3rd Annual

THE EFFECTIVENESS OF LIVE CHAT TECHNOLOGY

A SURVEY OF INTERNET SHOPPERS 2011

WITH FOREWORD & ADDITIONAL ANALYSIS PROVIDED BY the e-tailing group

FOREWORD: LIVE CHAT--FROM CYNIC TO CONVERT
By Lauren Freedman

When Bold Software first approached me about working with them on a few in-depth projects about live chat, I must admit my skepticism and cynicism was in full bloom. While here at the e-tailing group, we've tracked live chat penetration across the merchant community for nearly a decade, I wondered if this one technology had enough breadth or depth across categories and verticals to warrant the detailed explorations Bold Software proposed. With my initial focus centered on understanding the myths of live chat, I began to talk with retailers using the technology, and those with hesitations. I quickly became a convert. The central reason for my "aha" moment was the fact that retailers I interviewed had clearly identified that a distinct segment of their customer base *preferred* to communicate via live chat. This theme, in fact, became core to all of our future work together, and is the nucleus of this report.

> *I believe we are at the cusp of live chat's importance where a range of marketers are now seeing its full potential. Positive consumer experiences and revenue-generating performance results will once again be the impetus to enhanced utilization and here strategic planning and smart execution are certain to deliver. My own cynicism has faded and I too have fully embraced its potential recommending all retailers evaluate the tool for their own brand and customer base.*

At the e-tailing group we serve two masters, the customer and the retailer. Both of these have been addressed in our work with Bold Software. We believe the customer, is most important and that's why we continually monitor their behavior and purchasing patterns, especially the effects that technologies can impart. Like many features and functionality, the consumers' perception alters over time and live chat, including the practice of inviting visitors to chat (proactive chat), both fall squarely into this camp.

There are two results in this research report to which retailers should pay careful attention, particularly if they haven't yet deployed chat for their business. Adoption is on the rise generally, and there is a significant population of website visitors who prefer live chat as a contact method, confirming my earlier discovery. It's only been a short time that consumers have truly been able to take advantage of live chat and to see that it is almost equal in preference to the telephone is exciting and transformative. The reason for its success certainly begins with greater deployment in the merchant community but more importantly with the positive experiences it delivers to shoppers.

As you will see, live chat excels at both problem solving and providing product information, the bane of most shoppers' existence, and for information-centric categories such as technology, sporting goods and many others it's even more essential. Shoppers rely on it for everything from questions prior to purchase, errors in the checkout process, and post-order follow-up.

Knowing that appeal to the time-starved, cross-channel shopper was critical, one of my favorite questions in the research was centered on why live chat was a preferred communication method for some. From "getting questions

immediately answered" (78%) to live chat being "the most efficient method of communication" (53%) and fostering one's ability "to multi-task when using live chat" (45%), all roads return to customer efficiency. Some consumers, like me, cautiously tip-toe into the latest in technologies, but once they are comfortable and have seen chat's inherent efficiency they never look back, moving from fair-weathered fan to full-on fanatic.
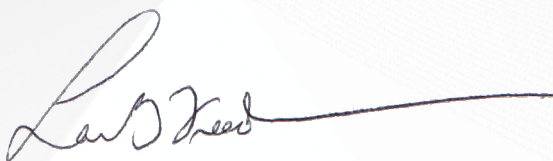
We know, from our own consulting practice and research with merchants that the retailer is always in prioritization mode, looking to select from an ever-growing list of ecommerce demands. As most take an ROI-centric view of their choices they will be excited by this report as they learn more about live chat's level of consumer interest and the greater purchasing power seen particularly in categories where shoppers spend significant time researching prior to pulling the purchase trigger. 28% of respondents report that if a website offers the option to engage in a live chat they would more likely purchase, with even greater bottom-line impact (41%) seen in more complex product categories. Strategic deployment of live chat today means making it available beyond a handful of categories or singular shopping cart deployments as customers are expecting its presence in many more locations.

Proactive chat is also beginning to hit its stride and encompasses the second component of this paper's research. When deployed correctly proactive chat does not cause shoppers to abandon sites and can effectively support both pre and post-shopping needs. Execution here too is important knowing that timing is of the essence when taking advantage of this powerful tool.

I believe we are at the cusp of live chat's importance where a range of marketers are now seeing its full potential. Positive consumer experiences and revenue-generating performance results will once again be the impetus to enhanced utilization and here strategic planning and smart execution are certain to deliver. My own cynicism has faded and I too have fully embraced its potential recommending all retailers evaluate the tool for their own brand and customer base.

I congratulate Bold Software on their latest round of research and their diligence in monitoring the industry from multiple perspectives and thank them for the privilege of participation.

Happy Chatting!

Lauren Freedman
President, the e-tailing group, inc.

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INTRODUCTION TO THE 2011 EDITION

In its third year, this <u>Effectiveness of Live Chat Technology</u> report set out to accomplish many of the goals of both the original report published in 2009 and its sequel a year later. By surveying regular Internet shoppers we hoped to learn:

• Does live chat technology influence purchase intent?
• How effective (or annoying) is one particular live chat feature – proactive invitations?
• What kind of best practices can be gleaned and introduced from understanding the shopper's perspective about the technology?

Standing upon the considerable knowledge afforded us by the two previous efforts, this year's research also aimed to:

• Specifically identify what percentage of the online shopping population prefers live chat to any other communication method, why and when they prefer it, and - if the population is big enough - to understand its demographic/psychographic profile.
• To further understand shoppers reactions and attitudes to proactive chat in an attempt to elicit implementation best practices for the technology.
• To re-investigate a discovery made in 2010 – the significant gap in attitudes about, and the likelihood to initiate a live chat session between chatters and non-chatters.
• To discover, from the shoppers perspective, what makes a chat session successful.
• To understand the behavioral and attitudinal differences with regard to live chat between American shoppers and those from the United Kingdom.

Besides the quantitative research agenda, this report itself also had two goals. First, we sought to create a document that could stand entirely on its own so that readers need not consider the antecedent reports as prerequisites. Finally, we wanted to validate the entire approach to this research by seeking third party expertise in both instrument design and data analysis. This explains why we engaged the e-tailing group. Their influence was significant and is described in detail in the Methodology section of this report.

CONCLUSIONS

In this third annual study of frequent online shoppers, the data generated from the 1,005 participant panel reveals important conclusions for Internet retailers.

#1: ONE IN FIVE WEBSITE SHOPPERS PREFER LIVE CHAT.

There is an identifiable and significantly sized population of Internet buyers that want – above any other communication method for any circumstance or situation – to engage in a live chat when communicating with an Internet retailer.

#2 THE POPULATION THAT PREFERS LIVE CHAT IS A HIGHLY DESIRABLE ONE.

Those that pick live chat as their overall communication method have a significantly higher positive attitude about the technology's presence on a website. These live chat fans are more likely to trust websites that have live chat and more likely to buy just because of its presence. Further, the live chat fan is aged 31-50, has considerably higher household income than average, is more likely to be college educated, and spends more money online per year than other groups of shoppers.

#3 RECEPTIVENESS TO PROACTIVE CHAT IS ON THE RISE, BUT CARE IN EXECUTION IS REQUIRED.

The majority of respondents are welcoming to being invited into a chat and even more so than last year. That said, a not insignificant number of survey takers did say that they've left websites because of poor invitation practices. Before deployment of a proactive invitation solution, firms should ensure they've chosen a technology which gives them enough control to alter key proactive triggers (like timing) and doesn't completely take over a web-page, forcing the visitor to stop what they are doing.

#4 BEST PRACTICES GENERALLY FALL INTO THREE CATEGORIES WITH THE "HUMAN FACTOR" OF CHAT AT THE TOP.

Chatters confirmed what many merchants believe – the people taking the chats (particularly their knowledge and speed) are the key determinants of a successful chat. Not to be overlooked are several features which visitors say are also very important – the ability for their browser

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to be directed by an agent, full co-browsing capabilities, and judicious use of canned messages.

#5 SHOPPERS IN THE UK ARE SIMILAR AND DIFFERENT FROM THEIR US COUNTERPARTS WHEN IT COMES TO LIVE CHAT.

While UK respondents agree with US shoppers on what makes a live chat session successful, and generally have a positive attitude toward the technology, they are less enthusiastic. Another way of saying this is that the UK has half as many live chat fans as the US does. This poses an interesting opportunity for firms doing business in the UK and wanting to engage with on-site visitors in sales related situations.

We now turn to a complete investigation of the research which supports these findings.

METHODOLOGY

Before fielding the survey, we entered into a consulting arrangement with the e-tailing group so that they could provide a fresh perspective on the questions, the possible responses, the overall survey design, the goals of the project, and the fielding methodology. This proved invaluable for countless reasons, and is responsible, almost entirely, for the most significant set of findings in this report.

The e-tailing group Effect

In the two previous reports, we sought to discover the profile of 'chatters' –those that had previously interacted with an Internet retailer via live chat. We accomplished this by segmenting the population of survey takers into those that had, and those that had not ever engaged with an etailer in a keyboard-based conversation. The findings were both enlightening and useful but not nearly as dramatic as those we discovered herein by simply identifying the population of people who prefer live chat as the communication method they want to use when contacting an online merchant. This finding was the result of the e-tailing group's sage advice to, "… just ask them how they prefer to communicate right up front." And so we did.

Sample and Survey Instrument

The study was conducted entirely online using a third party opt-in panel, 75% of which were located in the United States and 25% in the United Kingdom (UK). Those surveyed (often referred to as "entire sample", "entire universe", "respondent universe", "population", or other derivatives of these terms) was a total of 1,005 people.

The survey took, on average, 10 to 15 minutes to complete and included a branch and several triggers in order to ask different follow-up questions to those respondents who chose live chat as their preferred communication method, had left a website because they were proactively invited, or reported never having engaged in a live chat with an online retailer.

As "Live Chat" is a term that is often confused with instant messaging platforms and/or public chat rooms, the survey included the following prompt:

> *In this next question and in several other questions in this survey, you will see the term, "Live Chat". Live Chat, in this context, is a one-on-one keyboard based conversation between yourself and a website's representative. Instant messaging services like "Yahoo Messenger" and "Skype" are NOT the type of live chat technology to which this survey refers.*

A visual prompt, shown below, was also included to clarify what is meant by proactive chat invitations:
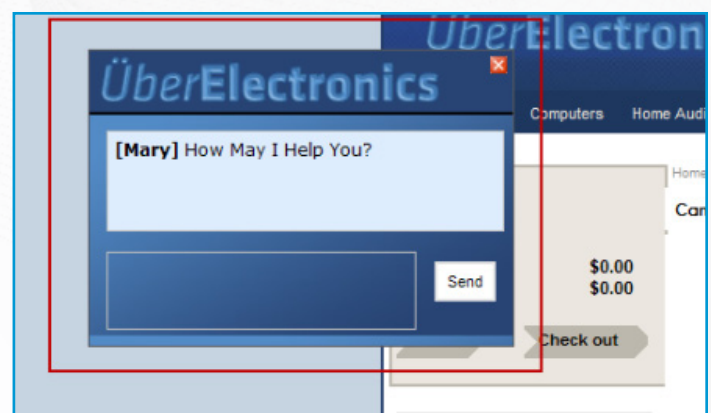

Figure 1: Proactive Chat Visual Prompt

This edition of the instrument included several screening questions in order to validate shopping frequency,

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country of residence, and annual shopping expenditure. Respondents who indicated that they lived in the US or UK, and met the following strict criteria were allowed to participate:

- spent in excess of $250 USD per year online
- shopped "several times a year" or "very frequently throughout the year"

Respondents were required to answer all questions completely in order for the results to be counted among those reported here.

DETAILED ANALYSIS

The remainder of this document concerns itself with a thorough analysis of the entire survey, each part individually, relevant comparisons to previous reports, some intriguing intersections between data segments, and information filtered through the lens of country of residence.

Demographics & Internet Shopping Habits

In the two reports prior to this one, we profiled 'chatters' – those who've had a live chat engagement with a retailer – in order to better understand the community of website visitors who would be likely to chat with an online merchant. We wanted to provide guidance around the desirability of this population both demographically and behaviorally. This year, thanks to input from the e-tailing group, the data draws a brighter line for retailers.

In an early 2011 qualitative report sponsored by Bold Software and authored by Lauren Freedman[1] – President of the e-tailing group, merchants revealed that they believed there was a significant population of website visitors for whom live chat was their preferred communication method. So, rather than try to back in to a profile of likely chatters, this year's report simply asked respondents to indicate their preferred communication paradigm. The group that chose live chat (18% of the entire sample, 20% of the US sample) was then directly profiled in hopes of knowing if these customers were a distinct population segment.

The 'Prefer Live Chat' Group

This analysis is important because the profile of a chatter is becoming increasingly similar to the entire population. This makes sense as the penetration of live chat technology itself is on the rise. We can see however that the website visitor who *prefers live chat as the way* to communicate while shopping is different in several respects.

		Entire Sample	Prefer Live Chat	Chatters
Gender	Men	52%	**59%**	53%
	Women	48%	**41%**	47%
House-hold Income	Less than $50k	54%	**38%**	48%
	Greater than $50k	46%	**62%**	52%
Age		19%	20%	20%
	31-40	31% / 53%	38% / 65%	33% / 54%
	41-50	21%	27%	21%
	51-60	15% / 28%	10% / 16%	14% / 26%
	60+	13%	6%	13%

		Entire Sample	Prefer Live Chat	Chatters
Education	Some College or Less	47%	**37%**	41%
	College or Greater	53%	**63%**	59%
Shopping Frequency	Daily	5% / 27%	7% / 36%	6% / 29%
	Weekly	22%	29%	23%
Annual Online Expenditure	Under $1,000	66%	**60%**	62%
	Over $1,000	34%	**40%**	38%

Those preferring chat are statistically less likely to fall within this grouping.

Those preferring chat are statistically more likely to fall within this grouping.

This analysis shows that those who prefer live chat as a primary communication method with an Internet retailer are more likely than other website shoppers to:

1. Ante-Up: Live Chat a 'Must-Have' for Retailers, Lauren Freedman, 2011

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- be men
- have $50K or more in household income
- be aged 31 to 50
- be college educated
- shop daily or weekly
- spend more online each year

Live Chat Technology

This section of the report explores the respondents' reactions to live chat technology in general. We inquire of the group that prefers live chat why they choose this communication method above all others, then explore the situations under which the entire population might prefer chat, the general attitudes toward the technology, the effect of live chat on purchase intent, and lastly the actual usage experiences of the respondent pool.

Why is Live Chat Preferred?

Eighteen percent of total respondents indicated that live chat was their preferred method of communication with an online merchant. While most readers might assume that 'placing a phone call' would have been the leader, that is an incorrect assumption. In reality, chat and phone were very similarly ranked while email was the standout winner – especially for respondents residing in the UK.

Preferred Communication Method

ALL
18%
20%
63%

USA
20%
22%
58%

UK
10%
13%
77%

Figure 3: Preferred Communication Method Overall

Email   Phone   Live Chat

Reasons for Live Chat Preferrence

Reason	Percentage
I get my questions answered immediately	77%
It's the most efficient communication method	52%
Because I can multi-task	43%
Once I used live chat I realized how well it works	40%
Better information than if I emailed	34%
I don't like talking on the phone	26%
Because I'm in control of the conversation	26%
Because I can chat while I'm at work	19%
Better information than if I called	13%

Figure 4: Reasons for Choosing Live Chat as Preferred Method

0%   10%   20%   30%   40%   50%   60%   70%   80%

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For the group of respondents who have engaged in a live chat before, they were more than 50% more likely to pick live chat as their preferred communication method overall and it outranked placing a phone call.

For those that did choose live chat, we then asked them why this was their preferred method of communication. While there are some interesting responses to this question, it is clear that efficiency and speed are the main reasons: (*see figure 4*)

Situational Live Chat Preference
How does someone come to choose live chat as their de-facto method of communicating with a retailer? Of those responding thusly, 87% had engaged in a chat before. So, while this indicates that a preference for live chat is likely experiential, there exists some small portion of the Internet shopping population for whom the "idea" of live chat is appealing.

We asked the group at large to indicate their communication choice given a set of scenarios. The results – year over year – are interesting: (*see figure 5*)

The Internet shopping population as a whole has been consistent in some areas and vacillated in others. This year, live chat was the #1 choice for both shopping cart scenarios, but more interesting are the following two findings:

• Those that have chatted before picked "Live Chat" as their #1 choice across the board except for the scenario entitled, "To inquire about an order already placed."
• Those who chose live chat as their preferred communication method overall picked "live chat" for every scenario, and at a rate of between 2 to 7 times anything else. For example: live chat was chosen as #1 for the scenario regarding a checkout error by 86% of the 'live chat preferring' group. Second was dialing an 800# - chosen by only 11.9% of that population.

	2009 Entire Sample	2010 Entire Sample	2011 Entire Sample
Having Trouble finding item	1. Chat 2. Email 3. Phone	1. Email 2. Chat 3. Phone	1. Email **2. Live Chat** 3. Phone
To ask a general question about products and services	1. Email 2. Chat 3. Phone	1. Email 2. Phone 3. Chat	1. Email **2. Live Chat** 3. Phone
Experience an error during checkout	1. Chat 2. Phone 3. Email	1. Phone 2. Chat 3. Email	**1. Live Chat** 2. Phone 3. Email
Inquire about specials or sales	1. Email 2. Chat 3. Phone	1. Email 2. Chat 3. Phone	1. Email **2. Live Chat** 3. Phone
To ask about guarantees or return policies	1. Email 2. Chat 3. Phone	1. Email 2. Phone 3. Chat	1. Email **2. Live Chat** 3. Phone
To Inquire about an order you've already placed	1. Email 2. Phone 3. Chat	1. Email 2. Phone 3. Chat	1. Email 2. Phone **3. Live Chat**
To narrow down or compare products of interest	n/a	n/a	1.Email **2. Live Chat** 3. Phone
To inquire about promotional codes that can be used during checkout	n/a	n/a	**1. Live Chat** 2. Email 3. Phone

Figure 5: Situational Communication Choice

The Live Chat Preference Gap
One of the most significant findings from last year's edition of this report was the gap in reported behavior and attitudes regarding live chat between those that had chatted and those that had not. While this gap remains stable (and wide) in 2011, another – and more significant divide has been identified. It's again those that pick live chat as their overall communication method of choice, which exhibit a marked difference between themselves and non-chatters (those that have never engaged in a live chat session with an online merchant). Figures 6 and 7 are illustrative of this.

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Likelihood to Initiate a Live Chat Session (Percent that are Likely)
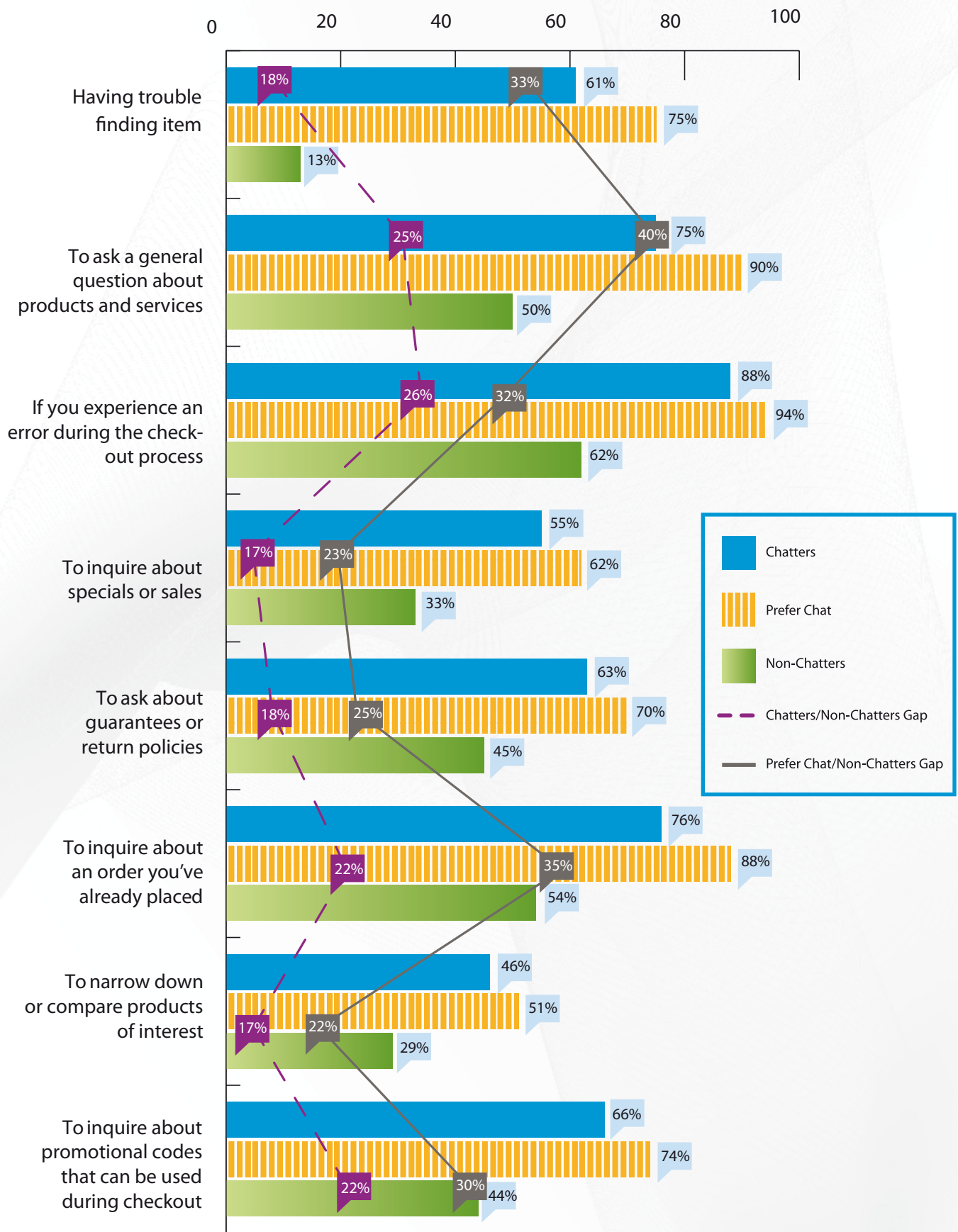
Figure 6: Gap Analysis - Live Chat Initiation

Having trouble finding item
- 18%
- 33%
- 61%
- 75%
- 13%

To ask a general question about products and services
- 25%
- 40%
- 75%
- 90%
- 50%

If you experience an error during the check-out process
- 26%
- 32%
- 88%
- 94%
- 62%

To inquire about specials or sales
- 17%
- 23%
- 55%
- 62%
- 33%

To ask about guarantees or return policies
- 18%
- 25%
- 63%
- 70%
- 45%

To inquire about an order you've already placed
- 22%
- 35%
- 76%
- 88%
- 54%

To narrow down or compare products of interest
- 17%
- 22%
- 46%
- 51%
- 29%

To inquire about promotional codes that can be used during checkout
- 22%
- 30%
- 66%
- 74%
- 44%

Legend:
- Chatters
- Prefer Chat
- Non-Chatters
- Chatters/Non-Chatters Gap
- Prefer Chat/Non-Chatters Gap

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Figure 7: Gap Analysis - Live Chat Attitudes

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While the fact that someone who chose live chat as their preferred communication method would choose to launch a live chat session under a variety of shopping circumstances or has a more positive attitude about the technology – as shown on the previous graphs – might not be surprising, there are two things worthy of note here.

> " *This means that those that have had a live chat are more positive than those that haven't, but not as much as those that consider it their defacto communication method while shopping.* "
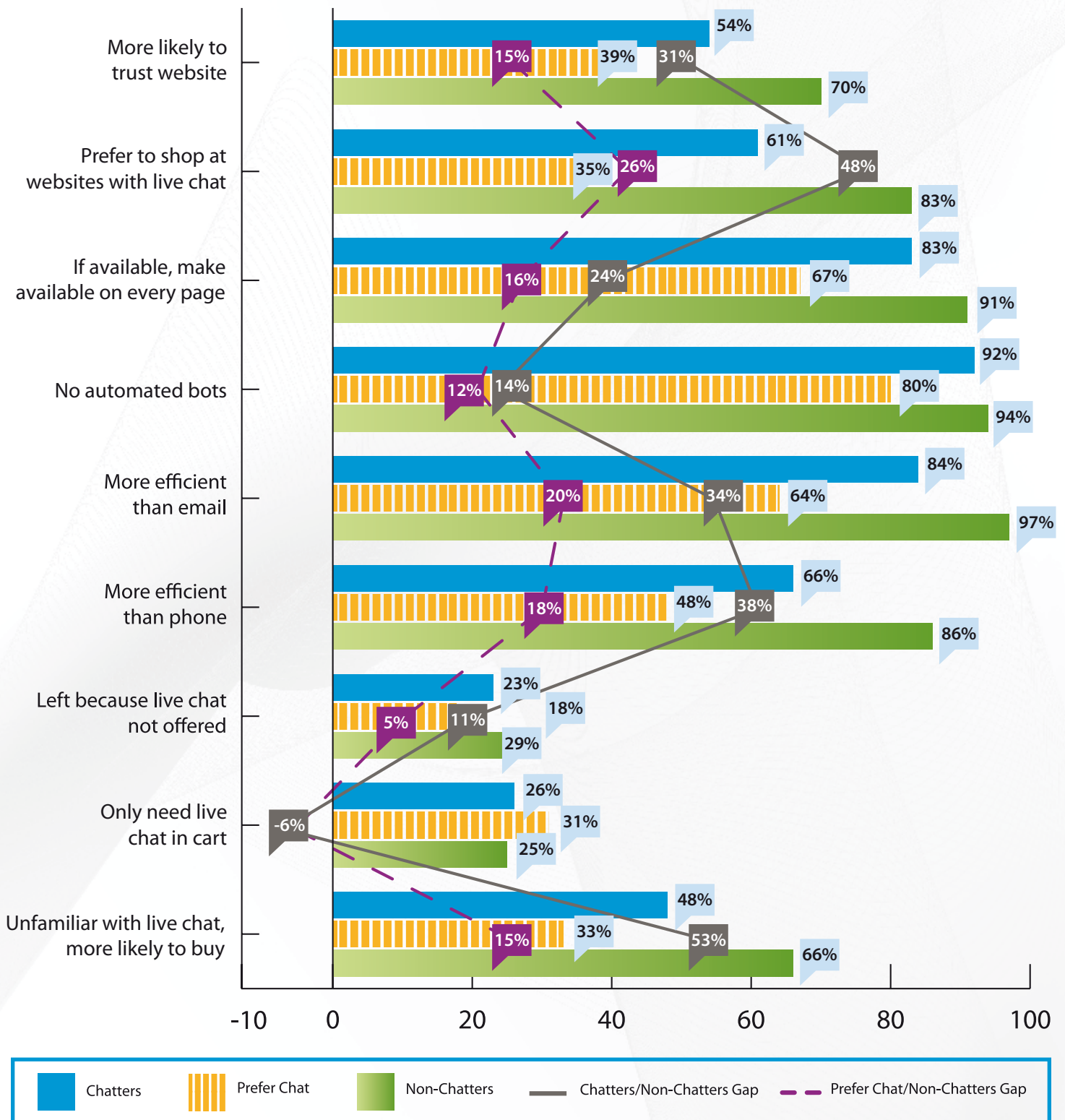
1. The distance between the 'live chat preferring' population and those that have never had a chat is extreme – up to a 48 percentage point difference. 83% of those preferring live chat, for example, agree that they would rather shop at sites that offer the technology vs. 35% of non-chatters.

2. The gap-to-gap distance between the 'live chat preferring' population and the 'chatting' population is also significant. For example, there is a 22 percentage point difference between them when it comes to their desire to shop at sites that include a live chat feature.

This means that those that have had a live chat are more positive than those that haven't, but not as much as those that consider it their de-facto communication method while shopping.

Finally, we see the same phenomenon on live chat's impact on purchase intent.

What impact does the presence of live chat have on your likelihood to purchase?
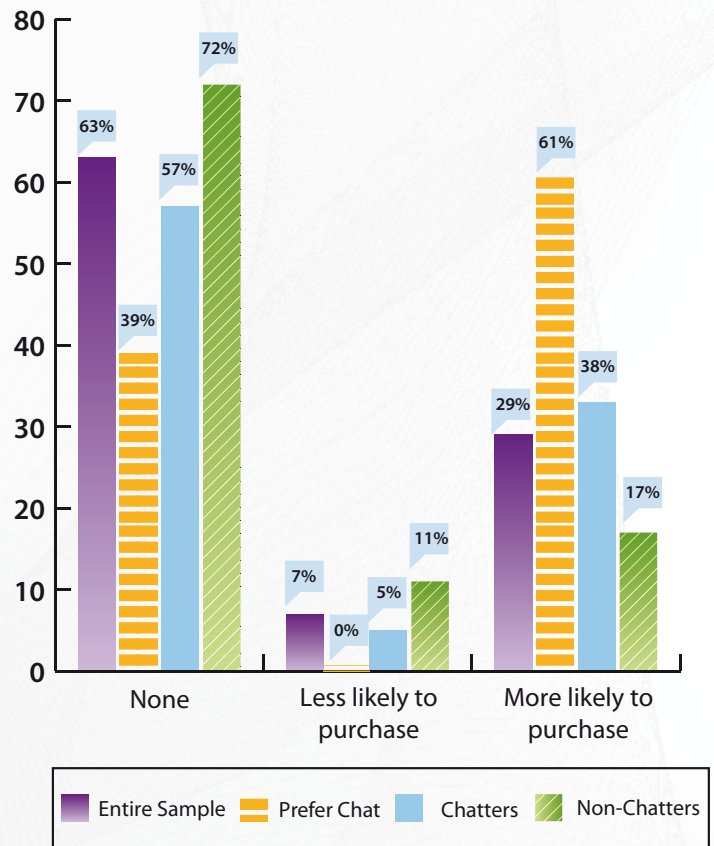
Figure 8: Live Chat's Influence on Purchase

Again, for the population of live chat fans, the very presence of the technology on a retailer's website is a far more powerful influence.

When asked how the presence of live chat on a website for more "complex" products (like home electronics, computers, etc..) the technology has more of an impact across the sample. Not surprisingly, the increase in effectiveness seen amongst the live chat preferring group isn't as pronounced indicating that this group prefers the technology on all websites – regardless of what they sell.

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What impact does the presence of live chat have on your likelihood to purchase? (Complex Products)
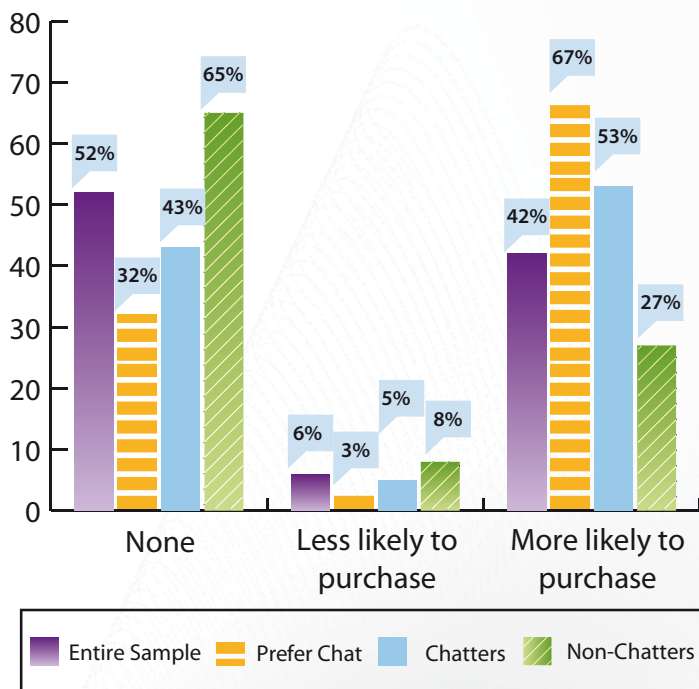

Legend: Entire Sample, Prefer Chat, Chatters, Non-Chatters

- None: 52%, 32%, 43%, 65%
- Less likely to purchase: 6%, 3%, 5%, 8%
- More likely to purchase: 42%, 67%, 53%, 27%

Figure 9: Live Chat's Influence on Purchase (Complex Products)

Proactive Invitation Receptiveness

- 2010: 52% (24% / 14% / 14%)
- 2011: 62% (29% / 15% / 18%)

Legend: 3, 4, 5
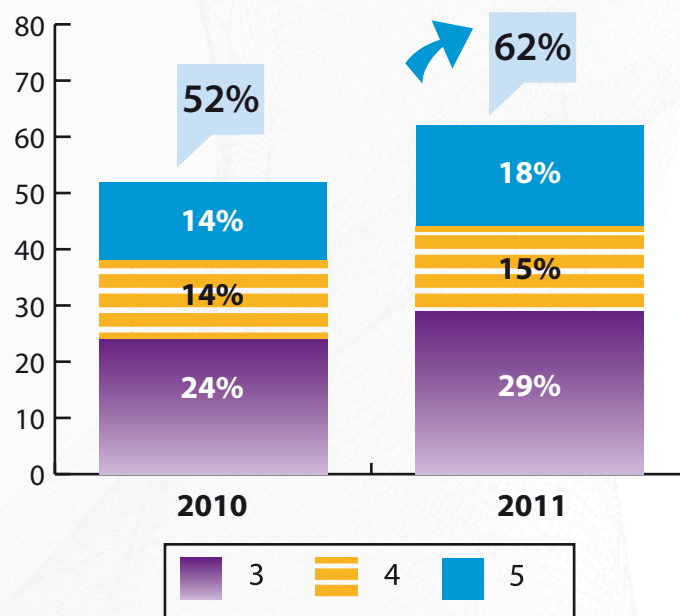
Figure 10: Proactive Chat Receptiveness

Among the 2011 universe, some groups were relatively more or less receptive than others:

Proactive Invitation Receptiveness 2011

- 2011: 62% (29% / 15% / 18%)
- Chatters: 67% (27% / 18% / 22%)
- Non-Chatters: 54% (31% / 11% / 13%)
- Prefer Chat: 72% (28% / 21% / 23%)

Legend: 3, 4, 5
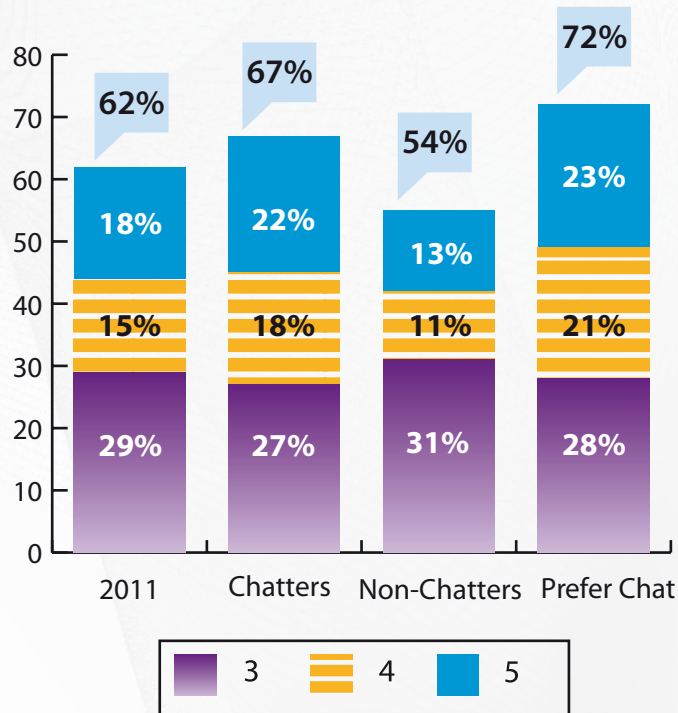
Figure 11: Proactive Chat Receptiveness, Sub-groups

Proactive Chat

Arguably the most talked about subject with regard to live chat technology, proactive chat is the automated or manual issuance of invitation images, forms, or other messages by a website in an attempt to engage a website visitor in a live chat interaction.

We asked respondents to rate their reaction to being proactively invited on a 1 to 5 scale where 1 was "annoyed" and 5 was "happy to know help is available". Year over year, shopper receptiveness to the practice is on the rise. From 2010, the overall increase in receptiveness is 20%.

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A common fear among many website owners is that proactively inviting visitors will so greatly annoy them that they will leave the site. We posed this question directly to the respondent pool of regular shoppers.

Ever left a website because of proactive invites?

The vast majority of website visitors do not appear to be negatively impacted by the implementation of proactive chat invitations. That said, ~20% do ind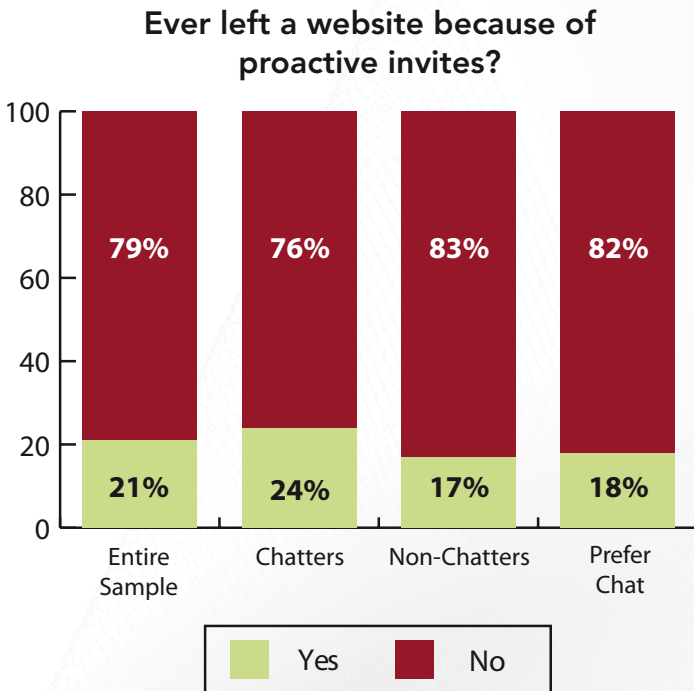icate that they have been so annoyed by it at least once that they've actually clicked away from a site. We asked why and discovered several important findings. (*see figure 13*)

The reasons given by the respondent pool all carry important subtext for online merchants:

- Proactive chat that "interferes" with a shopper are largely caused by certain types of invitation technology that – purposefully – force the visitor to acknowledge the invitation, either receptively or negatively, before the visitor can resume whatever it is they were doing before the invite appeared.
- Repeated invitations and those deployed after having already chattted are caused by a live chat software's inability to distinguish between an 'already invited/chatted visitor' or the failure of an administrator to take advantage of such a feature.

- 'Not being ready' is a function of inviting at the wrong time. Assuming the software can accommodate different time settings – which most can – this is really an implementation, testing, and reporting issue. While much of live chat is a science, understanding the timing around proactive invitations also includes an element of the artistic.
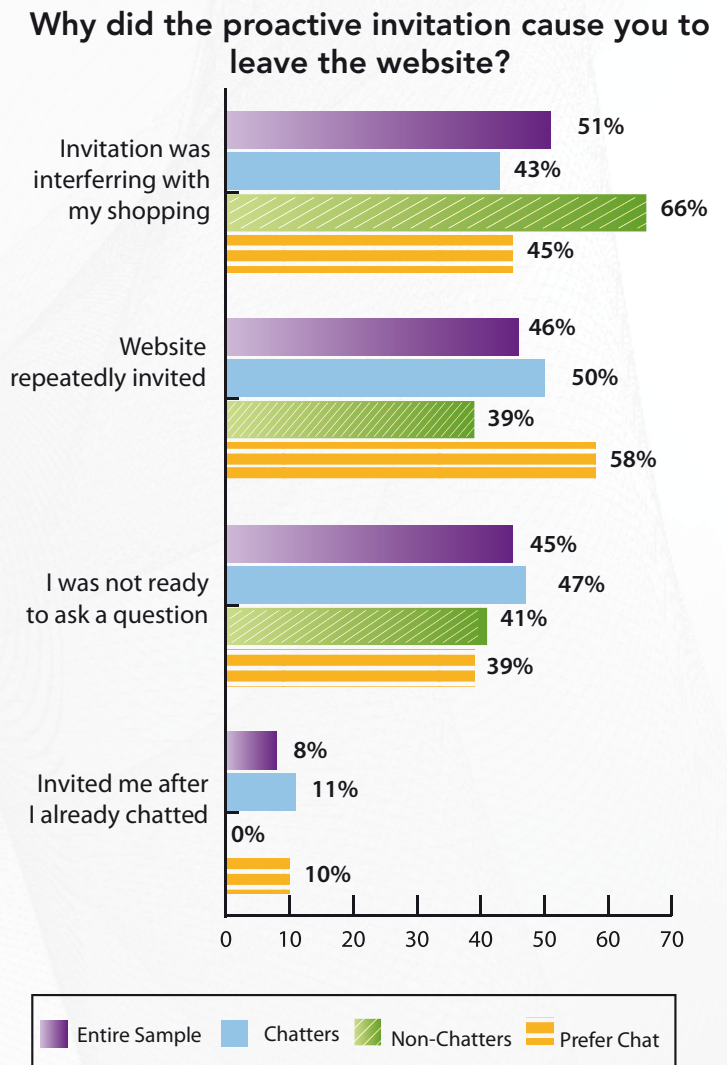
Why did the proactive invitation cause you to leave the website?

Figure 13 Reasons Proactive Drove Visitors Away

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Non-Chatters and Chatters

Since the first year of this research, the penetration of live chat technology has steadily risen as indicated by the respondent universe's experience with it.

Have You Ever Chatted? (Percent)

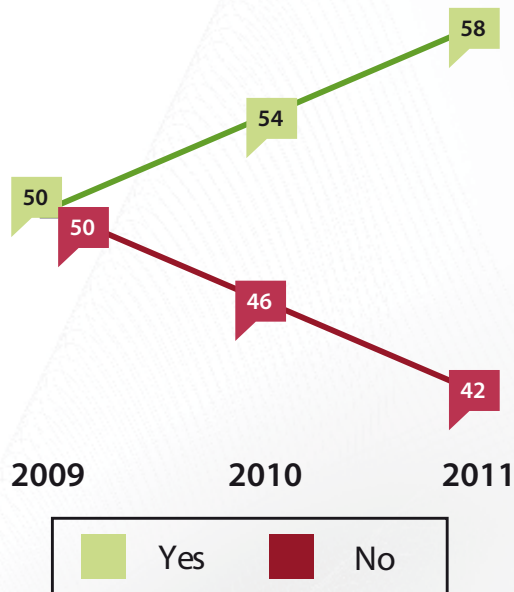|	2009	2010	2011
Yes	50	54	58
No	50	46	42

Figure 14: Rise of Live Chat Use

Non-Chatters

Despite this finding, however, the #1 reason why visitors have not engaged in a live chat session is because the sites they shop at don't offer it.

	2011 Entire Non Chatters Sample
None of the sites I shop at offer live chat	#1
I prefer to use email	#2
I prefer to use the phone	#3
It takes too long to chat	#4
I'm concerned about security issues	#5
I don't type fast enough	#6
I'm afraid I'll be connected to someone who can't help	#7
I've tried to initiate them, but they weren't available	#8

Figure 15: Why Haven't You Chatted?

Besides offering the ability to chat, websites can further encourage engagement from the population who hasn't yet experienced chat. The top responses regarding how likely someone would be to enter a live chat engagement were:

- If, by chatting, the visitor would receive a discount or free shipping
- A proactive invitation coupled with a buying incentive message
- If the phone system reminded callers of live chat's availability

Chatters

For those respondents that have engaged in a live chat, we asked two follow up questions. The first was aimed at discovering what impact their last chat interaction had on their attitudes regarding the retailer with whom they chatted. The second follow up question – a new one added in 2011 – was focused on understanding what elements chatters believe are necessary for an interaction to be a successful one.

In each case, we again see a significant gap (*see figure 16*) between those that have simply chatted and those that identify live chat as their preferred communication method.

For every statement, the extent to which live chat fans agree is markedly higher than those who chatted but don't identify chat as their favorite contact method. In certain instances, the difference is 20 percentage points or more higher. This seems to indicate not only a behavioral attachment to the technology, but also an emotional one.

The gap still exists, though isn't as large when it comes to the elements which make for a positive chat experience. (*see figure 17*)

Attitudes resultant from last live chat

	Received better service than phone	I purchased because of my most recent chat session	I purchased more than I intended	I am more likely to visit site again	Received better service than email	More likely to recommend	More likely to purchase	Positively influenced my attitude
2011 Prefer Chat	74%	46%	27%	82%	87%	83%	75%	93%
2011 Chatters	56%	37%	26%	58%	71%	61%	56%	73%
Gap	18%	8%	1%	24%	16%	23%	19%	20%

2011 Chatters   **2011 Prefer Chat**   **Gap**

Figure 16: Attitudes Resulting from Last Live Chat - Gap Analysis

Factors determining a successful chat interaction

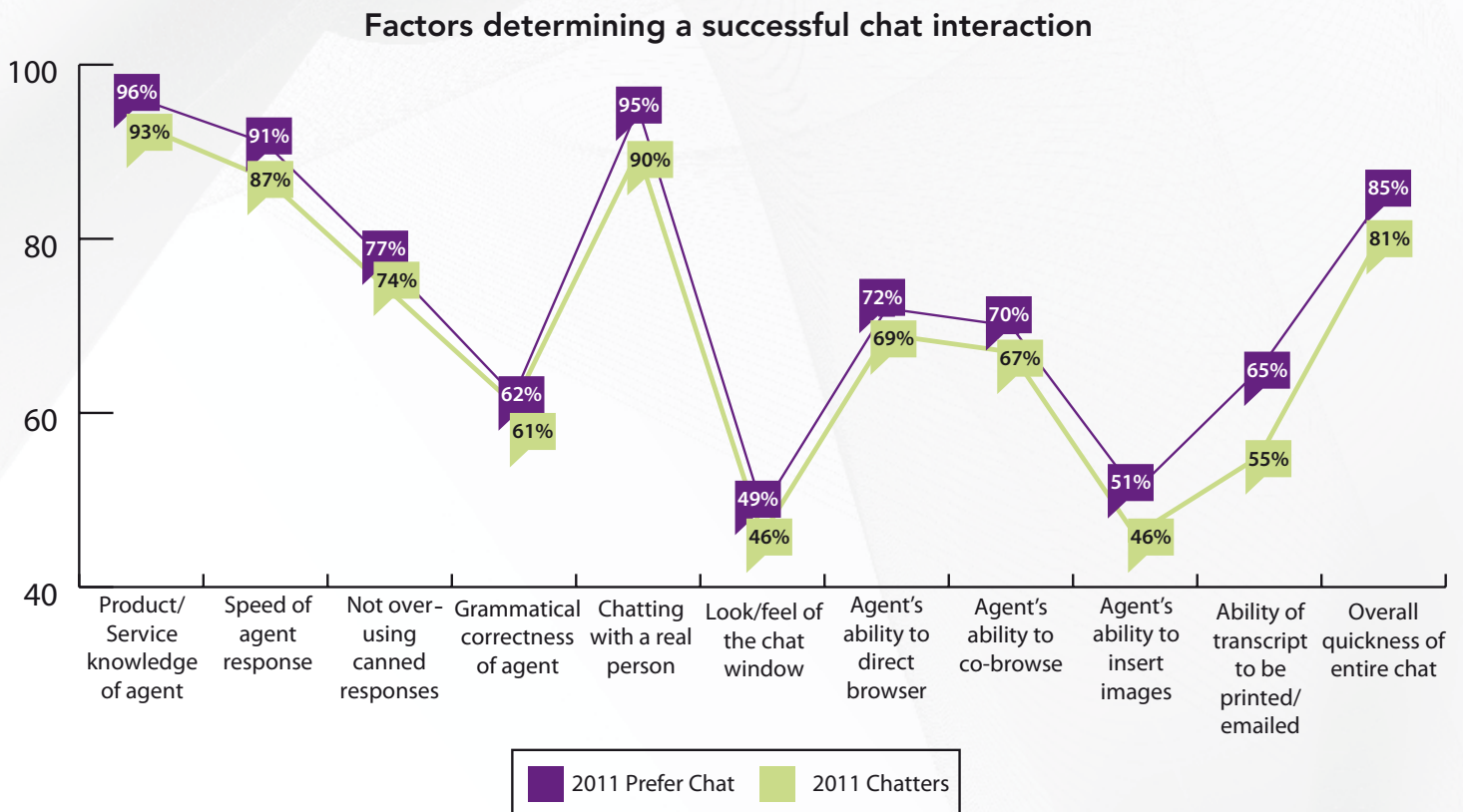|	Product/ Service knowledge of agent	Speed of agent response	Not over-using canned responses	Grammatical correctness of agent	Chatting with a real person	Look/feel of the chat window	Agent's ability to direct browser	Agent's ability to co-browse	Agent's ability to insert images	Ability of transcript to be printed/emailed	Overall quickness of entire chat
2011 Prefer Chat	96%	91%	77%	62%	95%	49%	72%	70%	51%	65%	85%
2011 Chatters	93%	87%	74%	61%	90%	46%	69%	67%	46%	55%	81%

2011 Prefer Chat   **2011 Chatters**

Figure 17: Factors of Chat Success

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This investigation is new in this year's report and comes as a result of earlier work completed by the e-tailing group. In the aforementioned report[2], several leading online retailers were interviewed regarding their opinion about live chat. One of the most interesting results was the hesitancy expressed regarding live chat's deployment due not to technical issues, but human ones. Companies in general have confidence in the technology and understand that it can be deployed quickly. What is more challenging, they say, is the ramp up of the human resources involved in taking the chats, managing the implementation, training, supervising, and incentivizing the agents, etc.

As we can see, companies are right to pay close attention to these issues as they are clearly the most important to those likely to engage them in a live chat. The product and service knowledge of those taking chats is, in fact, more important than them being actual human beings.

While this is a funny circumstance it certainly brings due attention to the human side of live chat.

Looking closer at those factors which determine the success of a chat interaction, we can see they generally fall into three tiers:

Features of a successful chat interaction

- • Product/Service knowledge of agent
- • Chatting with a real person
- • Speed of agent response
- • Overall quickness of entire chat

1

- • Not over using canned responses
- • Agent's ability to direct browser
- • Agent's ability to co-browse
- • Grammatical correctness of agent

2

- • Ability of transcript to be printed/emailed
- • Agent's ability to insert images
- • Look/feel of the chat window

3

Figure18: Tiers of successful chat interaction

Again, the knowledge and speed of the human agent is at the top – confirming the previous finding that live chat is the preferred choice for some because of its ability to quickly get questions answered.

Somewhat surprising is how well some individual live chat features did. A "push page" capability and a co-browsing feature were both chosen as important by nearly 70% of those responding.

The last tier is less important to the regular Internet shopper. While customizing the chat window is rightly considered a best practice across the industry, through the eyes of the chatter, it is relatively less important than other elements of the experience.

Live Chat in the United Kingdom (UK)

Based on requests from readers and our own desire to better understand a market in which we serve significant customers, 25% of our sample resided in the UK. As we expected, there are both similarities and differences with regard to live chat's impact and efficacy.

In the UK, live chat appears to have less preference and less purchase impact:

Preferred way to contact online merchant			
	Live Chat	Telephone	Email
US	20%	22%	58%
UK	**10%**	13%	**77%**

What impact does live chat have on purchase likelihood?			
	No More, No Less	Less Likely	More Likely
US	64%	5%	29%
UK	60%	**14%**	24%

What impact does live chat have on purchase likelihood? (complex products)			
	No More, No Less	Less Likely	More Likely
US	53%	4%	43%
UK	51%	**12%**	**37%**

Figure 19: Live Chat Preference/Impact (UK)

2 Ante-Up: Live Chat a 'Must-Have' for Retailers, Lauren Freedman, 2011

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On a percentage basis, half as many people chose live chat as their overall preferred contact method with an Internet retailer. And while over a third said it would influence them positively to buy while shopping for more complex products, that was 6 percentage points lower than what shoppers in the US said.

The overwhelming preference for email communications by shoppers in the UK is worthy of note – 77% of the UK population chose it as their favorite way to communicate with a merchant.

Across the board, respondents in the UK are less likely to initiate a live chat session – under any circumstance. The distance between their likelihood and their US counterparts is greatest under "sales" scenarios and less under "support" ones.

Likelihood to initiate a chat session (% likely)		
	USA	UK
Having trouble finding item	56%	44%
To ask a general question about products and services	67%	57%
If you experience an error during the checkout process	79%	69%
To inquire about specials or sales	50%	43%
To ask about guarantees or return policies	57%	51%
To inquire about an order you've already placed	67%	63%
Narrow down or compare products of interest	41%	31%
Inquire about promotional codes at checkout	60%	46%

Figure 20: Likelihood to Initiate (UK)

For those familiar with the UK market, this might not come as any surprise. The UK was, in fact, a relatively early adopter of live chat technology. At that time, nearly a decade ago, live chat was mostly deployed in an attempt to deflect what otherwise might have been an inbound support call. Live chat wasn't seen as a sales tool and therefore many of the implementations were meant simply to cut costs.

> *The overwhelming preference for email communications by shoppers in the UK is worthy of note – 77% of the UK population chose it as their favorite way to communicate with a merchant.*

This might help explain the general attitudes about live chat amongst UK shoppers:

Agreement with statements about live chat (% agreeing)		
	USA	UK
More likely to trust website	49%	42%
Prefer to shop at websites with live chat	53%	42%
If available, make available on every page	80%	65%
No automated bots	89%	80%
More efficient than email	78%	66%
More efficient than phone	60%	53%
More likely to buy	43%	32%

Figure 21: Attitudes about Live Chat (UK)

It also likely explains what appears to be an interesting opportunity in the UK. On the question about proactive chat receptivity where we used a scale that had "happy to know help is available" as the highest possible ranking, 1 in 6 United States shoppers gave that response while 1 in 5 shoppers in the UK did. For high traffic ecommerce sites, this difference could mean hundreds or thousands of visitors a day just waiting to be invited into a chat interaction.

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The opportunity is truly present as each kind of chat experience lacks penetration in the UK:

Chat in the UK

Have you Ever Been Proactively Invited?

UK — 40%

USA — 63%

0 10 20 30 40 50 60 70 80

Ever Chatted? USA

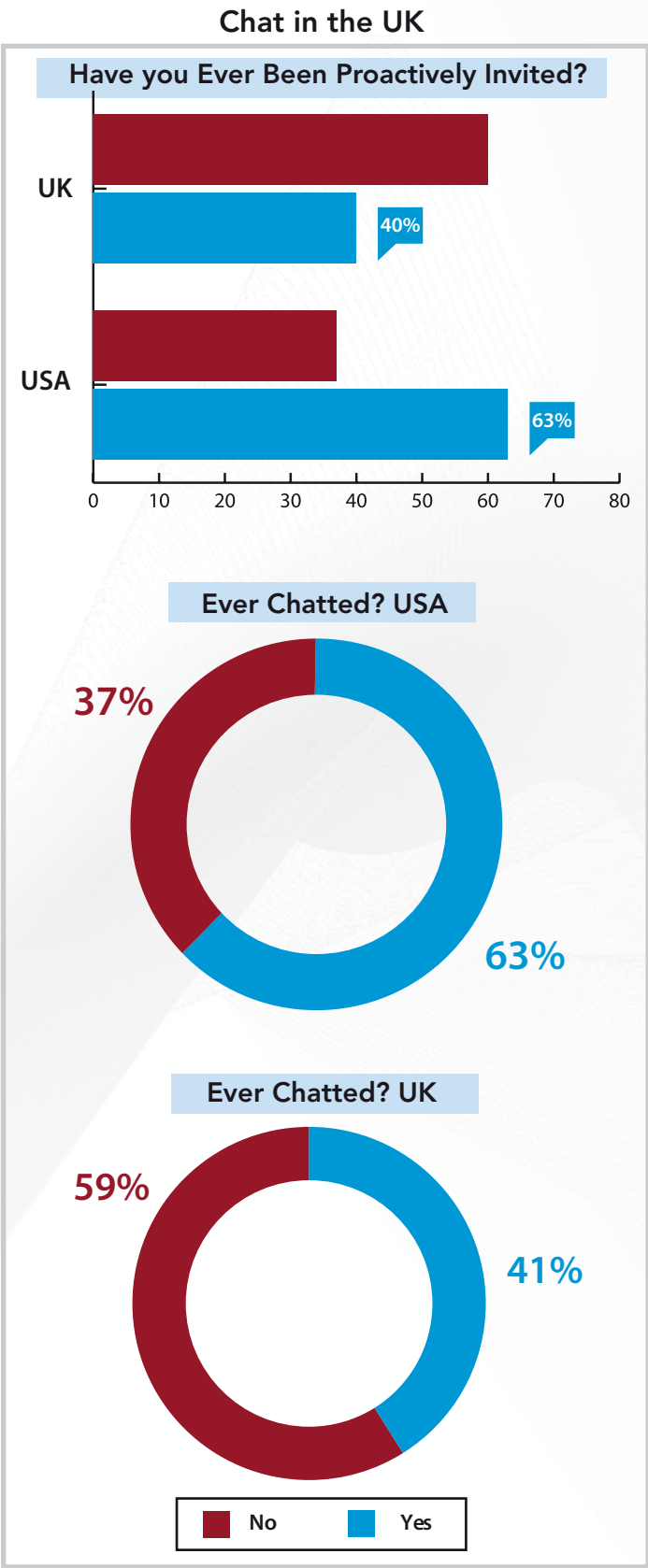
37%

63%

Ever Chatted? UK

59%

41%

■ No   ■ Yes

Figure 22: Chat Penetration (UK)

One area in which the US and the UK are in complete alignment is with the factors that determine a live chat session's success. There is no difference in ranking or tiering among the choices between the geographies, though two statistics are noteworthy:

- Speed of response and quickness of the entire chat are still very important to UK shoppers (83% and 75% indicating importance) but they are statistically less important than to US-based consumers who said 88% and 82% respectively. From a benchmarking standpoint, this is an important finding.
- Similarly, while certain chat features are important to those in the UK, they are less important than they are to people in the US. Specifically push page and co-browsing were 7 and 6 percentage points lower than their US counterparts indicated,.

RECOMMENDATIONS AND NEXT STEPS

In last year's (2010) edition of this study, we recommend further analysis into those who chatted, a deeper exploration of proactive chat, investigation of other live chat features, to be watchful of the attitude and behavioral gap between chatters and non-chatters, and to broaden the reach of this research outside the United States. This edition clearly delivered against these goals, though with all quantitative projects of this type, it begs questions for the future:

- What makes a live chat fan? A full-fledged fanatic? Is it repeated use of live chat? A specific instance? One positive experience?
- Exploration of factors which make a proactive chat session successful.
- The preference for email is astonishingly high and – even though this is chiefly a report on live chat – worthy of exploration.

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