The 2023 Chatbot Implementation Guide

Six Steps to Maximise Your Chatbot Investment

CTP

CUSTOMER TOUCH POINT

Introduction

The global chatbot market was valued at $17.17 billion in 2020 and is projected to reach $102.29 billion by 2026 – a compound annual growth rate of 34.75%. However, just because businesses are implementing more chatbots than ever, this doesn't mean they are working successfully – or that they are popular with customers.

The failure rate of chatbots is sometimes high. According to a global IDC survey in 2019, 25% of organisations worldwide that were already using chatbots reported a failure rate of up to 50% thanks to a lack of skilled staff and "unrealistic expectations". A study of 103 real-world chatbots in 35 countries conducted in 2020 found that 53 of them had failed – a 51% failure rate. Some had been deactivated. Some had been converted to live chat. Some were simply no longer responsive.

It's common for contact centres to get limited management information from their chatbots after implementation. This means they have no clear measures of success and don't fully understand how well they are performing. Under these circumstances, it's no wonder that so many chatbots fail.

To follow up on our previous article on the top 12 chatbot mistakes we see in the CX space, we've put together this helpful guide to walk you through the process of implementing a successful chatbot that will improve your customer service while also reducing your contact costs.

RICK KIRKHAM

Founder & Managing Director

Customer Touch Point

34.75%

Estimated Chatbot market growth rate by 2026

50%

Chatbot failure rate registered in 25% of organisations worldwide

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1 Research Your Customers and Prospects

The best first step when implementing a chatbot is to research your market to assess whether a chatbot is the best way to meet your customers' needs.

Once you've done that, you'll want to assess which specific chatbot technology is best suited to those needs.

> *"Before choosing any CX technology, it's vital to ensure you understand the fundamental reasons why your customers are contacting you."*

Clarify Customer Expectations

Your customer needs revolve around why they're getting in touch and what problems they need to solve. By contrast, customer expectations revolve around your service and availability.

Do they expect 24/7 customer service availability? Do they expect instant answers to their queries? Do they expect to be able to escalate their issue to anther channel if it's not solved in the first channel they use? Do they expect first contact issue resolution?

Gather Customer Needs

This means talking to your customers directly, via:

- ✓ An in-the-moment pop-up survey during or immediately after an online interaction
- ✓ Collecting contact details for batch-sending an SMS or email survey link
- ✓ Conducting face-to-face or video interviews with customers

> *"People can only answer the questions you ask them, so if you're not getting the right answers, ask better questions."*

The goal of these surveys and interviews is to find out:

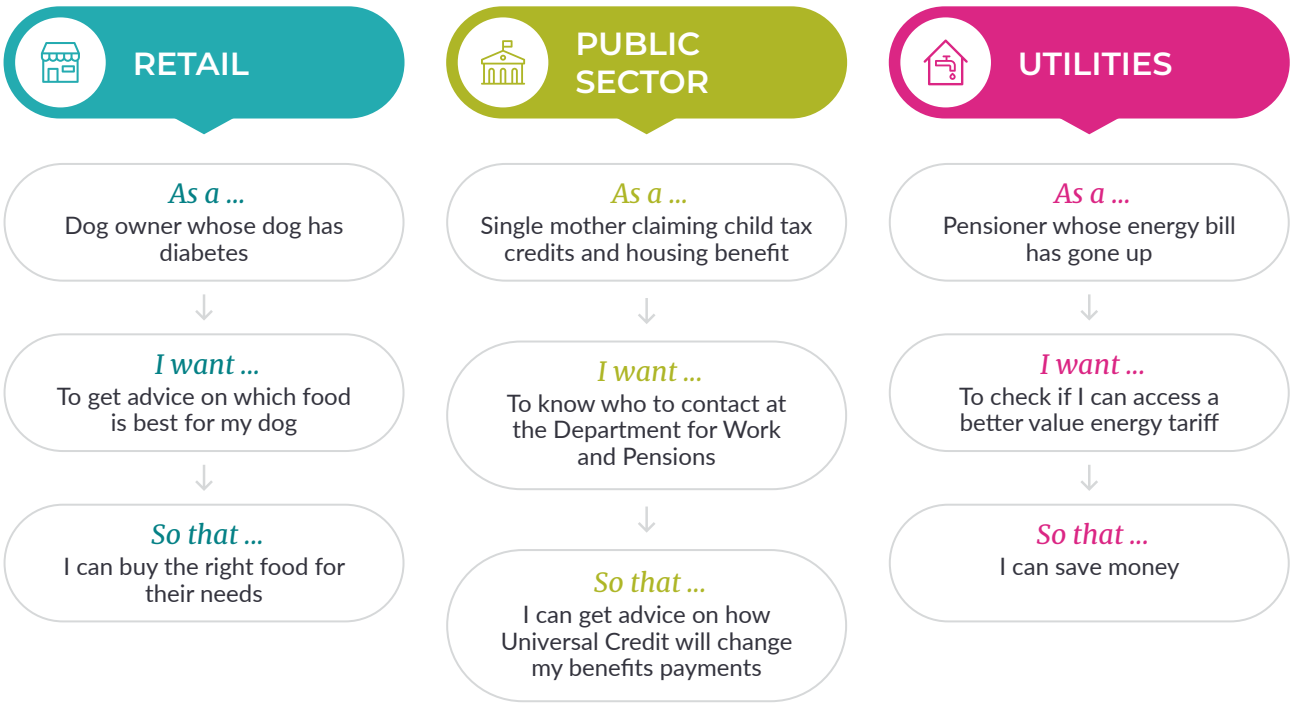
- ✓ Who they are
- ✓ What their needs are
- ✓ Why they need to contact you
- ✓ Which channel(s) they prefer to use when contacting you

The Customer Needs Formula:

Gathering customer needs is best done following a specific formula:

As a {TYPE OF CUSTOMER} I want {IMMEDIATE GOAL} so that {END GOAL}

Here are three examples of how that could look for three different industries:



Define Which Customer Needs Could Be Directed to Self-Serve

To self-serve effectively you've got to be able to give people the information they need or signpost them to where they can get it.

In the public sector example above, you could programme a chatbot to respond to questions about switching from previous kinds of benefits payments onto Universal Credit. You might also set up an automated IVR (interactive voice response) system that directs people to a pre-recorded message with the information they need based on what benefits they were on previously.

> *"Unless you take the time to match your customers' needs to what chatbots can provide, your chatbot will likely fail because you haven't taken the time to understand where the two intersect."*

First you set up a matrix with the customer needs listed out and each one scored for whether or not it can be self-serve. **Once you've done that, you score the needs against each kind of self-serve option, for example:**

Essentially, you're matching what your customers want to achieve when they contact you with the capabilities of the technology. Say you've got 50 user needs, static FAQs might deliver only 10 of these, while an IVR delivers 20, dynamic FAQs 25, and a chatbot delivers 35. In that case a chatbot is the right solution. Or you might find that a chatbot only delivers 10 of the user needs in your list, whereas an IVR delivers 40. In that case, if your budget is limited, you would prioritise IVR over a chatbot.

What to Do if You've Already Deployed a Chatbot

If you already have a live chatbot follow the steps above, with a few variations...

Gather customer feedback on chatbot effectiveness

When you have an operational chatbot, you can use surveys in the same way detailed above, but now you can also ask your customers how well the chatbot is working:

- ✓ What was their reason for getting in touch? / Why did they try to use the chatbot?
- ✓ Did the chatbot resolve their query? Yes or No?
- ✓ If not, why not? (eg, Couldn't find the information / Couldn't connect)
- ✓ How was the experience? Easy or Difficult?

Use chatbot MI to assess what's working well and what isn't

The first step here is to assess what MI you have available. Many chatbots create multiple datapoints for analysis, but many do not.

If your chatbot does not provide any MI, then you need to build in more customer service indicators. These will give you the MI you need to understand what's happening. For example, if a customer asked to speak to a live agent and they did, that shows that the chatbot didn't resolve their query.

> *"A chatbot should be a tool to help customers resolve their queries. Are you measuring how effectively it does this?"*

Simple and effective ways to add customer service indicators include:

Adding a question at the end of every chatbot journey asking if you have resolved the customer's query. Track the responses.

Adding a question asking if there is anything else you can help the customer with and tracking the responses.

Giving live contact options at the end of every chatbot journey and tracking how often they are used.

If you can't ask them at the end of the chatbot journey, sending a follow-up survey later to ask if the chatbot resolved their query and whether they would like any more support. Track the responses.

During live chat or phone calls, having your agents ask customers if they'd tried to resolve their query already, and which channel they've used. You'll want to track all responses, but for our purposes here you'll want to concentrate on how many previously tried to use your chatbot.

By doing this and tracking other interactions, you should be able to build an accurate picture of how well your chatbot is working, based on the following key performance indicators:

- ✓ Repeat chatbot visits
- ✓ Percentage of customers breaking out to live agents
- ✓ Analysis of why people were calling when they call the live agent
- ✓ Post-chatbot journey surveys
- ✓ Collecting and analysing feedback from contact centre agents

Once you have this data, you will be able to track where your chatbot is working well and where it needs to be improved.

2 Define the Purpose of Your Chatbot

In the simplest terms, the purpose of a successful chatbot is to answer customer needs. Many chatbots may suffer because they lack that focus.

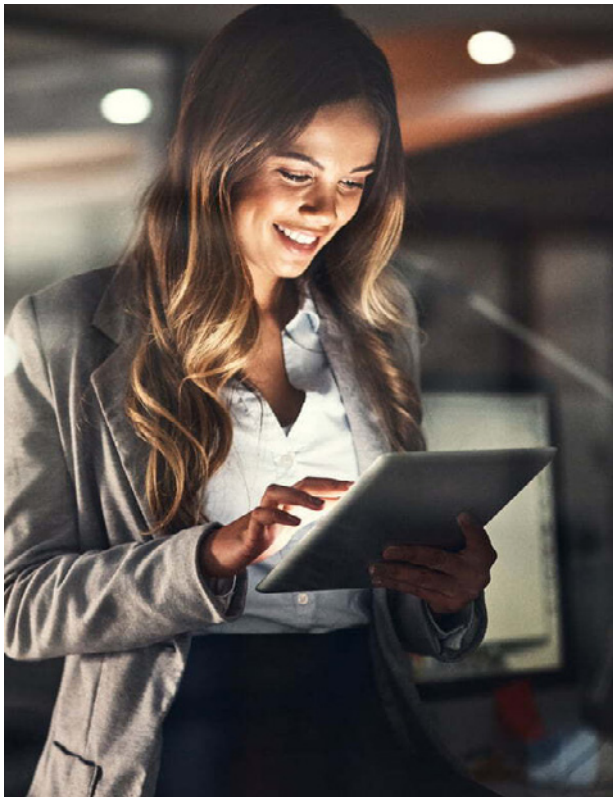
What Do You Want Your Chatbot To Do?

When reviewing the potential goals or KPIs that organisations tend to have in place for a chatbot, they typically include one or more of the following:

- To reduce call volumes
- To reduce call times
- To reduce contact costs
- To reduce customer effort
- To upsell and/or cross-sell
- To add a self-serve function

This list is the one many organisations come up with. It's also what most third-party sources talk about as being suitable purposes or goals for a chatbot. However, in our experience this could be the wrong approach because it makes you focus on internal operational priorities at the potential expense of solving your customers' needs.

"The minute self-serve functions are seen to be a barrier customers will not interact with them."



Many organisations want to use chatbots to reduce contact costs by making the chatbot a barrier to direct contact. However, customers sense this, and then they want to break out even more and talk to you, which ends up increasing call volumes and call costs.

A good rule of thumb here is to design your chatbot in a way that makes it easy for people to contact a live agent if needed. This makes it clear you want people to get in touch and that you want to resolve their issues. It also actually increases the chance of them self-serving because they are more engaged and willing to go with the journey as you have designed it.

What Does Success Look Like for You?

The success of your chatbot is directly related to how well you resolve your customers' needs. The best way to measure your success therefore is to collect customer feedback and measure customer effort.

This is what we recommend measuring:

- ✓ First contact resolution. The higher this is, the lower customer effort should be.
- ✓ Repeat chatbot visits. If this is high, so is your customer effort.
- ✓ Percentage of customers breaking out to live agents.
- ✓ Asking customers if they were able to resolve their query.
- ✓ Surveying customers on the ease/ difficulty of resolving their query from 1 – 10.

> *"Are you only trying to reduce costs, or are you also trying to add value to your customers and your customer service offering? You've got to design your chatbot to make it feel like the latter while trying to achieve both."*

A successful chatbot must be successful for your customers. There's no point having a different set of measures for you than your customer needs. Success should be meeting customer needs in a way that delivers great service while also being efficient for you.

> *"Great customer experience and increased efficiency can go together – they don't have to be two separate things."*

Define and Draft Critical Use Cases

A use case is a description of the ways in which a user interacts with a system or product – in this case how a customer interacts with your chatbot. A use case should be used to establish success scenarios, failure scenarios, and any significant variations or exceptions. A use case can be written or made visual with the help of a use case modelling tool.

Either way, you need to define and draft use cases, so you know what success or failure looks like in terms of how well your chatbot answers your customers' needs. You can then mitigate failure scenarios during the development phase.

What To Do if You've Already Deployed a Chatbot

If you have deployed a chatbot and you don't know how well it's working for you, go through steps discussed previously until you are sure you understand:

- What your customers want to achieve when they contact you (customer needs).
- How well your chatbot helps them to meet those needs (establish and analyse KPIs based on customer needs).
- Redefine what chatbot success looks like and how you're going to measure it.

3 Determine Your Roadmap

This is where you determine your roadmap to fulfil the goals, KPIs and priorities as defined in Step 2 above.

Gather Clear Technology Requirements from Your Key Stakeholders

Use the same user needs formula that we used in step 1 above when gathering customer needs, only this time applied to your internal stakeholders:

The user needs formula:

As a {TYPE OF USER} I want {IMMEDIATE GOAL} so that {END GOAL}

Here are some examples of how that might look for different departments within an organisation:

Don't underestimate how long this process can take. A large chatbot project could have 100s of requirements from different teams and job roles within the business, all of which need different things for the chatbot to work for them. But this effort pays off in the end and will ensure that your bot delivers your customers' and organisation's needs.

Convert Requirements into User Needs by Stakeholder Group

Once you've gathered all your internal user needs, you classify them by business department and assign an ID number to each one. This is so you can have full traceability between the business requirements and what the chatbot delivers.

Select the Chatbot Provider that Best Fits Stakeholder Needs

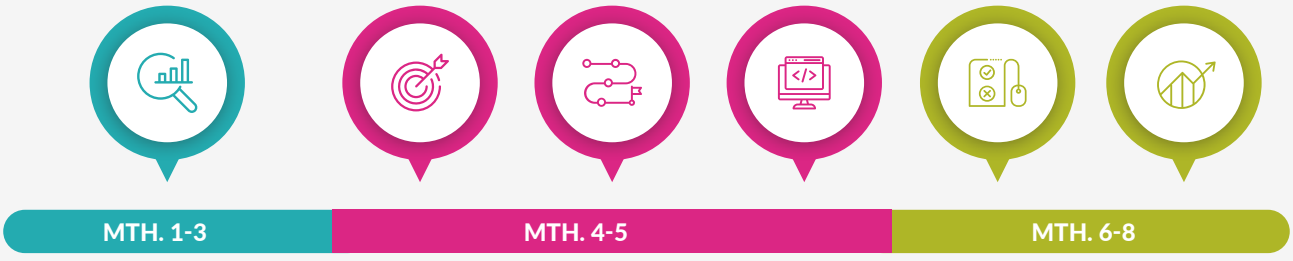
At this stage, you repeat the process outline in step 1 above, only this time for internal needs, creating a matrix you can use to assess which technologies fulfil the most user needs.

Prioritise Requirements, Analyse Resources, and Map Business Peak Periods and Change Freezes to Produce a Chatbot Development Roadmap

Once you've selected the technology provider that best fits your needs, you produce your development roadmap, taking account of:

- ✓ Peak periods when customer demand is highest.
- ✓ Change freezes when the business can't go live with new technologies due to high demand or being short-staffed.

Here's an example of what a chatbot development roadmap will look like:



Stage 1
Kick Off, Stakeholder Engagement, User Needs Analysis & Requirements Gathering

Stage 2
Vision & Purpose Measures of Success

Stage 3
Design & Implementation Roadmap

Stage 4
Development & Optimisation

Stage 5
Testing & Go Live

Stage 6
Continuous Improvement

4 Development and Optimisation

Develop and Implement Requirements Captured in Step 3 in Line with the Roadmap

The roadmap helps you communicate the expected timelines for stages of development. Once you have a well-defined set of requirements and a roadmap, you can keep all stakeholders up to date with issues, blockers, and successes while tracking their impact on the roadmap as you work towards the point where you can go live.

Agree User Acceptance Criteria for Each Requirement

Acceptance criteria are essentially a list of requirements that ensure all user stories are completed. This means you can ensure that you have built what was specified in the requirements (in steps 2 and 3 above) and providing a clear and straightforward way for your users to agree and sign it off.

Maintain a Traceability Matrix to Show How Requirements Have Been Implemented

Giving every stakeholder requirement a code as in step 3 above, you can create a bi-directional traceability matrix. This allows you to assess the technology requirements against the technology, as well as assess the technology against the technology requirements in both directions. Once every requirement has been incorporated into the chatbot build, that's when you go live.

Implement Customer Touch Point's 7 Elements of an Effective Chatbot

As part of your development and optimisation process, ensure that you meet all seven of the elements of an effective chatbot that we at Customer Touch Point have developed after years of working on bots with clients:

- Measures of Success (what does good look like) & Reporting
- Bespoke Chatbot Best Practice Guide
- On Brand Tone of Voice/Scripting
- Implementation
- Resource
- Ongoing Scenario Based User Experience
- Governance

5 Pre-and Post-Launch Testing

You need to make sure your chatbot is ready for customers before you launch, as well as continuing to test how well it's performing after launch, so you can develop a positive feedback loop to inform future chatbot development.

Types of Pre-Launch Test

- ✓ General – where you test basic functions, such as how the chatbot greets customers.
- ✓ Domain-specific – where you test that the chatbot can answer your most common customer enquiries and complaints.
- ✓ Limit testing – where you test how the chatbot reacts to being fed irrelevant information. Is it able to carry on the conversation or refer to a live agent? Or does it get stuck in a loop?

Things You Are Testing for:

- ✓ Whether your chatbot can understand your customers' intent.
- ✓ If the chatbot can keep the conversation flowing in a variety of scenarios.
- ✓ How well the chatbot handles errors.

Post-Launch Tests to Carry Out

A/B Testing

You probably want to test a couple of different ways of performing an action on your chatbot. This is where you test two different ways of communicating the same piece of information to see which is most effective. Just be sure to build in a means of measuring success, so you can see which version works better.

> *"You've based your chatbot design on your customers' needs, so you must test that it's working for those users when it goes live."*

Scenario-Based Testing

You've gathered your customer needs, so you know why they are contacting you. Once your chatbot is live, you can test how effectively it reacts to the specific scenarios that are most likely to occur based on what your customers what to achieve.

Conversational Testing

Everything in a chatbot is flow-based according to pre-defined rules, so you need to test that the conversation flows for most customers who will use it. Test it yourself or get a sample group of customers to try it for you.

Visual Testing

Run A/B tests on the look and feel of the chatbot. Do certain designs, colours or layouts work better for different customers?

Performance (Speed and Security)

Test to ensure that your chatbot will provide answers to your customers' queries as quickly as possible. Customers are impatient and are likely to abandon the chatbot if it takes too long to reply.

You should also work with your provider to ensure that the platform you're hosting your chatbot on meets all the latest digital security standards. They should be running constant penetration tests, API security tests and UX tests for you.

6 Continuous Feedback

To ensure your chatbot continues to resolve your customers' needs, it's important to collect regular feedback on your chatbot's user experience (UX) after launch.

Set up MI to measure KPIs

You have established your customer user needs in stage two above and your internal stakeholder user needs in stage three. Now, convert those needs into measurable KPIs, and set up MI using the following indicators:

- ✓ Repeat chatbot visits
- ✓ The number or proportion of customers breaking out to live agents
- ✓ Analysis of what people were calling about when they call the live agent
- ✓ Post-chatbot journey surveys
- ✓ Collecting feedback from contact centre agents who take the calls that have broken out from the chatbot and analysing the trends

Gather Customer Feedback on Ease of Use

As outlined in stage one above, you want to know what's working well and what isn't by collecting direct customer feedback continuously.

Apply Continuous Scenario-Based Testing

You need to do this continuously post-launch, as described above.

Identify Potential Issues and Chokepoints in the Customer Journey

Use your MI, customer feedback, and scenario-based testing to do this, and then resolve those issues and chokepoints by redesigning and continuously improving your chatbot UX.

7 Conclusion: Key Takeaways for Successful Chatbot Implementation

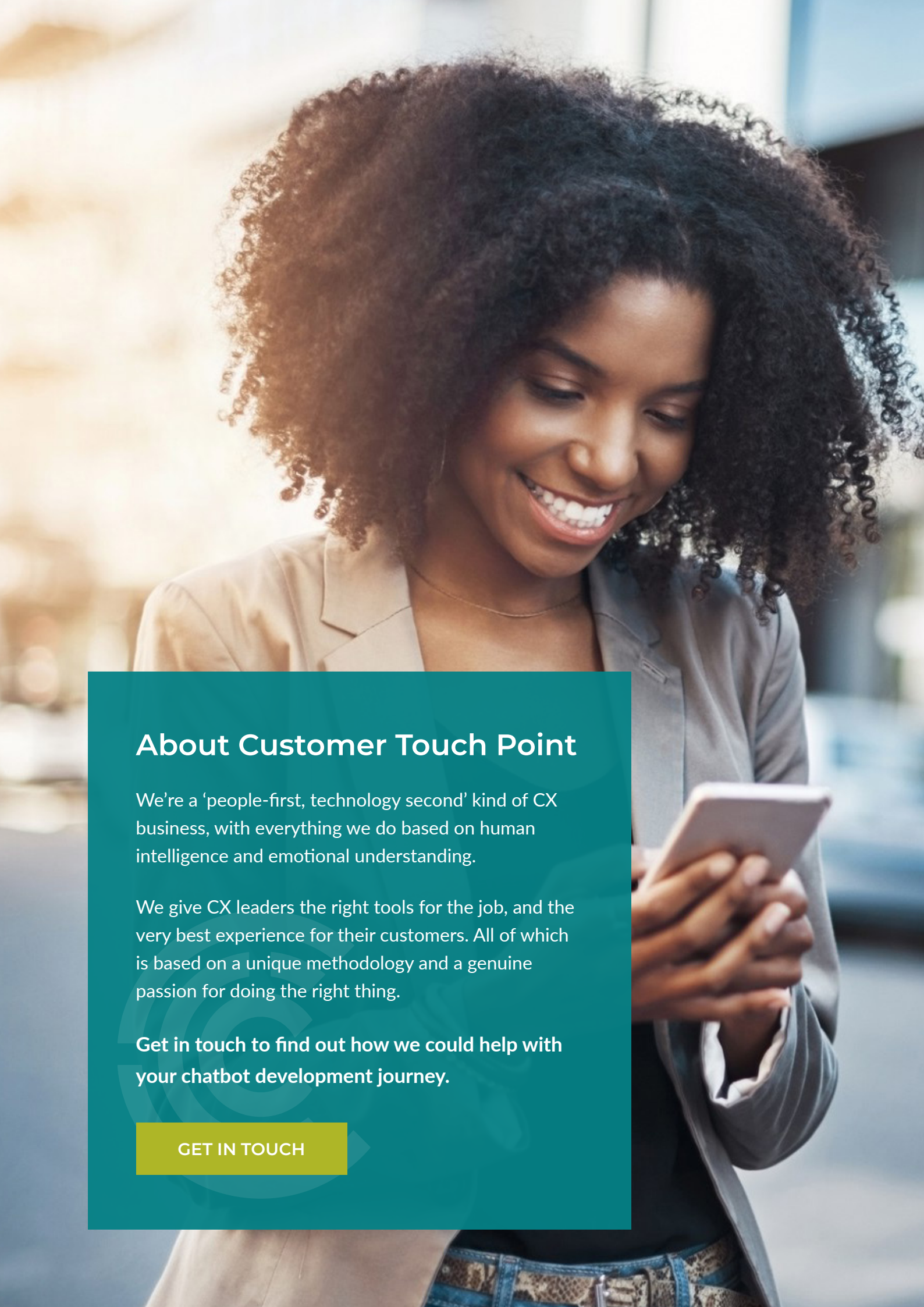
A successful chatbot implementation starts with a comprehensive understanding of your customer needs and must be judged first and foremost on how well your chatbot meets those needs. You may well find that a different channel may work more effectively for your customers.

- Start with your customers' POV and work from there – always think about what will make their life easier.
- Be crystal clear on what you want your bot to achieve for you and your customers and try not to give it too many goals.
- Gather all technological requirements from across the business before you start building – this will avoid potential problems later.
- View your chatbot as a continuous work in progress that needs constant review, feedback, and updates.

How Do You Know which Technologies Best Match Your User Needs?

Even when you go through all the stages outlined in this document, it's still difficult to know which technologies best match your needs if you lack experience with them.

At Customer Touch Point, we know where there are gaps in a given solution's capabilities because we know what these technologies can and can't do based on our collective decades of market experience, knowledge, and insights. We're a totally independent company not tied to any specific technology providers. We've worked with over 500 contact centres and dealt with 100s of contact centre technology solutions. We have that breadth of experience and that's where we add value.



About Customer Touch Point

We're a 'people-first, technology second' kind of CX business, with everything we do based on human intelligence and emotional understanding.

We give CX leaders the right tools for the job, and the very best experience for their customers. All of which is based on a unique methodology and a genuine passion for doing the right thing.

Get in touch to find out how we could help with your chatbot development journey.

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