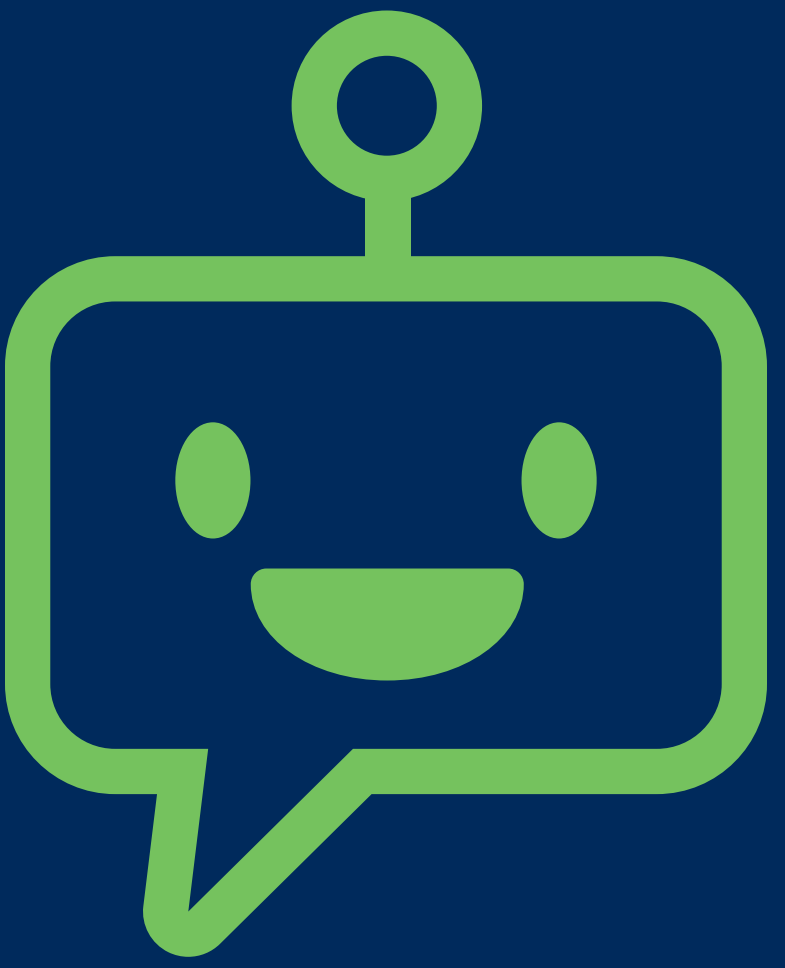




A Deep Dive into What Your Customers Expect and What It Means for Your Brand



# THE CHATBOT GONSUMER REPORT



# CHATBOT REPORT

Chatbots—software designed to mimic human-to-human conversations through a text or voice interface—are not a new concept. In the 1960's, a computer scientist at MIT created a computer program named ELIZA to simulate conversations between humans and machines. Even though the earliest chatbot was developed over 50 years ago, it wasn't until 2016 that chatbots stepped into the mainstream spotlight—garnering significant attention from developers and brand marketers alike.

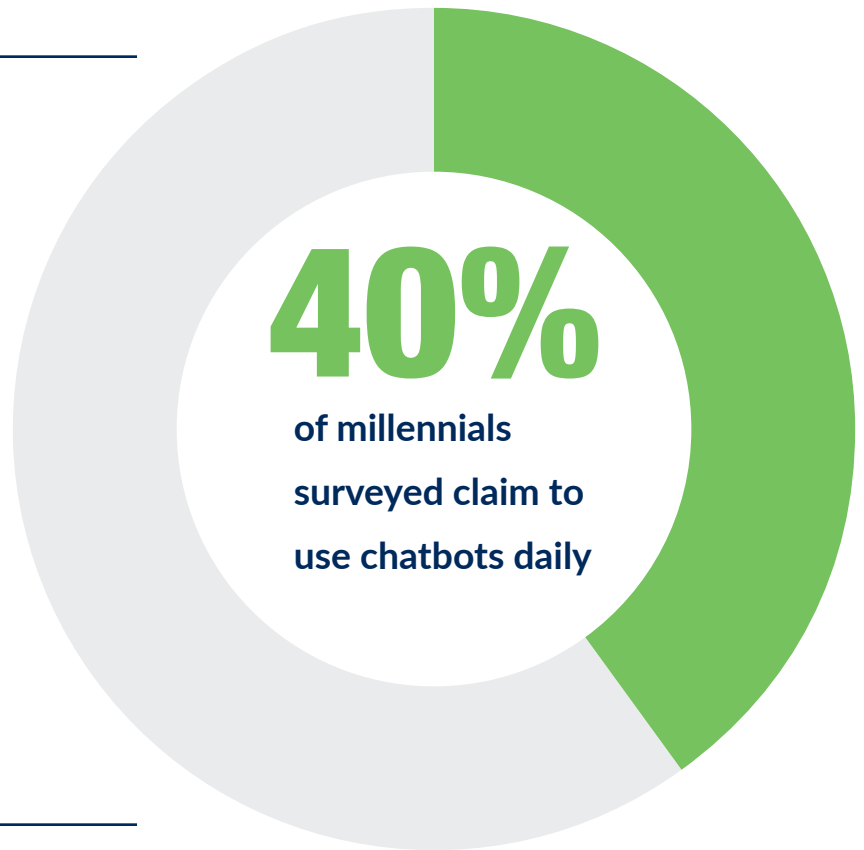
With the launch of a new platform enabling developers to build chatbots and engage users on its Messenger application, Facebook breathed new life into the concept of chatbots and the potentially massive opportunity they represented for B2C brands. In just a couple months, developers created over 11,000 chatbots on the Messenger platform<sup>1</sup>—and so the frenzy began.

But, what is the opportunity for brand marketers and chatbots, exactly? Are consumers ready

for chatbots? And if so, what are consumers expecting from chatbots? To help answer these questions, 3C surveyed U.S.\* consumers about chatbots—their experience using them and what types of tasks they expect chatbots to complete. In this report, we'll discuss consumer responses, provide insight into what these responses mean for brand marketers, and offer tips for getting started with chatbots.

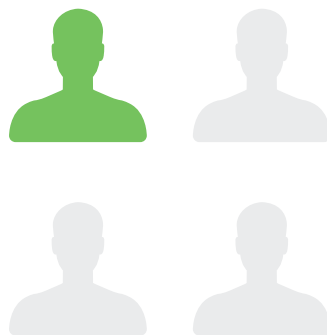
# CONSUMERS RAPIDLY ADOPTING CHATBOTS

While many developers are already building chatbots across various platforms, consumer adoption, to this point, isn't widely known. However, according to our survey, customer appetite for chatbots is already significant enough to warrant the attention of marketers. Our survey found over 1/4 of consumers use chatbots—on a daily basis nonetheless. Daily usage of chatbots is even higher when looking at respondents in the millennial age group, where that number reaches 40%.



## WHAT DOES THIS MEAN FOR BRANDS?

If marketers haven't done so already, the time is now to begin planning and piloting a chatbot. Business Insider reported earlier this year that 80% of businesses plan to have chatbots by 2020<sup>2</sup>—and your business should be thinking the same way.



OVER  $\frac{1}{4}$  OF CONSUMERS USE CHATBOTS ON A DAILY BASIS

80%

of businesses plan to have chatbots by 2020

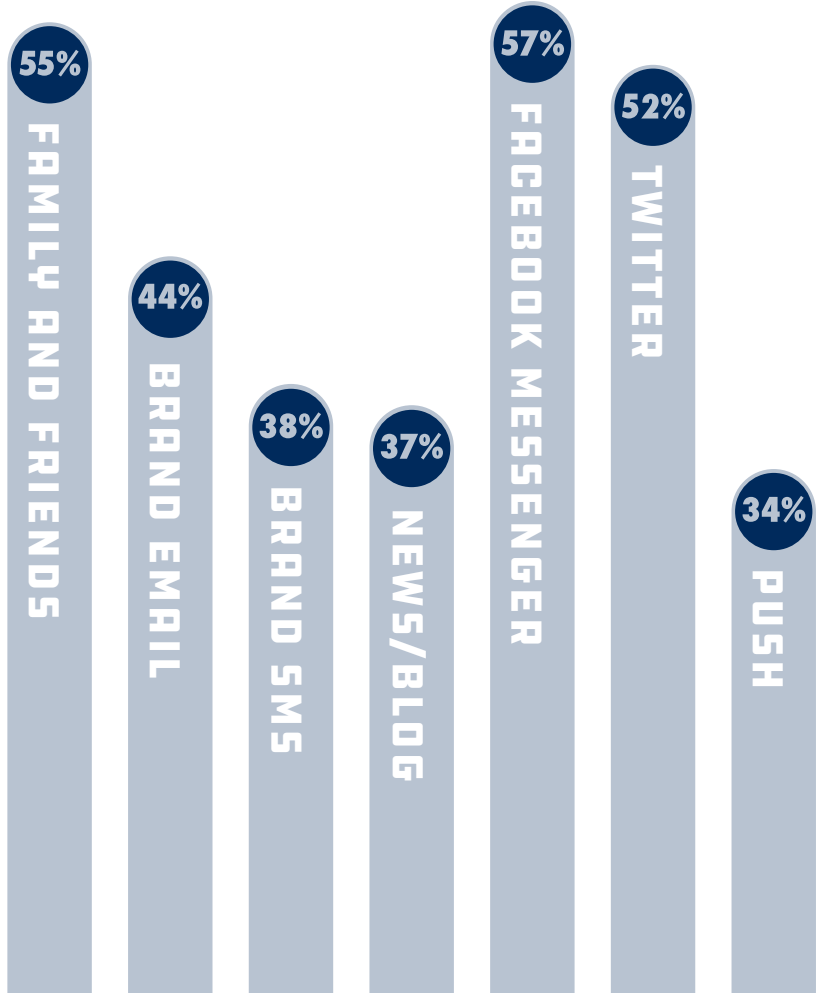
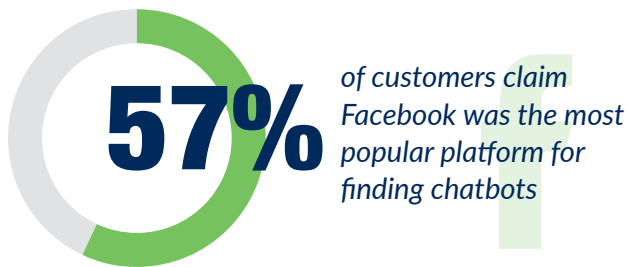


# DISCOVERY OF CHATBOTS IS FRAGMENTED

Unlike app stores and marketplaces, a commonly-accepted platform for discovering new or available chatbots does not exist. When asked to identify how they discovered the chatbots they've interacted with, consumers said Facebook (57%) was the most popular platform for finding chatbots—narrowly edging out Family and Friends (55%). It's worth noting across Email, SMS, News Sites/Blogs, Twitter, and Push Notifications, no channel helped less than 34% of consumers discover a chatbot.

## WHAT DOES THIS MEAN FOR BRANDS?

Successfully promoting your chatbots will take a well-rounded, multi-channel effort. Utilize your existing marketing channels to introduce your customers to the new functionality.



# CUSTOMERS VALUE EASE OF USE

Our survey also sought to find what consumers found valuable about their chatbot interactions. Consumers said Ease of Use (24%) and Getting an Answer Quickly (21%) were the most valuable outcomes from their chatbot experiences. Only 5% of consumers responded by saying they did not find their chatbot experience valuable.

## WHAT DOES THIS MEAN FOR BRANDS?

When building a chatbot, brands should focus on streamlining the experience as much as possible to get customers to their desired outcome quickly. Efficiency and ease of use will be paramount to providing a positive customer experience and driving loyalty.

**24%**

of customers  
said Ease of Use  
was the most  
valuable aspect  
of their chatbot  
experiences

**21%**

of customers  
said Getting An  
Answer Quickly  
was the most  
valuable aspect  
of their chatbot  
experiences

**05%**

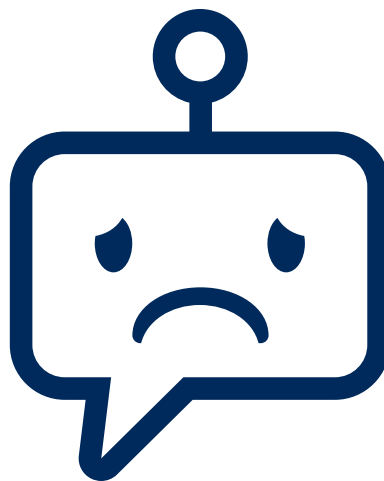
of customers  
said they did  
not find value  
in their chatbot  
experiences

# YOUR CHATBOT NEEDS TO WORK

This statement may seem fairly obvious to most, but we asked the segment of consumers who did not find their chatbot experience valuable just why it wasn't valuable. Their collective answer was astounding: 71% of consumers said the chatbot they interacted with could not answer their question or help them. This number is congruent with data released by Facebook a little under a year after the announcement of their bot platform. In February 2017, Facebook announced a 70% failure rate amongst bots on its platform and only 30% of interactions could be completed without human intervention<sup>3</sup>. It's worth noting, however, 88% of consumers said they are very comfortable or somewhat comfortable using Facebook to interact with their favorite brands.

## WHAT DOES THIS MEAN FOR BRANDS?

It will be important for brands to not overpromise on functionality and focus on ensuring your chatbot can execute on its intended purpose. This will help make sure you are appropriately meeting customer expectations and providing a valuable experience.



**71% OF CONSUMERS SAID THE CHATBOT THEY INTERACTED WITH COULD NOT ANSWER THEIR QUESTION OR HELP THEM**

# CUSTOMERS AREN'T EXPECTING THE WORLD FROM CHATBOTS



We asked consumers to identify the ways they've interacted with chatbots. The top two tasks customers have relied on chatbots to perform were Customer Service Inquiries (51%) and Product Research (48%). When asked which tasks they were most comfortable performing with assistance from a chatbot, the top 3 for consumers were Product Research, Making an Appointment/Reservation, and Customer Service Inquiries. Consumers also ranked Access to Customer Service and Ability to Check Order Status as the two most important features of a chatbot.

## WHAT DOES THIS MEAN FOR BRANDS?

Many of the tasks consumers cited as ones they have completed or would feel comfortable completing can already be accomplished through other channels such as web or IVR. Brands can leverage some of their existing product and customer service infrastructure to build out chatbot functionality.

# FOR SOME TASKS, CONSUMERS PREFER CHATBOTS OVER HUMANS

We gave survey participants a list of tasks that could be completed by chatbots and asked them to choose whether they'd prefer human or chatbot interactions for each. For Checking Order Status, consumers preferred chatbots over humans 46% to 38%. For Product Research, consumers preferred chatbots humans 42% to 39%. And while consumers preferred humans for all other tasks, 37% preferred chatbots for Customer Service Inquiries and 41% preferred chatbots for Making an Appointment/Reservation.

**46%**

**38%**

*preference of  
chatbots over  
humans when  
customers check  
order status*



## WHAT DOES THIS MEAN FOR BRANDS?

Consumer preference for chatbots over human interaction presents brands with an opportunity to automate some customer interactions—reducing call center and staffing costs. But brands must make sure that they satisfy the customer need. Don't bot just for the sake of botting, make it valuable!

**42%**

**39%**

*preference of  
chatbots over  
humans when  
customers do  
product research*



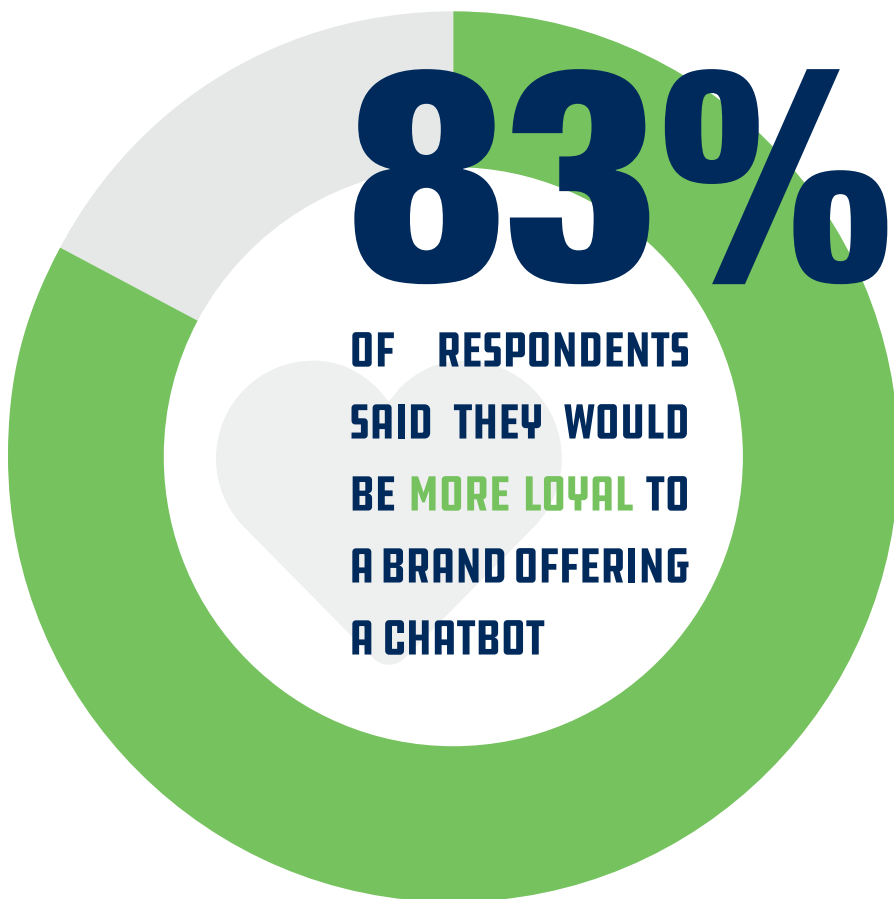


# CHATBOTS DRIVE PURCHASES AND BRAND LOYALTY

83% of total respondents (and 90% of millennials) said they would be more loyal to a brand for offering a chatbot that enables them to accomplish the tasks discussed in this report. Furthermore, 77% of respondents said these interactions with chatbots make them purchase more often.

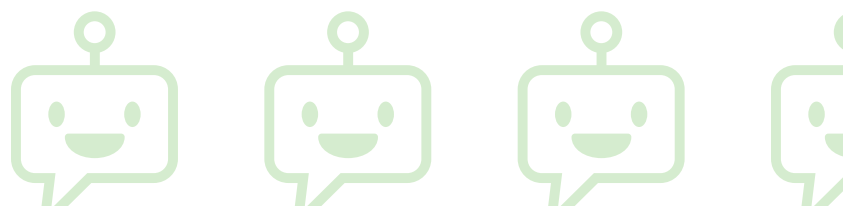
## WHAT DOES THIS MEAN FOR BRANDS?

In a day and age when many consumers are loyal to the best price, chatbots give brands an opportunity to differentiate themselves from competitors while driving purchase behavior and brand loyalty.



**77%**

of respondents said these interactions with chatbots make them purchase more often



# CONSUMERS WILL SHARE DATA FOR PERSONALIZATION

When it came to why some consumers did not find their interactions valuable, one finding was overshadowed by the inability for chatbots to help or answer questions—and that's personalization. 48% of consumers said a lack of personalization was the reason their chatbot experience was not valuable. And after digging a little deeper on personalization, 78% of all consumers said they would share personal data in order to improve and personalize their chatbot experience.

## WHAT DOES THIS MEAN FOR BRANDS?

Brands should leverage existing customer data to personalize the chatbot experience for customers. Where appropriate, brands can leverage the chatbot engagements to gather more customer data that streamline and improve the customer experience.



**48%**

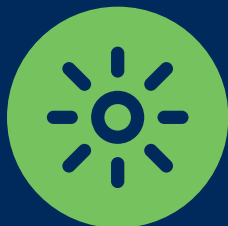
*of consumers said a lack of personalization was the reason their chatbot experience was not valuable*



**78%**

*of all consumers said they would share personal data in order to improve and personalize their chatbot experience*

# TIPS FOR GETTING STARTED WITH CHATBOTS



## MAKE IT SIMPLE AND MAKE IT WORK.

Consumers aren't expecting the world from chatbots yet, so start with smaller, more attainable tasks—and don't overpromise.



## THERE'S NO NEED TO REINVENT THE WHEEL.

Leverage existing infrastructure for tasks such as order status and customer service to establish a starting point for your chatbot.



## ADD PERSONALITY THAT'S RIGHT FOR YOUR BRAND.

Customer data, natural language processing and sentiment analysis enables you to add your brand voice and personalization. Have fun with it!



## REDUCE FRICTION, DON'T ADD IT.

Be sure to streamline the customer experience with your chatbot. Consumers want answers and solutions quickly.



## MAKE IT A CROSS FUNCTIONAL EFFORT

Successful bots need brand voice, marketing, and technology all involved.



## CLARIFY THE PROBLEM YOUR BOT IS SOLVING.

Including how you will measure success!



This online survey was conducted using Toluna's online panel and QuickSurveys methodology in the USA June 23, 2017 among 500 adults (ages 18 and over).

<sup>1</sup>*Venturebeat, 2016.*

<sup>2</sup>*Business Insider, 2016.*

<sup>3</sup>*MediaPost, 2017.*

## CONTACT

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