LogMeIn 2018 AI Customer Experience Report:

Impact of Chatbots and AI on the Customer Journey

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by LogMe**In**

71%

71% of businesses believe online chat with either a human agent or a chatbot will be among the most common channels used by customers in three years' time.

It's no secret that customer experience (CX) is now a board room conversation – and for good reason. Previous research has shown that 82% of customers have stopped doing business with a company following a bad customer experience.[1]

Why? One thing that modern customers are not lacking is choice. If one company disappoints, another is right there to swoop in. More than ever before, businesses must always be at the top of their game or risk losing business. This is not an easy task.

Fortunately, emerging technologies like Artificial Intelligence (AI) are helping companies not only streamline internal processes, but also improve the experience they provide to their customers. AI is already showing a big impact across the customer journey by delivering always-on, faster and more tailored experiences at scale. As these types of experiences continue to become the norm, businesses that don't keep up will quickly see their customer base dwindle, putting the entire organization at risk.

Summary of Key Findings

- On average, less than half (49%) of customer enquiries are resolved during the first interaction. A possible reason for this is that 68% of Business respondents agree that their agents struggle with the volume of customer enquiries.

- Just over six in ten (61%) Consumers feel that it takes too long for an enquiry to be resolved, and a further 23% believe that it takes about the right amount of time, but they would still like to be quicker - and 89% of that group will take retaliatory measures against brands who do not improve in this area.

- Over eight in ten (83%) surveyed Consumers have experienced at least one issue when interacting with a brand including having to repeat themselves, difficulty using self-service, and having trouble accessing an agent.

- When it comes to customer experience, the telecom industry ranked the lowest with only 41% of Consumers believing they get a good experience.

- Over 70% of Consumers agree that brands should leverage technologies to reduce the amount of time that it takes to resolve a customer enquiry or issue.

- More than half (54%) of Consumers and just over three quarters (76%) of Business respondents agree that AI is changing customer experience for the better.

- Human agents should not fear being replaced by bots. 65% of Business respondents said that if their organization could reduce the number of enquiries to their customer service teams by using AI they would train their agents to handle different or additional tasks.

1. Ovum, Deliver the Omni-Channel Support Customers Want, August 2016

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01 Customer Experience Today

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Why Customers Engage

Consumers engage with brands for several reasons, but most reported that over the last 6 months they reached out for transactional needs such as purchases and returns (29%), or to make a complaint (27%). In addition, Consumers are almost twice as likely to reach out to complain about a product or service as they are to be leaving positive feedback (14%). Since a considerable portion of engagements focus on solving customer inquiries, being able to quickly manage and resolve these questions is becoming paramount. One negative experience might be all that it takes for a customer to switch allegiances and turn to a competitor.

And while CX excellence is what all companies should be striving for, only two in ten (21%) Consumers rated their most recent brand interaction as excellent. Under half (44%) believe that the experience was very good, while 34% cited their experience as average, not very good or terrible. While it is true that most respondents did feel that their latest experience was good, 34% is a large enough proportion of underwhelmed customers to have a serious business impact. So where was the dissatisfaction? Could the channel utilized have had an impact on the experience received?

How Customers Engage

With the rise of new technology, how we communicate with businesses and each other has changed. Twenty years ago, it wouldn't have been out of the question for someone to write a letter praising or disparaging a brand, but today hardly anyone reaches for a pen and paper – they call, email or live chat. With an eye toward the future, it is quite conceivable that the use of even these technologies could be reduced remarkably in favor of something better. But today, Consumers still rely on the telephone most (46%) followed closely by email (40%) to interact with brands. Why? These channels of communication provide a level of familiarity and convenience that others don't quite yet, and in many cases, they are the only channels being offered. However, we are seeing online chat beginning to gain popularity, with two in ten (20%) surveyed Consumers utilizing this channel for their most recent brand interaction.

FIGURE 1

Considering your most recent interaction with a brand, which of the following channels did you use?

46% Telephone

40% Email

20% Online chat with a human

11% Social media messaging

10% Self-service

8% Online chat with a chat bot

7% Communities/ online forums

4% Video Chat

3% Other Channel

1% Cannot remember/ Don't know
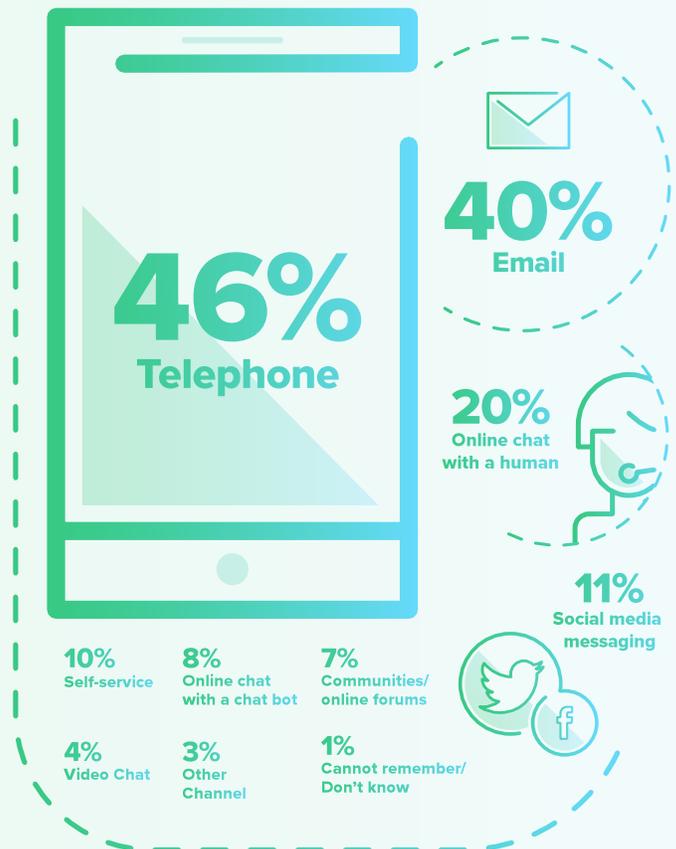
Source: asked to all Consumer respondents (4,500)

And while large proportions of Business respondents also confirm that telephone (72%) and email (67%) are among the most common channels that customers use, they do forecast a change of approach over the coming years. Just under six in ten (58%) Business decision makers report that an online chat with a human and/or a chatbot is currently among the most common channels used by customers, but over seven in ten (71%) believe that this will be the case in three years.

The Consumer data shows a trailing trend in the same direction supporting more use of chat going forward. When offered the choice of any channel, and receiving the same outcome regardless of the channel they utilized for their enquiry, the gap between the traditional channels of phone/email and chat drops substantially. A third (32%) of those surveyed would still prefer to use the telephone, slightly fewer (26%) would opt for email, and the same proportion (26%) prefer utilizing an online chat with a human or a chatbot (assuming they had the full array of choices, that is).

While there is still some general bias, or preference, from customers towards traditional channels, these same customers perceive the worth of newer channels like live chat and chatbots as becoming almost as equally as valuable as very established channels of engagement. This reinforces the relative confidence that businesses have for online chat and chatbots as becoming a primary channel of the future and helps make the case for

organizations to invest in more advanced technologies like messaging and voice assistants as the next wave of innovation.

The Problem with Today's CX

While customers still prefer more traditional channels, they aren't as efficient as they need to be. On average, Business respondents report that only 49% of customer problems are solved on the first interaction. This not only displays a lack of efficiency on the part of the organization, but leads to frustrated customers who are required to talk to multiple people on multiple occasions to solve an issue. Low net first contact resolution is hindering brands from delivering the types of customer experiences that breed long-term loyalty.

So why is first contact resolution so low? A possible explanation could be the strain that customer service agents are under. Over two thirds (68%) of Business respondents agree that their agents struggle with the volume of customer requests. It stands to reason that an agent with too many enquiries to deal with would impact their ability to solve issues on the first interaction.

This is where emerging technologies like chatbots are helping customer service teams scale quickly by taking frequently asked questions off the agent's plate, opening them up to spend more time to resolve complicated customer issues and ultimately improving first call resolution. Bots also show value in agent facing applications, where they can act as smart advisors or complete tasks on the agent's behalf.

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Do Companies Really Care About CX?

The good news is that companies know that customer engagement as it stands today needs a revamp. Nearly all (91%) Business respondents say that their organization is looking to improve customer engagement and almost four in ten (38%) will be using a new solution that is specifically designed for today's customer landscape. This highlights the fact that many companies are not confident that their existing CRM and Contact Center management solutions are up for the challenge on helping them deliver a best-in-class experience.

And while budgets are always an issue, most (61%) Business respondents did report that their organization will allocate more budget to a new solution specifically designed for the customer experience over the next 12 months.

Regardless of how organizations approach the revamp or how much budget is going to be allocated to this approach, there is a clear determination to improve customer engagement moving forwards. So what do they expect to come out of this revamp? Increased customer satisfaction levels (68%) and resolving customer enquiries more quickly (61%) are the two most commonly anticipated benefits of improving customer engagement among Business respondents. In addition to this, providing a more personalized experience to customers (43%) and increased agent satisfaction levels (43%) are also expected by more than four in ten. This type of improvement can provide benefits for employees, the organization and most importantly the customer – it is time for a change, and organizations are aware of this.

FIGURE 2

What benefits would you expect your organization to experience as a result of improving your customer engagement going forward?

INCREASED CUSTOMER SATISFACTION LEVELS

68%

RESOLVE CUSTOMER ENQUIRIES MORE QUICKLY

61%

INCREASED CUSTOMER RETENTION RATE

55%

MAKE BETTER DECISIONS FROM THE DATA WE OBTAIN

45%

EASIER ACCESS TO RELEVANT CUSTOMER INFORMATION

45%

PROVIDE A MORE PERSONALIZED EXPERIENCE TO CUSTOMERS WHEN THEY CONTACT US

43%

INCREASED AGENT SATISFACTION LEVELS

43%
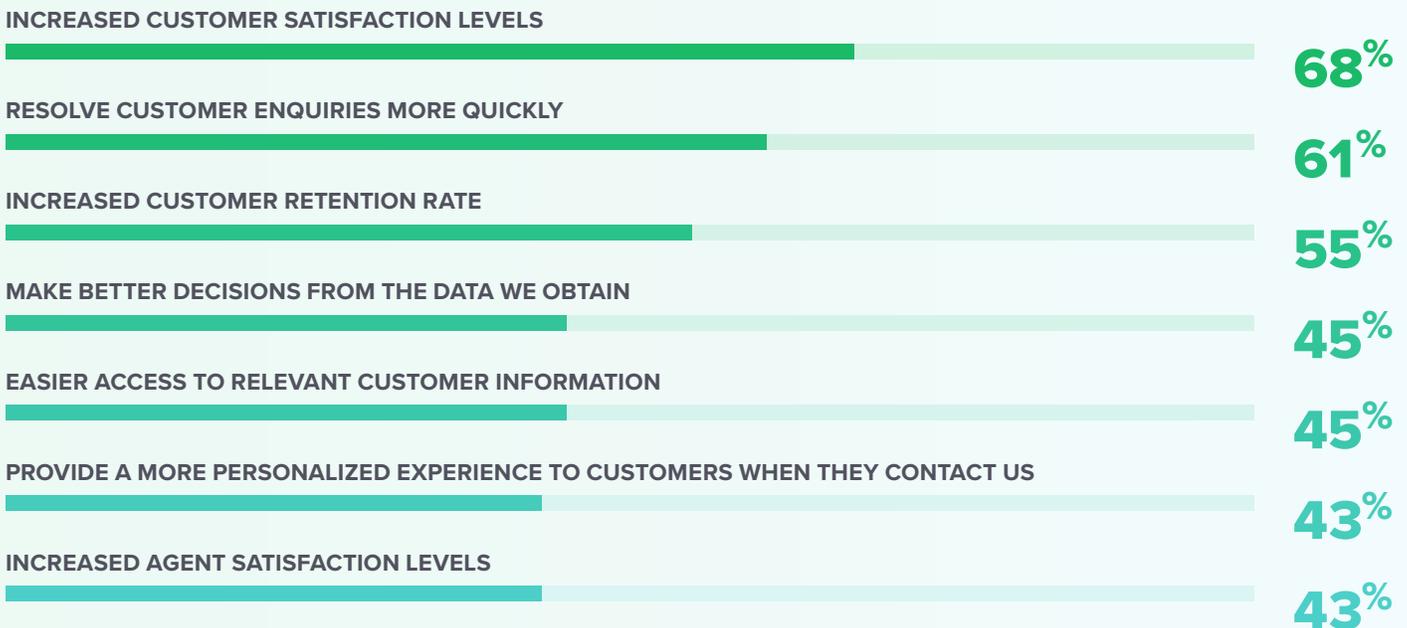
Not shown: "Other (please specify)" (0%), "I wouldn't expect us to experience any benefits" (0%) and "Don't know" (0%), Source: asked to all Business respondents (850)

In addition to the budget allocation for new and existing customer engagement systems, many organizations are also planning to invest (or are already investing) in advanced technologies to enhance the customer experience.

Thirty-five percent of respondents are already investing in AI technologies while 53% are planning to invest.

Chatbots in Customer Service – Are We There Yet?

Sort of. As it stands today, nearly two thirds (64%) of Consumer respondents believe that they get the best results when contacting a brand if they interact with a human customer service agent only. Thirty-two percent, however, do believe that leveraging a chatbot in some capacity – either alone or with the assistance of a human agent – provides the best results. Furthermore, nearly 74% of Consumers see the benefits of interacting with chatbots including the ability to get quicker resolution (30%) or simply having greater accessibility to support (24%). So knowing that, why are human agents still preferred?

It's really about expectations and the unknown. Just under 70% of Consumers said that they find interacting with a chatbot unnerving and would prefer to talk to a human agent, while four in ten have experienced or expect to experience that the chatbot won't be able to understand their issue (40%) or will provide a non-personalized response (38%). And nearly all respondents (88%) want to know when they are talking to a chatbot rather than a human agent. To win the hearts and minds of customers today, organizations should be transparent when they are using chatbots, to ensure there is an easy way to bring the human agents into the fold if necessary, and most of all – bring them along the journey slowly. When it comes to customer facing chatbots, businesses should start with use cases that make sense, show early successes, and customers will gain confidence and comfortability with the technology.

32% of those surveyed believe that leveraging a chatbot in some capacity — either alone or with the assistance of a human agent — provides the best results.

74% said that they see the benefits of interacting with chatbots for quicker resolution or greater accessibility to support.

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Perception is Reality – Customer vs. Company

FIGURE 3
Analysis showing the average number of hours, including waiting time, that it took for Consumer respondents' enquiries to be resolved or appropriate advice/support to be provided during their most interaction with a brand, split by the quality of customers' most recent interaction. Source: asked to all Consumer respondents (4,500)

Time to Resolution

Calculating the actual time it takes to resolve a customer issue can be tricky. The nirvana in this case is first contact resolution – meaning whether the customer reaches out via phone, email, chat – the question or issue is solved at that exact moment. And this metric is directly related to the satisfaction levels of each interaction. According to our findings, Consumers who reported a terrible experience during their most recent interaction dealt with an average of three agents. This feeling of being passed around from one agent to another was more than likely a contributing factor to providing this lower experience rating.

In addition to being passed around from agent to agent, Consumers also reported that issues took an average of 11 hours to resolve, which is almost 3 times higher than the wait time that they cited as being acceptable to reach a resolution (4 hours, on average). However, those who had a terrible experience waited for a much longer period of time (74 hours, on average), and it is these types of interaction that can easily alienate customers.

How do various channels perform in time to resolution? Interestingly, the most popular communication channels (telephone and email) are what Consumers believe takes the longest average time to resolution (7 and 18 hours respectively), whereas online chat with a chatbot was among the quickest at 3 hours.

But here's where things get interesting. In the corresponding survey, Business respondents reported vastly quicker resolution times. Live chat and telephone inquiries show an average time of 24 minutes, including waiting time, while the average for chatbots is 27 minutes. The slowest channel according to Business decision makers is email, with an average resolution time of 157 minutes. So, where's the gap? Customers are likely taking into account the amount of time that passes between telephone calls or emails being exchanged, whereas organizations are measuring how long a specific phone call took. Regardless of the right way to measure, customers believe that time to resolution is far slower than what's acceptable.

ONLINE CHAT WITH A HUMAN

24 MINUTES

TELEPHONE

24 MINUTES

SELF-SERVICE

26 MINUTES

ONLINE CHAT WITH A CHAT BOT

27 MINUTES

VIDEO CHAT

35 MINUTES

SOCIAL MEDIA MESSAGING

58 MINUTES

COMMUNITIES/ONLINE FORUMS

78 MINUTES

EMAIL

157 MINUTES
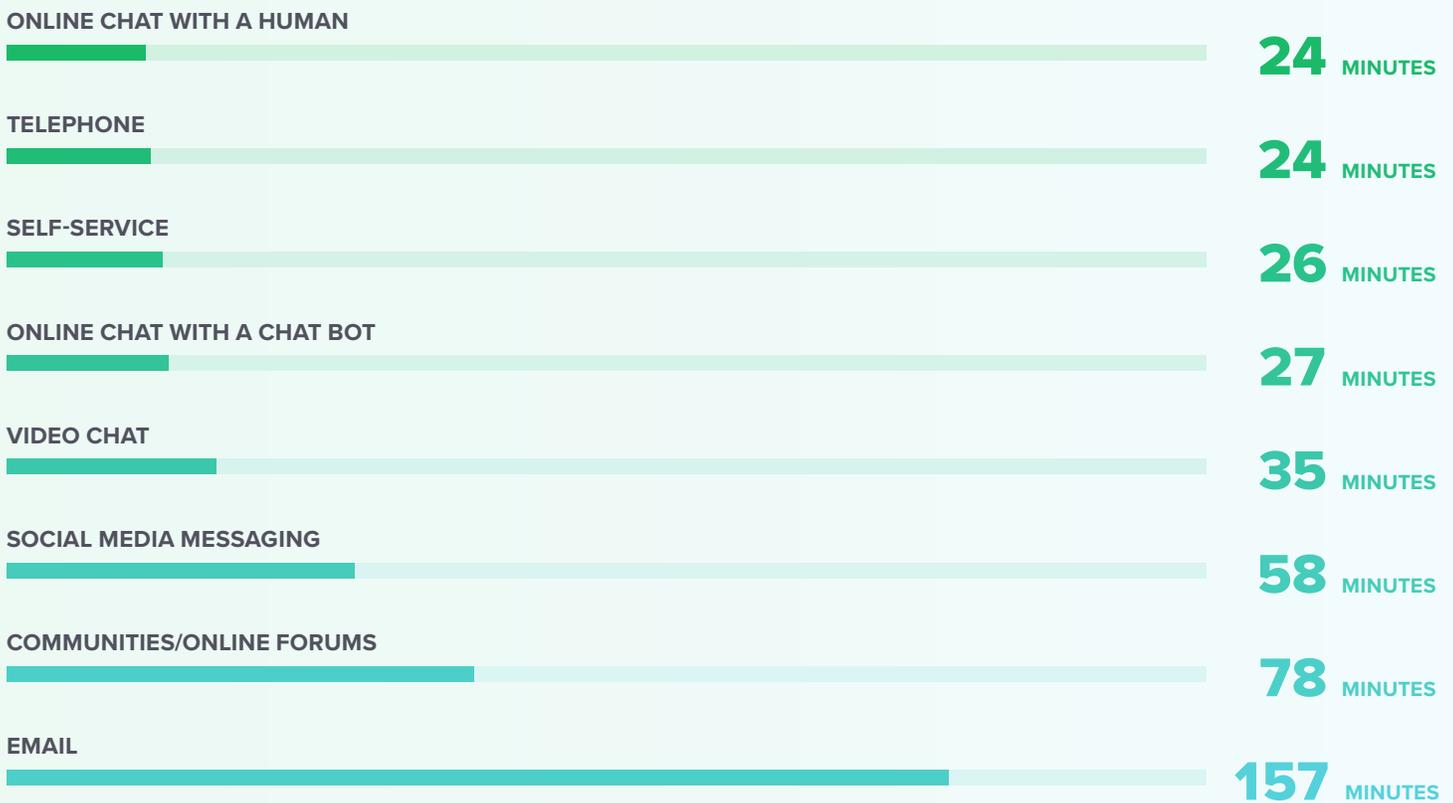
FIGURE 4
Analysis showing the average number of minutes, including waiting time, that it takes for a customer of Business respondents' organizations to resolve an enquiry through the above channels. Source: asked to all Business respondents (850)

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The Good, The Bad & The Ugly of Customer Experience

As part of this research, we asked Business respondents to rate their organization's overall customer experience. Nearly all, 88%, believe that they provide an excellent or very good experience and they are almost equally as confident (80%) that their customers would rate the experience in the same way.

They also have a very positive outlook on how their organization compares to others – 81% believe that their company provides a superior experience compared to others in their industry, and only slightly fewer (74%) believe this experience to be superior to companies in other industries. However, customers disagree.

When viewing the customer experience across different industries through the eyes of a Consumer, a very different picture is painted. Under six in ten believe that the experience provided by organizations in the retail (58%), and travel and hospitality (58%) sectors is excellent or very good. These proportions are as good as it gets though, with only 41% of Consumers believing that companies in the telecoms industry provide a good experience. It's this dichotomy that is holding many organizations back from making the necessary changes to create a truly game-changing CX.

The customer's biggest pet peeve? Mostly it's time to resolution as noted earlier. Just over six in ten (61%) Consumers feel that it takes too long for an enquiry to be solved and a further 23% believe that it takes about the right amount of time, but they would still like to be quicker. Even more concerning is that 89% of that group will take retaliatory measures against brands who do not improve in this area. Whether that's a negative score in a CSAT survey (40%), providing

FIGURE 5

Which of the following actions would you take if the brand that you interact with most frequently does not reduce the amount of time that it takes to solve an enquiry that you have made?

GIVE A LOW SCORE IN THEIR CUSTOMER SATISFACTION SURVEY

40%

MAKE A COMPLAINT DIRECTLY TO THE BRAND

38%

START USING ANOTHER BRAND THAT OFFERS SIMILAR PRODUCTS AND SERVICES

38%

TELL MY FAMILY AND FRIENDS NOT TO USE THE BRAND

30%

POST A NEGATIVE REVIEW ON A DEDICATED REVIEW WEBSITE

19%

POST A NEGATIVE REVIEW ON SOCIAL MEDIA

17%

OTHER ACTION

0%

WOULD NOT TAKE ANY ACTION

9%

DON'T KNOW

2%

50%

Source: asked to all Consumer respondents who believe that it takes the brands that they interact with too long to solve an enquiry they have made, or that they would like it to be quicker (3,773)

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complaints direct to companies (38%) or even worse, just abandoning the brand all together (38%), these threats cannot be taken lightly.

But time to resolution isn't the only issue Consumers have with today's customer experience. Over eight in ten (83%) of those surveyed have experienced at least one issue when interacting with a brand. The most common (35%) of these is having to repeat themselves to more than one advisor as their query was escalated, while others include difficulty using self-service options (26%) and not being able to access a human agent (26%). These friction points in the customer journey will undoubtedly lead to frustrated customers and a higher rate of churn.

The good news is that most organizations are aware that personalization and speed to resolution are keys to creating a good customer experience. Those Business respondents who feel that their customers get the best outcomes by interacting with human agents alone cited personalization (53%) and empathy (51%) as two of the top reasons. On the flip-side, the Business respondents who believe that customers get the best results when interacting with chatbots only, cite quicker resolution (40%) and process efficiency (35%) as the main reasons for this belief.

83%

83% of those surveyed have experienced at least 1 issue when interacting with a brand.

"Unfortunately speed and personalization are not mutually exclusive. Customers want both."

Unfortunately speed and personalization are not mutually exclusive. Customers want both. Businesses who fail to listen to their customers' demands risk being surpassed by their competitors.

03
Bringing Agents & Chatbots Together

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FIGURE 6

Approximately what proportion of your organization's customer service agents' time is spent on the following aspects of solving a customer enquiry?

41%	**33%**	**25%**	**1%**	**3%**
RESOLVING THE ISSUE	UNDERSTANDING THE NATURE OF THE ENQUIRY	FINDING RELEVANT PERSONAL INFORMATION ABOUT THE CUSTOMER IN A DATABASE	OTHER ASPECT	DON'T KNOW
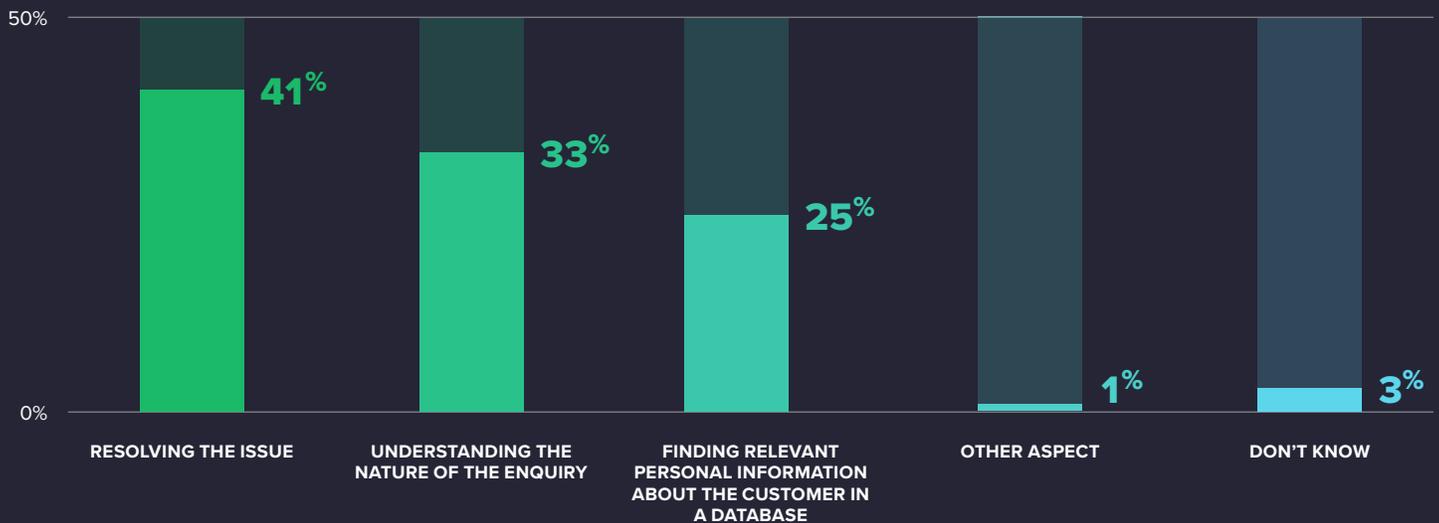
Note: The percentages above are averages calculated from respondents' answers,
Source: asked to all Business respondents (850)

25%

To date, customer service agents spend 25% of their time looking for information about the customer to service them while thirty-three percent of the time is understanding the nature of the inquiry.

Since businesses feel that chatbots help deliver the faster resolutions that customers demand and humans can provide the personal experience that they crave, it comes to reason that teaming these two together would be the logical solution to creating a better customer experience overall.

Over 70% of Consumers agree that brands should leverage technologies to reduce the amount of time that it takes to resolve a customer enquiry or issue. And while customers today prefer to interact with human customer service agents, they understand the potential speed benefits that could be had through the use of emerging technologies like chatbots.

To date, customer service agents spend 25% of their time looking for information about the customer to service them while thirty-three percent of the time is understanding the nature of the inquiry. Further to this, agents need to use, on average, three separate systems during the engagement. This back and forth causes serious lag time and leads to frustrated clients. This is where chatbots come in. Working hand-in-hand with human agents, chatbots are not only helping businesses deliver faster time to resolution for customers but are also making the job of the agent easier. Operating behind the scenes chatbots can gather this information in real-time – informing the agent of who they are talking to, their history with the brand, the potential problem the customer is having, and how to solve it. Having this information at the outset leaves agents more time to spend on resolving the issue.

Nearly six in ten (58%) Business respondents believe that the most important benefit that their organization would witness as a result of being able to solve customer enquiries more quickly would be increased customer satisfaction. Not only that, but 17% cite increased revenues as a potential benefit with 10% believing there is an opportunity to reduce overall contact center costs.

But will chatbots replace human agents? Just over two thirds (68%) of Business respondents agree that their agents are worried about just that. However, reassuringly for those harboring concerns, 65% of organizations report that if chatbots could reduce the number of inquiries to their call center, agents would then be trained to handle different or additional tasks – chatbots will not replace them. This likely means that agents will be opened up for more complex and strategic

tasks providing them with exciting opportunities to develop new skill sets.

Despite concerns, more than half (54%) of Consumers and just over three quarters (76%) of Business respondents agree that AI is changing customer experience for the better. Business decision maker respondents have seen the benefits that AI can have firsthand and appreciate the speed and efficiency advantages that it can provide to both their customers and the organization as a whole.

In the end, customers are giving their business to the companies that provide them the best possible experience. Integrating bots to help customers self-serve where appropriate with human agents who can offer the personalization and empathy needed in certain situations is a recipe for success.

65%

of organizations report that if chatbots could reduce the number of inquiries to their call center, agents would then be trained to handle different or additional tasks — chatbots will not replace them.

04 Conclusion

Today, organizations are having a hard time keeping up with the ever-changing demands of their customers. Customer experience is emerging as one of the key factors in whether a customer will go from a one-time transactional buyer to a long-term brand advocate. These factors largely depend on how quickly and easily issues are resolved and how valued a customer feels. To compound these challenges, agents are struggling to cope with the volume of enquiries that they are having to deal with and disconnected antiquated systems.

These struggles, which companies are aware of, don't seem to be translating into action. Customers are reporting fairly average experiences across the board, while companies are operating in a different reality. Customers are evolving and the technology that companies use to support their customers' needs to evolve along with them. We see traditional channels of engagement – while still widely popular

– becoming superseded as customers get more used to modern forms of communication.

While organizations are already taking steps towards modernizing how they service customers, investing in the correct technology is going to be vital. Emerging technologies, like AI-powered chatbots are helping organizations provide quicker resolutions and simplify the job of a customer service agent. The symbiotic relationship between human agents and technology is critical to success. While speed is important, it's equally important to not lose the human touch that many customers still want.

Being able to balance speed and personalization will lead to increased customer satisfaction levels as well as the reputational benefits that follow. Now is the time for organizations to get ahead of the CX challenge before they get left behind.

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Appendix

Research Scope and Methodology

LogMeIn commissioned the leading independent market research firm Vanson Bourne (see following page for more information) to undertake the research upon which this whitepaper is based. A total of 850 Business respondents with involvement in the decision making process regarding customer experience in their organization were interviewed in May and June 2018. All respondents came from organizations with 500 or more employees across the financial services, IT/technology, retail, travel and hospitality, telecoms and outsourced contact centers sectors.

In addition to surveying business decision makers, over this same time period, 4,500 Consumers who have contacted a brand during the last six months with an enquiry or issue to be resolved, were also interviewed. The following number of interviews were collected across each respondent type in each of the below countries.

The interviews were conducted using online interviewing, all of which were undertaken using a rigorous multi-level screening process to ensure that only suitable candidates were given the opportunity to participate. Unless otherwise indicated, the results discussed are based on the total sample of either respondent type.

Country	Number of Business Interviews	Number of Consumer Interviews
US and Canada	200	1000
UK	100	500
France	100	500
Germany	100	500
India	100	500
Singapore	100	500
Hong Kong	50	500
Australia and New Zealand	100	500

Engage smarter.

Deliver value, instantly, with a more human AI, platform and interface.

LogMeIn

About LogMeIn

LogMeIn delivers industry leading solutions designed to empower companies to deliver smarter, more personalized customer engagement and support. Supporting over 200 million customer interactions every year, LogMeIn is helping companies transform how they interact with their customers in real-time, creating experiences that drive increased satisfaction and brand loyalty.

As a key part of our product portfolio, Bold360 is the ultimate customer engagement solution delivering the richest customer profiles and fastest time-to-value. By leveraging the power of AI, Bold360 helps personalize and enhance every engagement, no matter where it takes place – allowing companies to deliver better and more consistent customer experiences seamlessly across both AI and agent-based interactions. Bold360 delivers groundbreaking intelligence with out of the box simplicity and helps agents do what they do best – be human. For more information please visit www.bold360.com.

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