

LIVE CHAT: THE GIFT THAT KEEPS ON GIVING

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Report Highlights

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Live chat users enjoy 9 times greater annual increases in agent utilization rates, compared to non-users.

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54% of live chat users miss out on opportunities to maximize their performance.

p6

Savvy firms are 78% more likely to train and coach agents to ensure continuous success of their live chat program.

p8

Savvy live chat users are 55% more likely to minimize repeat customer contact.

Companies using live chat as part of customer interactions enjoy superior results than those that don't. These results span cost reduction, revenue growth, and most importantly, customer satisfaction.

This report highlights the performance gains enjoyed by companies using live chat as a key part of their customer interactions. It also illustrates how savvy live chat users maximize returns on their technology spend by establishing a continuous improvement system that helps them fine-tune their activities based on customer needs and wants.

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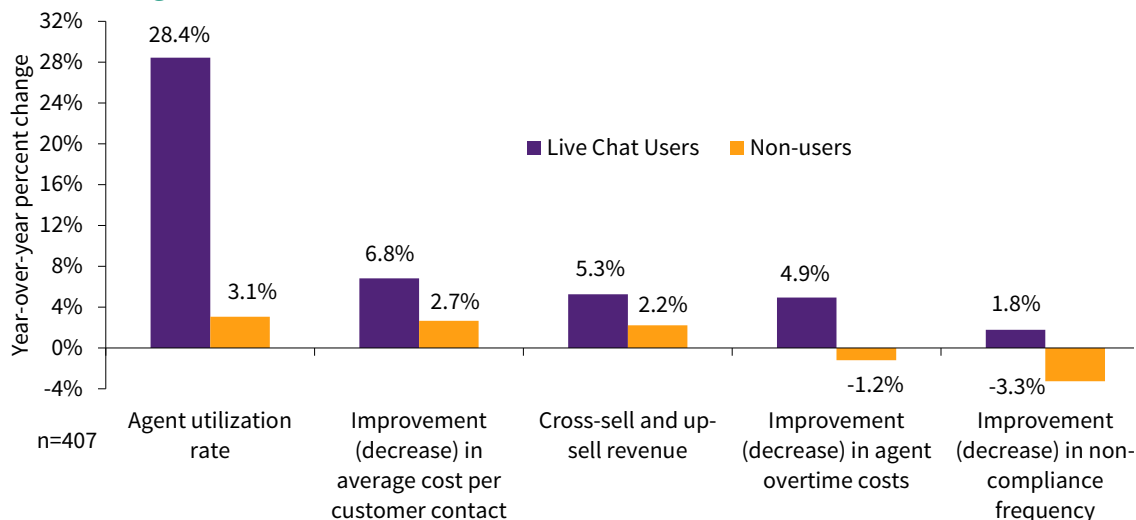
Live chat users provide customers with seamless experiences, while reducing unnecessary costs and growing revenue.

The Business Need for Live Chat

The web has become a ubiquitous customer interaction channel. Indeed, findings from Aberdeen's November 2014 *Flash Forward: 2015 Customer Engagement Channels Adoption* study show that 85% of firms currently use the web as part of their customer interaction channel-mix. This widespread use is in response to buyers regularly using the web when purchasing products / services, or when seeking support to resolve service issues.

Despite the wealth of options and information available via the web, there are times when customers need deeper insights (or more comprehensive support) than what's available via search. This is where live chat comes in. It helps customers avoid the need to switch channels by being able to initiate a chat session with a contact center agent (or sales representative) without the need to call a customer support number or send email. As a result, companies using live chat provide customers with seamless experiences while reducing unnecessary costs and growing revenue – see Figure 1.

Figure 1: Live Chat Users Grow Revenue & Reduce Costs



Source: Aberdeen Group, February 2015

Definition: Live Chat

For the purposes of this research, Aberdeen defines “**live chat**” as a technology enabler that helps firms interact with customers in real-time on a regular website, mobile website or mobile application.

Live chat interactions are broken down into two categories; responsive and proactive. The former refers to customers initiating a chat session by using a “click-to-chat” functionality to interact with a business. The latter refers to the business proactively opening a chat window when a website visitor meets certain criteria (e.g. time spent on website).

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The above figure reveals detailed insights into the performance gains of live chat users. One of the most striking findings is their agent utilization rates (28.4%), compared to non-users (3.1%). Such gains are made possible because agents can manage multiple live chat sessions all at once, and therefore, chat-enabled companies need to allocate fewer agents to handle customer issues, compared to handling them one at a time over the phone. It's important to note that this doesn't mean contact centers must abandon all other interaction channels, and solely use live chat. Rather, it means that as buyers increasingly use the web to interact with businesses, contact centers must provide customers with the ability to use live chat to interact with the business. This helps in minimizing client effort and maximizing agent productivity. It also gives customers a choice regarding the communication channel they prefer to use to interact with the business.

In addition to enjoying greater agent utilization rates and reducing customer care costs, live chat users also drive greater revenue and are more likely to ensure compliance with relevant regulations (e.g. [PCI-DSS](#) and [HIPAA](#)), compared to non-users. Growth in revenue is primarily enabled by agents' abilities to point customers to webpages featuring related products / services during a live chat session and therefore increasing the likelihood of cross-sell and up-sell (see sidebar).

Now that we've highlighted the business value of using live chat, let's note that **simply adopting live chat as a technology enabler without a continuous improvement program is not enough. For companies with such a short-sighted approach, the aforementioned gains will be short-lived** (see sidebar). Savvy chat-enabled businesses ensure long-term success by adopting a continuous improvement program to regularly track the effectiveness of their live chat activities and make necessary

A continuous improvement program is vital to enjoy long-lasting benefits from live chat.

Definition: Cross-sell & Up-sell

For the purposes of this research, Aberdeen uses the term “**cross-sell**” as an activity where a contact center agent or sales representative gets a potential buyer to spend more money by purchasing product(s) other than the one that is recently purchased.

“**Up-sell**” is defined as an activity where a contact center agent or sales representative gets a potential buyer to purchase a more expensive model of a product or receive more services by paying more.

Data shows that 54% of companies using live chat have a formal program in place designed to regularly track and measure activity results for continuous improvements.

This means that almost every other live chat user risks enjoying minimal performance gains, compared to their savvy counterparts who maximize their results through a keen focus on continuous performance improvement.

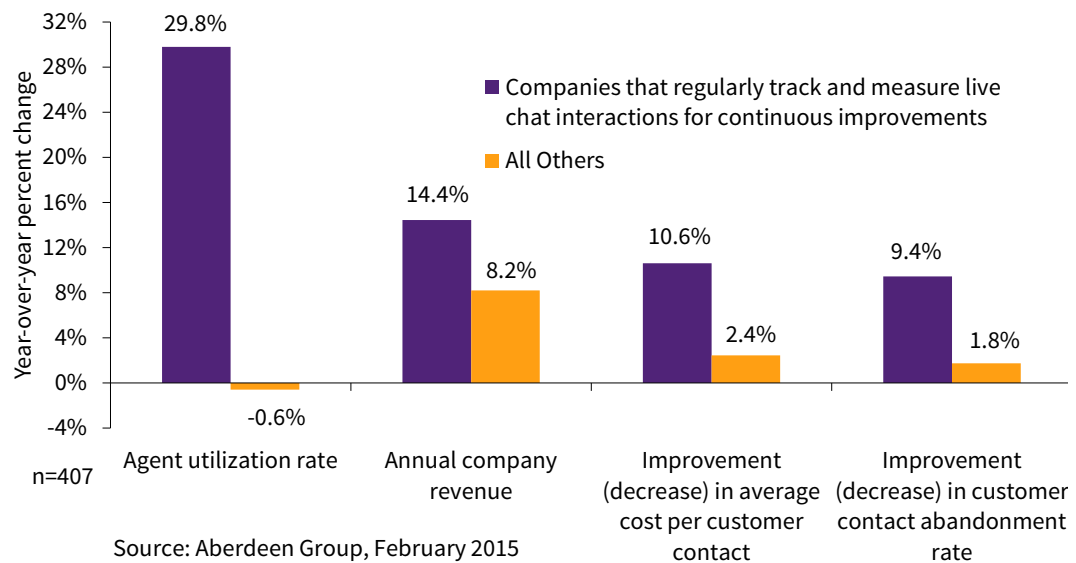
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Live chat programs must not be handled as “one-and-done” activities.

Firms that focus on continuously improving their live chat activities enjoy substantial performance improvements – well after deploying the technology.

adjustments to address areas of improvement. To this point, Figure 2 shows that live chat users with such continuous improvement programs outperform those who adopt the technology but fail to pay proper levels of attention to maximize its benefits.

Figure 2: Savvy Live Chat Users Truly Maximize their Performance



The performance gains depicted above deliver a clear message. **Adopting a live chat program is only the beginning of an ongoing journey. Companies must be laser-focused on managing the performance of live chat programs to continuously improve their results and enhance their long-term financial health.** The next section highlights the key activities savvy chat-enabled businesses use to maximize their results.

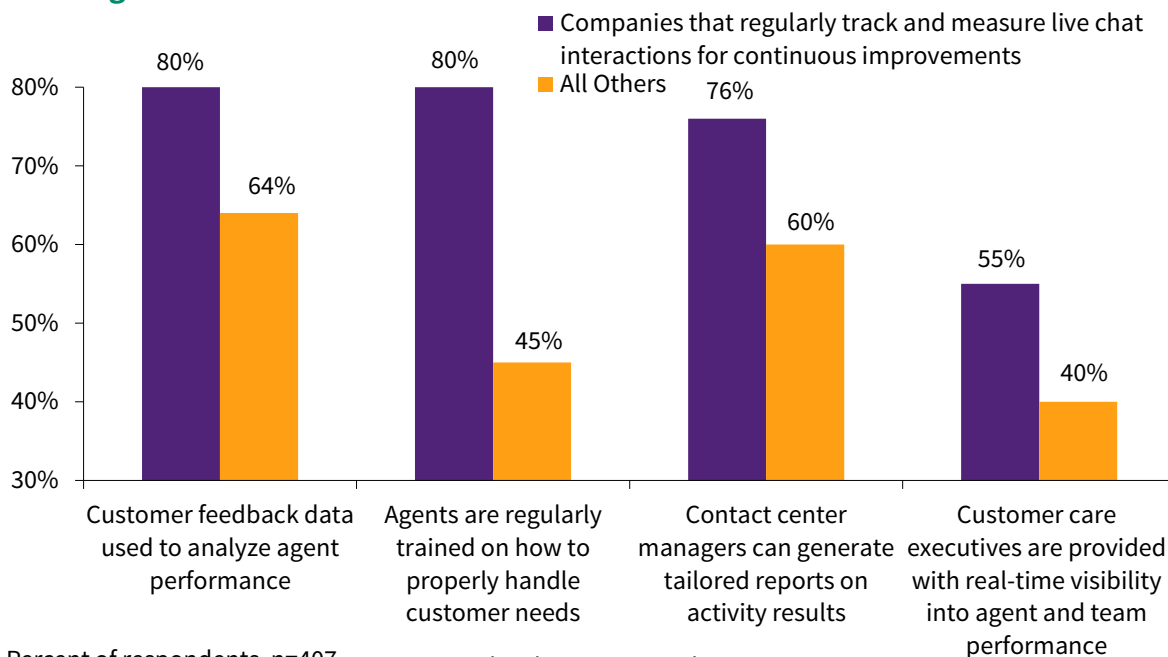
How to Make Live Chat the Gift that Keeps on Giving

The most successful live chat users excel in tracking, measuring and managing their performance results. Figure 3 on the next page shows several activities they use to execute on those activities. Performance management is a key attribute across all

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the activities depicted below. Specifically, savvy chat-enabled businesses are 26% more likely than their less canny counterparts to use tailored reports that help customer care executives gauge agent performance in addressing customer needs as well as identify the most relevant content to use in chat sessions (76% vs. 60%). It's important to note that the ability to create tailored reports helps companies modify their analyses, and therefore, allows focusing on assessing the effectiveness of a wide variety of factors. For example, companies with this capability can not only track the performance of each agent against the key metrics, but also drill down into how the performance each agent varies by the type of conversations they have via chat sessions.

Figure 3: Savvy Businesses Empower Executives with Learnings from Live Chat Sessions



Percent of respondents, n=407

Source: Aberdeen Group, February 2015

Tracking and measuring live chat activity performance provides companies with a wealth of actionable insights. One of those is the ability to identify gaps in agent skills and knowledge. By

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Companies must complement the use of operational metrics with customer feedback to get a full view of agent performance when assessing live chat activity results. This will help ensure that live chat activities evolve with buyer needs and are vital in addressing them.

measuring agent performance against key performance indicators (KPIs), companies can identify areas where agents need coaching and training to perform as expected – an activity adopted 78% more widely by savvy live chat users, compared to All Others (80% vs. 45%).

Considering the crucial role live chat plays in managing buyer experiences, companies should complement their use of operational metrics such as average handle time and first contact resolution with customer feedback when gauging agent performances. By using the feedback data captured at the end of a chat session (or as a follow-up via an online survey, email or an automated phone call), live chat users have the ability to understand how each agent impacts customer experiences. The use of business intelligence tools then helps to determine hidden trends and correlations between agent activities and competency skills and customer satisfaction. The findings help customer care executives identify which agent skills and activities are correlated with customer satisfaction. Therefore, businesses with this capability are well-positioned to hire agents with the right skills, as well as ensure that agents build the right skills via coaching and training activities to ensure continuous success of live chat programs. Data shows that savvy live chat users are 25% more likely to use customer feedback to measure agent performance, compared to those who lack focus in their live chat programs (80% vs. 64%).

Another important performance management activity – supported by the aforementioned capabilities – is tracking the effectiveness of content used in chat sessions. Companies often provide contact center agents with canned messages that are pre-screened and pre-approved to use in customer care conversations. These messages are organized by the nature of issue, product, etc. and are available via the agent desktop. The

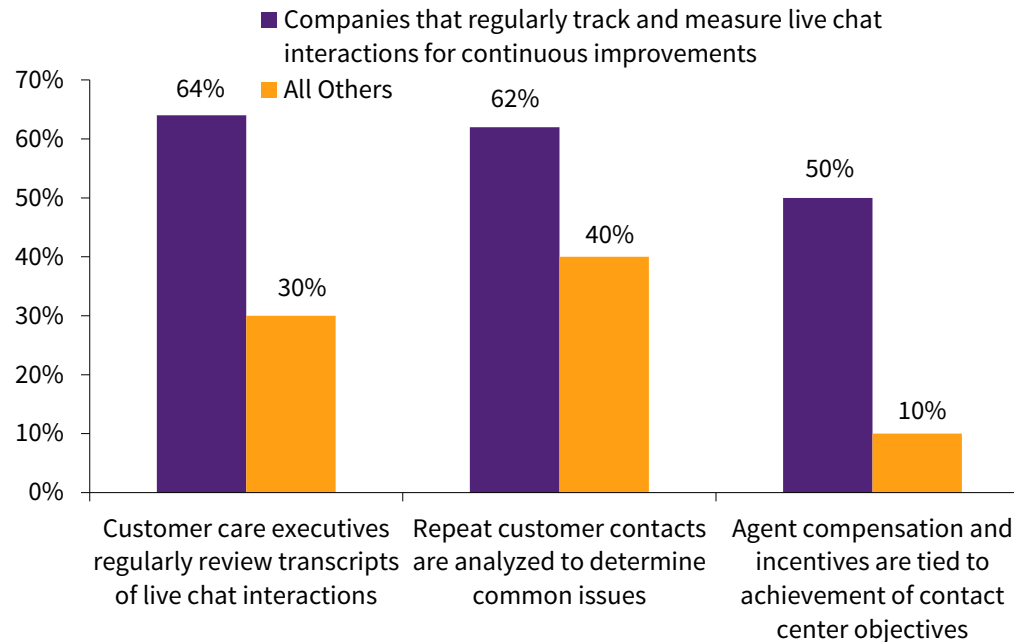
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use of tailored reporting and analytics helps savvy chat-enabled firms measure the effectiveness of each message in driving desired results. Companies with such focus on performance management also conduct A/B tests to understand which canned messages deliver better results as part of chat sessions.

It's critical to note that the performance management activities outlined thus far must be repeated regularly in order to understand if what worked yesterday is still working or if modifications need to be made to achieve desired outcomes. To this point, businesses with a formal performance management program for their live chat activities are 38% more likely than All Others to use real-time reporting and analytics (55% vs. 40%). This enables key decision makers in those businesses with more timely insights on areas of improvement, such as agent training, process changes or changing canned messages.

Figure 5 shows additional activities savvy live chat users utilize to gauge their performance and facilitate continuous improvements. Aligning agent rewards and compensation with attainment of KPIs is another way these high-performing organizations maximize live chat program results. This activity means establishing a formal program where the KPIs used to track live chat program results are also used as part of the incentives and / or compensation for agents. Therefore, before adopting this activity, it's critical that companies communicate expectations from agents clearly, and use performance monitoring and reporting tools to ensure transparency. An important benefit of this activity is helping firms retain top-tier agents by rewarding them for superior performance while coaching and training others to help them enjoy similar rewards.

Companies have a wealth of data they can readily use to improve live chat interactions; one of them is repeat customer contact. Use analytics to gauge your ability to address customer needs with a single (and brief) chat session.

Figure 5: Reward Employees Based on Live Chat Performance Gains

Percent of respondents, n=407

Source: Aberdeen Group, February 2015

Successful live chat users also regularly track repeat customer contact data. They gather this intelligence by analyzing data stored within the contextual routing system to identify customers contacting the business for the same issue or within a short amount of time. By using tailored reporting tools to isolate repeat customer contact data for live chat interactions companies are able to determine which live chat sessions, canned messages and agents are more likely to drive repeat contact. Adding unnecessary effort to clients is never good for business; therefore, organizations with this capability use the resulting findings to correct ineffective activities resulting in repeat contact and / or provide agents with necessary training. Live chat users focused on ensuring continuous improvements are 55% more likely than All Others to have this capability currently in place (62% vs. 40%).

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Recommendations

Companies are in constant pursuit to find ways to satisfy customers while reducing costs and growing revenue. Live chat helps firms accomplish all three of these key objectives. However, the ability to truly maximize these results hinges on organizations adopting a continuous improvement mantra.

Approximately one out of two live chat users doesn't have a continuous improvement program currently in place. In other words, these businesses are short-sighted in use of this key technology. Meanwhile, the other half of live chat users – the savvy ones – continue reducing costs, delighting buyers and driving incremental revenue. We recommend companies to adopt the following activities in order to convert live chat from a short-term beneficial program to a gift that keeps on giving in the form of superior performance in the long-run. If your business currently has a continuous improvement program in place to support your live chat activities, the below recommendations will allow you to nurture them effectively to ensure sustained superior performance.

➔ **Don't ignore the details; strive to improve existing processes to enhance productivity and reduce costs.**

On day one of deploying a live chat solution companies might not think about how rather routine activities such as agent training, forecasting volume of live chat interactions or use of canned message A vs. canned message B might impact their future success. Many firms deploy the technology in response to address customers' evolving channel preferences. However, savvier live chat users distinguish themselves by regularly tracking and measuring how even routine operational processes impact their success. They use supporting technology tools such as tailored reporting and analytics to identify

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areas of improvement and lay the foundation for continuous success which comes in the form of happy and loyal clients and long-term financial health.

- **Use live chat as a key enabler to help your customer care executives do their jobs.** Customer care executives are inundated with a wealth of information gathered across multiple touch-points. These insights go beyond shedding light on areas where agents need training or helping in A/B testing of canned messages. They also provide visibility into the changing buyer preferences and how they should be addressed. Savvy live chat users leverage technology tools such as tailored reporting tools as well as business intelligence and text analytics to reveal trends and correlations that influence customer satisfaction. If you're not already providing your executive team with such insights we highly recommend you to do so through utilizing analytical tools. By enhancing your customer care executive's visibility on buyer needs, you'll not only facilitate continuous performance improvements but also position your business as a trusted advisor of your clients – a necessity to survive and thrive in the era of empowered customers.

For more information on live chat or other contact center and customer experience management research topics, please visit <http://aberdeen.com/aberdeen/contact-center/CMAV/practice.aspx>.

Related Research

[*CEM Executive's Agenda 2015: Leading the Customer Journey to Success*](#); March 2015

[*Streamlining the Agent Experience Reduces Unnecessary Costs*](#); March 2014

[*Flash Forward: 2015 Customer Engagement Channels Adoption*](#); November 2014

[*Enterprise Social Collaboration in Customer Service: Better Teamwork Unlocks Customer Delight*](#); January 2014

[*Contact Center Workforce Optimization: Secrets to Unlock Agent Productivity & Performance*](#); May 2014

[*Advanced Case Management: Empower the Knowledge Worker*](#); October 2013

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