

Magento Commerce

# All the Benefits of Chat for Your Business

and How to Create Experiences That Convert



dotdigital

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# Executive summary

In a physical store, a good store assistant is an asset. They help customers who are just browsing, offering tailored customer service. They make recommendations, upselling to customers, based on their unique needs. They assist with inquiries or issues from new or returning customers. What's more, they do all of this as the face of your business -personifying the experience which customers will associate with your brand.

Then came ecommerce. A revolution for customers and businesses alike. But when it comes to online sales, the store assistant has been lost.

Sure, websites are a more efficient selling model than physical stores, but imagine if you could harness the advantages of a store assistant and apply them to an online model.

The same can be applied to B2B. Buyers, empowered by all the information available online, perform most of their research independently. Before, it was common for telephone and email inquiries to stream into offices. Buyers would establish relationships with individual employees as they worked towards a deal. Today, however, you'll most likely not hear from a customer until they are close to signing the dotted line.

Live chat re-opens the door to personal service. Just like a good employee, live chat improves conversion, increases average order value, nurtures customer loyalty and, improves the customer experience overall.

In this ebook, we will establish the history and landscape of live chat. We'll also identify common problems almost all businesses have today, address how live chat can help improve metrics across the board, and present some use cases. Finally, we'll highlight what you need from a live chat vendor to avoid any blunders.

# Why are customers taking to live chat so easily?

Research from Econsultancy<sup>1</sup> states that live chat has a higher rate of customer satisfaction than any other channel. But why is this? We dive into some of the reasons why adoption and results are so strong for this powerful channel.

## Firstly, what's the alternative?

We live in an omnichannel world, and consumers are more diverse than ever. So you would expect channel preferences to vary widely. This is true to some extent, but each channel also has its strengths. Time-strapped consumers gravitate to the channel that will offer them the easiest and quickest resolution.

Plagued by nightmarish hold music and endless menu options before getting through to the right department. Sound familiar? It's no wonder customers hesitate to pick up the phone nowadays. And while email is great at delivering beautiful comms, for quick answers to questions, it doesn't quite hold up when it comes to fast-paced conversation that customers crave.

Live chat, like texting, doesn't pressure users to interact. They have the chance to process information in their own time. Plus, the near-instant response times make this channel unbeatable. Responses could be automated or generated by a bot; at the very least users are comforted by the three-dot-ghost of a fast-typing human, working quickly on a reply.

Here are some more reasons why live chat is so essential, which we will explore in more detail throughout this ebook.

## 1. Customers love chat

In Econsultancy's research, 79% of customers who prefer live chat said they did so because they get their questions answered quickly. 51% did so because they could multi-task. It's a winning combination of low social pressure on the customer end with the expectation of quick answers and resolutions. Live chat provides access to answers within seconds – the closest thing to a brick-and-mortar experience, but from a desk or sofa. There's no worry over adoption, as it's as familiar to customers as texting is. Plus, people also understand it's private – that any sensitive data they share in the chat is secure.

1. [econsultancy.com/consumers-prefer-live-chat-for-customer-service-stats](https://econsultancy.com/consumers-prefer-live-chat-for-customer-service-stats)

## 2. Customers expect chat

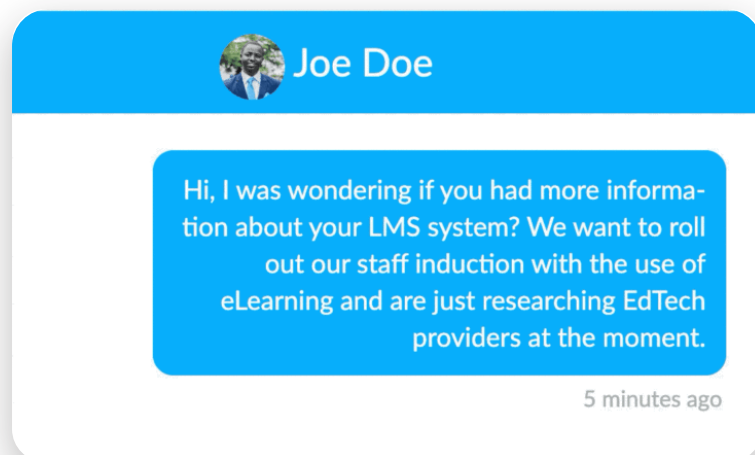
CRM platform SuperOffice found that 62% of mobile users expect sites to have a live chat feature. What's more, FirstPerson found that as many as 77% of customers won't buy online unless live chat is available. Live chat is no longer a pleasant surprise that customers stumble upon, either. They expect it. So much so, they're reluctant to place an order if they have a concern that no one can address there and then.

## 3. Disruption in traditional B2B sales funnels

Today's B2B customer approaches the sale fully informed by their own research. With so much information online, B2B buyers can explore the products and services that they need before diving deeper with inquiries. Not having live chat could automatically disqualify a business from the shortlist, simply because the customer cannot get the information they need easily or quickly enough.

## 4. Personal shopping experience

Having a personal shopper used to be a luxury. But now, offering instant messaging via live chat tailors the experience for all. After all, we used to think customers wanted choice – the more, the better. But anyone who has tried to order a coffee in the last decade will know that what we really want is for someone to narrow down our options. People want to cut through the white noise: all the stuff that's irrelevant to them.

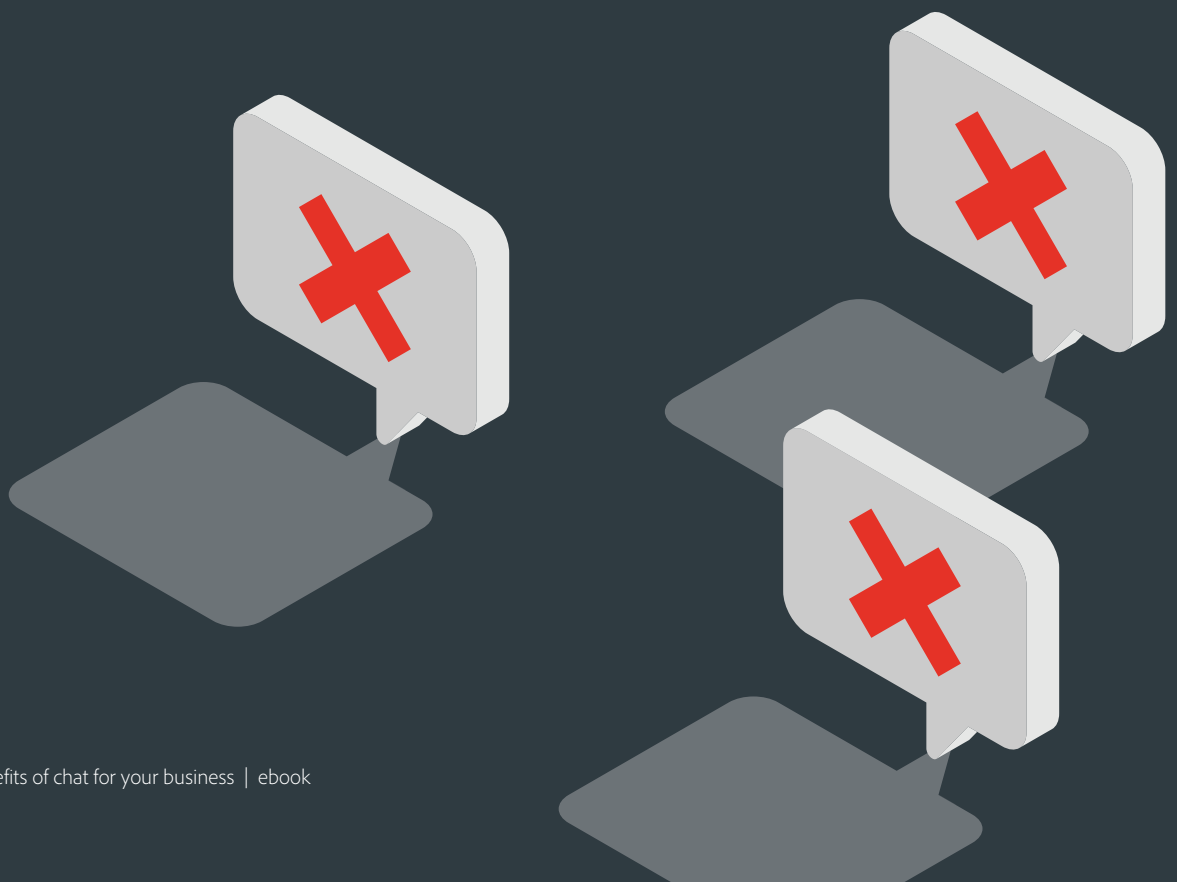


# Common business problems and how chat can fix them

Let's see if any of these problems seem familiar.

You...

- have too many barriers to sale
- want to provide a better customer experience
- have trouble directing customers to new or underrated products and services
- see low average order values
- are looking for ways to improve efficiency in the business
- want a better connection with your customers
- spend a lot getting customers to your site, but just aren't seeing the conversion rates you need.



A 2015 study conducted by the Aberdeen Group<sup>2</sup>, which compared businesses with live chat compared to those without, revealed the following benefits:

34%

greater annual improvement in  
customer satisfaction rate.

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2.4x

greater annual increase in  
cross-sell and upsell revenue.

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2.6x

greater annual improvement in  
customer care costs.

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9.3x

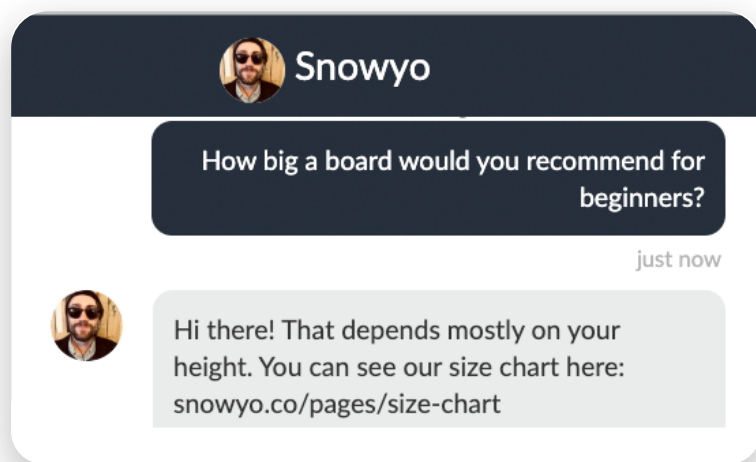
greater annual improvement in  
agent utilization rate.

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## Here's how live chat will help

**Generate revenue**, with 44% of customers saying that having a real person answer their questions (while in the middle of an online purchase) was one of the most important features a website could offer (Forrester)<sup>3</sup>.

**Provide a better customer experience** by offering personalized and instant information to customers. This will drive customer satisfaction, improving how buyers feel about your brand, the likelihood of referral, and the chances of your customers returning.



**Upsell and improve average order value** with that personalized approach. Customers who use live chat are also worth more - with a 10% increase in cart value after using the channel (Forrester<sup>4</sup>). Offer product recommendations unique to the customer's needs, based on the products or services they are inquiring about. You could include best-next, complimentary products, or bestsellers.

**Improve lifetime value** with the superior customer experience and larger AOV live chat brings. Become known for your service, sell products and services relevant to your customers needs, and watch as they return time and time again.

3. [www.forrester.com/report/Making+Proactive+Chat+Work/-/E-RES57054](http://www.forrester.com/report/Making+Proactive+Chat+Work/-/E-RES57054)

4. [go.forrester.com/blogs/retailers-without-chat-a-missed-opportunity](http://go.forrester.com/blogs/retailers-without-chat-a-missed-opportunity)

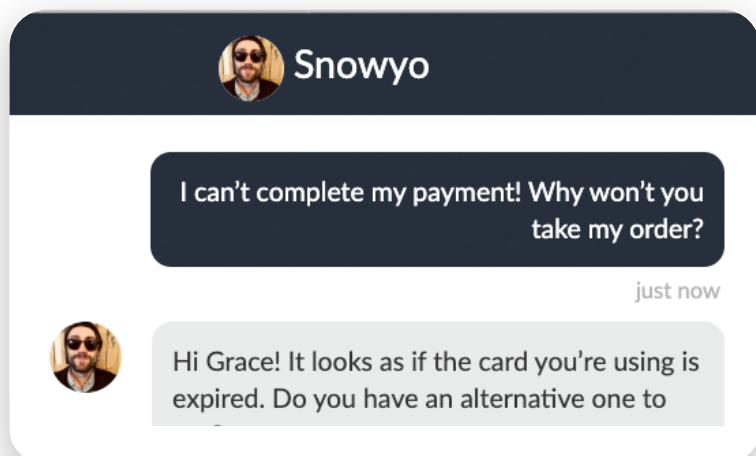


**Answer the niche concerns of business buyers effectively.** You cannot list every granular detail on your website. Some would not be beneficial to publish depending on the audience and some you could not even anticipate as important to your buyers. Live chat not only qualifies your business, it can then act as a lead capture effort to help further the buyer's journey at a later time.

**See a 40% increase in conversion rate** (Forrester)<sup>5</sup>. Businesses spend huge amounts on SEO and PPC in order to get traffic to sites. Live chat is the missing puzzle piece to get more from that spend and increase conversions. This doesn't, however, just equate to increased revenue. It also makes the spend of marketing campaigns incredibly more efficient, lowering the cost per transaction.

**Allow agents to handle multiple tickets at a time**, increasing the efficiency of customer service and sales floors instantly. Live chat also results in lower than average handling time for inbound queries. As well as being more cost-effective, quicker resolutions improve the customer experience.

**Allow customers to give feedback** about any issues your business may be unaware of, such as a common payment method you're not using or a vital product view that's not displaying correctly. Having live chat means customers can report any problems they're having in an instant. Agents can then provide a speedy response. If they can't resolve the issue, they can give an ETA and update the customer on their preferred channel later on.



<sup>5</sup> [go.forrester.com/blogs/retailers-without-chat-a-missed-opportunity](https://go.forrester.com/blogs/retailers-without-chat-a-missed-opportunity)

# Use cases

## B2C SMB

An online clothing retailer sees 5,000 unique visitors per month with a 5% sales conversion. Choosing the right chat solution increases conversion to 6%. It also increases average transaction value (ATV) from £100 to £110, as agents are able to upsell products or quicker delivery.

| Before live chat solution  | After live chat solution   |
|--|--|
| 5% of 5000 = 250 visitors converted<br>250 x<br>ATV of £100/\$122 = £25,000/\$30,425 | 6% of 5000 = 300 visitors converted<br>300 x ATV of £110/\$134 = £33,000/\$ 40,161 |
| <b>Increase in revenue per month</b>   | <b>£8,000/\$9,735.91</b>   |

## B2C Enterprise

A luxury tourism and leisure business also sees 50,000 unique visitors per month, but with big ticket items, has a lower conversion rate. Employing the right live chat solution increases their conversion rate and the ATV as agents are able to upsell ancillary items such as transfers, excursions, insurance, and other extras.

| Before live chat solution   | After live chat solution   |
|---|--|
| 1% of 50,000 = 500 visitors converted<br>500 x ATV of £3,000/\$3,651 = £1,500,000/\$1,825,484 | 1.2% of 50,000 = 600 visitors converted<br>600 x ATV of £3,300/\$4,016 = £1,980,000/ \$2,409,638 |
| <b>Increase in revenue per month</b>  | <b>£498,000/\$606,061</b>  |

In both cases, live chat immediately equated to an increase in return of nearly a third, before factoring in other savings from increased efficiency on the agent floor. We've also been very conservative with live chat's ability to convert, citing a 20% improvement. The likelihood for both scenarios is closer to 40%. The spend in SEO/PPC or other advertising streams to generate that traffic remains the same for both, but the profit return increases dramatically.

Businesses can use this extra revenue to generate even more profit. The improved customer service will increase traffic; and customer queries will continue to be dealt with quickly. That's not to mention the efficient sales floor that can handle more inquiries.

## B2B

A software vendor sees 5,000 unique visitors to their website per month. Of these, they capture 5% as new leads, eventually leading to a 10% conversion, each with an average monthly reoccurring revenue (MRR) of £1,000. Employing the right live chat solution offers a better customer experience, allows the customer to gather more information to convince their stakeholders, and provides a lead capturing tool they would otherwise not have. This allows the business to capture more leads, convert more as they are able to follow up and offer a more personalized experience, and increase the MRR by upselling solutions. These incremental improvements add up to a 67% increase in MRR each month.

### Before live chat solution

5% of 5000 = 250 leads

10% of 250 leads = 25 conversions

25 x MRR of £1000/\$1,217 = £25,000/\$30,425

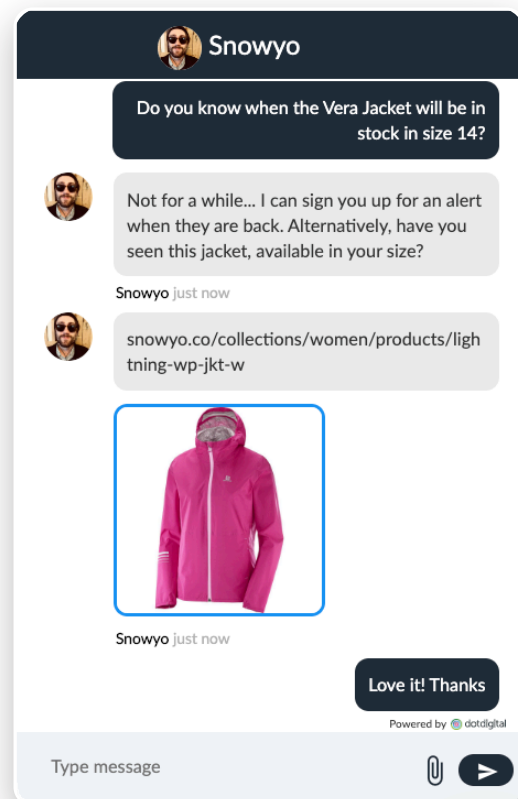
### After live chat solution

6% of 5000 = 300 leads

12% of 300 leads = 36 conversions

36 x MRR of £1100/\$1,339 = £39,600/\$48,193

In addition to the new leads, live chat **also captures returning customers with queries**. They are able to be quickly directed to a solution that fulfills their needs which **sees an average increase of 10% in MRR** to existing accounts, as well as **an increase in one-time cost** solutions. It's possible that these sales for existing accounts would still have occurred via other channels such as phone or email. Using live chat, however, proved to be much more efficient with agents being able to handle multiple inquiries. It also offered a superior, friction-free experience for the customer, making them favor the business more and return with further sales inquiries.



# Common pitfalls

and how to avoid them

Whether we're talking about businesses or consumers, many decision-makers have shied away from using live chat because of bad chat experiences. You know the kinds of experiences we mean. Long waiting times with no inkling of when you might get a response. Bots that encourage you to talk to them normally, then fail to understand. Or needing to repeat your inquiry multiple times.

But the great thing about live chat today is that it's no longer in its infancy. There are easy tips and tricks to offer a successful live chat experience to your customers. So easy in fact, we're not too sure why bad live chat experiences continue to exist! One way you can ensure you offer the kind of live chat experience that sells is to consider the agents you're using. Here are our top four tips when it comes to your chat agents:

## 1. Make sure you hire the right staff for the job

Before transitioning your telephone customer service agents straight onto your chat solution, ensure they are just as skilled at written communication as they are verbal! Without tone or verbal cues, communication can easily go awry. They should also be good at interpreting customers who may not be skilled in written communication themselves. Above all, they should be empathetic and see a query through to the end.

## **2. Encourage them to be social!**

As much as live chat is a business channel, it's still a social one. Users expect a certain degree of informality. Make sure your chat solution supports emojis and GIFs, too (as long as they fit in with your brand)! Many brands have used GIFs and emojis to their success in their branding efforts, although, you may want to introduce a style guide for your agents to make sure they're used correctly. The best reason to use GIFs and emojis? The disarming nature of them means your customers will be communicating with their shields down, putting them into more of a buying mode.

## **3. Make it personal!**

74% of customers are frustrated when content or communications are not personalized to them (Loyalty 360)<sup>6</sup>. Using any information your agents have (such as name, order history, or location) to inject a little personalization into the chat will deliver big results. Not only will the customer experience improve, but so will conversion rates and average order values. Gartner has predicted that personalization will enable digital businesses to increase profits by 15% by the end of 2020<sup>7</sup>. Just be sure to consider chat solutions that make personalization easier for your agents!

## **4. Target high-intent pages**

If you are concerned about questions flooding in from customers that can easily be found on your site, consider placing chat on your high-intent pages only, such as product or pricing or demo pages. This will prevent low-value queries taking up your agents' time and allow high-intent ones to be answered quickly, efficiently, and with more care and attention.

6. [loyalty360.org/loyalty-today/article/will-personalized-marketing-ever-rule-the-mark-](https://loyalty360.org/loyalty-today/article/will-personalized-marketing-ever-rule-the-mark-)

7. [Gartner.com](https://www.gartner.com)

# A live chat check list

for the superior chat experience

Of course, it's not just your staff that you need to consider with your live chat solution. After all, they will only be as good as the tools you provide them with. When considering live chat vendors, here's a checklist of things to consider.

## 1. Set expectations with automated messages

If you don't have the capacity to offer instant response or man your chat 24/7, you're in good company — few businesses can! What is important, however, is to set expectations for your customers. With Hubspot reporting that consumers expect answers within 10 minutes<sup>8</sup>, setting up a welcome message that lets customers know roughly how long a response will take will go a long way to improving customer satisfaction rates with the channel. As will an out-of-hours message that explains no one is available to respond currently, perhaps encouraging customers to share alternative contact information so someone can touch base on the right channel later.

## 2. Ensure you can file-share

Whether your business is B2B or B2C, being able to file share on your live chat solution is essential. File sharing allows agents to send and receive items such as tickets, receipts, product images or demo videos, or marketing collateral such as eBooks, whitepapers, and pricing lists. Customers trust this is a safe channel to share information with your agents, and for your agents it's a convenient way to move prospects down the sales funnel.

## 3. Set up different teams for different purposes

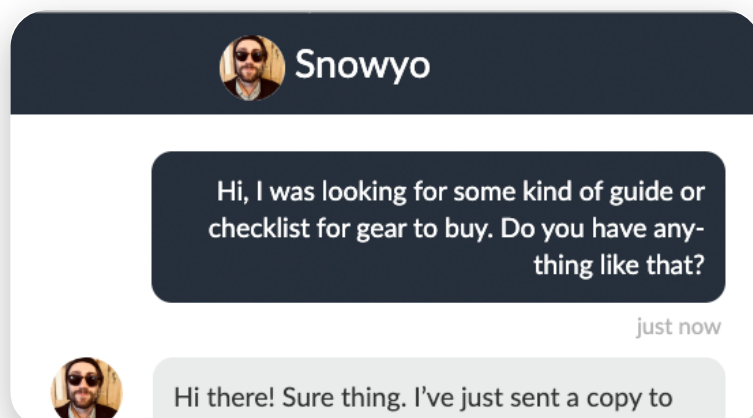
Most companies have iron curtains drawn between different areas of their customers' data for privacy reasons. This means that the first port of call the customer gets to on live chat may be unable to help without passing over to another agent in a different department or office. Whether it's split between sales and customer service, or regions such as Europe and America, ensure you have different teams set up on your live chat. That way, your customer can immediately direct themselves to the most relevant place, speeding up the interaction for both of you.

## 4. Use customer profiles

Ensure that your chat solution is able to store information such as name and email address to the customer chat. This means your agents will be able to cross reference information, keep your CRM up to date, and quickly inform the next agent that speaks to the customer on this channel.

## 5. Offer product recommendations

Most of the time a customer uses chat, they will be inquiring about a product or service. Perhaps what they want is out of stock, or perhaps what they've seen so far has been not quite right for their needs. Direct your customers to what they want quickly and effectively, just as a store assistant in a brick-and-mortar store would, with product recommendations. You can do this in two ways: with an agent who knows your catalog inside out, or an automation using smart product recommendation technology.



# To bot or not to bot?

When it comes to bot integrations, there are many different routes you can take. It goes without saying that the more sophisticated a system is, the more expensive it tends to be – in terms of start-up/ongoing costs and time resources. Fortunately, very few business models have the high volume of incoming chats needed to justify a super-complex solution. Fortunately, very few business models have the volume of chats coming in in order to justify the complex. Instead of getting bots to replace agents, the best alternative is to think of bots as simple routing machines.

They can route customers either to a page that gives them the information they are inquiring about or a human agent in the right team. This improves efficiency and customer satisfaction by only escalating to human agents when necessary, and also quickly providing information. It also avoids the kind of bad bot experiences we've all had in the past, where a bot with a zany alias tells you over and over that they simply don't understand what you mean. Best to keep it simple, cost-effective, and let the technology to catch up with your business' needs!

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**2020 is the year which Gartner predicted that more of us will communicate with bots in the day-to-day than our spouses<sup>9</sup>.**

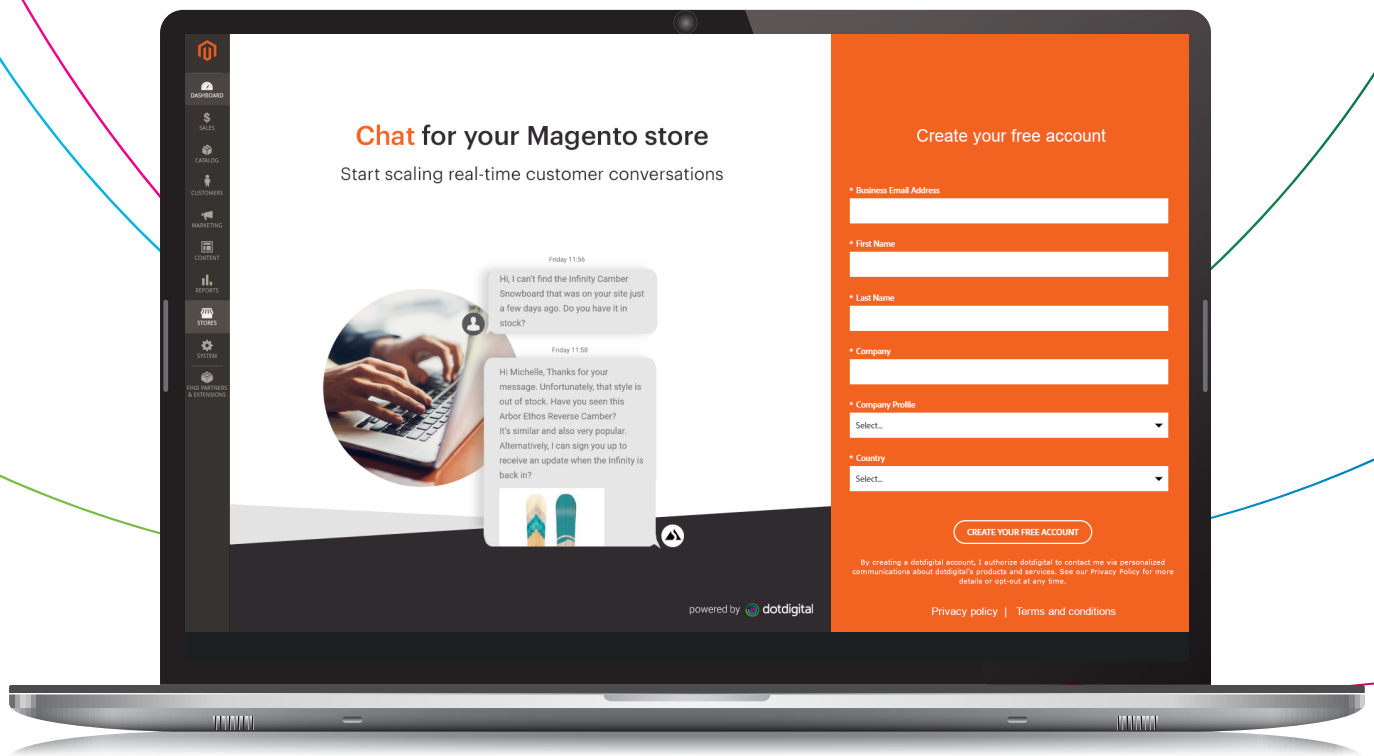
The future is now, and the AI which powers bots is becoming not only increasingly more sophisticated, but also increasingly accessible for everyday businesses. Whether you are thinking about using a bot now or in the future, you should choose a live chat vendor that is able to integrate bot capabilities as soon as you are ready to adopt them.

9. [www.gartner.com/smarterwithgartner/gartner-predicts-a-virtual-world-of-exponential-change](http://www.gartner.com/smarterwithgartner/gartner-predicts-a-virtual-world-of-exponential-change)





# Unlock the power of Chat for Magento



Magento merchants can now enjoy all the benefits that Chat has to offer, powered by dotdigital Engagement Cloud.

Already a Magento Commerce 2 user?

Ten agents are on us and configuration takes just a few clicks.

Want to learn more?

[dotdigital.com/integrations/magento](https://dotdigital.com/integrations/magento)

[Magento.com/demo](https://Magento.com/demo)



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## About Magento Commerce

Magento Commerce, part of Adobe Experience Cloud, is the leading commerce solution for merchants and brands across B2C and B2B industries and was recently named a leader in the 2019 Gartner Magic Quadrant for Digital Commerce. Magento Commerce boasts a strong portfolio of cloud-based omnichannel solutions that empower merchants to successfully integrate digital and physical shopping experiences. Magento is the #1 provider to the Internet Retailer Top 1000, the B2B 300 and the Top 500 Guides for Europe and Latin America. Magento is supported by a vast global network of solution and technology partners, a highly active global developer community and the largest eCommerce marketplace for extensions available for download on the Magento Marketplace. More information can be found at [magento.com](https://magento.com).

## About dotdigital

dotdigital is the only Adobe Exchange Premier Partner for omnichannel marketing automation. They are the platform of choice for more than 4,000 eCommerce businesses seeking to engage with their customers across all touchpoints. Connect store data, surface powerful customer insights, and automate messages across email, SMS, social, live chat, and more. dotdigital Engagement Cloud is a vendor bundled extension with Magento Commerce 2, offering single sign-on and the most feature-rich integration for merchants looking to deliver world-class omnichannel marketing automation. More information can be found at [dotdigital.com](https://dotdigital.com).

