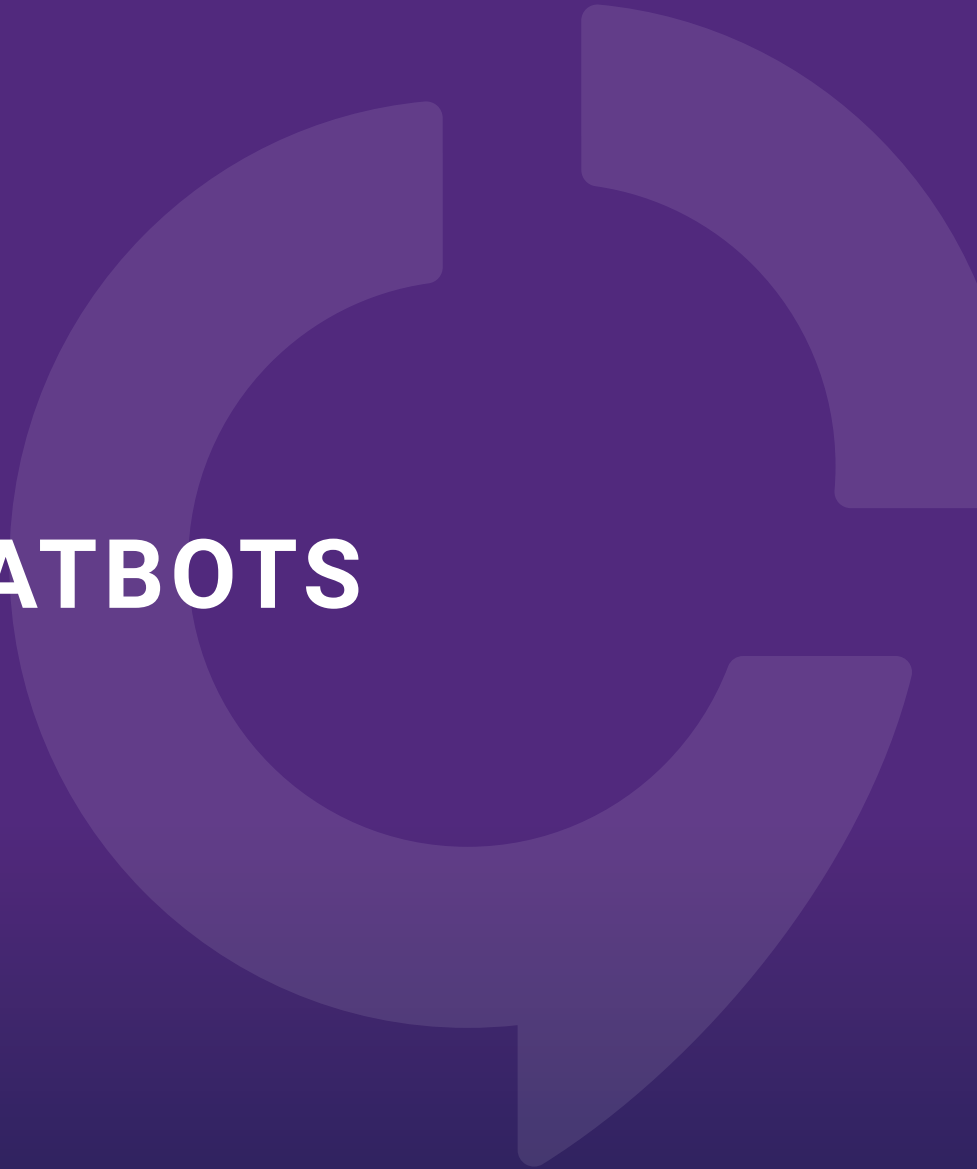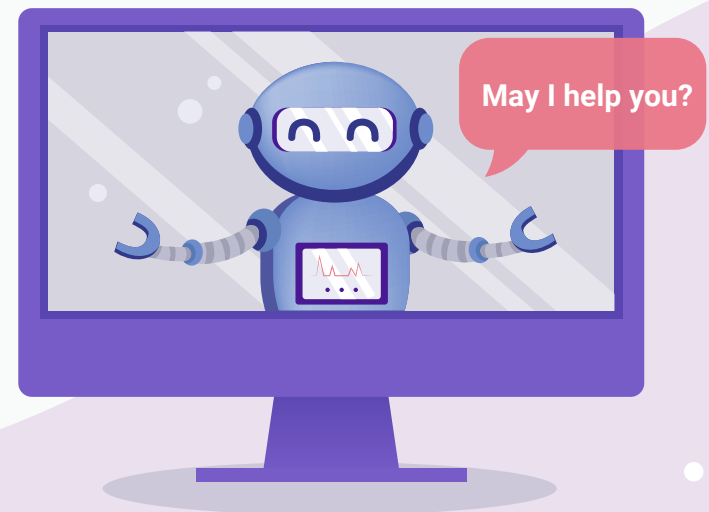# 2021
STATE of CHATBOTS
REPORT

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Introduction

Intelligent chatbots are now table stakes in the realm of customer support — companies who aren't adopting the latest technologies are being left behind.

The positive impact that a customer support team has on its company cannot be overstated. Yet this critical business function can also become a major pain point for customers. While support agents have the power to create positive customer experiences and increase brand loyalty, their efforts aren't always rewarded with higher customer satisfaction rates. Consumers can be easily turned off by long wait times and limited hours of availability, causing them to delay purchases or turn to competitors instead.

It's a costly dilemma that has serious effects on a business' bottom line. And it's one of the main reasons **brands across industries have turned to chatbots in recent years to provide their agents with added support to successfully engage customers.**

As innovations in chatbot technology continue to leap forward and consumer usage surges, there's no question **intelligent chatbots are reshaping consumer expectations** — and the future of customer support.

May I help you?

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Methodology

In the Summer of 2021, Solvvy partnered with a third-party research firm to anonymously survey more than **1,000 consumers** across the United States who use customer support chatbots from businesses. Solvvy wanted to explore consumer perception and usage of the chatbots in order to compare consumers' attitudes towards basic chatbot support, next-gen or intelligent chatbot support, and traditional telephone-based customer support.

The survey questions were geared specifically toward industries such as **banking/financial services, retail/e-commerce,** and **consumer services.** This report outlines the collected responses and trends companies should keep in mind when considering adding a chatbot to their customer support efforts.

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Key Takeaways

While the data from this survey revealed many insights into consumers' mindsets about and use of chatbots, there were a few overarching points repeatedly supported. The following are the main takeaways from the report:

1. A new segment of higher-value chatbot "Power Users" has emerged.

The study revealed two clear cohorts of chatbot users: "Standard Users" and "Power Users."

Standard Users turn to chatbots a few times per month. While this group is starting to 'test the waters' with more advanced chatbot cases, they mostly use chatbots for basic questions or to troubleshoot an issue. **Power Users,** by contrast, seek out chatbots. They engage and return to chatbots weekly or even daily, and are more likely to use a chatbot for advanced or highly personalized issues like managing a subscription, looking up an account balance, or initiating a new order or payment.

Power Users currently make up a third of respondents, and as chatbot technology continues to advance, more and more Standard Users will become Power Users.

STANDARD USERS

- Use chatbots a few times per month.
- Mostly use chatbots for **basic questions.**
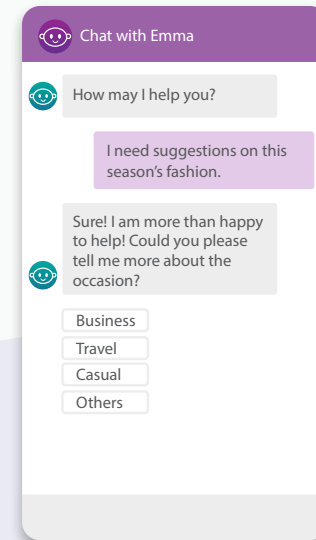- Starting to 'test the waters' with more advanced chatbot cases.

POWER USERS

- Engage and return to chatbots weekly or even daily.
- Use a chatbot for **advanced or highly personalized issues.**

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2. All consumers increasingly expect personalized chatbot support.

As consumers start to work with more intelligent chatbots, they are more likely to be frustrated by limitations they encounter with simple chatbots elsewhere. Take Power Users, who are far more likely to have experience resolving personalized issues — 65% say they are more likely to leave a business due to a negative experience with a chatbot. This underscores the importance of companies raising the bar of what their chatbot can deliver. Implementing advanced support options, like conversational responses and personalization will reduce the risk of losing business from Power Users. So far, things are on the right track: **Nearly half (47%) of chatbot users think it's possible they have mistaken a chatbot for a live customer support agent,** and another 11% are not sure, a sign that chatbot technology is advancing rapidly.

> *As technology advances, Standard Users are becoming Power Users. Companies need to take notice and update their chatbot technology or risk being left behind.*

Chat with Emma

How may I help you?

I need suggestions on this season's fashion.

Sure! I am more than happy to help! Could you please tell me more about the occasion?

Business
Travel
Casual
Others

3. Support teams should treat chatbots like an extension of the team.

Chatbots rank as the third most popular method for resolving a customer support issue, behind a chat with a live agent, and a phone call. In other words, employees can rest assured, chatbots are not a threat to human agents. Instead, chatbots complement and support agents, and should be part of a holistic customer support strategy. And while live agents are perceived as the most helpful support options, **more than two thirds (69%) of respondents consider chatbots to be helpful as well.** As technology continues to improve and consumers increasingly opt to use chatbots, businesses should embrace this fast growing area.

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Big Disclaimer:

Not All Chatbots Are Created Equal

To provide context, the first chatbot was technically introduced in 1966, before personal computers were even truly launched. But it took until the early 2000s for the technology to look like the first iteration of the chatbots we know today. It would be an understatement to say a lot has progressed with chatbot technology, especially over the past few years, but some of the stereotypes from years ago still remain.

Today, a wide chasm exists between the chatbots of yesterday and the next-gen chatbots of the present that are intelligent, conversational and advanced in their capabilities. This has resulted in consumers having mixed feelings about chatbots, preferring the convenience of using intelligent chatbots, but still being disappointed by how often they encounter simple bots when engaging with their favorite businesses.

LEGACY CHATBOT

Sorry, I didn't get it. Please say again.
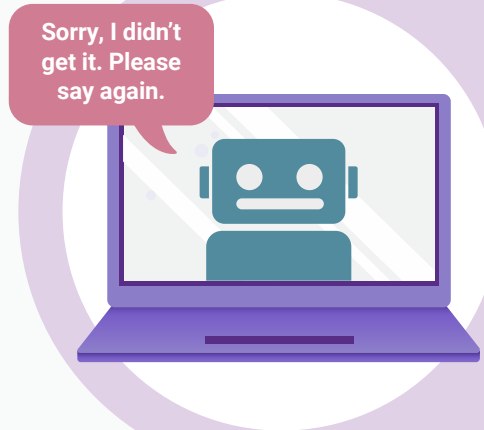
- Only understands hard-coded words or phrases
- Requires constant training and updating
- Only available in one channel (usually a company website)
- Unable to identify user personas or route to agents
- Lacks analytics

NEXT GEN CHATBOT

No problem! Let me help you with your order.
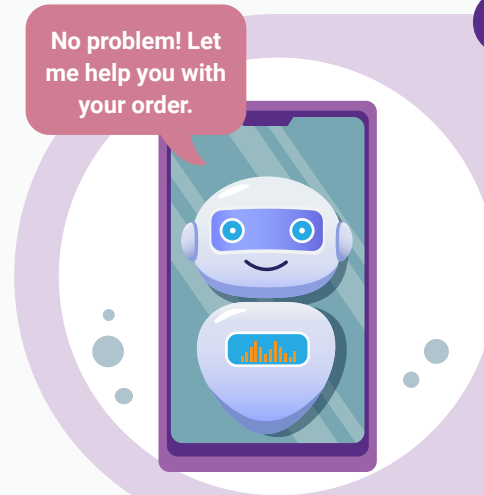
- Understands questions however they're worded
- Automatically crawls content to learn and improve
- Available in multiple channels (phone, chat, email, social, etc.)
- Personalized and intelligently hands off to support team
- Includes robust analytics and insights

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Chatbot Usage Patterns

One of the most interesting trends uncovered was the way in which consumers use chatbots, based on timing, availability, and the specific issue they need to solve. **These findings demonstrate a growing preference for chatbots and an increasing willingness to use the technology as a first line of defense for both basic and more advanced requests.**

Preference	About **80%** of users will use a chatbot when it's offered to them.
Frequency	While **62%** of respondents report using a chatbot a few times a month or less, around two thirds of users have used the same chatbot multiple times.
Usage by Industry	More than **70%** of Banking and Consumer Services users and **58%** of Retail users report using the same chatbot on more than one occasion.
Timing	The most common time of day that users interact with chatbots is **between 8am and 5pm,** showing that chatbots are actually used primarily during typical work hours. One exception to this comes with Retail users, however, who are more likely to use a chatbot after 5pm and on weekends.
Usage by Issue	Banking/Financial Services and Consumer Services users' top use cases were **troubleshooting issues and managing accounts/subscriptions,** while Retail/E-Commerce users' top use cases were **canceling or tracking an order.**

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Chatbot Adoption & Preferences

When it comes to choosing chatbots over live agents, the evidence is becoming clear: many consumers actually **prefer to chat with bots as long as they're confident they can help and resolve issues quickly.** Here is some supporting data:

When asked about a chatbot that could deliver **personalized services**, nearly

40%

would rather use such a chatbot than wait for a live agent.

If customers knew a chatbot could **resolve an issue more quickly,**

69%

of users would often or always use a chatbot.

55%

of all respondents say they would **prefer to use a chatbot immediately** instead of waiting for a live agent.

More than

60%

of **Banking and Consumer Services** customers would rather use a chatbot immediately.

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Being Part of the Support Team

A key reason organizations have delayed adopting chatbots is because they perceive them as a potential threat to their teams of agents. In truth, the research shows that chatbots are not intended to replace customer support teams; they're designed to complement and support them. When viewed through this lens, business leaders can start to understand **there's nothing to fear about agent replacement — but a lot to fear about customer retention if they delay offering this important technology.**

- **Chatbots rank as the third most popular method** for resolving a customer support issue, behind a chat with a live agent and a phone call.

- Although live agents are perceived as the most helpful support options, **more than two thirds (69%) of respondents consider chatbots to be helpful as well.**

- More than two thirds (68%) of respondents are somewhat or very satisfied with chatbots.

- Among Consumer Services users, chatbots are nearly as popular as a chat with a live agent and a phone call, indicating differences in comfort levels with chatbots by industry.

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Impact on Customer Experience & Loyalty

If a business is still dragging its heels on incorporating chatbot technology into its customer support system, there's an overwhelming business case to make it happen sooner than later. This, of course, is the impact it can have on customer experience and, therefore, loyalty. Here's a look at one of the most powerful "why"s behind chatbot technology:

The top disadvantage for consumers' use of live agents was the **long wait times.**

- **53%** of customers give up after waiting for a live agent within **10 minutes.**
- **Retail customers** are the most impatient — 55% give up within 10 minutes and 17% won't even wait for five.

People view chatbots as being more convenient than live agents (due to their **24/7 availability**) and find they're able to resolve issues as fast as agents.

The top perceived disadvantage of using chatbots is that they can't address personalized or complex questions. However, **next-gen chatbots** can handle these, and Power Users are responding favorably by increasing usage.

Negative experiences with live agents are more likely to cause customers to stop using services and buying products from a business, whereas negative experiences with chatbots appear less likely to cause a business to lose customers.

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Rethinking Assumptions

The research found that perceptions are changing when it comes to chatbot technology — and that's a good thing. In fact, **many consumers have come to realize the benefits of using chatbots and are increasingly becoming more comfortable with the practice.**

Here are some of the data points that show why prior myths about chatbots should be challenged:

01 Conversational & Intelligent

47% of respondents have mistaken a chatbot for a live agent. This shows major advancement in the sophistication and conversational nature of intelligent chatbots. Instead of immediately knowing they were chatting with a bot, almost half of the consumers surveyed actually believed there was a live human on the other end. This is great progress, because it shows great strides in communication and usefulness. It also shows that **intelligent bots are going to be more and more preferred — and eventually expected.**

02 Part of the Team

Many people assume chatbots replace live agents during off hours, but this isn't the case. In fact, chatbots are **most often utilized during regular business hours,** showing they have a place in the customer support team in their own unique role.

03 Multiplying Value

Some businesses are hesitant to get on board with chatbots, thinking they're too expensive. But, many are starting to realize the value of Power Users over time. **When you have intelligent bots on your site, consumers are more likely to engage with them and keep coming back.** If you don't, they're more likely to move on to a competitor who does offer the convenience of chatbots. This value is a new way to look at ROI, and a strong argument in the favor of chatbot technology.

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Predictions

Given the results of this research study, and insight into the chatbot space, here are some predictions about what will come next:

1 **Power Users will soon outnumber Standard Users.** Standard Users currently outnumber Power Users, but the more Standard Users interact and get comfortable with advanced chatbots, the higher their expectations become and the sooner they'll transition into Power Users. This will trigger further demand for businesses to implement more intelligent bots.

2 **Intelligent chatbots will continue to shift consumer expectations.** Brands will see Power Users continue to engage with chatbots. If they encounter intelligent chatbots, they'll make return visits and become less likely to churn. However, brands with simple, outdated chatbot technology will increasingly disappoint and frustrate Power Users, putting a dent in customer service experiences amongst a cohort that is on the rise.

3 **Customer support teams will embrace chatbot technology even moreso.** Chatbots will be celebrated as a key part of the customer support team, useful on their own and in providing support to live agents.

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Predictions

4 **Brands will see the effects of the chatbots they utilize, in both good and bad ways.** As consumers become used to the convenience of intelligent chatbot support, they'll choose to patronize businesses who offer it (and move on from those without). This means businesses must view advanced chatbot technology as table stakes, or risk consumers leaving them behind.

5 **Chatbots will provide omni channel support.** Wherever customers are engaging with a brand — including by text and on social channels – advanced chatbots will be there to provide consistent and intelligent service experiences.

6 **Personalization will improve by leaps and bounds.** Thanks to access to purchase data, chatbots will have more insights about the consumers who engage with them. This translates to the ability to deliver personalized and lightning quick service like never before.

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Contact

Solvvy's next-gen chatbot and automation platform allows you to orchestrate a personalized customer experience at scale, while empowering your team to resolve customer issues faster and more efficiently.

Learn more at

www.solvvy.com

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