



Conversational Commerce and ChatBots: Business & Consumer Usage and Attitudes

Market Research Report

November 2016



Research commissioned by:



Research Sponsored by:



Research Conducted and Sponsored by:



Business survey

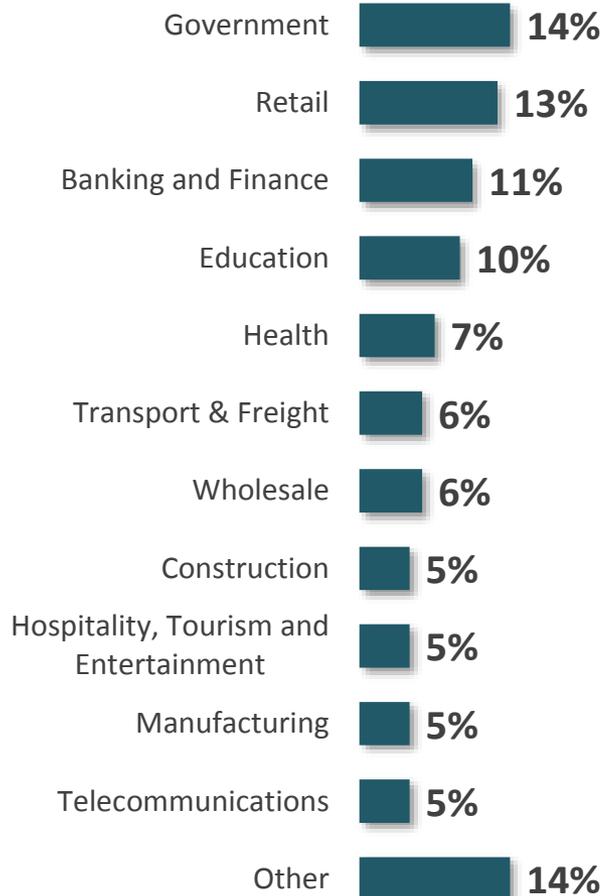
- In total n=84 completed surveys
- Online surveys were used
- All businesses involved in the study sell products/services online or customers can complete applications online
- All business had at least 100 employees
- Surveys were completed between the 17th – 23rd November 2016

Consumer survey

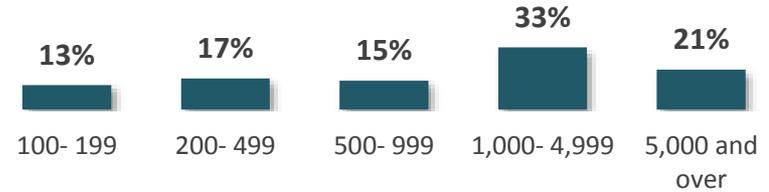
- In total n=528 completed surveys
- Online surveys were used
- All respondents were consumers who have been involved in conducting an online purchase/application process in the past three months
- Surveys were completed between the 17th – 22nd November 2016

The sample comprises of a wide range of businesses, across all industries and sizes n=84

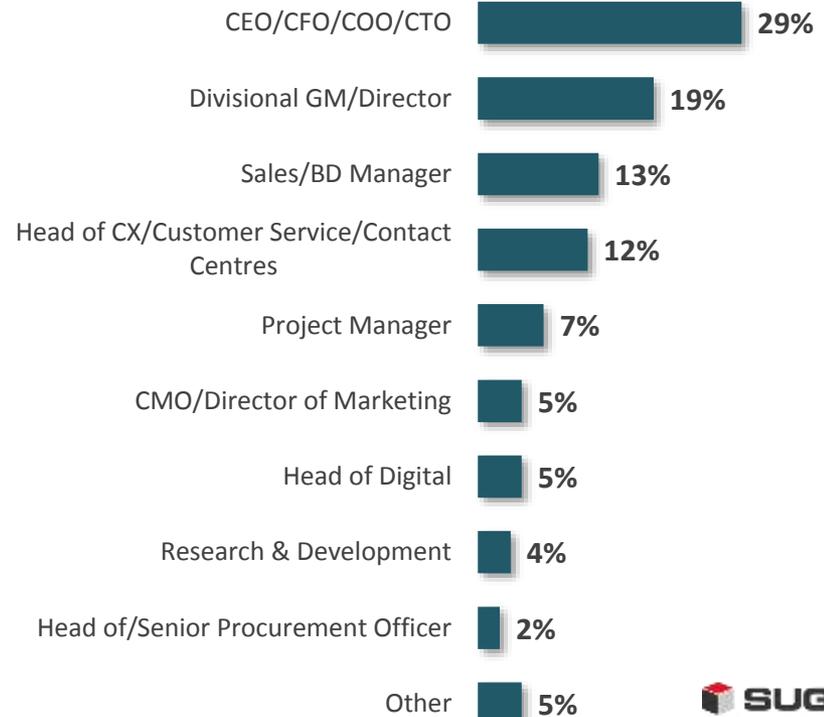
Industry n=84



Number of employees



Position



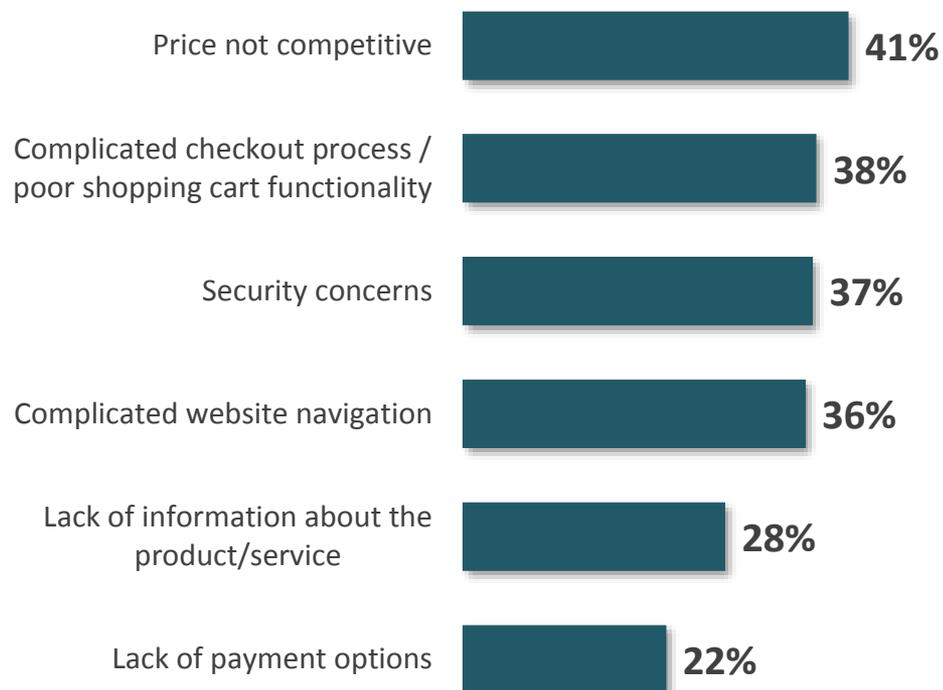
Pricing, complicated processes and website navigation are key obstacles preventing customers from finalising an online purchase or application. These issues can be overcome by providing consumers immediate online help to check through details



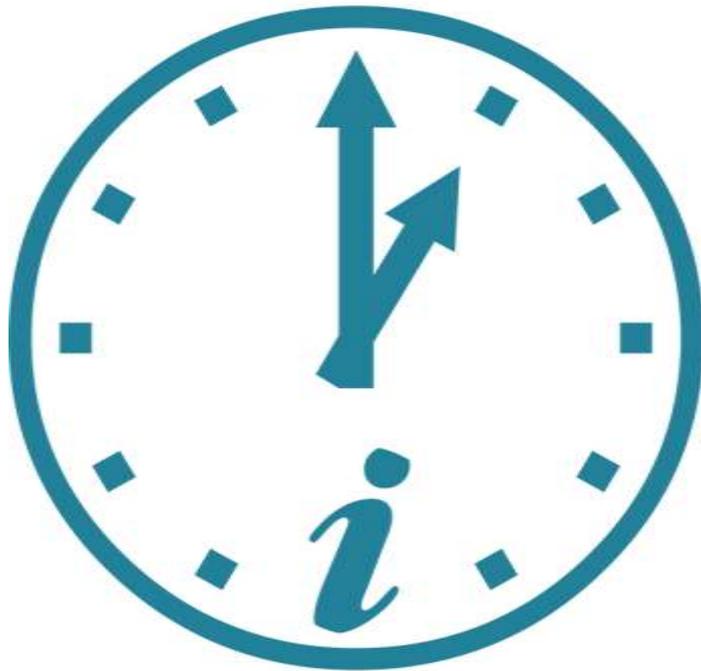
60% of consumers state that they have abandoned an online application or purchase process in the past 3 months:

- On average, these consumers claim to have left more than 2.5 online purchase/application processes in the past 3 months
- 73% of consumers have abandoned an online process more than once in the past 3 months

Main reasons why consumers abandon the purchase / application process



Similar to consumers, most businesses believe that immediate online help would enable them to increase online sales conversation rates **flamingo**



77% of consumers believe

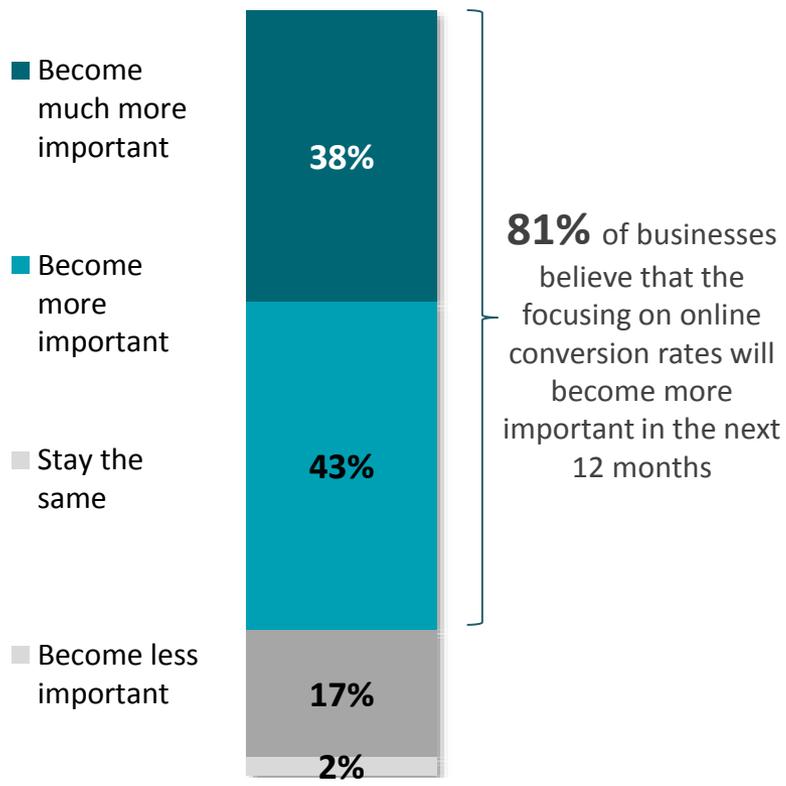
that immediate online help would increase their likelihood of completing transactions online more often

85% of businesses believe

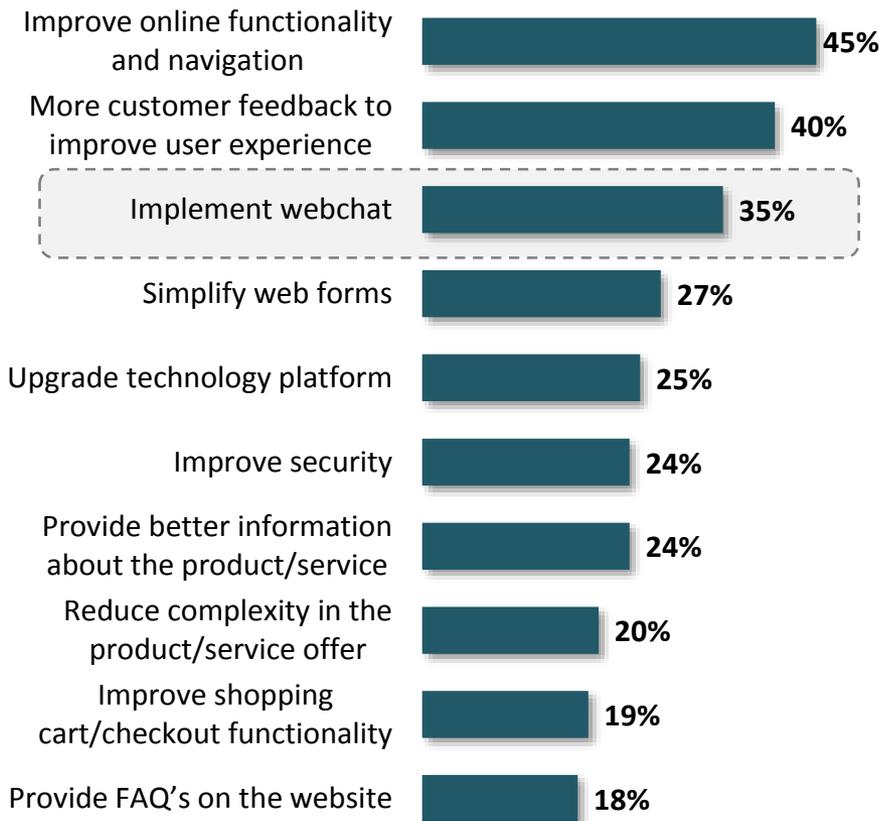
that immediate online help would improve online sales conversation rates

Accordingly, optimising online sales conversation rates is an increasing focus for the majority of organisations. Businesses have a range of initiatives to improve sales conversation rates, including implementing webchat to offer immediate help

Focus on online sales conversation rate at businesses will...

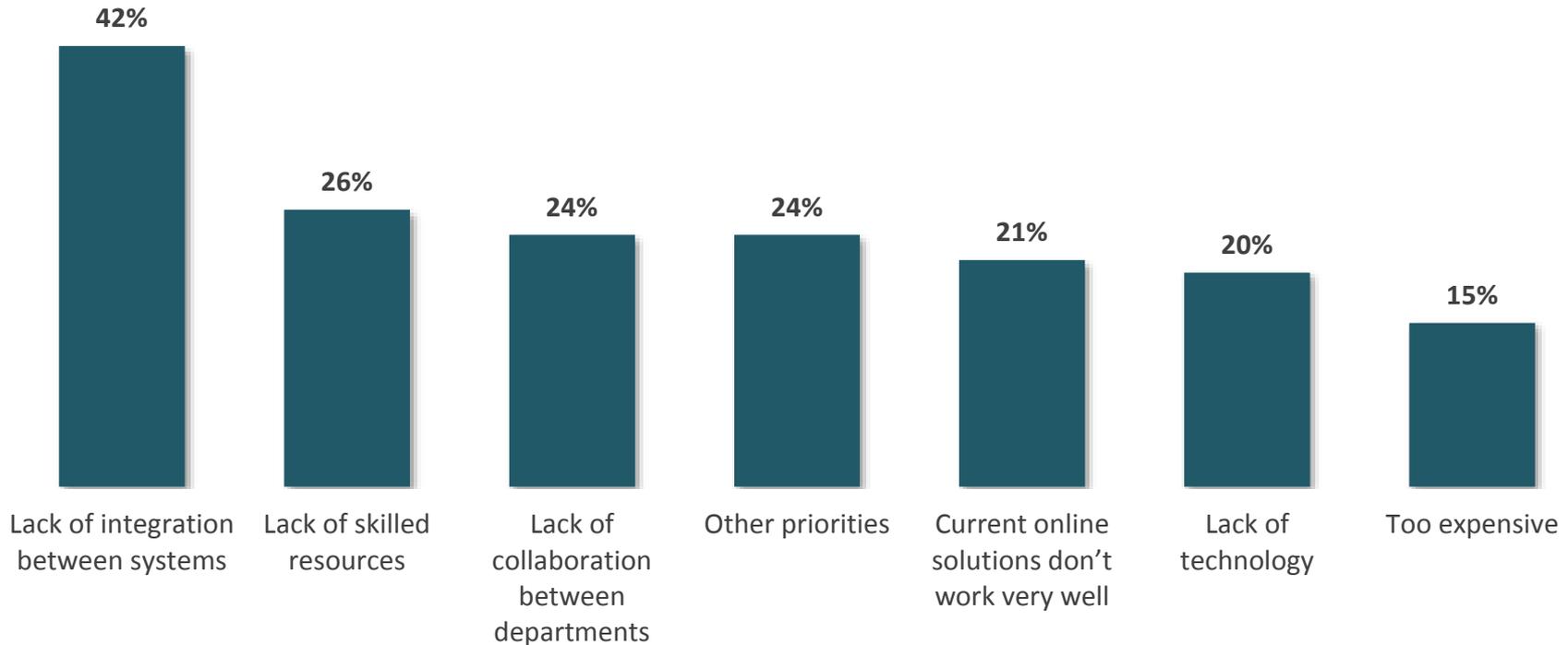


Main ways organisations will improve online sales conversions (top 10 initiatives)



Businesses, however are challenged at various levels when it comes to providing immediate access to help online, with the lack of integration between systems being the biggest issue

Reasons why organisations are not providing immediate access to help online



We showed consumers and business decision makers the following description of Chatbots before asking them further questions about this technology...

Description of Chatbots for consumers

Chatbots that use artificial intelligence are now being adopted to improve the customer experience in leading organisations throughout the world.

Chatbots are being used to guide you from landing page to purchase on both mobile and desktop devices. Chatbots understand language, not just commands, and continuously get smarter as they learn from conversations they have with customers.

Accordingly, you are assisted through the buying or application process, with the Chatbot providing relevant information to you throughout the buying journey. Of course, if you want assistance from a person at any stage throughout the journey it is easy to switch to human assistance.

Description of Chatbots for businesses

Chatbots that use artificial intelligence are now being adopted to improve customer acquisition and retention in leading organisations throughout the world.

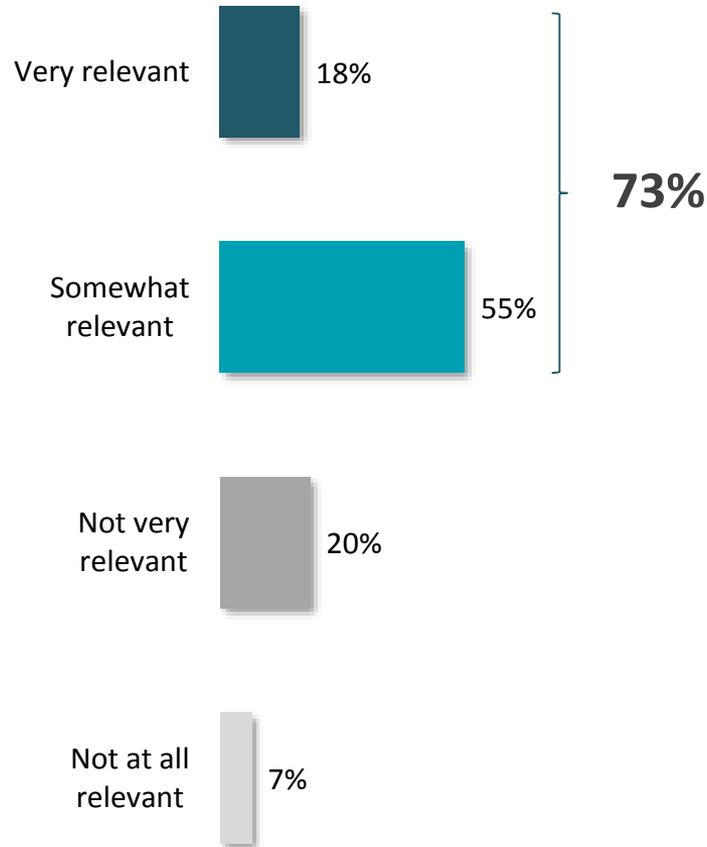
Chatbots are being used to guide customers from landing page to purchase on both mobile and desktop devices. Chatbots understand language, not just commands, and continuously get smarter as they learn from conversations they have with customers.

Accordingly, the customer is assisted through the buying process, with the Chatbot providing relevant information to the customer throughout the journey. This makes it easier for the customer to buy the product or service, ultimately increasing conversion rates. Of course, if the customer wants assistance from a person at any stage throughout the journey it is easy to switch to human assistance.

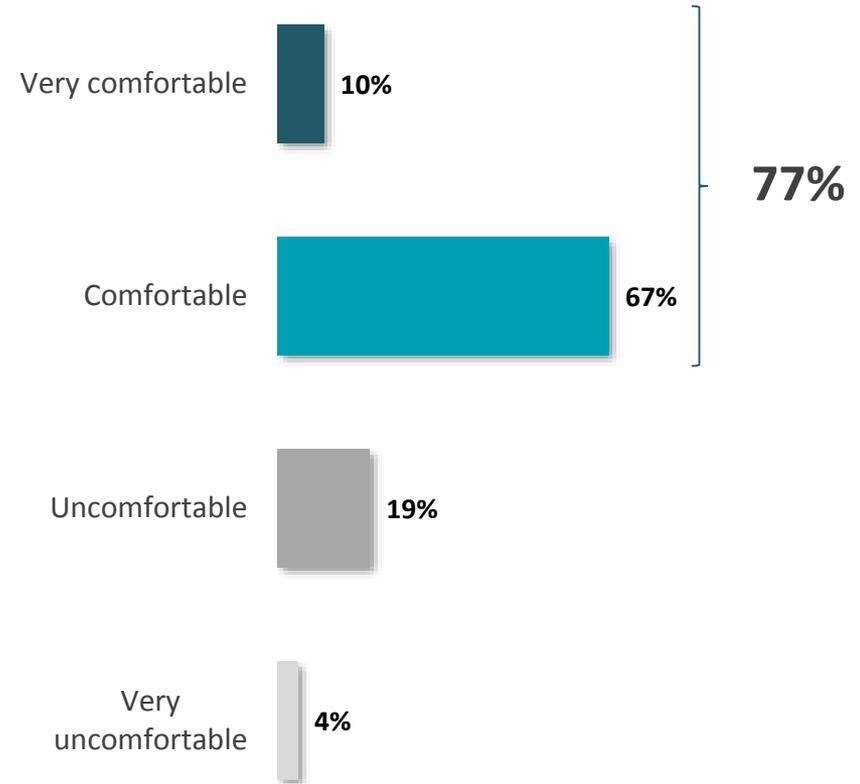
With each completed interaction, Chatbots intelligently learn more about how your customers and employees interact. This allows the process to be automated, meaning your employees are required less often, or not at all.

Despite relatively limited knowledge, after having read the description of Chatbots, 3 in 4 businesses believe that Chatbots are relevant to their business, and the same proportion of consumers would feel comfortable using Chatbots

Relevance of Chatbots to businesses

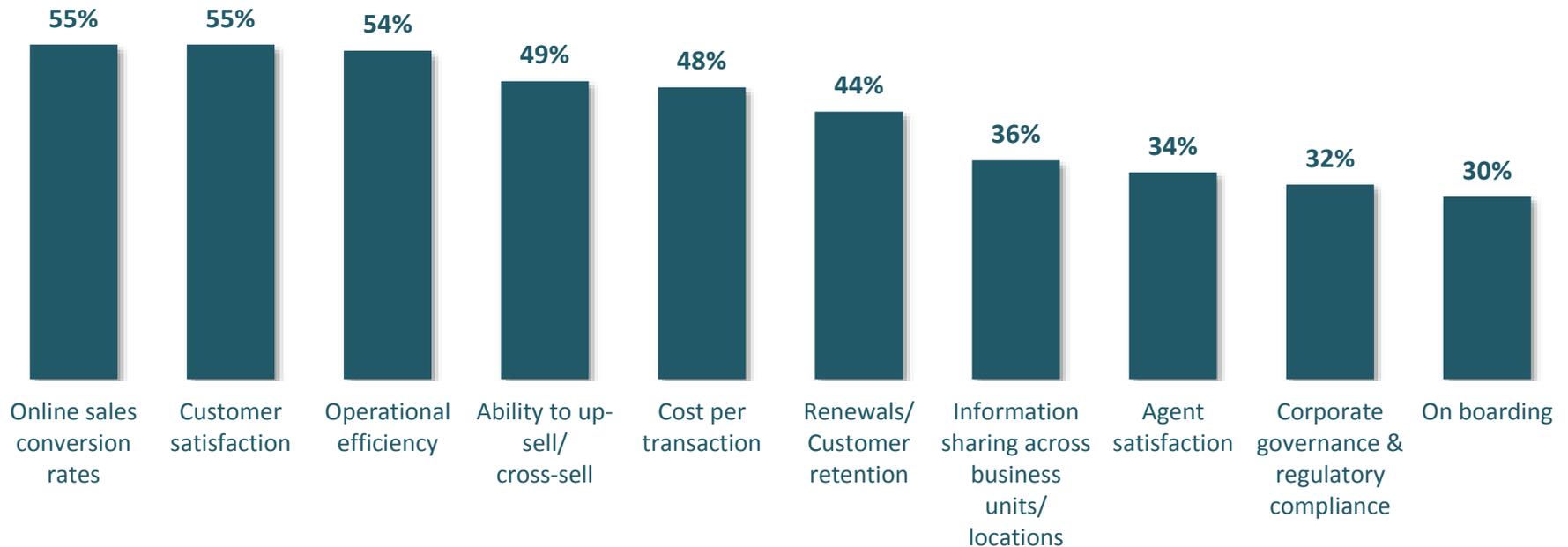


Consumers' level of comfort using Chatbots



The majority of business decision makers believe that Chatbots would improve their key KPIs, particularly around online sales conversion rates, customer satisfaction and operational efficiency

Impact of Chatbots on KPIs (% Improve)



Providing immediate assistance to customers to ensure higher sales conversion rates, improved CX and more cost effective operations are key reasons why businesses believe Chatbots are relevant to them

Why do you think Chatbots are relevant to your business?

1. Allows for immediate interaction with customer

Immediate assistance. Reduces the reliance on telephones.

Our corporate clients are time poor and expect quick simple communication to answer their queries.

It can help customers with simple things.

If the customers need immediate help or want to ask a question, we are available to answer.

2. Improved CX

Improve CX = increased satisfaction = greater sales, advocates etc.

It could improve our online interaction with our customers.

Allows customers to navigate at their own pace.

3. More cost effective

It'll lower our costs.

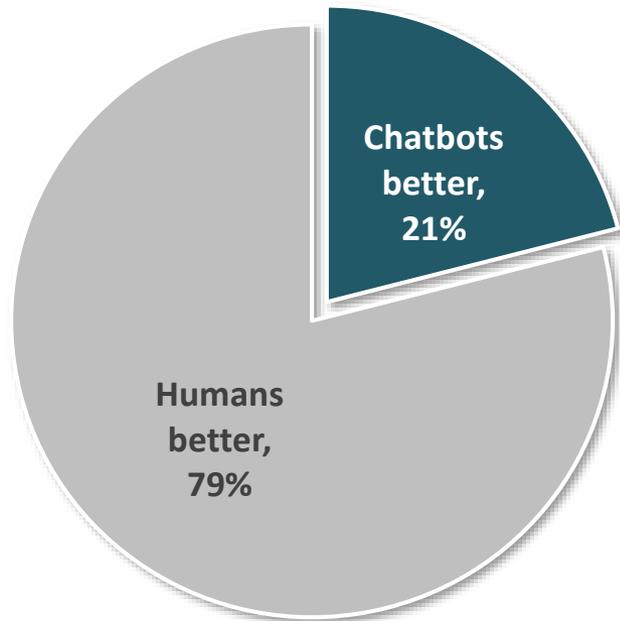
It's a resource efficient option.

4. Customers expect it

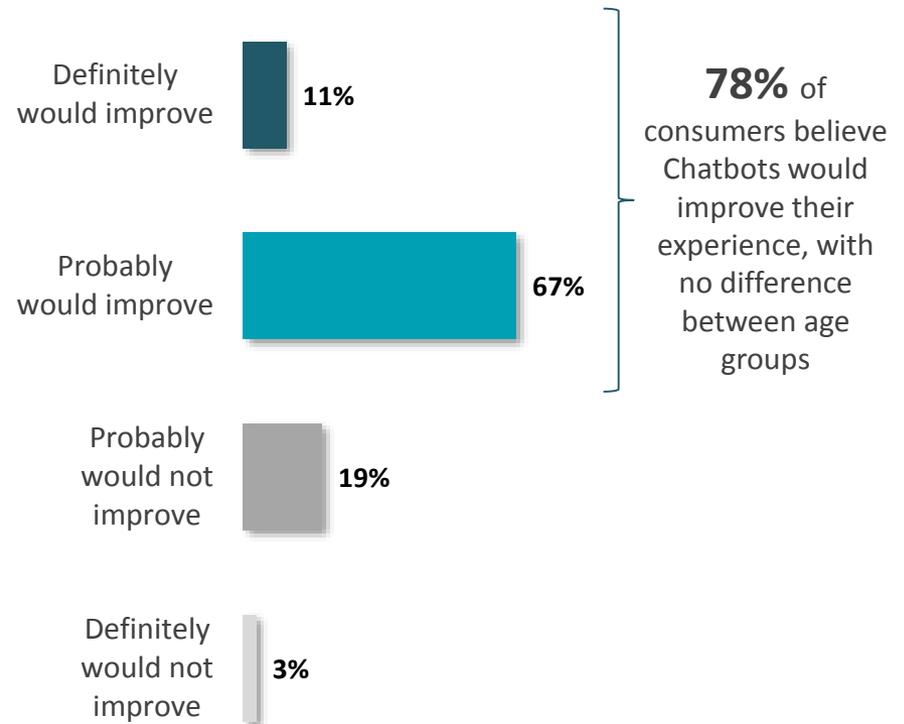
Consumer expectations of what banking means to them is changing rapidly. In the future of banking, it will not be an add-on, it will need to fit into the everyday life of consumers i.e. not a conscious decision - I need to do my banking but just happens as part of a conversation/interaction.

1 in 5 consumers think that Chatbots could provide a better experience than humans and the majority (78%) believe that Chatbots would improve their overall online purchase / application experience

Level of service provided: Chatbot vs humans
(Consumers)

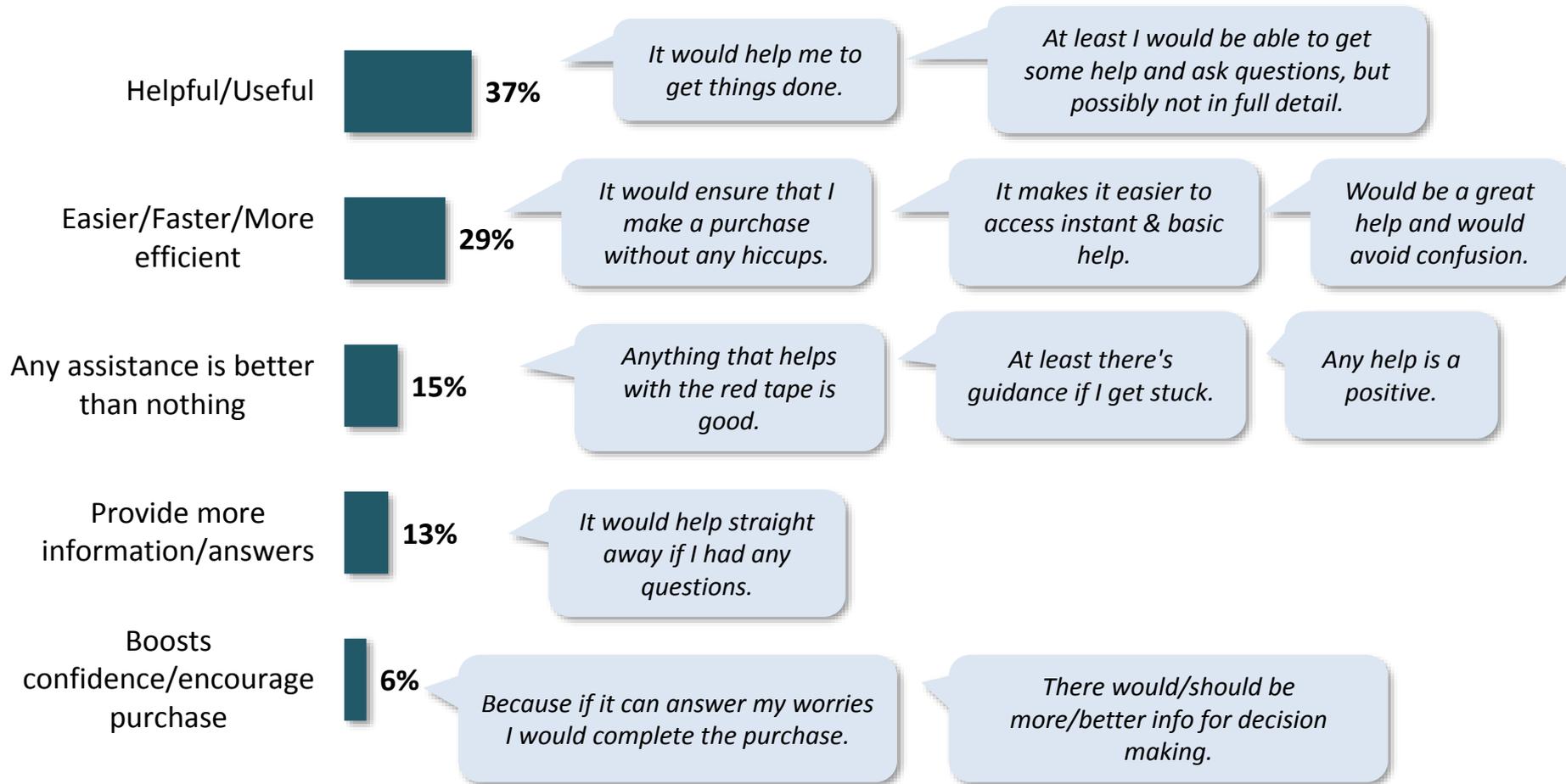


Likelihood of Chatbots improving the online purchase/application experience
(Consumers)



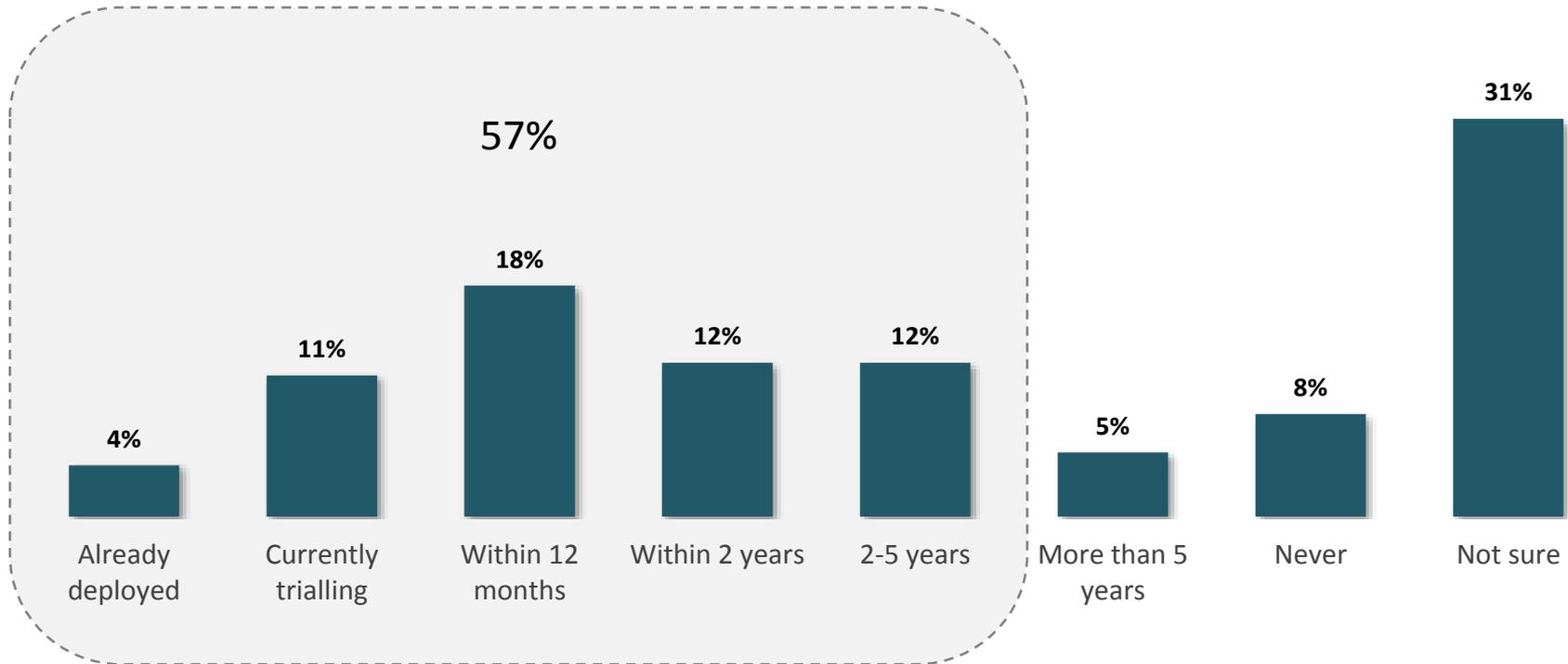
Consumers who believe that Chatbots would improve their experience understand that it would enable them to complete an online purchase or application process more efficiently, with immediate help when needed

Why do consumers think that Chatbots would improve their experience?



There is a relatively high level of interest in Chatbots, with a large proportion of businesses seriously considering their deployment within the next five years

Timeframe for Chatbot deployment



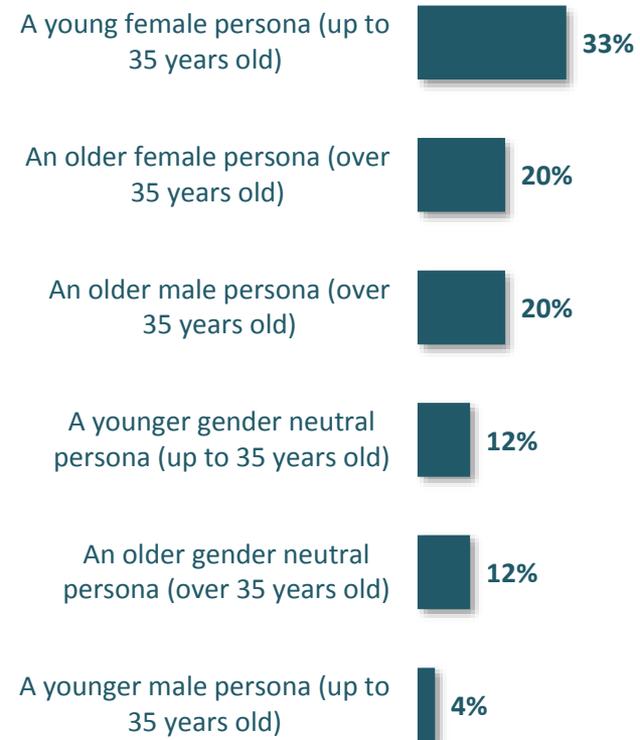
Businesses mostly believe that Chatbots need to have a younger female persona, who is knowledgeable and problem solving, but also provide good customer service by being friendly and polite

Personalities most appropriate for organisation

Top 5 personality traits



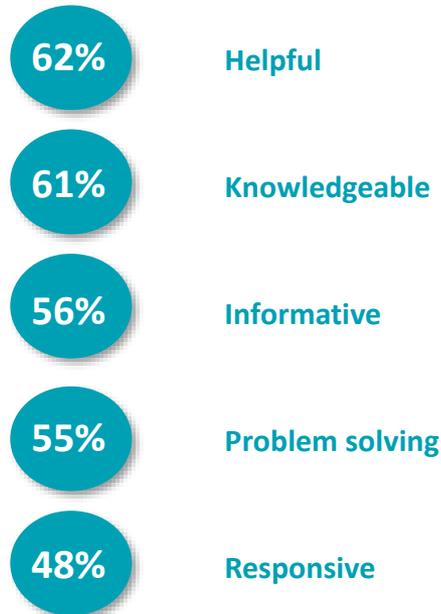
Gender and age preference



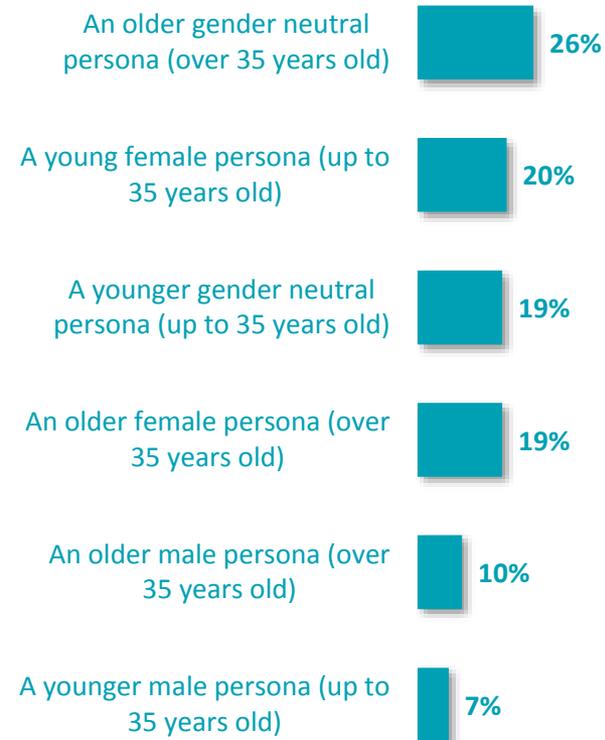
Consumers, however don't expect Chatbots to be friendly and polite. They need Chatbots to be knowledgeable, problem solving and responsive to be able to assist them through their online purchase/application process efficiently and would prefer a gender neutral bot

What type of Chatbots would consumers prefer

Top 5 personality traits



Gender and age preference



ABOUT FLAMINGO

In the Conversational Commerce field, based in Sydney and NYC, Flamingo is Enterprise SaaS company, which has developed an Intelligent Guided Selling platform (Artificial Intelligence) designed for selling complex financial products online. The Flamingo Platform aims to turn a website's visitors – those that are looking to purchase financial products - into customers. Flamingo's Intelligent Assistant or Chatbot is called Rosie. Clients include large financial services firms.

www.flamingo.ai

flamingo

Dr Catriona Wallace, CEO & Founder, Flamingo

Mobile: +61 (0) 412 181 284 | Cell: +1 (213) 261 8022 | Email: cwallace@flamingo.io



ABOUT SUGARCRM

SugarCRM enables businesses to create extraordinary customer relationships with the most empowering, adaptable and affordable customer relationship management (CRM) solution on the market. Unlike traditional CRM solutions that focus primarily on management and reporting, Sugar empowers the individual, coordinating the actions of customer-facing employees and equipping them with the right information at the right time to transform the customer experience. Based in Silicon Valley, SugarCRM is backed by Goldman Sachs, Draper Fisher Jurvetson, NEA and Walden International. More than 2 million individuals in over 120 countries rely on SugarCRM. To learn more visit <http://www.sugarcrm.com> or follow @SugarCRM.

NOTE: SugarCRM, the SugarCRM logo, and Sugar are trademarks and/or registered trademarks of SugarCRM Inc. Third-party trademarks mentioned are the property of their respective owners.



ABOUT FIFTH QUADRANT

Established in 1998, Fifth Quadrant is a Customer Experience Consulting, Research & Design company. We are management consultants, customer experience researchers, customer experience designers, industry analysts, data analysts, change managers, thought leadership trainers and futurists.

We work with our clients to design and operationalise customer experience strategy in order to enhance customer experience, drive revenue through customer acquisition, retention and yield, reduce operating costs and optimise operations across multiple channels. Dr Catriona Wallace is a substantial shareholder in Fifth Quadrant.



flamingo

Dr. Catriona Wallace



cwallace@flamingo.io



+61 (0) 412 181 284
+1 (213) 261 8022



Level 2, 50 Bridge Street, Sydney, NSW 2000
525 W 28th Street, Suite 1059, NY, 1001



www.flamingo.ai

