



# The Undeniable Power of Chat

Rethinking Support in a  
Digital-First World



Hi there, Jamal! Your car is 15min away,  
look forward to seeing you soon!

# Introduction

The behavior of consumers is constantly changing, but lately it has felt like shifts are happening at warp speed. You wouldn't be alone to feel a bit overwhelmed, or even behind the curve when it comes to how and where your consumers want to interact.

But instead of acting like an ostrich with its head in the sand, customer service organizations must take steps to understand the needs of their customers, how to deliver, and put the tools and strategies in place to do so.

One of the biggest shifts over the past few years? A digital-first mindset. While phone support isn't going anywhere, when you force consumers to leave the platform they are currently using in order to get their questions answered, you give them a reason to abandon their purchase or generate negative feelings. The less effort, the better — and with the digital-first consumer, chat is often better.

In an effort to understand how brands are currently using chat, why some have not yet done so, and whether there is a disconnect between customer needs and brand expectations, Kustomer went out and surveyed over 100 CX professionals and compared these findings with our recent consumer research. Read on for the results, and to learn why your business should adopt a chat program.



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**The less effort, the better — and with the digital-first consumer, chat is often better.**



# Why Consumers Value Chat

Think about the online shopping experience. You find the perfect Christmas present for your son, but have a question about whether batteries are included. Instead of picking up the phone or searching for an e-mail address to contact the business, there is a chat widget right there on the page that can allow your questions to be answered effortlessly. While switching channels may not sound like a deal breaker, the data says otherwise. According to recent consumer research conducted by Kustomer, **79%** of consumers get frustrated when they can't contact customer service on their preferred medium or platform, and **81%** of consumers would abandon a purchase due to a poor service experience.

Chat, as well as social messaging, allows you to instantly meet your customers where they are, whether that is browsing online for products, checking their shipping status, or perusing your social channels. [Research from Matt Dixon](#) revealed that only 9% of customers who have low effort experiences display any kind of disloyal attitude or behavior, compared to 96% of those customers with high effort, difficult experiences. And chat does a great job of delivering this effortless experience.

Additionally, chatbots are growing in popularity with both consumers and businesses. Fifty-three percent of consumers think chatbots improve the customer experience, and would prefer to interact with a chatbot over a company representative. Where this data becomes even more interesting, is among young consumers.

Consumers aged 18-24 rate customer service as slower, more difficult, less personal, and less convenient than all other age groups, meaning that current customer service strategies are falling short when it comes to this generation. But their appetite for self-service reveals an easy way to improve upon these negative feelings: 61% of consumers 24 and younger prefer self-service, compared with only 23% of those 65 and above.

Older generations, that are perhaps a bit less tech-savvy, still prefer to speak with a company representative, but as younger generations begin to age, it will be imperative to invest more heavily in self-service tools like chatbots. This demographic has grown up with Google in their back pockets, and are used to finding answers on their own. This “help yourself” mentality thus transfers seamlessly to customer service.



**Consumers aged 18-24 rate customer service as slower, more difficult, less personal, and less convenient than all other age groups**

# Chat Adoption Challenges

Curiously, businesses are not aligned with these consumer preferences and needs. Only 25% of surveyed customer service organizations are currently using chat, and 18% report they currently use chatbots. When taking into consideration the effortless, fast service that modern customers demand, the vast majority of businesses are missing a huge opportunity and leaving themselves open to competitors.

The top two reasons that companies have not yet adopted chat, speak to a lack of time, resources or


strategy internally: the organization does not know where to start, or they have staffing constraints when it comes to managing more channels. However, the third most popular reason speaks to the massive disconnect between CX organizations and consumers: businesses report that they don't think their customers want or like it. However, according to Kustomer's recent consumer research, **customers rank live chat as the second most popular channel** or tactic for contacting customer service, right below phone.

## Top Reasons CX Organizations Haven't Adopted Chat

- 1 Don't know where to start
- 2 Staffing constraints
- 3 Customers don't want / like it
- 4 Lack of customizable solutions
- 5 No budget
- 6 Lack of executive buy-in



**Only 25% of surveyed customer service organizations are currently using chat.**



Hi there, Danielle! I see that you're having problems checking out. Can I be of some assistance?



Additionally, many organizations report that they are prevented from adoption chat because of the lack of customizable solutions. Seventy-five percent of CX teams say that matching the chat experience to the overall brand experience is important, so slapping any old chat widget on your site just won't do. Make sure that your customer service CRM can allow your business to build or integrate chat widgets seamlessly, ensuring that all customer data and history is integrated within the chat experience, while maintaining brand guidelines.

When it comes to chatbots, the reasons for lack of adoption differ slightly from live chat:

### **Top Reasons CX Organizations Haven't Adopted Chatbots**

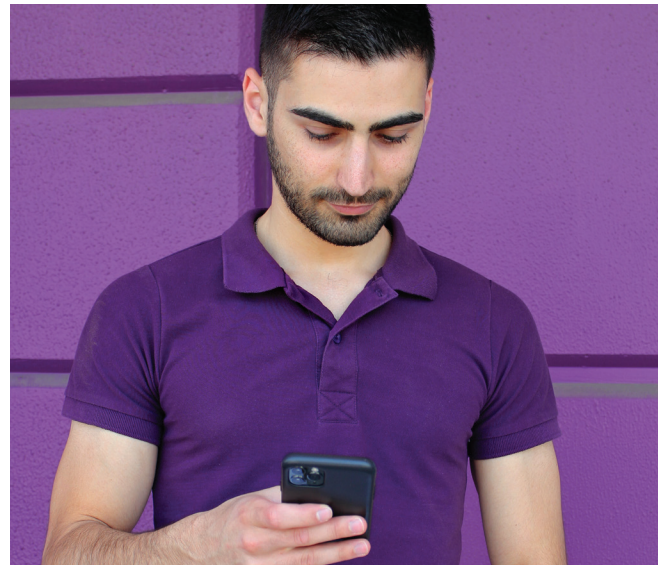
- 1 Not sure of the benefits**
- 2 No budget**
- 3 Lack of resources to manage chatbots**
- 4 Customers don't want / like it**
- 5 Tried, isn't effective**
- 6 Lack of executive buy-in**

As chatbots are quite new, and often involve buying a pricey solution or building one with an internal team, the top reasons for lack of adoption make sense. But as noted, 61% of the younger generation prefer self-service over talking to a company representative, meaning that the benefits are clear: your customers now expect chatbots as an option.

Additionally, chatbots free up agent time for more complex and proactive support. They can be used to

collect initial information, provide responses to simple questions, and even complete standard tasks like initiating a return or answering an order status question. While there is always fear of losing personalization when using AI and automation, with the right platform, businesses can actually do the opposite. For instance, if a business leverages customer data properly, chatbots could ask personalized questions based on an individual's purchase or browsing history. These interventions save time for both the customer and agent, and increase the time spent on the actual issue rather than information gathering and low-level support.

Look for a CX platform that leverages chatbots and AI-enabled deflection to act as a first line of defense, optimizing a customer's ability to self-serve so agents can focus on the most important cases and deliver the highest impact.



**Seventy-five percent of CX teams say that matching the chat experience to the overall brand experience is important.**

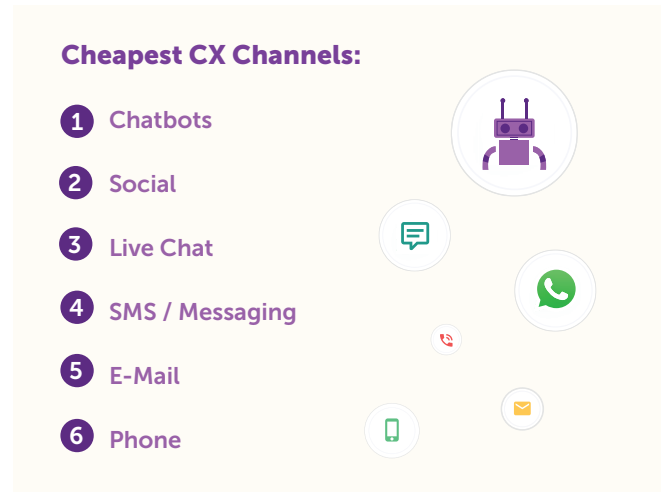
# Why Chat Makes (Dollars) and Sense

One of the most obvious reasons customers like chat, and similar channels like social and SMS messaging, is that they hate waiting! It's a tale as old as time: the stereotypical hatred for contacting customer service goes hand-in-hand with being added to a queue and waiting indefinitely for the company to get to your issue. With real-time, digital channels like chat and messaging, customers expect — and hopefully will receive — immediate responses. And luckily, unlike voice, companies can handle more than one inquiry at once.

When a customer contacts customer service via phone, the agent will eventually get to the customer's inquiry in their queue and listen to their problem. Hopefully their phone or cloud contact center provider is integrated with a CRM, and the agent can immediately bring up the customer's information and history. If not, they must search through various systems to find the correct information. They provide a solution to the customer in hopes that they are satisfied, or try again if they are not. This is the typical lifecycle of a voice interaction with a customer.

When using chat, an agent can multitask, handling multiple inquiries simultaneously. While an agent is waiting for a reply, or having a customer test out a solution, they can pop over to additional customers and get their inquiries sorted out. Because of this, the

amount of time each chat takes is much lower than other channels, and significantly less expensive as a result. In fact, CX organizations consistently rank chat (and chatbots) as the least expensive channels for their business:



But live chat not only helps resolve issues more efficiently, it can also drive revenue and conversion rates. Many customers may have questions about policies or products when doing business online, and the easier businesses can make it to get those questions answered, the more likely they are to complete their purchase instead of abandoning their carts. According to [Forrester](#), there is typically a 10% increase in order value from customers who engaged in a chat before making a purchase, compared to those that did not use chat.

Additionally, 51% of consumers aged 35 and younger are willing to buy products and services from a chatbot according to Kustomer's consumer research, meaning that chatbots can also turn into revenue generators, when they are integrated with holistic customer data and able to serve up relevant information or offers.





## Spotlight on Social Messaging

Social commerce is exploding. Sales from [products sold via social networks](#) will reach \$23.3 billion in 2020, and more than 76 million users in the US will make a purchase via a social network at least once this year, amounting to 38.4% of US social network users. What does this all mean for customer service teams? You must meet your customers where they are interacting with your brand. And social is more than just likes and comments these days — it's also a powerful purchasing platform.

Social messaging essentially takes on the role of chat on social channels. Customers can instantaneously converse with a company representative, without leaving the platform, and purchase directly within the social network itself. Additionally, social messaging holds the same efficiency benefits of chat, with agents able to work multiple channels simultaneously. Check out some stats below to learn about the power of social for your CX team.



**Social ranked as the third most popular channel for support interactions**



**Social ranked as the second least expensive channel for support interactions**



**Social ranked among the top three most popular channels for pre-purchase support**



# The Omnichannel Imperative

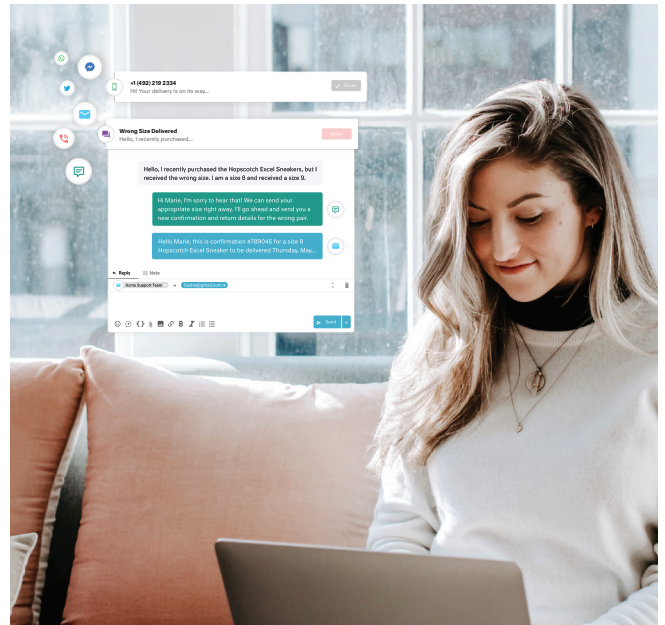
Adopting chat is all well and good, but it isn't a magic bullet. The quality of support that you deliver still has to be exceptional if you want to leverage CX as a differentiator. According to respondents, **personalization is currently the most highly valued customer service attribute**, and achieving personalization isn't possible without a truly omnichannel CRM.

The concept of omnichannel customer service has been watered down. It's more than simply communicating with customers on every channel. True omnichannel support ensures seamless transitions and consistent experiences from one channel to the next.

In a multichannel support environment, each channel lives in its own silo with its own dedicated team of agents, with limited communication or sharing of information between channels. Most of the time, when a customer contacts a company, the team manning that channel will create a ticket. If the customer then contacts the company through a different channel about the same issue, a second ticket will be created with each team working their respective tickets. This creates agent collision, inevitably frustrating and confusing customers.

As a result of this fragmented experience, customers will have to take the time to repeat to the second agent what they told the first agent. In addition, multichannel support leads companies to focus on resolving tickets, rather than building stronger customer relationships because agents lack a holistic view of each customer.

Omnichannel support, by comparison, shifts perspective from ticket resolution to customer relationship building.



Customers have the freedom to move between channels throughout their engagement, and are guaranteed consistency, so each conversation starts where the last ended. Agent collision never occurs when communication channels are integrated, because agents can view the conversation and maintain context even as customers engage through multiple channels. If executed properly, omnichannel support provides a consistent experience for customers at every touchpoint after acquisition. But sharing data between channels takes a technological overhaul.

Look for a customer service CRM that can integrate your combination of communication channels in order to capture the free flow of conversations across channels, and display the data in a single screen. A best-in-class solution should create a unified home for all your customer data, regardless of the source, not only the data generated from customer conversations.



# Industry Breakdown



## Retail

**38%**

of retailers report an increase in live chat popularity over the past year

Most Valued Support Attribute in Retail:

**Speed**

**42%**

of retailers have a true omnichannel support system

**69%**

of retailers think it is important for the chat experience to match the overall brand experience

Least Expensive Support Channels in Retail:

**Chatbots, Social, SMS / Messaging**

**42%**

of retailers can see the complete customer history

## Healthcare

**38%**

of healthcare companies report an increase in live chat popularity over the past year

Most Valued Support Attribute in Healthcare:

**Personalization**

**81%**

of healthcare companies have a true omnichannel support system



**90%**

of healthcare companies think it is important for the chat experience to match the overall brand experience

Least Expensive Channels in Healthcare:

**Chatbots, Social, Live Chat**

**86%**

of healthcare companies can see the complete patient history

## Government

**22%**

of government organizations report an increase in live chat popularity over the past

Most Valued Support Attribute in Government:

**Personalization**

**78%**

of government organizations have a true omnichannel support system

**67%**

of government organizations think it is important for the chat experience to match the overall brand experience

Least Expensive Channels in Government:

**Chatbots, Social, Live Chat**

**78%**

of government organizations can see the complete history of those they interact with



# Breakdown by Business Size

## Small Businesses

7%

of small businesses are using live chat

Top reasons for not using chat:

- 1 Staffing constraints
- 2 Don't know where to start
- 3 No budget

4%

of small businesses are using chatbots

Top reasons for not using chatbots:

- 1 No budget
- 2 Lack of resources to manage
- 3 Not sure of benefits

19%

of small businesses report an increase in the popularity of live chat over the past year

74%

of small businesses say it is important for the chat experience to match the overall brand experience

22%

of small businesses struggle with long wait times

37%

of small businesses don't have tools to adequately support customers

## Medium Businesses

33%

of medium-sized businesses are using live chat

Top reasons for not using live chat:

- 1 Don't know where to start
- 2 No budget
- 3 Lack of executive buy-in

22%

of medium-sized businesses are using chatbots

Top reasons for not using chatbots:

- 1 Not sure of benefits
- 2 No budget
- 3 Customers don't want / like

48%

of medium-sized businesses report an increase in the popularity of live chat over the past year

78%

of medium-sized businesses say it is important for the chat experience to match the overall brand experience

44%

of medium-sized businesses struggle with long wait times

30%

of medium-sized businesses don't have tools to adequately support customers

## Large Businesses

29%

of large businesses are using live chat

Top reasons for not using live chat:

- 1 Don't know where to start
- 2 Lack of customizable solutions
- 3 Staffing constraints

20%

of large businesses are using chatbots

Top reasons for not using chatbots:

- 1 Not sure of benefits
- 2 No budget
- 3 Customers don't want / like

27%

of large businesses report an increase in popularity of live chat over the past year

75%

of large businesses say it is important for the chat experience to match the overall brand experience

50%

of large businesses struggle with long wait times

29%

of large businesses don't have tools to adequately support customers

