For: eBusiness &
Channel Strategy
Professionals

Good Alone, Better Together: Integrating Chat And Virtual Agents

by Brendan Witcher, October 29, 2014

KEY TAKEAWAYS

Increasing Demand For Seamless Engagement Sets The Stage For Digital Self-Service

Today's constantly connected consumer expects technology to provide fast and intuitive engagement throughout the entire web experience. The ability to scale immediate, contextualized assistance positions self-service solutions as key tools for customer-obsessed organizations.

Integrate Chat And Virtual Agents To Deliver Business And Consumer Benefits

Self-service integration offers substantial advantages with relatively little added complexity. Companies with fully integrated solutions will likely realize improved customer satisfaction scores, increased sales, and sizable customer service cost reductions.

Tie In Back-End Systems To Drive Optimum Customer Value

Businesses that fail to bring in the appropriate enterprise technology are passing up on the ability to provide users with seamless, situation-specific assistance. This includes actions such as extracting purchase history, cancelling a flight reservation, or processing a return.

Good Alone, Better Together: Integrating Chat And Virtual Agents

Creating Seamless Customer Service Interactions Is Key To Meeting Customer Expectations

by Brendan Witcher
with Zia Daniell Wigder, Kate Leggett, and Rebecca Katz

WHY READ THIS REPORT

Increasingly, organizations are turning to live chat and virtual agent tools in order to keep pace with the ever-demanding consumer. And for good reason: the ability to scale immediate, contextual assistance makes self-service technology a key tool in the eBusiness executive's arsenal. Both chat and virtual agent solutions help to close the gap between online and offline channels, essentially providing online users with the same level of assistance that they would expect to find in a physical setting. But major challenges still exist — in their moments of need, users cannot be expected to continuously restate who they are and what they want. Tethering customers to siloed channels and touchpoints is both aggravating and time-consuming, and ultimately counterproductive for the business. This report will demonstrate how an integrated self-service approach can help eBusiness professionals deliver a truly seamless online experience, in turn driving customer satisfaction and boosting cost savings.

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Notes & Resources

Forrester interviewed 11 vendor and user companies including Dell, gruper.pl, Intel, InteliWise, LivePerson, Moxie Software, Next IT, noHold, Nuance Communications, Oracle Service Cloud, and Synthetix.

Related Research Documents

The Business Case For Virtual Agents
September 30, 2014

The Six Key Elements Of Proactive Chat
October 2, 2014

DEMAND FOR SEAMLESS ENGAGEMENT SETS THE STAGE FOR ADOPTION

Customer expectations are shifting, with consumers increasingly demanding that eBusinesses help them achieve their desired goals quickly and efficiently. Nowhere is this more true than in customer service where 77% of US online consumers say that "valuing my time" is the most important thing a company can do to provide good online customer service.[1]

Today, many customer service teams live entirely separately from others, but that dynamic fails to take advantage of the added benefit when two technologies such as virtual agents (VA) and chat work in tandem. What does this type of interaction look like? A customer might, for example, enter a chat session by either selecting the live chat option or triggering a specific business rule. The virtual agent will then — using back-end logic and algorithms — determine whether a virtual agent or a live chat representative has a higher likelihood of successfully answering the customer's question. If the question has gone beyond the capabilities of the virtual agent, the session can be automatically transferred to live chat without losing any customer data (see Figure 1). If further escalation is necessary, the same seamless knowledge transfer applies to the transition from chat to call center or live video. Ultimately, the customer emerges more satisfied while the business saves money.

In order to engender a truly cohesive system of engagement, eBusiness professionals must view chat and virtual agents as co-dependent cogs in the larger self-service machine. An integrated self-service approach will not only help to improve customer satisfaction, but will also drive faster customer response times, improved agent productivity, and increased sales.

Figure 1 Seamless Escalation Saves Time And Decreases Customer Service Costs

119022   Source: Forrester Research, Inc. Unauthorized reproduction or distribution prohibited.
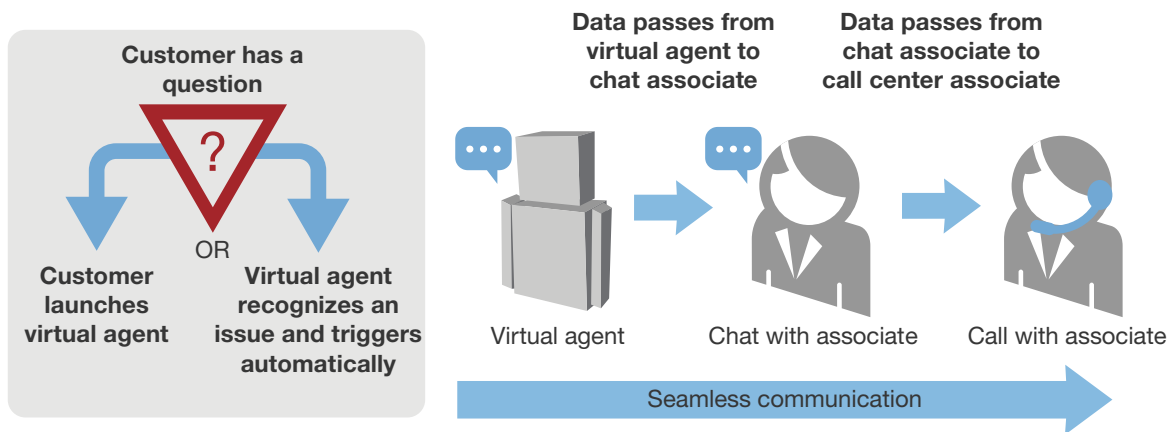
Building Virtual-Agent-To-Chat Pathways Optimizes Self-Service Solutions

Virtual agents are best used to inexpensively cover a wide range of topics at a basic level, and chat to target a narrower focus in substantially greater depth. It follows, then, that chat would be the natural escalation of a virtual agent query. By adopting an integrated approach, eBusiness professionals will begin to foster a symbiotic self-service ecosystem in which each solution seamlessly builds on the next.

Virtual agents help to build on the chat experience and reduce chat costs by:

- **Ensuring that the customer is routed to the proper department.** When a company has one chat channel for sales and an adjacent one for support, customers end up on the wrong channel over 50% of the time.[2] This creates three problems: 1) the customer engages with an associate who is unequipped to answer his or her questions; 2) the engagement takes significantly longer than necessary; and 3) this now requires the manpower of two different associates. By pre-qualifying the user, the virtual agent is equipped to route the customer directly to the appropriate associate — thus helping to avert the above inefficiencies.

- **Enabling the solution to scale across the site for minimal incremental costs.** When deployed together, virtual agents and live chat can help manage spikes in demand. According to its vendor, when one large Internet service provider experienced an outage and saw a six-fold increase in support site traffic, the company was able to maintain an 89% resolution rate without making any changes to its integrated chat and virtual agent applications.[3] Had the company been using only chat at the time, it would have had to bring on additional live associates in order to manage the increased demand.

- **Reducing the number of associates necessary to be successful.** Firms are daunted by the prospect of hiring, training, and assimilating new contact center associates; they want to see fast results in the least expensive and least disruptive way possible. A virtual agent will divert high-volume, low-value engagements, meaning fewer live associates are needed to handle the remaining queries. When Dell executives added a virtual agent tool to the company's existing chat solution, they found that they were able to transfer some of their existing chat center associates to another business unit due to the reduction in incoming chat queries.[4]

- **Increasing employee satisfaction (and everything that comes along with that).** By eliminating the questions most commonly asked by consumers, associates are able to focus on more dynamic interactions instead of answering the same three questions over and over. The CEO of a popular flash sale website told us that this shift away from repetitive answers helped to reduce "associate fatigue" within his chat center, resulting in higher quality conversations for the associates and, in turn, for the users.

VIEW CHAT AND VIRTUAL AGENTS AS A WINNING COMBINATION FOR SERVICE

According to vendors that offer both chat and virtual agents, 15% to 20% of their clients that employ self-service technology are currently using integrated chat and virtual agent solutions. Furthermore, many vendors we spoke to for this report expect this figure to double within the next two years. Although side-by-side implementations are not necessarily uncommon, integration offers substantial advantages with relatively little added complexity. Companies with fully integrated chat and virtual agent solutions will realize higher-than-average self-service success rates and sizable cost reductions.

Chat And Virtual Agents Deliver Both Business And Consumer Benefits

Multiple vendors we spoke to for this report indicated that the majority of requests for proposal (RFPs) they receive nowadays have both chat and virtual agent components to them. This surge in interest should not come as a surprise; firms that take the integration plunge are seeing marked improvements in key business metrics, and eBusiness professionals are taking note. Benefits frequently include:

- **Decreased operational costs through qualification and deflection.** Interactions with live associates are expensive, with chat conversations costing upward of $9 a pop and phone conversations upward of $12.[5] A strategically placed virtual agent will help to deflect contacts from more costly channels. In addition, a virtual agent can reduce the time spent in search of a resolution by escalating to the agent only once the user's question and context have been established. After launching virtual agents with escalation to chat capabilities, Windstream Communications saw a 45% year-on-year reduction in live chat volume.[6] Jetstar Airways saw a 10% increase in online bookings (as opposed to more costly telephone bookings) with the same solution in place, and Coca-Cola similarly found that 74% of all interactions with its virtual agent eliminated the need for a call to the contact center.[7] To put this into perspective, one global telecommunications business said that a reduction in one second of average call handling times equates to approximately $1million in company savings.

- **Improved quality of customer information.** Today's self-service tools provide the enterprise with a goldmine of real-time customer data. Executives can leverage these insights to assess the success of the tools, calculate deflection of service calls/chats, pinpoint website issues, and provide insights into what questions the tools were unable to answer. Over time, feedback from chat transcripts can be used to build a more complete knowledge base and drive increased self-service success rates.

- **Raised customer satisfaction through a seamless user experience.** Self-service solutions can help to satiate the desire for fast, effective, intuitive engagements by delivering relevant information precisely when and where customers need it most. Because all answers originate from a fully integrated self-service tool, users will receive the same answers to their questions regardless of channel. By the same token, they can continue self-service conversations without having to restart the conversation as virtual agent engagement information passes to

a chat associate for continuation of the resolution. The impact that this "complete solution" has on customer satisfaction is well-evidenced: AT&T, Pitney Bowes, and Windstream Communications have realized a nearly 100% average resolution success rate when using chat and virtual agents together (80% when only using virtual agents), and an average 10% increase in customer satisfaction (CSAT).[8]

- **Increased conversion rates through targeted chat offers.** Forrester has previously documented that customers who engage with chat associates are approximately 3.5 times more likely to convert than those who don't.[9] Companies can capitalize on this even further by using virtual agents — programmed to tip off the associate when it's time to swoop in and close the sale — to identify potential leads. Typically put off by standard commercial advertising, customers are surprisingly amenable to receiving relevant offers in context.

Beware Of Common Self-Service Pitfalls

When the customer is asked to constantly repeat him- or herself, self-service tools can fast become more harmful than helpful: 69% of US online consumers would like to be able to move between customer service channels and not have to repeat their situations every time.[10] In order to ensure a unified self-service experience, eBusiness professionals should steer clear of the following:

- **Providing VAs and chat associates with an incomplete knowledge base.** Vendors and organizations alike stressed that eBusinesses need to avoid trying to boil the ocean when rolling out self-service tools. Instead of diving headfirst into integration, firms that lack the time or resources to construct a proper knowledge foundation should first launch solutions at a few specific online touchpoints. A comprehensive knowledge repository is critical to answering customer questions successfully and efficiently, so it's important to start small while this is still in the early stages. All service channels should draw from the same knowledge base so that there are no conflicting answers.

- **Implementing a "one size fits all" escalation strategy.** Depending on the type of engagement and needs of the customer at the time, certain questions may be better addressed through more personal channels such as click-to-call or live video. One large insurance company, for example, gives customers the option to escalate straight to a 1-800 number due to the sensitive nature of insurance claims. A global utilities company, on the other hand, escalates its billing queries to chat — this potentially sensitive subject may be less embarrassing for the customer to discuss via chat than talking over the phone.

- **Constructing an infrastructure that deters seamless engagement.** Executives must make certain that communication channels are not implemented in silos. The entire customer record, including past purchase and interaction histories, must be easily passed from virtual agent to chat associate. Associates must also be empowered to transfer queries to higher-tier colleagues or different departments at their discretion.

RECOMMENDATIONS

## DEVELOP A STRATEGY TO STREAMLINE THE PATH TO SELF-SERVICE SUCCESS

Integrated self-service tools can help satiate the demand for seamless engagement. When executing on a self-service strategy, eBusiness executives should:

- **Start with chat, and integrate a virtual agent solution soon after.** As one vendor recommends, clients should "use chat to learn where to deploy virtual agents first, and to mold virtual agent answers that meet the most common customer needs."[11] Building out a corpus of answers to power the virtual agent will take the majority of devoted time and effort, but a significant amount of time can be saved by leveraging data from chat logs and the company's existing knowledge foundation. The technical implementation is fairly straightforward, taking on average three weeks to three months to complete. A successful chat and virtual agent integration often requires at most a few application programming interface (API) calls.

- **Craft the self-service experience with the customer in mind.** Only by fully understanding the customer can organizations accurately determine where self-service will provide the utmost business and consumer value. This includes knowing how to speak to the customer in his or her own terms, instead of those of the organization. Judy Holderman, a senior analyst at Dell, cautions, "How a technician or a subject expert thinks about things and how a customer may express those things is wildly different." In order to bridge this gap, eBusiness professionals should use voice of the customer language directly from chat and email dialogues to continuously build upon their existing knowledge bases. When important insights are uncovered, try tagging content with terms in the customer's own language.

- **Tie in the appropriate back-end infrastructure.** Robust APIs can call on dynamic data to provide increased personalization and significantly greater utility. While launching self-service tools with standard capabilities is a fairly low-effort and low-cost initiative, integration into customer relationship management (CRM) systems can complicate the process. But having the capability to create a seamless service experience — from virtual agent to chat to contact center — is crucial to becoming a customer-obsessed organization. Those that fail to bring in the appropriate technology are passing up on the ability to provide customers with situation-specific assistance, such as extracting purchase history or recording and accessing a record of engagement in the user's CRM log.

- **Look for opportunities to bring in transactional systems.** This may not be something you tackle initially, but integrating chat and VA with transactional systems (such as billing solutions) should be firmly built in to your future road map. This will allow the virtual agent to automate more complex, higher value service interactions, such as changing a flight reservation, completing a wire transfer, or processing a return.

■ **Fine-tune automated escalation rules to transfer to a live associate at the right time.**
Business rules can be configured to immediately escalate to a live person when a question
has gone beyond the capabilities of the virtual agent, picking up on various nuances
including explicit buying intentions, overly sensitive data, similar questions that are
asked repeatedly by the same user, and even text associated with feelings of frustration.
It is important to note that escalation is not an indication of failure, but rather an
acknowledgement that the question is better suited for a more personalized or dynamic
channel. Conversations should remain in the same interface throughout the entirety of the
self-service experience, however it must be clear to the user whether he or she is speaking to
a virtual agent or to a real person (see Figure 2).

■ **Build tools that allow the customer to self-identify across channels.** Work with your
vendor to create a system of recognizing the customer. One chat vendor recommends asking
users for an email address upfront, or providing a ticket number, associate name, or unique
identifier that customers can reference later on in the process.[12] This way, if the customer
engages via virtual agent one day and click-to-call the next, he or she won't have to waste
time re-explaining the initial problem. This identifier becomes even more important for
continuing the conversation in contact center calls that same day or at a later date.

Figure 2 Maintaining A Consistent Interface Can Improve The User Experience
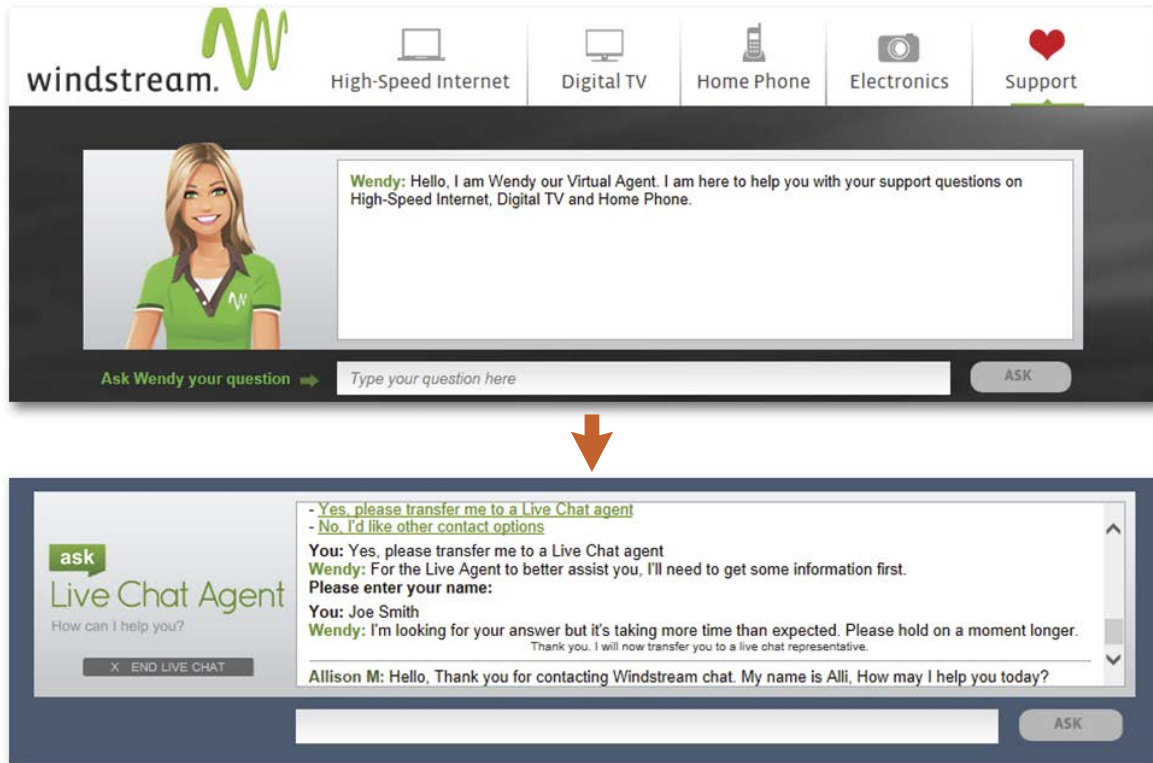
Windstream maintains the same interface throughout the engagement, but makes it clear whether the user is speaking to a virtual agent or a live person.

Source: Nuance Communications

SUPPLEMENTAL MATERIAL

Companies Interviewed For This Report

Dell	Next IT
gruper.pl	noHold
Intel	Nuance Communications
InteliWise	Oracle Service Cloud
LivePerson	Synthetix
Moxie Software	

ENDNOTES

[1] Source: Forrester's North American Technographics Customer Experience Survey, 2013.

[2] Source: Phone interview with Diego Ventura, CEO of noHold, September 11, 2014.

[3] Source: Phone interview with Tracy Malingo, executive vice president of product and development; Roth Fouty, director of analytics and market research; and Carole Mohr, executive vice president of account services at Next IT, September 12, 2014.

[4] Source: Phone interview with Judy Holderman, senior analyst at Dell, September 19, 2014.

[5] For more information on the costs of various service channels, please see the December 18, 2009, "It's Time To Give Virtual Agents Another Look" report.

[6] Source: Phone interview with Brent Beranek, senior principal solutions marketing manager at Nuance Communications, September 9, 2014.

[7] Source: Phone interview with Brent Beranek, senior principal solutions marketing manager at Nuance Communications, September 9, 2014.

[8] Source: VirtuOz, "VirtuOz Announces Availability Of Packaged Integration With Moxie Software's Chat Spaces," Moxie, September 6, 2012 (http://www.gomoxie.com/press/moxie-announces-virtuoz-integration).

[9] To learn more about proactive chat success rates, please see the October 2, 2014, "The Six Key Elements Of Proactive Chat" report.

[10] Source: Forrester's North American Technographics Customer Experience Survey, 2013.

[11] Source: Phone interview with David Fulton, director of product management, Oracle Service Cloud, September 19, 2014.

[12] Source: Phone interview with Tara Sporrer, vice president of marketing, Moxie Software, September 19. 2014.

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