

Chatbots as Marketing Communication Tool

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Abstract

The paper presents the use of chatbots as a channel of marketing communication increasingly used by various organizations. The benefits and disadvantages of chatbots from the standpoints of both organizations and customers are revealed. Several platforms for building chatbots and the industries that will benefit the most from using them are mentioned. An overview of the chatbots developed in Romania from 2016 to present is exposed. At a very high pace of use, the chatbots market will grow, they will become more intelligent and they will be an integral part of our lives.

Keywords: chatbots, marketing communications

Introduction

The efficiency and effectiveness of marketing communication with customers and potential customers is a key success factor for companies. The ways companies communicate with their target markets has been evolving at a rapid pace especially with the rise of internet when a multitude of options became available, from e-mail, to social media, to mobile apps, to real-time messaging as online chats.

As a result of continuous development within the field of Artificial Intelligence (AI) and of the behavioral shift in how people use technology to communicate, in recent years the use of chatbots for marketing purposes has increased. Today, a multitude of companies develop their own chatbots to be closer to its customers. Integrating chatbots into marketing communication strategy



is no longer an isolated action, but a daily reality. Chatbots offer the desired content seek by customers connecting them with companies, brands, and information in real time and at affordable costs.

According to Kilens, 2019, some of the reasons why customers turn their attention to the use of chatbots are: companies' sites are hard to navigate; there are no service outside normal operating hours; poorly designed smartphone apps; the service is not accessible on mobile devices; it takes too long to find services; services feel impersonal.

The Use of Chatbots for Marketing Communication

Chatbots aim to revolutionize the interaction between the companies and the customers. Among the benefits an organization might record from using chatbots are the following: reducing costs (per year there are a reported 265 billion customer requests; organizations spend nearly \$1.3 trillion to service these requests; chatbots can help saving up to 30% of this); cost savings (the estimates show that by 2022 there will be \$8 billion in cost savings from the use of chatbot conversations); enhancing customers' interaction (by 2020, 85% of customers interactions will be handled without a human agent) (Abbas, 2019); boosting brand outlook; increasing peoples' satisfaction; improving performance; reaching new customers; gaining a deeper understanding of customers; support team collaboration (26% of organizations use AI chatbots and assistants for this purpose; across all company sizes, Microsoft Cortana is the most commonly used intelligent assistant in the workplace 49%; it is followed by Apple Siri (47%), 23% of organizations



are using Google Assistant, and 13% Amazon Alexa, while only 2 percent of organizations have custom-built AI chatbots) („Spiceworks”, 2018)

For customers on the other side, the benefits might be:

- 24 hours, seven days per week availability;
- instant and consistent answers without pressure: customers and prospects can face more stress and pressure while trying to find information, so unlike traditional online experiences, chatbots can solve customer problems more efficiently and effectively;
- programmability: chatbots can be used to automate common tasks such as arranging meetings, providing advanced search functionality;
- manage greater complexity and volume than humans: a study suggests that humans can only concentrate on 3-4 things at the same time; if humans try to manage more than this, errors are bound to happen; chatbots, on the other hand, can simultaneously have conversations with thousands of people; no matter what time of the day it is or how many people are contacting you, every single one of them will be answered instantly (Bergant, 2018);

- easy, friendly, and accessible communication;
- automate recurrent tasks: chatbots now help automate tasks which are done frequently and at the right time; employees can increase their value in an organization when they replace their repetitive tasks for analytics tasks; chatbots can easily do a lot of recurrent tasks such as respond to frequently asked questions, accept payments, bring a query result, create quotes, accept payments, help implement procedures, etc.; for example, there are numerous Slack bots which automate repetitive tasks; this helps customers save time and increase productivity.

Based on a survey conducted in the USA, Great Britain, Germany, France, Italy and Spain people aged 18 to 34 are twice as open to communicating with a chatbot as an assistant when shopping, compared to other age groups. The same source states that a quarter of respondents under the age of 34 are directly interested in a personal shopping chatbot („2019 Trends”, 2019).

However, not everyone is happy interacting to chatbots. As said by Garcia, 2018, the main criticisms from customers to chatbots are: prevent the connection with a human; offer too many unhelpful responses; redirecting to self-serve FAQs; recommend bad suggestions; waste of time with unnecessary pleasantries; take too long to respond.

Other criticisms about chatbots (Ghitulescu, 2019) are: not able to understand customers' requests; not have the ability to differentiate the specific nuances/variations of human dialogue; perform wrongly the given instructions; not understand various language accents.

As stated by „2019 Trends”, 2019, 58% of respondents from a survey believe that



chatbots are not as effective as expected. However, it is predicted that by 2020, 80% of enterprises will use chatbots.

As said by Knight, 2018, the industries that will benefit the most from chatbots are e-commerce in proportion of about 90%, insurance in approximately 80% expected, followed by healthcare with 75%, 65% in retail and 60% in hospitality industry.

It is expected that chatbots will redefine the customer service industry in which, the banks will profit the most. By 2022 banks can automate up to 90% of their customer interaction using chatbots. In the same time, traditional call centers are under huge threat („Chatbots”, 2017).

According to Kumar, 2018, the chatbot platforms for building a chatbot are classified in non-coding and coding. Among the platforms for building chatbots without



requiring writing codes are: that are equipped with basic and advanced resources to build a chatbot are:

- Chatfuel: it provides resources with a drag-and-drop features and targets Facebook Messenger and Telegram; there are estimated over 46 000 of chatbots using this platform, and the most famous being the ones for Adidas, MTV, Volkswagen, and British Airways.
- Botsify: with more than 40 000 chatbots, has drag-and-drop feature as well, and templates for travel, restaurant booking, etc.; it allows creating chatbots for Facebook Messenger, WhatsApp, and Instagram; Among the top clients using this platform are Shazam and Unicef NZ.
- KITT.AI: targeting Alexa, Facebook Messenger, Kik, Skype, Slack, Telegram, Twilio, the chatbots built on this platform can be easily integrated with web

and mobile apps; the platform provides a complete set of tools that can be utilized to build standalone chatbot for businesses; UPS is one example of company using this platform.

Chatbots Developed in Romania

This overview starts back in 2016 when was launched a chatbot for Facebook Messenger named MOOCBuddy (Figure 1), as a Massive Open Online Courses – MOOC recommender system (Holotescu, 2016). MOOCBuddy can assist anyone to discover news about MOOCs, individual learners to find MOOCs for their personal and professional development or can even help teachers who intend to integrate MOOCs in their courses. One of the main aims of the chatbot was to promote the Romanian MOOCs initiatives, which were stored in an updated database. Thus, the chatbot recommendations consist of items from this database and of links to specific searches in MOOCs directories such as MOOC List (mooc-list.com), Class Central (classcentral.com) or Open Education Europa (openeducationeropa.eu).

Mondly, a company from Brașov city, has launched in 2016 the first chatbot that teaches 33 languages (Figure 2). Apple named Mondly the best new app in Europe (Andriescu, 2016).

Developed in 2016 by ChatBot Romania, ChatBot.RO (See Figure 3), is a bilingual (Romanian and English) personal digital assistant for your everyday online interests: tell the weather in real-time; the currency rate (BNR official daily exchange); latest news from Hotnews.ro; top movies in Romania Box Office; top music on radio; latest books, and much more.

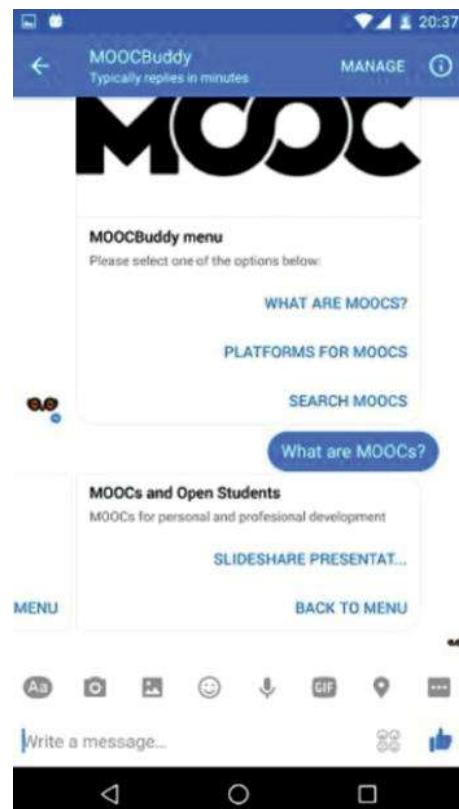


Figure 1 – Moocbuddy chatbot



Figure 2 – Mondly chatbot

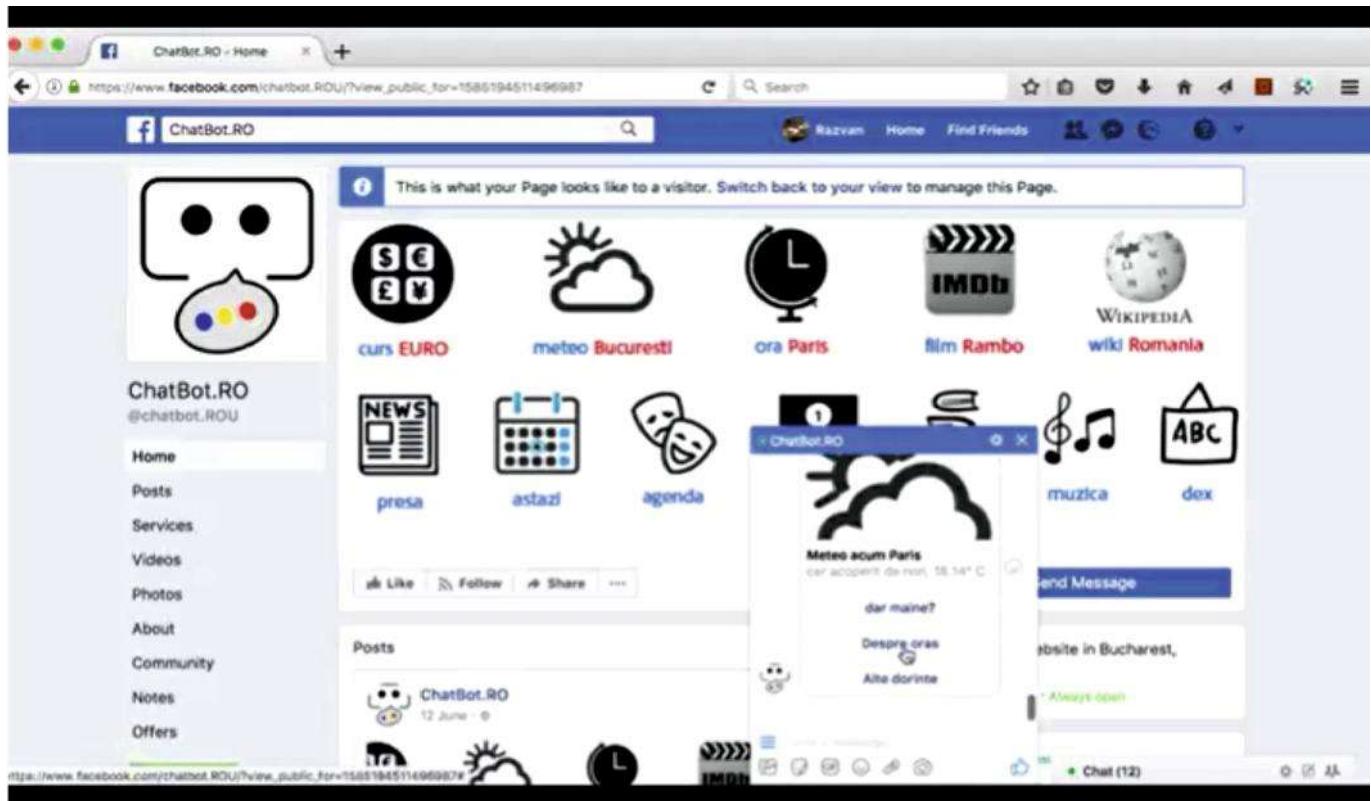


Figure 3 – Chatbot.ro

Transylvania high tech company developed in 2017 the Chatbot restart energy (Figure 4), that allows the user to get a

personalized offer for gas and electricity, based on his monthly consumption and location.



Figure 4 – Restart energy Chatbot

The same company developed in 2017 for Timișoara city, the RATT ChatBot for the local public transport company (Figure 5). The chatbot offers the timetable of public transport but also information

about the VeloTM station map, for checking the availability of the bicycles provided by Timisoara City Hall and the stations where the vehicles are at that time („Orarul RATT”, 2018).

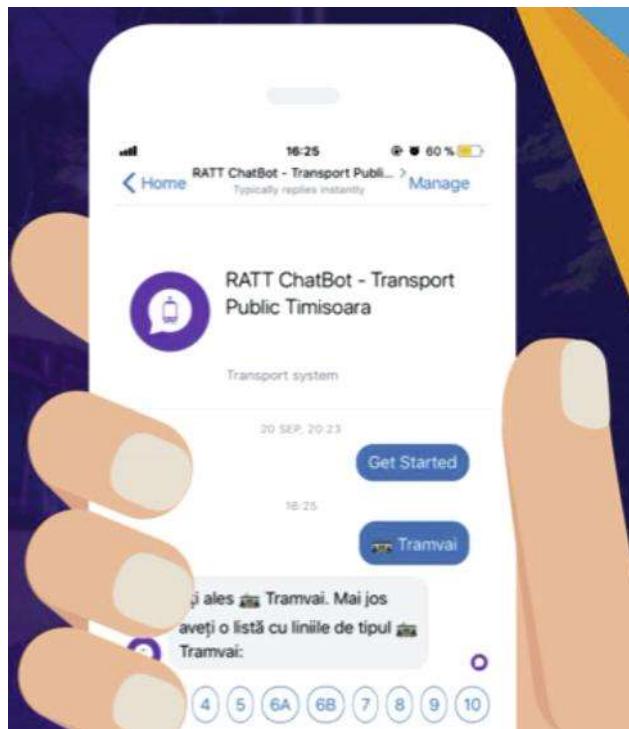


Figure 5 – RATT ChatBot

Also, in 2017, Vodafone Romania introduced its chatbot Future Chatbot (Figure 6) to respond to inquiries from various areas of interest.

As said by Săndulescu, 2018, in retail industry, the first chatbot was created by Centrade | Cheil for Carrefour Romania.

The chatbot was developed to have three functions: careers (open jobs opportunities), store (users' access to stores network), and complaints (sending customers messages directly to the stores managers). The application has been integrated into the Facebook Messenger platform.

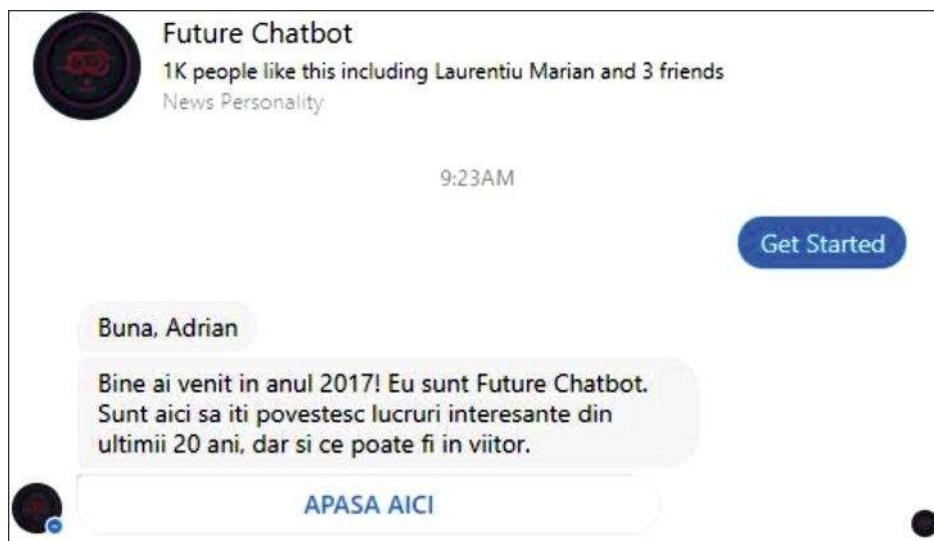


Figure 6 – Future chatbot

Orange Romania, the other GSM network giant operator, has installed in 2019 its chatbot called Djingo (Figure 7), as a personal assistant offering info about sub-

scriptions, contractual period, PUK code, etc., as well as doing reconnections, blockings and unlocks.

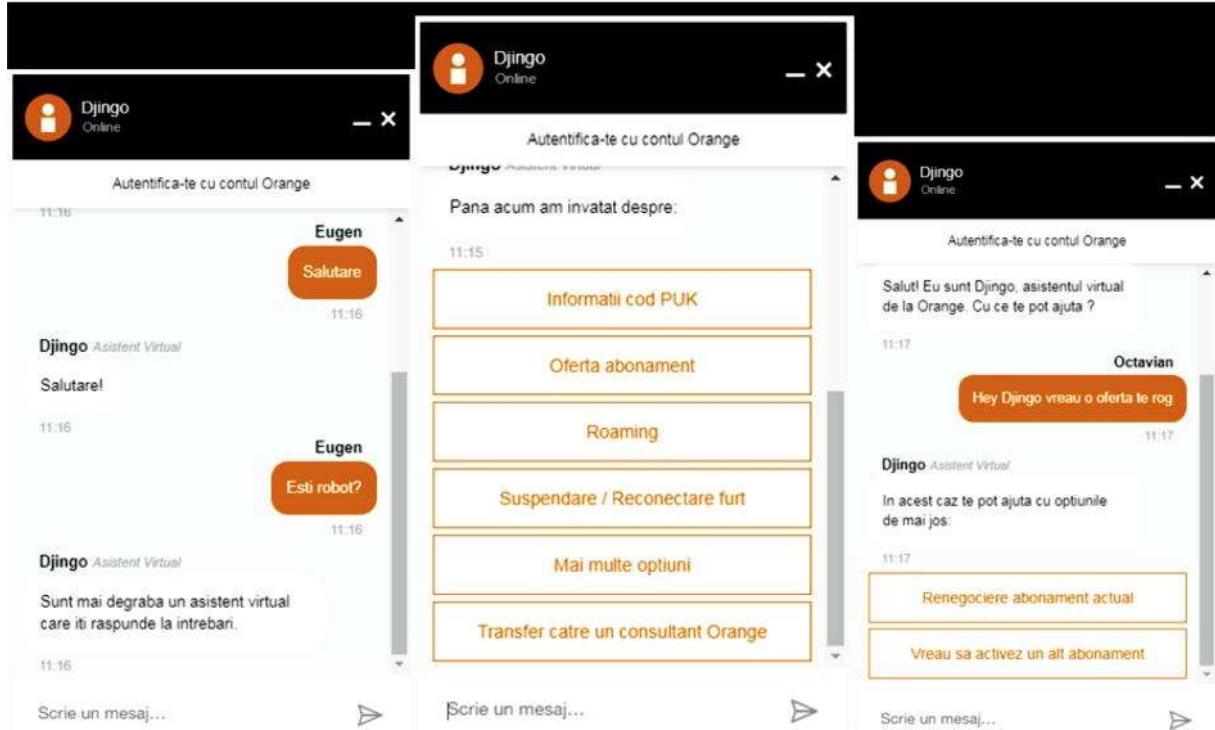


Figure 7 – Djingo Orange chatbot

Since 2018, in betting and gambling industry, Superbet company has iRina chatbot to communicate with their customers. The first legal travel chatbot in the world was created in Romania and it is called LAWra. It provides verified legal responses to any problems encountered during a trip abroad (Iureu, 2019). The first chatbot used in a restaurant is Alice which works for Hard Rock Cafe Bucharest offering info but also delivering music suggestions from the restaurant's playlist (Ghitulescu, 2018).

In Cluj city, the Central University Library implemented a chatbot called temporarily Librario (Figure 8), intended for customers to query library-specific information (Marc, 2018).

At Transilvania Bank there are three chatbots in place. The chatbot Livia (Figure 9) is assigned for communications with individual clients and is able to offer consumer loans. Raul chatbot on the other hand, is used for online communication with business customers. And the third chatbot is Aida, which was created by the Druid start-up for the HR department of the bank („BT”, 2018). Aida is used by the 10 000 employees of the bank for obtaining various information about HR policy, diverse internal rules and regulations, promotions, certificates solicitations, submitting holidays requests, asking about days off and holidays, bonuses or deductions from salaries and many others (Niță, 2019).



Figure 8 – Librario chatbot

ROBOTUL LIVIA,
experiență nouă în comunicarea clienților
cu Banca Transilvania
prin Facebook Messenger și Skype

Robotul Livia ajută clienții BT, non-stop și gratuit, cu informații despre conturile curente, servicii și produse.

Cum se poate legătura cu robotul Livia:

f like la pagina Livia de la BT → Messenger → Start → Înregistrare → completare cu codul de identificare → completare cu codul de validare primit pe telefon → adresare întrebare în scris

S se adaugă Livia de la BT în lista de contacte → Start → Înregistrare → completare cu codul de identificare → completare cu codul de validare primit pe telefon → adresare întrebare în scris

Proiect unic în România

Figure 9 – Bank chatbot

Remaining in the bank industry, Libra Bank introduced the first chatbot with video capabilities, called Leya to sell banks'

products to customers (Figure 10) („Primul Chatbot”, 2018).



Figure 10 – Chatbot for consulting

In insurance industry, in 2019, the ASIROM company in cooperation with Druid company introduced the Cara chatbot, capable of issuing insurance policies (Ghitulescu, 2018).

Danfoss Romania, a company for engineering solution in cooling, heating, drives, emission monitoring, industrial automation,

fire safety, high pressure pumps, and many more, has developed its own chatbot that speaks in English called Danfoss Drive (Figure 11) to provide immediate customer support services for troubleshooting of drives products of the company („Faceti..Danfoss”, 2019).



Figure 11 – Danfoss drive chatbot

In University POLITEHNICA of Bucharest there is in the final stage of testing and making the appropriated improvements of a conversational chatbot ETIA to provide an effective solution for managing emotional states by addressing the idea of partial, sometimes total recovery of patients, by resorting to medical psychology (Butuc, 2019). Precisely, ETIA provides the user with a conversational framework and a number of functionalities aimed at:

- identification and diagnostics using Hospital Anxiety and Depression Scale (HADS) and Emotional Thermometer;
- treatment using Cognitive behavioral therapy (CBT) and Solution-focused brief therapy (SFBT);
- monitoring evolution through weekly generated reports illustrating the evolution or involution of emotional states, data taken over and analyzed on the basis of the conversational system.

Conclusion

Even though traditional communication prevails for now (consumers communications with businesses are 60% over telephone, 60% over email, 54% over website, and 38% online chat with a person) compared to 15% with chatbots, chatbot technology continues to improve, and the usage data highlights chatbots' growth potential (Markgraf, 2019). By 2021, 50% of companies will spend more on chatbots than on mobile apps (Panetta, 2017).

Chatbots will replace many repetitive activities that people are currently doing, benefiting from the advantages that unlike people, they do not tire, they do not forget, and they can increase their knowledge base very much and very quickly.

The chatbots have the potential to improve the online experiences of all people, regardless of age. Customers will become used to communicate with organizations via messaging apps, virtual assistants, and smart home devices. Being able to analyze information and take decisions on their own, chatbots will be an integral part of our lives. It is expected that chatbot technology will evolve drastically to provide an ease and convenience in human lives. By 2024 the global market size for chatbots is expected to reach 1.34 billion USD (Bhutani and Wadhwani, 2019).

Even if they are not very visible and vocal, the number of Romanian companies exploring the potential for the development of chatbots is much higher. And this is because not just the players from the domestic IT industry engage in this market, but also digital marketing and web development agencies, which offer basic solutions, easy to set up and use.

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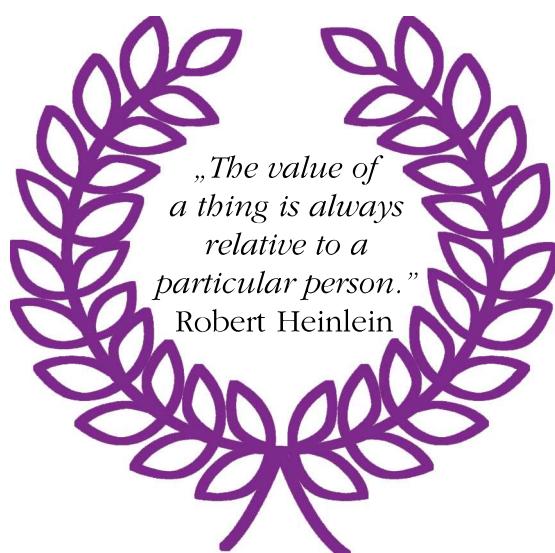
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