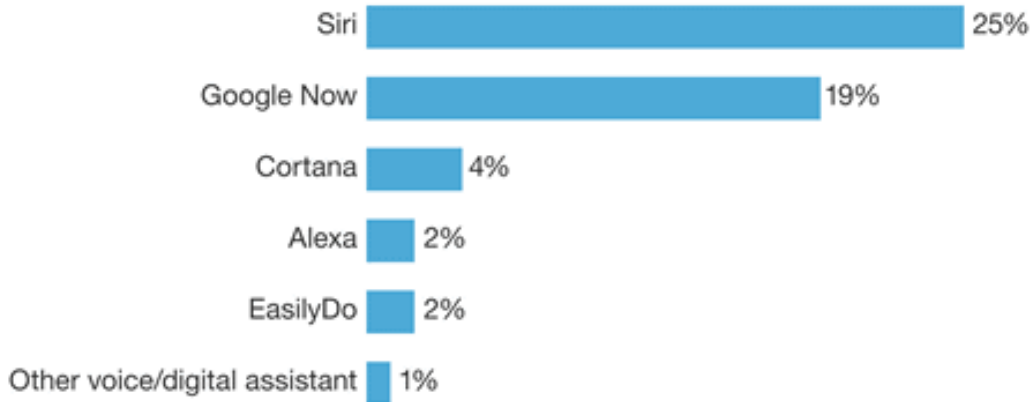# FORRESTER®

The rise of conversational commerce/ Re-think Customer Experience with Bots

Conversational commerce is gaining momentum

Intelligent agents have arrived and will increasingly broker brand relationships….

"Which of the following voice/digital assistants do you use on your devices?"

Assistant	Percentage
Siri	25%
Google Now	19%
Cortana	4%
Alexa	2%
EasilyDo	2%
Other voice/digital assistant	1%

Base: 3,516 US online adults (18+) who use a smartphone or tablet
(multiple responses accepted; not all responses shown)

Source: Forrester's North American Consumer Technographics® Consumer Technology Survey, 2015
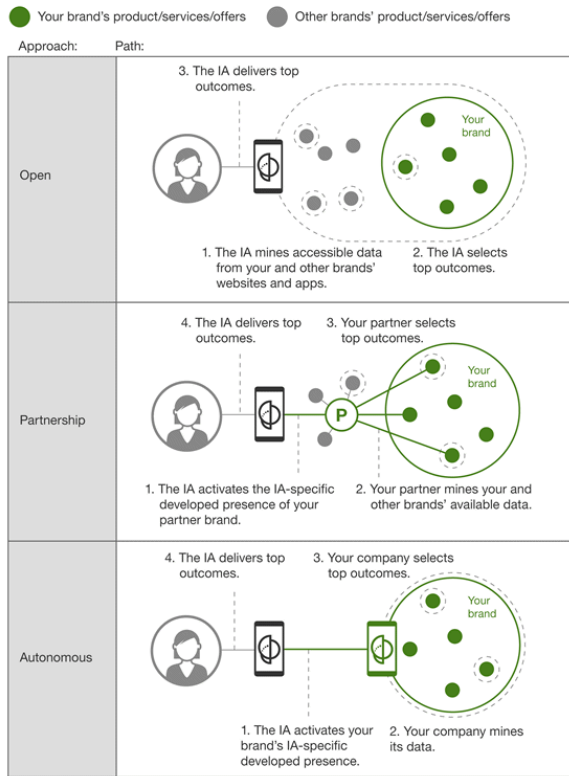
Source: Forrester

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Intelligent agents can bypass you, they can own all customer data, and they can steal loyalty
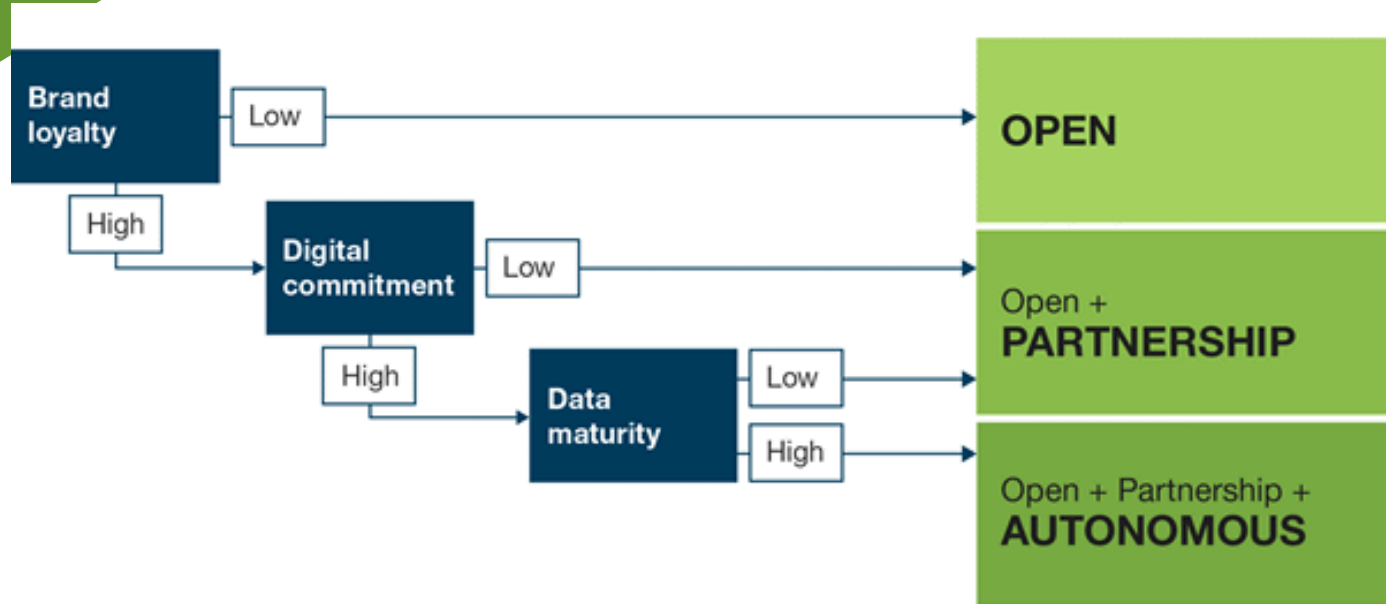
…Forcing you to act in one of three possible ways

Source: Forrester

…And how you choose to act depends on the nature of your brand and your strengths
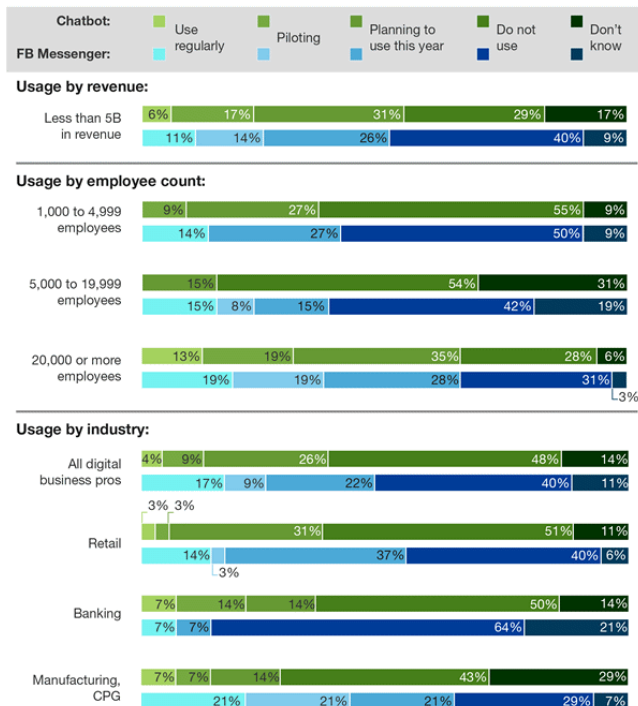

128047 Source: Forrester Research, Inc. Unauthorized reproduction, citation, or distribution prohibited.
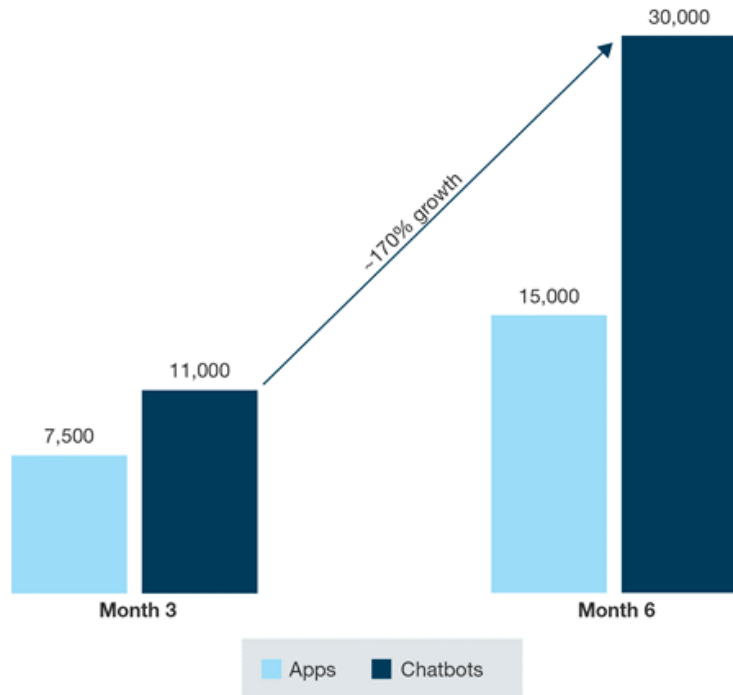
Source: Forrester

Also, the intelligent agent's cousins - chat bots - have definite momentum

"Which of the following mobile technologies does your company use or plan to use in the next 12 months?"

Chatbot: Use regularly | Piloting | Planning to use this year | Do not use | Don't know
FB Messenger: (color key)

Usage by revenue:

Less than 5B in revenue
Chatbot: 6% | 17% | 31% | 29% | 17%
FB Messenger: 11% | 14% | 26% | 40% | 9%

Usage by employee count:

1,000 to 4,999 employees
Chatbot: 9% | 27% | 55% | 9%
FB Messenger: 14% | 27% | 50% | 9%

5,000 to 19,999 employees
Chatbot: 15% | 54% | 31%
FB Messenger: 15% | 8% | 15% | 42% | 19%

20,000 or more employees
Chatbot: 13% | 19% | 35% | 28% | 6%
FB Messenger: 19% | 19% | 28% | 31% | 3%

Usage by industry:

All digital business pros
Chatbot: 4% | 9% | 26% | 48% | 14%
FB Messenger: 17% | 9% | 22% | 40% | 11%

Retail
Chatbot: 3% | 3% | 31% | 51% | 11%
FB Messenger: 14% | 37% | 40% | 6% | 3%

Banking
Chatbot: 7% | 14% | 14% | 50% | 14%
FB Messenger: 7% | 7% | 64% | 21%

Manufacturing, CPG
Chatbot: 7% | 7% | 14% | 43% | 29%
FB Messenger: 21% | 21% | 21% | 29% | 7%

Base: 215 global professionals from Forrester's Marketing and Strategy Research Panel
Source: Forrester's H2 2016 Global Mobile Executive Online Survey

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Source: Forrester

Chat bots are actually growing faster than apps did at the same stage of evolution

Source: Citigroup

~170% growth

30,000

15,000

11,000

7,500

Month 3

Month 6

Apps | Chatbots

137221

Source: Forrester

Understand what chatbots are good at…

…And what they are not good at

› The answer is not in the repository – the answer must be constructed

› The question is deeply contextual, with multiple conditions unique to the users

› Chat bots really work as a layer atop a FAQ, and when there are many ways of asking the same question

Source: Forrester

In addition, chatbots must be done for the right reasons

› "Let's explore the new and shiny" – often under the aegis of the chief innovation officer or the chief digital officer - is the wrong way of embarking on the conversational commerce journey

› The initiative must begin with a real problem affecting real customers

Source: Forrester

Replicating the in-store assistant-led guidance on the web is a right use case

› When the choice is more complex than "red jacket or blue jacket" customers often abandon the purchase

› Prospects often abandon the insurance form when faced with imponderables such as: what would be the marital status when divorce proceedings are currently underway, or if the prospect is gay, and unsure of legality of gay marriage in their jurisdiction
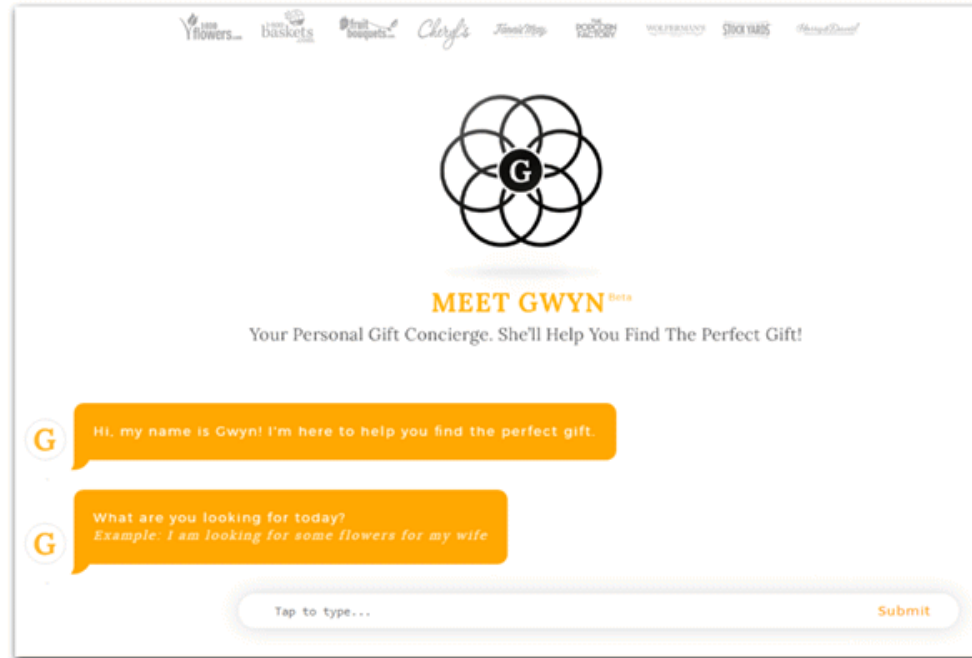
Source: Forrester

The right way: North Face replicates the nuanced in-store conversation about outdoor gear

Source: The North Face website

Source: Forrester

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The right way: 1-800 Flowers.com solves the infinitely nuanced gifting problem

Source: 1800flowers.com website

Success at conversational commerce is not merely about tech

"**It was glorious.** Angels sung on high"

- Lucas Hinch

Image source: The smoking gun

Record ID	21312
Incident Date	April 20, 2015
Time	6:55:00 PM
Division	Gold Hill -- Shift II
Title	Arrest
Location	2200 block of W Colorado Av in the alley
Summary	Man Kills His Computer
	Officers responded to shots fired in the alley of 2200 W Colorado Av. Investigation revealed a resident was fed up with fighting his computer for the last several months. He took the computer into the back alley and fired 8 shots into the computer with a handgun, effectively disabling it.
	He was cited for discharging a firearm within city limits.
Adults Arrested	Lucas Hinch (37 years old)

Source: Aleksander Chan, "Man Shoots His Piece of Shit Computer Eight Times in a Back Alley," Gawker, April 22, 2015 (http://gawker.com/man-shoots-his-piece-of-shit-computer-eight-times-in-a-1699475422)

Our interaction with machines and computers is social

80% of owners name their Roomba

We even lie to our laptops, lest they feel bad!

At the slightest hint, we anthropomorphize technology…

Chatbots aren't giving hints… They're talking to us!

The Dilemma

› We invest emotions in AI/chatbots at the drop of a hat

Chatbots aren't yet sophisticated enough to fulfill their side of such a relationship

Source: Richard Yonck, *Heart of the Machine: Our Future in a World of Artificial Emotional Intelligence*, Arcade Publishing, 2017

"if the bot doesn't show emotion… …the conversations tend to end pretty quickly"

–Ying Wang, Microsoft's Principal Group Program Manager for AI

Source: Fast Company (www.fastcompany.com/3066958/microsoft-bots-less-talk-more-action)

Recommendations

Recommendations [1]

Being proactive with intelligent agents and staying ahead of the curve is the only way to preempt losing the relationship to a third party or a competitor – you need an Alexa strategy right now

The priority right now needn't be commerce, but understanding intelligent agent moments, and the underlying tech

Recommendations [2]

Recognize the limitations of chat bots – use cases must be narrowly defined, and segues into human agent-driven conversations should be built into the workflow

Remember chat bots are a customer experience channel and should therefore reinforce your brand – chat bots must therefore have a personality (and cannot be merely transactional)

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Thank you

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