call centre management association

Are Chatbots Ready for Prime Time?

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A CCMA Research Initiative

Foreword

Chatbots have come a long way since the very first one was invented at Massachusetts Institute of Technology in 1966.

Interactive Voice Response (IVR) technology has been around since the 1970s, but it was not until the 1990s that IVR became scalable and reliable enough for widespread adoption. In the 2000s IVR came to be widely deployed in contact centres as an effective means of managing and routing inbound queries.

In the past decade text-based chatbots have become popular, thanks to advances in artificial intelligence (AI) and machine learning and the increasing adoption of digital, text-based customer service channels. In 2016 Facebook Messenger opened its platform to third party chatbots, followed by WhatsApp in 2017. Voice-based assistants such as Apple's Siri and Amazon's Alexa have introduced the concept of voicebots to consumers.

Fast forward to 2020 and the pandemic has provided a further boost as providers have turned to chatbots to help cope with a rapid increase in demand alongside resource constraints brought on by the sudden enforced closure of premises. But have customers accepted chatbots as a viable solution for customer service? Read this report to find out.

Leigh Hopwood,
CEO, CCMA

In current times, contact centres must not only deliver a differentiated customer experience, but also do so while effectively navigating the challenges of remote working. Contact centres are also facing increased demand following the rapid acceleration of digital transformation projects and uncertainty caused by the current crisis. Successfully managing this increase in demand, while maintaining a high-quality customer experience, is emerging as an key competitive differentiator.

This research demonstrates that customers still want to connect to real people, with each interaction an opportunity to strengthen the customer relationship.

Organisations should not rely on chatbots to build this relationship; the most effective implementations recognise that AI augments human advisors and does not replace them.

Looking ahead, organisations must meet customers on their terms and on the channels of their choice. As our latest research illustrates, personalisation of interactions, AI offerings, and channels will be crucial for success moving forward.

Chris Marron,
Director of Market Intelligence, 8x8

Research methodology

Led by CCMA Research Director, Stephen Yap, the CCMA conducted 2,003 interviews with UK consumers from 6-9 November 2020, with the support of 8x8. Quotas were set by age, gender and region to ensure a nationally representative sample.

The pandemic has impacted customer service

The temporary closure of premises due to lockdown and enforced remote working has put huge pressure on contact centres and advisors, which in turn has impacted service delivery to customers. This has happened at the same time as many providers have experienced sudden increases in demand, as anxious customers turn to contact centres for reassurance on the status of their accounts, purchases and deliveries.

More than half (57 per cent) of people surveyed reported having experienced increased difficulty in receiving customer service since the pandemic, while two in three (67 per cent) had experienced increased wait times.

67% have experienced increased wait times for customer service since the pandemic

Chatbots have become mainstream

To help maintain service levels during COVID-19, many providers have ramped-up their chatbot deployments or fast-tracked the rollout of chatbots for the first time.

There can be little doubt that the pandemic has helped to normalise the use of chatbots for customer service. Our research reveals that today six in every ten consumers are happy to use chatbots for customer-service if chatbots help to solve their query.

58% of people in the UK are happy to use chatbots for customer-service queries

Young people tend to be early adopters of new technologies, and chatbots are no exception. As Figure 1 illustrates, there is especially high acceptance of chatbots for customer service among those aged 16-24 and a slightly lower acceptance among those aged 55+. Perhaps more remarkable is the finding that chatbots are now widely accepted across all age groups, as Figure 1 illustrates.
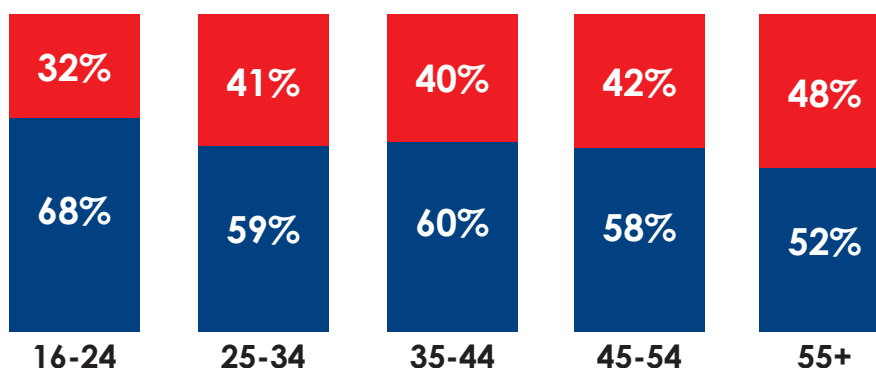

	16-24	25-34	35-44	45-54	55+
No	32%	41%	40%	42%	48%
Yes	68%	59%	60%	58%	52%

Fig. 1 'I would be happy to use a chatbot for customer-service queries, if it solves my problem'
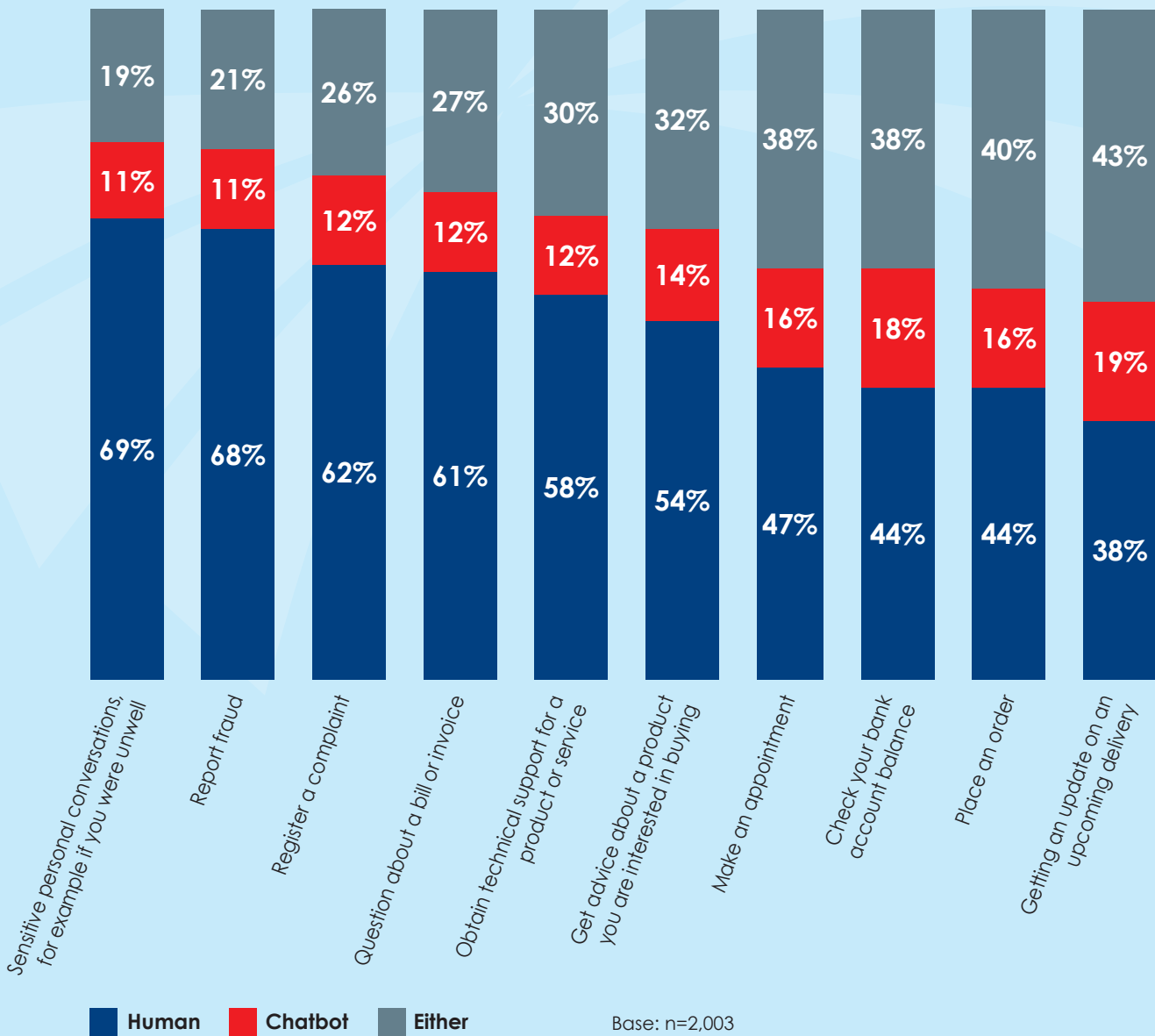
■ Yes   ■ No

Base: n=270 16-24, n=339 25-34, n=321 35-44, n=343 45-54, n=730 55+, n=983 M, n=987 W

Customer acceptance of chatbots varies by nature of query

While chatbots have become widely accepted in general, customers' desire to use them varies hugely depending on the nature of their query.

As Figure 2 shows, people are most open to using chatbots for relatively straightforward, transactional queries such as delivery updates, placing orders and checking account balances.

Figure 2: For each of the following types of queries, please indicate if generally speaking you would prefer to be served by a human, served by a chatbot or if you don't mind?

Query	Human	Chatbot	Either
Sensitive personal conversations, for example if you were unwell	69%	11%	19%
Report fraud	68%	11%	21%
Register a complaint	62%	12%	26%
Question about a bill or invoice	61%	12%	27%
Obtain technical support for a product or service	58%	12%	30%
Get advice about a product you are interested in buying	54%	14%	32%
Make an appointment	47%	16%	38%
Check your bank account balance	44%	18%	38%
Place an order	44%	16%	40%
Getting an update on an upcoming delivery	38%	19%	43%

Base: n=2,003

Today more customers aged 16-24 actually prefer to use chatbots than human advisors for delivery updates, as shown in Figure 3.

Figure 3: For each of the following types of queries, please indicate if generally speaking you would prefer to be served by a human, served by a chatbot or if you don't mind? Getting an update on an upcoming delivery / Age 16-24

26%	35%	39%

■ Human
■ Chatbot
■ Either

Base: n=270 16-24

74% of people aged 16-24 would be happy to use a chatbot for an update on an upcoming delivery

On the other hand, for more complex, emotive topics such as registering complaints or reporting fraud, there is a much greater need to be able to access a human advisor.

At the very top of the list of interactions where human contact is preferred are 'sensitive personal conversations, for example if you are unwell or in debt'.

Other CCMA research has evidenced a rise in demand among vulnerable customers for anonymised but assisted contact methods, which can feel more comfortable than speaking on the phone with human advisors. This suggests that chatbots could in the future become a viable channel for this use case, so long as they are deployed for simpler interactions and the option to contact an advisor is always available.
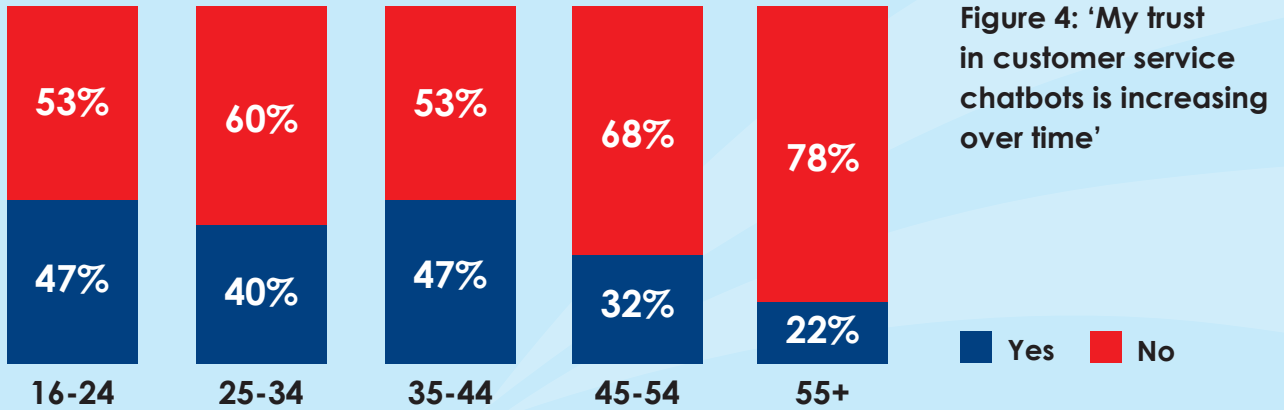
Providers must build trust to accelerate further adoption

Despite the widespread adoption of chatbots, a significant trust gap still exists for many customers. Only one in three customers (34%) say that their trust in chatbots is increasing, which helps to explain why chatbots are reserved for only the simplest queries.

34% of people say their trust in chatbots is increasing over time

As illustrated in Figure 4, trust in chatbots is increasing fastest among younger people and less quickly for those aged 45 and over.

Figure 4: 'My trust in customer service chatbots is increasing over time'

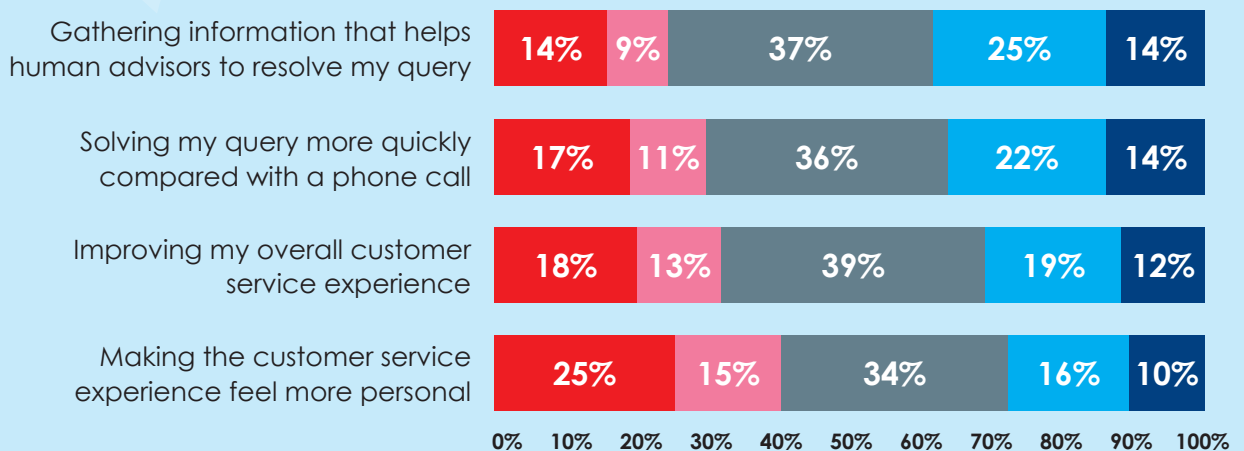|	16-24	25-34	35-44	45-54	55+
No	53%	60%	53%	68%	78%
Yes	47%	40%	47%	32%	22%

■ Yes ■ No

Base: n=270 16-24, n=339 25-34, n=321 35-44, n=343 45-54, n=730 55+

The message is clear: contact centre operations should aim to work harder to improve chatbot experiences and gain customers' trust. This will in turn encourage customers, particularly more mature ones, to put faith in chatbots for a wider range of customer service interactions beyond just the simplest transactions.

Personalisation will be key

As shown in Figure 5, the key reason for customers to use chatbots is to 'gather information that helps human advisors to resolve my query'. This finding supports a strategy of chatbot deployment that aims to complement rather than supersede human advisors.

Figure 5: On a scale of 1 to 5, where 5 equals 'extremely helpful' and 1 equals 'not helpful at all', how helpful are chat and voice bots for each of the following areas? If you have not yet experienced a chatbot, please offer your best guess.

	1 - not helpful at all	2	3	4	5 - Extremely helpful
Gathering information that helps human advisors to resolve my query	14%	9%	37%	25%	14%
Solving my query more quickly compared with a phone call	17%	11%	36%	22%	14%
Improving my overall customer service experience	18%	13%	39%	19%	12%
Making the customer service experience feel more personal	25%	15%	34%	16%	10%

Base: n=2,003

■ 1 - not helpful at all ■ 2 ■ 3 ■ 4 ■ 5 - Extremely helpful

Relatively few customers agree that chatbots make the customer service experience 'feel more personal'. This is evidence of the continuing importance of human advisors in the contact centre.

Only 26% agree that chatbots make customer service feel more personal

For customer journeys where an element of personalisation is necessary or desirable the option to interact with a human should always be available, whereas chatbots today are best deployed for less demanding queries or to serve as a mechanism to route the customer to the right advisor.

In the longer term, improving the personalisation of the chatbot experience will be a key strategy to build trust and further adoption. For example, connecting chatbots with CRM data that allows the chatbots to gather customer context, rather than having to ask the customer to input data that the organisation already has.

" AI should improve interactions, not act as a barrier between the organisation and its customers. Too often, chatbots actually weaken the customer experience when they should be enhancing it. The future is blending human advisors with AI, so that it builds bridges to customers, not walls.

Chatbots should be targeted at delivering convenience for simple, repetitive interactions, not displacing human agents. It is critical that customer experience leaders remain focused on the solution they wish the chatbot to deliver during deployment."

Chris Marron, Director of Market Intelligence, 8x8

Five approaches for contact centres deploying chatbots

1. Always give the option of connecting to a human advisor.

2. Identify areas where chatbots enhance the customer experience by conveniently solving routine and simple enquiries or interactions.

3. Successful resolutions are key to building customer trust. Start with small manageable use-cases and be careful not to over-deploy. Only look to expand when you have ensured the chatbot is highly effective at what it is already doing.

4. Only start to encourage customers to use your chatbot when you are confident of its abilities; until then rely on customers who want to use the chatbot and will therefore be more accepting of any flaws.

5. How you present choices to customers can significantly impact what they choose. Start promoting chatbot adoption in simple ways such as offering it to customers who are waiting in a queue for an advisor. Never force customers to make the choice you want: rather convince them through a superior experience.

About the CCMA

The CCMA (Call Centre Management Association) is the longest established association representing the contact centre industry in the UK. The membership organisation supports contact centre leaders through providing opportunities to network and learn. Its aim is to provide an engaged community; to support contact centre leaders maintain an awareness of the latest trends and developments, and to enable learning through training. For more information, visit **www.ccma.org.uk** or follow CCMA on LinkedIn or Twitter @CCMAtalk.

About 8x8

8x8, Inc. (NYSE: EGHT) is transforming the future of business communications as a leading Software-as-a-Service provider of voice, video, chat, contact center, and API solutions powered by one global cloud communications platform. 8x8 empowers workforces worldwide to connect individuals and teams so they can collaborate faster and work smarter. Real-time business analytics and intelligence provide businesses unique insights across all interactions and channels so they can delight end-customers and accelerate their business. For additional information, visit **www.8x8.com**, or follow 8x8 on LinkedIn, Twitter and Facebook. 8x8® and 8x8 X Series™ are trademarks of 8x8, Inc.

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