The chatbot
revolution

Moving beyond the hype and maximizing customer experience

PEGA®

Build
for
Change®

Ready for a digital conversation?

2% — 2017

25% — 2020

Consumers have higher expectations than ever when it comes to interacting with brands.

They demand personalized service, easily accessible support options, a quick response after reaching out, and successful resolutions on a tight turnaround. To meet these needs, companies are increasing their use of digital channels to communicate with customers – in fact, by 2022, 70% of all customer interactions will involve technology like messaging applications, social platforms, or chatbots.

Let's take a closer look at chatbots. Their functions range from answering simple questions like informing customers of store hours or location to more advanced ones, like handling a credit card charge dispute. According to Gartner, by 2020, 25% of customer service operations will use chatbot or virtual assistant technologies, an increase from just 2% in 2017. When trying to balance staffing budgets, round-the-clock service availability and a preference for digital platforms, chatbots on paper seem like the obvious – and inevitable – choice to engage customers through automation. But how inevitable is it really?
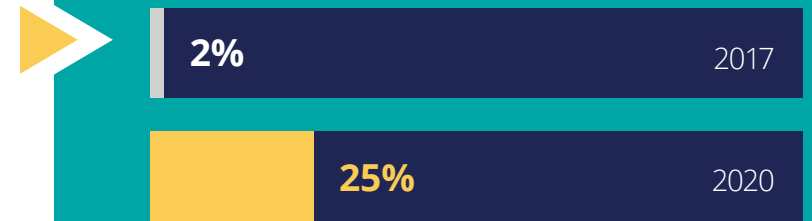
By 2020, 25% of customer service operations will use chatbot or virtual assistant technologies, an increase from just 2% in 2017.

Why the digital hold up?

Consumers and businesses have concerns.

Despite Gartner predictions and the obvious excitement around chatbots, overall adoption has been slow. Currently most chatbots are programmed to follow predetermined conversational flows—thus limiting their usefulness for solving complex problems or picking up conversational subtleties.

The systems powering chatbots are growing more sophisticated however, and many of these initial stumbling blocks no longer apply. So why are some businesses and consumers still reluctant to embrace chatbots?

On the business side, there is some hesitation to be first with an emerging technology. Since chatbots might be a customer's first impression with the brand, some are reluctant to try new technology for customer engagement.

At Pega, we were particularly curious about consumers' perceptions toward chatbots. We surveyed two distinct groups – one consisting of consumers who have used chatbots, and one consisting of consumers who have not. The results were surprising and we've summarized how to effectively use chatbot technology to please customers and operate more efficiently.

Pega surveyed **3,500 consumers** across the US, Canada, the UK, France, Germany, and Australia about their interactions with chatbots.

Get real work done

Focus on delivering outcomes, not tasks.

Seventy-one percent of our survey respondents said that reaching the desired outcome was their top priority when communicating with a company.

A chatbot's job is to quickly engage with customers and help offload the workload of human agents. Ideally, it's designed to augment the human agent experience so that they can focus on the more high-value, high-touch interactions. If a human agent becomes involved in a customer interaction, the chatbot should provide the agent with all the necessary information to resolve the issue.

Chatbots "work" with you by:

- Delivering seamless customer experiences and support at a low cost
- Cutting down on wait times and consumer frustration
- Reaching out to customers on demand or allowing self-service at any time
- Reducing repetitive and mundane activities

71% say reaching the desired outcome is their top priority.

66% say speed of response is important to B2C interaction.

53% say ease of use is a must.

Be responsive

Chatbot failure leads to customer frustration.

The top complaint among our survey group is that chatbots are not smart enough to effectively answer questions. Once a request, inquiry, or conversation strays from already programmed paths, chatbots can quickly become unhelpful. Other complaints center on chatbots' failures to retain information that has already been provided by the customer.

While this is a technology problem, it also points to a communication issue between the company and the consumer. Chatbots cannot do everything, but making clear what they can do at the beginning of an interaction sets realistic expectations for the customer.

Great chatbots or virtual customer assistants learn from past conversations. They shouldn't just talk, but engage with a customer in a way that they naturally speak or write.

The application should have natural language processing (NLP) to pick up on sentiment, become alerted to customer frustrations, and transfer the customer and all relevant information to a human if needed for a more positive customer experience. The platform behind the chatbot should also continuously test in real-time the quality of conversations.

Customers want speed:

Half of those surveyed said they typically interact with chatbots whenever they need something handled quickly **(51%)** or they don't have to wait on hold **(50%).**

Span channels

Meet customers where they are.

Customers expect companies to follow their conversations across email, SMS, Facebook Messenger, WhatsApp, or whatever messaging app is popular that day. In fact, more than 40% of our respondents said that they used a combination of email, texting, phone, and messaging app to communicate with a company.

An ideal chatbot platform easily adapts across channels, keeps context, and prevents your customers from being lost. It should also be able to scale up and adapt to new channels when necessary. With a chatbot that transcends individual platforms, your company can provide a consistent, quality customer experience that allows consumers to contact you using the channel they prefer.

Chatbots need to adapt across customers' favorite communication channels:

75%
Email

65%
Phone

58%
SMS/text messaging

PEGA

Intelligent. Useful. Gratifying.

Bring your company into the future by embracing the chatbot revolution.

While chatbot adoption has not exploded as fast as expected, it is clear customers are willing and open to use these technologies if they help achieve their desired results with little friction. Leading organizations are going beyond chatbots, using intelligent virtual assistants that make personalized customer service and real work possible.

Set your company up for chatbot success:

- **Should the task be automated?** Use user-centered design methodologies to decide whether a bot can enhance the overall user experience.

- **Be the bot:** Put yourself in the shoes of your customer to ensure realistic expectations are being set and effectively met.

- **Know your audience:** Are customers trying to reach you on channels where you're not present? What channels are they using? What's currently happening on a particular channel when a customer tries to reach you?

- **Start simple:** Focus on one task and one channel at a time. Guide your users, learn

from their patterns, and take advantage of an integrated bot simulator that allows you to configure, manage, and test how your virtual assistant performs on various channels and effortlessly deploy updates without downtime or code.

- **Don't create another silo:** Does it feel seamless as your users navigate across channels? Leverage the benefits of a unified platform to deliver a continuous experience across multiple channels, while getting a significant amount of reuse by linking back office, the web, to mobile, and new channels. The only way to meet this demand at the scale of today's interactions is to provide a "channel-less" experience to your customers.

▶ **Learn more** about how you can leverage chatbots in delighting your customers and streamlining operations.

Intelligent virtual assistants:
The chatbots of the future

These are conversational, computer-generated assistants that simulate a conversation to deliver voice- or text-based information to a user via a web or mobile interface. A virtual assistant incorporates natural language processing, dialogue control, and domain knowledge that changes according to the content and context of the dialogue. The primary interaction methods are text-to-text, text-to-speech, speech-to-text, and speech-to-speech.

ABOUT PEGASYSTEMS:

We are Pegasystems, the leader in software for customer engagement and operational excellence. Our adaptive, cloud-architected software – built on the unified Pega Platform™ – empowers people to rapidly deploy and easily change applications to meet strategic business needs. Over our 35-year history, we've delivered award-winning capabilities in CRM and digital process automation (DPA), powered by advanced artificial intelligence and robotic automation, to help the world's leading brands achieve breakthrough business results.