease the problem and prevent it from escalating.

To offer excellent customer service, use chatbots with the ability to recognize when it's time to transition. So, your chatbots should be able to sense shifts in a customer's tone or emotionally charged language. At this point, they should immediately alert a human customer service agent that it's time to take over.

- Don't Use Chatbots to Handle Sensitive Information

In today's digital world, data security concerns are a top priority for online consumers. In fact, 64% of consumers only shop with brands they know are responsible with data.

Thus, with consumers now more cautious of potential data breaches than ever, it's your job to assure your audience that their personal information is safe. This means it's crucial to avoid using chatbots when collecting sensitive information from customers such as credit card numbers or other financial data.

### **To Get Maximum Benefit Out of Chatbots, Listen to Your Customers**

As with any emerging technology, it'll take time to incorporate chatbots perfectly into the customer experience. However, the best way to speed up the process is to get feedback from your customers and use their feedback to deliver a great customer experience.

How is a customer's journey with your brand? How do your customers access information? What's causing frustrations, and what's working well? Before implementing chatbots, it's essential to understand these touch points. And you should know how chatbot technology will improve your customers' experiences.

Listening to your customers will help you implement chatbots that offer positive experiences for customers, keeping them loyal to your business long term.

## Types of Chatbots Available

Chatbots are taking over traditional mobile apps with their ability to mimic conversations and offer instant connections. According to Gartner, by 2021, over 50% of businesses will spend more per year on bots and chatbot creation than traditional mobile app development.

Today, more businesses – irrespective of the industry – are making the most out of chatbots. While chatbots offer 24/7 customer service communication, they also offer data points to predict customer behavior. However, chatbot programming, technology, and type determine the customer base it'll serve.

Chatbots fall into two main types: Rule-based chatbots (also known as simple bots that work based on keywords), and AI chatbots.

### 1. Rule-Based Chatbots

The first and most simple bots are rule-based chatbots. These are the most common bots, and most of us have interacted with one either through live chat features, on social media, or e-commerce sites.

These chatbots hold a basic conversation through “if/then” logic. A human operator, such as a digital marketer, maps out the bot's conversations using logical next steps and clear call-to-action buttons.

Here is an example to put in perspective how rule-based chatbots work.

As you can see, the conversation always starts with a welcome message. And the visitor has to opt-in to continue the chatbot conversation.

If the visitor deems the content as valuable, the bot asks if they'd like to subscribe to an email newsletter. Next, they must fill in their personal information such as their name, company, and role.

However, if the visitor doesn't want to continue the conversation, the chatbot will ask if there's anything it can help with.



Rule-based chatbots are simple and efficient. And the more if/then branches you map out, the better the experience the customer will have and they'll be fewer errors.

## Social Media Chatbots

Many social media chatbots are rule-based, and they live on social media platforms such as Facebook and Twitter.

- Facebook Chatbots: Today, there are over 300,000 Facebook chatbots, which makes Facebook the most common platform to use chatbots. Brands such as Sephora and Whole Foods are among many that use Facebook Messenger to automate customer service, online sales, and marketing.

Facebook chatbots communicate with users using call-to-action buttons.

- Twitter Chatbots: Although Twitter has fewer chatbots, it's still a useful platform for communicating with your audience.

Etsy, for instance, uses Twitter chatbots to automate its customer service. And as you can see, the brand also uses CTA buttons to resolve the customer's problems.

## 2. Artificial Intelligence (AI) Chatbots

AI-powered chatbots are more complex than rule-based chatbots. These chatbots are dynamic and they don't rely on CTA buttons to map out conversations with their visitors.

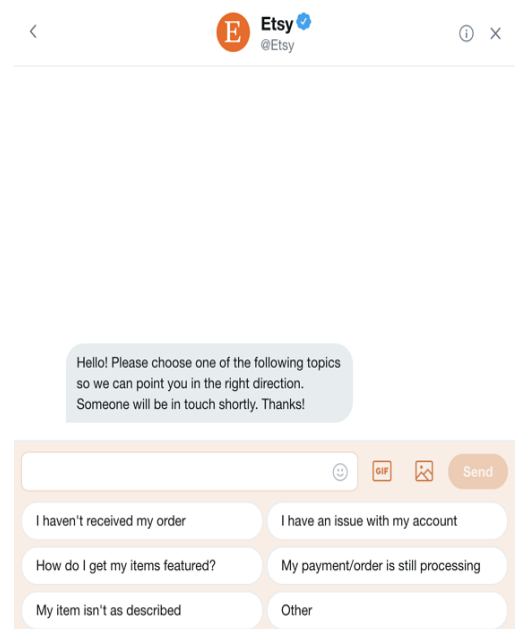
There are two types of AI chatbots: Natural language chatbots and machine learning chatbots. These chatbots are also known as smartbots.

- Natural Language Chatbots

Natural language chatbots rely on natural language processing (NLP) to understand the visitor's intent and context – something machines struggle with.

Humans don't speak logically: we use idioms, slang, and sometimes misspelled words. And we express ourselves differently from machines. Machines need details, structures, and processes.

However, NLP helps machines understand human language.



NLP helps visitors to hold a conversation with the bot similar to text messaging instead of having to navigate through buttons and menus. This offers a more personalized humane experience.

- Machine Learning Chatbots

These chatbots are similar to natural language chatbots, but they're optimized for learning more about the visitor, retaining information, and predicting a conversation's next steps.

Machine learning chatbots use artificial neural networks that act as an artificial brain to store large sets of data. And as far as chatbots go, these sets of data are essentially previous conversations and questions that help the chatbot learn.

And like natural language chatbots, machine learning chatbots deliver a personalized experience for the visitor.

## Why and How to Measure the Performance of Chatbots

Chatbots have taken the customer service industry by storm. In fact, experts predict that 90% of customer communications in banks will be automated by 2022. Consumers like chatbots; over 50% of internet users are satisfied with them and 60% of millennials use them regularly to buy basic products online.

However, other reports tell a different story. For instance, a recent survey conducted by NewVoiceMedia shows that 46% of consumers feel chatbots are used to prevent them from reaching a live person. And nearly 43% of consumers say they prefer to deal with a human assistant over a chatbot.

What's the lesson? When using chatbots, you need to measure their effectiveness. Ask yourself these questions: What do customers think about your chatbot? Are they satisfied with the responses they get? Are they using this tool effectively? Does the chatbot have a positive impact on repeat purchases?

Having the right key performance indicators in place will help you get the answer to those questions.

Measuring the effectiveness of your chatbot is indispensable for tracking the results of using it, identifying any frustrations, and continuously improving its performance.

### Five KPIs to Track and Analyze to Determine the Performance of Your Chatbot

## 1. Activation Rate

Before measuring the overall performance of your chatbot, you need to first make sure people are using it. The activation rate helps you to determine accurately the extent to which the chatbot option is being selected by customers.

This KPI incorporates multiple metrics, such as the total number of users, the number of customers who open a message sent by a chatbot, and the number of customers who engaged with the chatbot by sending back a message.

Using the activation rate, look at new, active, and engaged users separately on a monthly basis.

By comparing these monthly data sets, you'll be able to determine the value of your investment and if necessary, find better ways to use the chatbot technology in a more engaging manner.

## 2. Volunteer Users

Analyzing the number of customers who interact with a chatbot on their own accord, without waiting for the chatbot to start a conversation, can help you discover customers' preferences. This shows the success of your branding and marketing efforts.

Volunteer users are crucial; they're what you want. These are customers who come to your website because they've heard about your chatbot and they see its value. These customers are coming in with a real purpose and they're more engaged.

## 3. Retention Rate

Establishing that your customers continue to use your automated channels shows that they find value in the automated interaction.

A retention rate shows the number of customers who revisit your chatbot within a given timeline. This KPI will help you determine if your existing investment in chatbot technology is sustainable. It will also help you see if you should tweak certain aspects of the technology or refine to improve customer experience.

While multiple return visits to your chatbot may suggest that a customer's issue wasn't resolved, this could also mean your customers prefer using this channel to others.

By analyzing sentiments and natural language processing like the tone of voice, you can establish why customers are coming back. Also, these AI technologies can help you minimize friction areas and the accompanying customer frustration.

## 4. Customer Satisfaction

Any brand using customer service chatbots must measure the impact of this technology on customer satisfaction. The self-serve nature of messaging technology means your support center has limited or no access to the end users' experience. It isn't always clear what the customer thinks or feels about their chatbot interaction; this makes the evaluation of customer satisfaction compulsory.

You can achieve this by tracking chatbot errors and confusion triggers. This'll show problems with the chatbot experience – alongside metrics such as Net Promoter Score (NPS), which is a loyalty metric that measures the possibility of your customers recommending your brand to others. Usually, the higher your customer satisfaction score resulting from a chatbot experience, the higher your NPS will be.

Also, look at common trends among customer complaints logged by your chatbot. And if a question is being asked frequently, take note and focus on resolving its root cause.

## 5. Response Time

Nearly 51% of consumers expect a chatbot to deliver instant responses to their questions or requests. Thus, the ultimate metric for chatbot performance is response time.

A good chatbot must process queries quickly and provide instantaneous responses. However, an instant response means nothing to customers if it's incorrect and doesn't fully address their issues.

Your goal should be to leverage all tools and technologies in your arsenal to offer a great customer service experience.

While the desire to implement chatbots in the customer journey is undeniable, their implementation shouldn't be the end if you're looking to offer excellent customer service. Choosing the right KPIs to track chatbot performance, and taking actionable results where applicable, are crucial steps for ongoing improvement and innovation.

## How to Get Started Using Chatbots

Chatbots are the future of online business and they're becoming smarter each day. Thus, it's wise for any online business owner to invest now and build a quality chatbot that engages their target market and boosts sales. Here's how to get started with chatbots.

### 1. Choose a Platform for Making Chatbots

Choosing a platform such as Chatfuel is the easiest way to create a fully functional chatbot.

Chatfuel is a chatbot builder for Facebook Messenger that's designed to make chatbot-building easy. You don't need any programming or coding knowledge to use this platform. The free version offers you access to almost every feature for up to 5,000 subscribers; however, your customers will see the Chatfuel branding on your bot.

Chatfuel makes managing and reusing messages easier than most bot builders.

The paid version starts from \$15/month and this gets you more subscribers, priority support, audience insights, and some extra data management features.

Botsify is another simple bot builder platform. Using this platform, you can create chatbots for your website or Facebook Messenger easily. Also, it has some great integration features that you won't find with other builders.

For instance, you can integrate with WordPress, Shopify, and Alexa to create conversion forms in your chatbot or allow human agents to take over the conversation.

## **2. Define Your Goals and Expectations**

The easiest way to set yourself up for failure is by overloading your chatbot with too many features. So you shouldn't try to get your chatbot to master all the tasks from the start. It's better to design a chatbot that can master one task to its full capability than having a chatbot that can handle 5-10 tasks half-heartedly.

Always remember that quality trumps quantity.

## **3. Approach Your Audience with the Chatbot**

Many consumers still find chatbots a bit confusing, so approach your customers directly to get their feedback and make sure they have a positive experience interacting with your brand. When designing your chatbot:

- Use buttons on your Facebook page and website
- Inform your customers how you can assist them through a welcome message
- Add a "Get Started" button that's well-positioned
- Incorporate a greetings message that's efficient

## **4. Map a Natural Conversation Flow**

Make sure your chatbot is conversational, because a conversational chatbot will make the conversation between your customers and the chatbot more honest. This'll help you understand the needs of your customers better and you'll gather valuable data.

Remember, the goal of the chatbot is to answer your customers' questions, so it shouldn't impede the conversation. A great chatbot should facilitate the conversation.



## **5. Start Simple and Small**

Besides keeping the functionalities of your chatbot limited in its beginning, here are some more tips:

- Avoid using complex words when communicating with customers
- Keep the bot's conversation understandable and short
- Remember that the chatbot is a representation of your brand

Keeping your chatbot small and simple will help you learn from the behavior of your audience. And slowly you'll be able to develop a better version with more functionalities.

## **6. Optimize and Test Your Chatbot Regularly**

You can extend the features of your bot by creating new and improved versions of it.

Since a chatbot is a tool for digital marketing, it's important to evaluate it regularly and optimize it accordingly. Chatbot technology is relatively new, which means that new features are being introduced regularly.

When testing your chatbots:

- Identify the best ways to drive your audience to the target outcome
- Optimize your chatbot depending on your goals and expectations
- Establish what you should optimize it for

## **7. Introduce One Feature at a Time**

When launching your chatbot to the public, all the features must be perfect. Also, it can overwhelm your customers if you introduce many features in one go. Thus, it's crucial to unveil one feature at a time, when your audience needs them.

## **8. Determine the Data You Would Like to Collect**

Chatbots are powerful tools for data collection. However, the data you collect will largely depend on your goals.

Start by thinking about the information that you'd like to collect from your audience and then customize the chatbot conversation flow to ask the right questions to collect that data. For example, you can:

- Ask for a customer's postal code if you want to know their location
- Ask customers about their eating, shopping, or exercising habits to push the right offers and deals to them in the future
- Ask about the customer's shopping preferences to push valuable and relevant information in your subsequent interactions with them

## **9. Stay-Up-to-Date with the Competition**

Since chatbots are relatively new, it means there's more room for improvement. So the best approach to getting started with chatbots is by monitoring the progress of your competitors regularly. To do this, make sure you track:

- What your competitors are doing badly to avoid making the same mistakes
- What your competitors are doing well and implement it in your chatbot strategy
- Any innovative features your competitors use that you aren't aware of

Today, the best and most innovative way to reach your audience is by launching a simple, easily accessible, easy-to-use, and effective chatbot. And by providing your audience with a conversational chatbot with a bit of personality, you can keep them engaged.

### **Where Should You Put Your Chatbot?**

Think about the webpages that receive the most traffic from your website's intended audience. For instance, your homepage may be one of your most trafficked pages, so this would be a great place to place a chatbot to help general site visitors.

Also, if your service pages are some of your next most impactful pages, create a chatbot for each page. And as you continue to learn what works for your brand, you can continue to add additional, more targeted chatbots across your website and improve your conversational marketing skills.

By leveraging chatbots, your brand will have a more informed support team with social and website interaction, which will reduce customer effort and lead to superior customer experience.