The Six Key Elements Of Proactive Chat

by Kate Leggett, October 2, 2014 | Updated: October 15, 2014

KEY TAKEAWAYS

Chat Gains Importance As A Pre- And Post-Purchase Engagement Channel

All generational segments have adopted chat as an interaction channel, which has high satisfaction ratings surpassed only by voice interactions. Proactive chat extends the power of chat and delivers effortless engagement online, helping organizations control costs and increase satisfaction and top-line revenue.

Proactive Chat Evolves From Its Roots To Deliver Predictive Engagement

Modern proactive chat leverages customer data, journey information, and outcome data to decide how and when to best engage customers. eBusiness leaders must define the right customer engagement strategy, focusing on the right offer -- which is not necessarily a chat invitation -- to drive the right outcomes.

Follow Six Steps To Success To Derive Value From Proactive Chat

A successful proactive chat strategy requires discipline in six areas: pinpointing high-value journeys, targeting customers who have the highest intent to purchase, determining when to intervene, determining what to offer, being aware of the presentation of the offer, and investing in your chat agents.

The Six Key Elements Of Proactive Chat

Evolve Proactive Chat To Proactive Engagement

by Kate Leggett
with Stephen Powers, Brendan Witcher, Tony Costa, Zia Daniell Wigder, and Victoria Boutan

WHY READ THIS REPORT

Online consumers demand effortless engagement, which often means live help for pre- or post-purchase questions. eBusiness leaders increasingly deploy proactive chat to deliver effortless engagement experiences. Proactive chat also helps increase customer satisfaction, conversion rates, average order values, and top-line revenues. This report highlights the rise of proactive chat and how it is evolving to leverage predictive analytics, which eBusiness and channel strategy professionals can use to engage customers at the right time and with the right offer, while driving revenue uplift and increased customer satisfaction.

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Notes & Resources

Forrester analyzed data from Forrester's North American Technographics® Customer Experience Online Survey, Q4 2013 (US). Forrester interviewed several vendors and chat customers to solicit input for this report.

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CHAT: CRITICAL TO THE PROMISE OF DIFFERENTIATED CUSTOMER EXPERIENCE

Customers today demand effortless engagement. Seventy-seven percent of US online adults say that valuing their time is the most important thing a company can do to provide them with good service, while 72% say that they are unlikely to return to a website that does not provide them with a good customer experience.[1] Proactive chat — triggering of chat invitations based on a predefined set of visitor behaviors — as well as reactive chat — where a customer initiates a chat conversation — helps eBusiness and channel strategy professionals deliver this type of frictionless engagement.
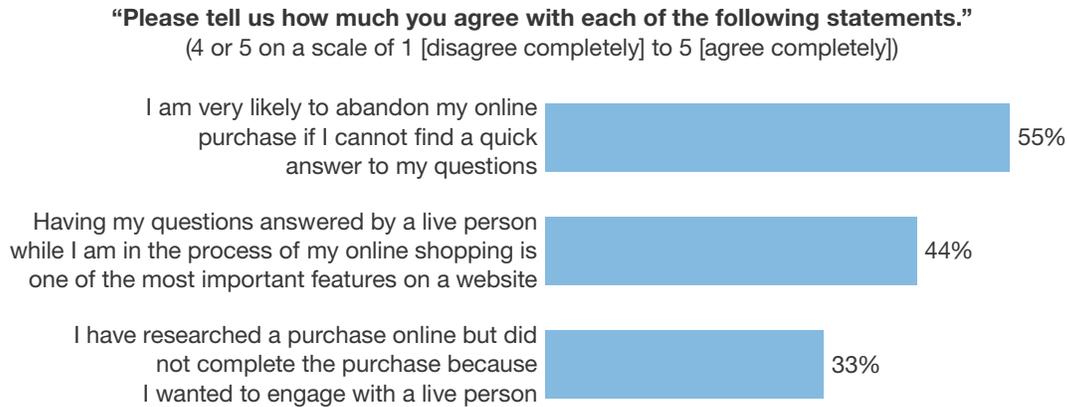
Chat usage rates have risen in the past three years.[2] All demographics are comfortable using this channel, with even almost one-third of Older Boomers (ages 57 to 67) and the Golden Generation (ages 68+) using chat.[3] Chat also has high satisfaction ratings across all generations — satisfaction ratings that are only superseded by those of the voice channel. As Kirsty Traill, chief customer advocate at Snapfish, says: "We deploy chat because that is how our customers want to engage with us."

Consumers Increasingly Rely On Proactive Chat For Mid-Purchase Help

Proactive chat extends the power of chat and delivers effortless engagement online. It meets customers' need for help because online consumers:

- **Need critical help in the middle of online purchases.** Fifty-five percent of US online adults are likely to abandon their online purchase if they cannot find a quick answer to their question (see Figure 1). Shopping cart, site visit, and application abandonment rates have plagued companies for decades. Leaving customers with key questions unanswered in the process of making a purchase or applying for a service is practically the equivalent of providing them with a link to your competitor's site.

- **Seek more opportunities to use chat.** A third (33%) of online consumers who have researched a purchase online did not complete the purchase in the past 12 months because they wanted to engage with a live person. While this percentage is small, Forrester believes that proactive chat in these situations would result in an incremental revenue uplift.

- **Are less averse to a chat invitation appearing proactively than you may think.** Consumers are increasingly open to proactive chat initiatives. Forty-four percent of US online consumers say that they like having a chat invitation appear to help answer questions during an online research or purchase, up from 33% in 2012 and 27% in 2009.[4]

Figure 1 Proactive Chat Is A Critical Component For Online Customer Engagement

"Please tell us how much you agree with each of the following statements."
(4 or 5 on a scale of 1 [disagree completely] to 5 [agree completely])

I am very likely to abandon my online purchase if I cannot find a quick answer to my questions	55%
Having my questions answered by a live person while I am in the process of my online shopping is one of the most important features on a website	44%
I have researched a purchase online but did not complete the purchase because I wanted to engage with a live person	33%

Base: 7,522 US online adults (ages 18+)

Source: North American Technographics® Customer Experience Online Survey, Q4 2013 (US)

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Proactive Chat Increases Revenue And Customer Satisfaction And Controls Costs

Proactive chat's greatest appeal is its potential to assist an organization in increasing revenue and customer satisfaction. Mike Murphy, the global operations director of LivePerson, says: "Proactive chat offers the power of a good connection. It's a fantastic customer experience that can affect top-line revenue." eBusiness executives may leverage proactive chat in order to achieve a number of business goals:

- **Increased conversion rates.** Live assistance helps companies realize increased conversion rates. For example, Abt, a US-based consumer electronics retailer that uses chat from LogMeIn, reports that while only 1% of online shoppers end up making a purchase, more than 20% of visitors who have engaged with the company via a chat session convert to a sale. Additionally, about one-quarter of chat buyers end up purchasing additional items during their transaction. Virgin Atlantic, using chat from LivePerson, also sees similar uplifts: Customers who chat convert at nearly 3.5 times the rate of those who do not.

- **Increased order value.** Drugstore.com uses proactive chat from Oracle to understand website visitor requirements, educate visitors on available products and product specifications, and guide them to the right products for their needs. Drugstore.com reports a 20% increase in shopping cart size from visitors who chat.

- **Customer service cost reductions.** Proactive chat is an effective tool to deflect calls from call centers into a chat environment where concurrent chat sessions can reduce costs. For example, T-Mobile uses proactive chat from TouchCommerce to deliver an effortless engagement

experience. When results were analyzed in January 2014, T-Mobile had improved internal service levels by 40 percentage points, improved resolution rates by 6%, and decreased handle times by 2.5 minutes.

- **Increased revenue.** Companies can analyze visitor behavior and engage those visitors who show a propensity for purchasing products to drive increased revenue. Lenovo, a global manufacturer of consumer electronics, uses proactive chat from [24]7 to do just this. Lenovo reports that chat has increased from less than 1% up to 30% of its online sales in less than a year, while revenues per agent have increased fourfold.

- **Optimized customer experience.** Snapfish by HP, an online photo service, uses LivePerson's chat solution to target high-value customers for chat and gain insights from chats to improve customer experience. Results include a 10% increase in average order value, 87% customer satisfaction, a 48% increase in revenue per chat hour, and a 40% conversion rate for live chat.

EVOLVE PROACTIVE CHAT USING NEXT-GENERATION STRATEGIES

To fully realize the business benefits of proactive chat, eBusiness leaders can no longer rely on static rules-based proactive chat based on human decisions. In order to evolve the power of proactive chat:

- **Focus on the right offer.** Not every proactive invitation needs to be a chat invitation. Multimedia content — for example, a product video, additional content about a product of interest, or targeted offers and coupons — often better entice customers to engage with companies.

- **Leverage data.** Early proactive chat implementations used heavyweight rules to target customers, and optimizing was laborious at best. Chat invitations can now be fueled by predictive analytics models, which take as inputs customer journey information and optimize trigger conditions for best outcomes. Lewis Broadnax, executive director of web sales and marketing at Lenovo, explains, "Predictive analytics accurately tells us whom to target with chat, when to intervene, how to help, and what to offer. Now we spend more time helping the right customers in the right ways."

- **Measure the right metrics to drive the right outcomes.** Historical chat deployments focused on efficiency and productivity metrics such as chat volume, handle times, and chat agent utilization. These important metrics are only a component of a Balanced Scorecard of metrics that measure the success of chat operations. Additional measures of success include customer effort, Net Promoter Score (NPS), and ultimately revenue uplift and increased market share.[5]

SIX KEY ELEMENTS OF PROACTIVE CHAT REQUIRE ONGOING REFINEMENT

Luke Duffell, eCommerce engagement manager for EE, a UK mobile network operator and Internet service provider company, says: "Chat for us is about adding to the online experience for customers where appropriate — it's not about getting in the way of customers being able to self-serve end-to-end. If [customers are] facing difficulties, then we engage and support them through the rest of their journey."[6]

Proactive chat success requires paying close attention to identifying the right customers at the right point in their journey and then creating personalized relevant engagement that shows customers that they are valued. Follow six steps to do this right.

Step 1 — Pinpoint Journeys That Will Benefit Most From Proactive Chat

Start by articulating the high-level business goal that proactive chat will help you reach and the high-level measures of success. Then, map out the most prevalent customer journeys by customer group. Journey maps reveal detail about the tasks customers perform within each phase, the relevant available data, as well as the communication channels and touchpoints used.[7]

These journey maps allow for discussion about where the company sees the greatest opportunities for improvement based on business goals. Some journeys such as password reset requests, warranty information, or returns may be candidates for process automation. Other journeys such as cancellations or store pickup may have a high rate for customer assistance. Yet other journeys such as product and payment assistance, which commonly cross channels and touchpoints, may be identified as being very valuable to the business. Categorizing journeys by customer and business value allow you to pinpoint the journeys on which you may want to deploy proactive chat (see Figure 2).

Figure 2 Use Customer Journeys To Pinpoint Processes That Could Benefit From Chat
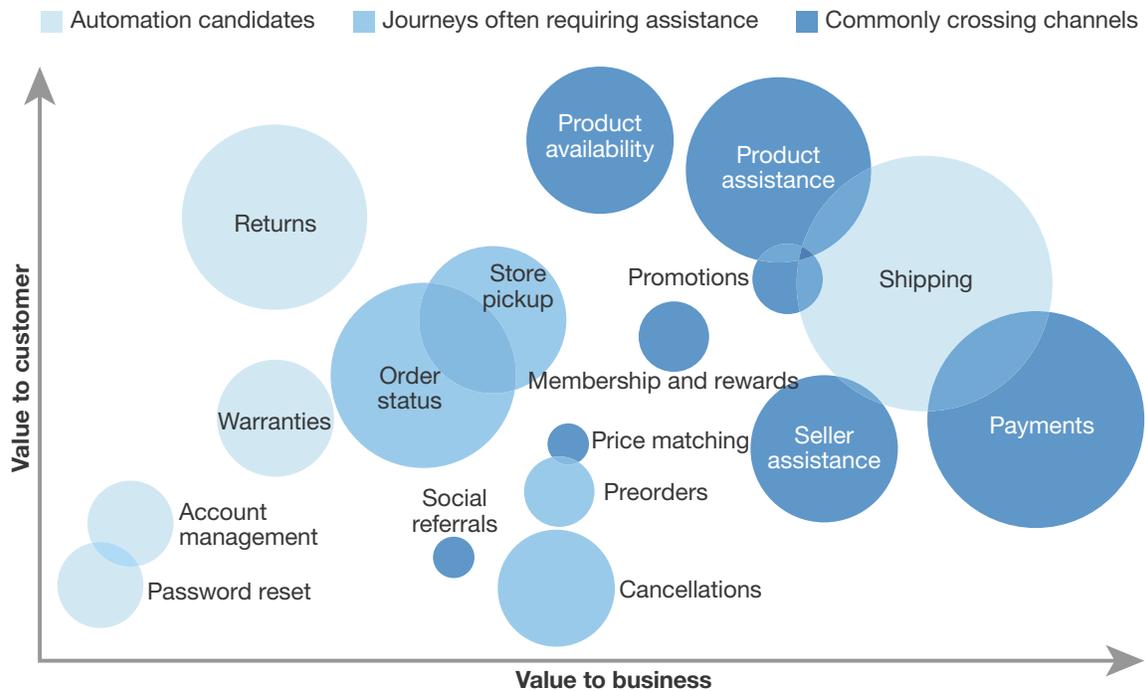
Use journey insights to determine the right channel strategy and omnichannel opportunities

Source: [24]/7

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Step 2 — Target Customers Who Have The Highest Intent To Purchase

Not all customers are created equal. Focus your limited agent resources on customers who have the highest intent of purchasing or who are the most valuable to the company. Customers with high order values or high lifetime values are easy candidates to target.

However, in pre-purchase situations, customers are anonymous, and firms should target them based on their propensity to incrementally convert if assisted. Today, firms do this by using analytics where intent models best determine likely conversions. Input parameters include any visitor information available in customer relationship management (CRM) systems, page referrals, visitor geolocation, visitor IP addresses that map to ZIP codes that have a historical high conversion rate, and visitor clickstream analysis. Firms update predictive models in real time based on outcomes to determine who is the best fit for a chat invitation. For example, Virgin Atlantic targets high-revenue customers during the booking process with proactive chat invitations.

Step 3 — Determine When To Intervene

Use your high-value journey maps to identify the point in time where a proactive engagement would have the highest value. These points in time are categorized into defensive scenarios at points of struggle or abandonment, such as product pages with high abandonment rates, abandonment points in the checkout or application process, or session inactivity, as well as opportunistic scenarios, which are points in time best suited for cross-selling, upselling, or receiving an offer (see Figure 3).

Figure 3 Use Journey Maps To Identify The Best Point In Time To Intervene With Proactive Chat

Defensive scenarios	Opportunistic scenarios
Abandonment points during the checkout or application process	Pages with opportunities to cross-sell and upsell
Return shoppers who have previously abandoned	Clickstream analysis signaling intent to purchase (e.g., cost comparison, deep product research)
Session inactivity on product pages	Page referrals (e.g., from a marketing offer)
Session inactivity with item(s) in shopping cart	Total number of page views
Total shopping cart value	Search keywords or strings
Customer lifetime value	Product pages of premier/high-value items
Time spent on terms and conditions pages	Total number of engagements across devices

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Step 4 — Determine What To Offer The Customer

Explore using proactive chat to allow customers the ability to engage with you beyond just a live agent interaction. Some customers may just want to see a piece of content with more information about a product or service; others may want a product comparison table or video to further explain a product or a map with store locators. But others may want a chat session with a live agent, a co-browse session, a form to fill out, or a phone call with a product expert. In each case, the engagement offer should be personalized to the customer's intent and based on the context of the customer's journey.

eBusiness professionals should measure outcomes and tune models based on the type of offer, including optimal product bundling for highest order values. For example, Lenovo uses predictive models to target customers based on their buying propensity, offering them pertinent upsells and cross-sells that are complementary to their base purchase. Continually measuring outcomes helps Lenovo optimize product bundling.

Predictive models help determine the best initial offer for a customer, but their strength does not stop there. Predictive decisioning can be used to optimize the agent-side conversation for the most valuable outcomes, pushing the next right step in a conversation to the agent or presenting the agent with the right content or offer for the customer. These next-best actions are derived in real time based on the conversation at hand.

Step 5 — Don't Overlook The Presentation Of The Offer

Proactive chat can help customers achieve their goals with the least amount of friction. Be aware that the presentation of invitations influences click-through and conversion rates. Invitations should be hard to miss — you don't want the invitation to blend into the background or look like a pop-up ad. In addition, invitations should be easy to decline. However, there is no universal formula to determine the right presentation, and you should be prepared to use A/B and multivariate testing of a variety of elements such as:

- **Invitation language.** Instead of a generic, "Can I help you?" experiment with various wordings for a contextual invitation based on customer intent. For example, if a chat invitation is triggered when a visitor is on a complex product page, invitations could ask, "Do you have any questions about this product or its technical specifications?" If a visitor came to your website from a link where you're offering a specific promotion, the invitation may say, "If you have any questions about our promotional offer, I'm here to help."

- **Colors and imagery.** Consumers will respond differently to various images, colors, and designs. For example, some clients report that an invitation box with rounded edges has a higher response rate than one with squared corners. Others observe different acceptances rates from male versus female images, named versus unnamed chat agents, and those with smiling versus serious expressions. In addition, some clients report that an anchored chat invitation in the lower bottom corner of the screen has better acceptance rates.

- **Invitation timing.** Conduct tests to see if your acceptance rates are affected by varying the amount of time before an invitation is triggered. For example, does your acceptance rate change when you offer chat 45 seconds after a trigger event, rather than 60 seconds after? Ensure as well that customers don't receive multiple invitations to chat on a single visit and that customers who have previously declined a chat invitation are not reengaged.

- **Device centricity.** Mobile chat experiences must be streamlined, compared with web chat experiences. Mobile chat conversations are shorter and more targeted. In addition, mobile conversations are often stopped, restarted, or switched to a PC, and interruptions must be supported without loss of context. Understand the device that the visitor is on, and target a chat invitation and interaction for that particular device. Once the visitor is engaged, push links with relevant content to get the customer the information he needs quickly and effortlessly (see Figure 4).

Figure 4 The Boston Globe Uses A Modern UI To Streamline Mobile Chat Interactions

Source: The Boston Globe mobile app

Step 6 — Don't Forget To Invest In Your Chat Agents

The quality of your chat agents directly influences proactive chat business outcomes. Hire chat agents who are seasoned contact center veterans with good communication, keyboarding, and writing skills. Some companies even go to the extreme of digitizing the recruitment process, including interviewing candidates over chat to assess their performance.

eBusiness executives must also empower chat agents with the right technology to support customers. For example, make sure that the chat solutions your agents use offer productivity tools to help efficiently manage chat conversations such as predefined responses, access to a knowledge base, keyboard shortcuts, and sneak-peak typing. Make sure that chat solutions are integrated with your CRM so that chat agents are empowered with visitor information to personalize conversations. Choose technology that allows chat agents to collaborate with other agents and supervisors or escalate chat sessions by transferring the entire context of the conversation, including the state of all open applications, to a higher-tier agent.

Manage staffing closely in order to provide an effortless engagement experience. Ensure that agents are available to engage proactively before making the offer. There is no bigger turnoff than accepting an invitation and being placed in a queue to connect with an agent.

RECOMMENDATIONS

BUILD A CHAT STRATEGY WITH A VIEW TOWARD THE FUTURE

There is no magic formula to optimizing the success of proactive chat. Instead, eBusiness leaders should embark on chat projects with the mindset of experimentation. Test and refine all conditions for engagement based on outcome results. In addition, ensure that you:

- **Build solid partnerships with the organization that will be using the chat solution.** Proactive chat is a joint proposition between organizations as diverse as the contact center, eCommerce, eBusiness, technology management, and website design. eBusiness professionals supporting chat operations must partner with all stakeholders to align chat objectives and success metrics.

- **Choose the right vendor.** The chat vendor landscape is very crowded, and many chat capabilities are commoditized.[8] Yet only a handful of vendors offer newer capabilities such as predictive decisioning and mobile chat. Understand vendor road maps, keeping an eye toward future growth and usage.

- **Treat proactive chat as a journey.** As consumers seek pre- and post-purchase engagement on a growing range of devices and touchpoints, it is increasingly important to consider proactive chat as part of your omnichannel strategy. Ensure that you future-proof your strategy and operations with flexible solutions that allow experimentation to hone in on the right engagement scenarios and that are adaptable to changing customer requirements.

SUPPLEMENTAL MATERIAL

Methodology

Forrester conducted the North American Technographics Customer Experience Online Survey, Q4 2013 (US), fielded in October 2013 of 7,538 US individuals ages 18 to 88. For results based on a randomly chosen sample of this size (N = 7,538), there is 95% confidence that the results have a statistical precision of plus or minus 1.13% of what they would be if the entire population of US online individuals ages 18 and older had been surveyed. Forrester weighted the data by age, gender, income, broadband adoption, and region to demographically represent the adult US online population. The survey sample size, when weighted, was 7,522. (Note: Weighted sample sizes can be different from the actual number of respondents to account for individuals generally underrepresented in online panels.) Please note that this was an online survey. Respondents who participate in online surveys have in general more experience with the Internet and feel more comfortable transacting online.

To help brands get a sense of which customers participated in the CX Index and which factors might have affected their scores, we include a variety of different questions in the survey in addition to the three primary questions described above. The full survey instrument is available to clients who subscribe to Forrester Consumer Technographics, but here's a sampling of what's available.

■ **Standard demographic questions.** Assuming that we have an adequate sample size, the survey allows us to cut the data by criteria like respondents' age, gender, income, state of residence, and marital status.

■ **Forrester's Consumer Technographics segmentation questions.** Because this survey is part of Forrester's Consumer Technographics product, we include questions about how often respondents go online, where, what kind of online access they use, and their attitudes toward technology along a variety of dimensions.

■ **Industry-specific variables.** In 2012, we added several questions that allow us to cut the data by variables of interest to brands in the travel, healthcare, financial services, and telecom industries. Those include identifying business versus leisure travelers, respondents' level of investible assets, those who have health insurance through an employer versus those who buy it directly, those with chronic health conditions, those who buy telecom services in a bundle from one supplier, and those who have a local property and casualty insurance agent versus those who buy directly from the insurer. Those questions are once again available for use as segmentation criteria for the 2014 data.

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You can find more information about the data on the survey page online. From this page, you will be able to download the survey instrument.

For data subscribers, please contact your data engagement director or manager with any questions regarding the use of Forrester's North American Technographics Customer Experience Online Survey, Q4 2013 (US), or custom data analyses. If you do not have a direct point of contact, please pose all inquiries to the Technographics Team, who can be reached at datarequest@forrester.com.

For non-data subscribers, please contact the Technographics Business Development Team with any questions regarding the use of this data or custom data projects at data@forrester.com.

Companies Interviewed For This Document

[24]7	Needle
Boston Globe	salesforce.com
Contact Solutions	Snapfish
EE	TouchCommerce
LivePerson	Velaro
LogMeIn	

ENDNOTES

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

[2] Chat usage rates have risen from 30% in 2009 to 43% in 2012. See the March 11, 2013, "Understand Communication Channel Needs To Craft Your Customer Service Strategy" report.

[3] Source: Forrester's North American Technographics Customer Experience Online Survey, Q4 2012 (US); and Forrester's North American Technographics Customer Experience Online Survey, Q4 2009 (US).

[4] Source: Forrester's North American Technographics Customer Experience Online Survey, 2013 (US); Forrester's North American Technographics Customer Experience Online Survey, Q4 2012 (US); and Forrester's North American Technographics Customer Experience Online Survey, Q4 2009 (US).

[5] Net Promoter, Net Promoter Score, and NPS are registered trademarks of Bain, Fred Reichheld, and Satmetrix Systems. Source: Bain (http://www.bain.com/search.aspx?q=Net+Promoter); Satmetrix Systems (http://www.satmetrix.com/).

[6] Source: Interview with Luke Duffell, eCommerce engagement manager for EE.

[7] Companies find journey maps valuable for planning customer experience projects and communicating about customers' interactions. For more information about how firms can apply customer journey maps effectively and sidestep common pitfalls, see the July 27, 2012, "How To Get Value From Customer Journey Maps" report.

[8] The chat vendor landscape is mature and crowded. Many vendors offer a range of chat capabilities and support a broad set of usage scenarios buyers can choose from. See the June 4, 2013, "Market Overview: Chat Solutions For Customer Service" report.

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