

# Give Customers the Gift of Chat:

Implementing Live Chat into Customer Service Channels

A White Paper by



### Executive Summary

Another customer service channel has been added to the arsenal for engaging and satisfying customers, increasing sales and production, and keeping staffing costs at a comfortable level.

That channel is Live Chat. Younger consumers are used to communicating through this medium and more business customers are beginning to embrace it. It is the perfect channel for those who prefer to interact in a format that gives them the flexibility to think over their questions and answers before committing to them and to step away from the chat to perform requested actions. The long latency of email is eliminated.

A study by Internet Retailer shows that 10% to 15% of people who are browsing a site will buy if they are engaged in online chat versus 2% when engagement through online chat is not offered. In addition, proactive chat, where the agent offers to interact based on online customer behavior, has proven to increase conversion rates by as much as 20% versus purely reactionary sales interactions.

Live Chat is not yet in the mainstream as a customer service channel, but its use is accelerating. There is still a window of opportunity to use Live Chat to differentiate customer service from competitors. If done well, that differentiation will continue to earn customer loyalty even after it becomes a common service and marketing channel..

#### *Definition of Chat:*

*Real-time communication between two users via computer. Once a chat has been initiated, either user can enter text by typing on the keyboard and the entered text will appear on the other user's monitor. Most networks and online services offer a chat feature.*

*Webopedia*

In order to leverage Live Chat to its highest capabilities, the application features and the customer service agent skills must be chosen in consideration with customer service goals. The better these features and skills match goals, the quicker the return on investment.

### Introduction: What is Live Chat?

Live Chat is like email on steroids or a phone call using text. The users involved are generally responding in real time, using short statements, abbreviations, “emoticons”, and other shared shorthand communications. It can be referred to as chat, click-to-chat, online chat, integrated chat, and proactive chat among other designations. Customers find it helpful for getting information and answers while they shop and also as a conduit for transferring to phone support when needed.

Live Chat is most appropriate for low to moderately complex product support. It can also be a means of surveying customers without being intrusive. It does not completely deflect all customer service calls, nor should it be used for cutting costs, but as part of a multichannel customer service initiative Live Chat adds another avenue for revenue generation and customer satisfaction.

Using Live Chat in customer support and as part of an incident management strategy has the advantage of automatically capturing all communication, non-intrusively and as it happens, instead of relying on the agent to type the issue into the tool during phone support or relying on the customer to input

complete information into a self-service system. It also allows for brief breaks for action during troubleshooting or training as the customer can leave the screen momentarily to carry out instructions or find information. During the hiatus, the support agent may be able to handle another chat contact while waiting.

The real-time nature of the chat experience can help ease user frustration. Unlike email support, it is a conduit for more immediate responses with the additional advantages of sharing documentation to illustrate statements in the chat stream. If additional assistance is needed, another support agent or a supervisor can collaborate over the channel without confusing the customer with multiple voices.

### Survey Findings

Lauren Freedman of the eTailing Group released an Online Chat survey in 2008<sup>1</sup> that showed how well chat was being implemented for eCommerce:

#### Good News:

- ➔ The technology works (for the most part): the only failures were a problem with a couple of downloads.
- ➔ Companies in the survey offered near perfect customer service over the chat channel: the initial question was answered well.

#### Bad News:

- ➔ Chat was not located to sell: 88% of the companies surveyed had chat on customer service pages while only 42% had chat on product pages
- ➔ Proactive chat was not offered frequently enough: only 15% of companies offered it.
- ➔ Infrequent attempts to offer alternative or better products: average rating was 1.7 out of 5.
- ➔ Insufficient encouragement to buy: average score was 2.7 out of 5 showing a significant number of possible sales were not taken advantage of.
- ➔ Response time unacceptable: Average was 39 seconds which was much slower than half the companies surveyed who managed to respond in 3 seconds or less.

### Strategy & Metrics

Before placing a Live Chat channel into the support and marketing mix, determine how customers are using the Web site via clickstream analysis. The most frequented pages and locations can quickly benefit from placement of a link where immediate assistance is crucial or expected. These links and offerings before, during, and after the sale or support interaction maximize the impact and utility of the channel.

The metrics used to measure productivity and ROI of chat are nearly identical to those used to measure other channels of service and support:

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<sup>1</sup> To obtain a copy of the survey email Lisa deSouza at ldesouza@inq.com

- ➔ Average speed to answer
- ➔ Average handle time<sup>2</sup>
- ➔ First contact resolution

Average handle time (AHT) must be measured according to usage practices. The metric must be analyzed depending on whether single or multiple chat sessions are commonly in use. Also keep in mind that dedicated chat agents who tend toward long chat sessions, as with long phone calls, can negatively impact efficiency and queue statistics. Make adjustments according to the need for long chats or calls; either the norm for the AHT must be higher or agents require additional training in handling and ending the session in a timely manner.

### Using Live Chat

Live Chat is useful for both customer service and information management. As a channel for customer service, chat is another channel for communication, both proactive and reactive. It is best suited for interactions of low to moderate complexity. When used for information management, chat resources can be tied to trending, data mining, reporting, and workflow management.

### Customer Service

The customer experience is enhanced and service is differentiated from the competition. The customer's journey through the Web site can be monitored and, at predetermined behaviors, proactive chat can be offered, rather like a store clerk noticing a customer's trouble finding a specific item. If done at the appropriate time, the chat will take place in context to the customer's needs and can increase the percentage of browsers who convert to buyers.

Agents can co-browse to help the customer find what is needed or wanted. They can push pages and share documents that explain or illustrate products, services, and activities. The record is automatically captured in its entirety, often with time stamps, increasing record and data storage compliance.

### Management

Live Chat can also add another dimension to customer service and information management. For instance, a supervisor can easily monitor sessions, offering suggestions to the agent without disrupting the session or by taking over the session if needed. The transcript can be tied to the customer record and history. This information can also be used for trending and data mining to watch for issues or to identify groups for special marketing. Answers can be added to the knowledge base for future use.

Because it is possible to see where on the site the customer is and has been, it is easier to schedule and route any requests to the appropriate agent or group.

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<sup>2</sup> Average Handle Time (AHT) should not be used as a sole metric for productivity as this discourages adequate listening and decreases the chances of first call resolution.

### Implementation

Implementation begins with the identification of the major goals of the company for enhanced customer service. Factors affecting the decision to choose chat over another channel or resource must be taken into consideration. A pros & cons analysis table is useful in making this decision. Then rules are written to reflect those goals, for example:

- ➔ Customer lifetime value increase
- ➔ Customer history capture
- ➔ Customer tenure increase
- ➔ Customer frequency increase

When determining which software application to use, consider how the type of application affects the volume of users, the types of questions, and the demographics of the users. Certain types of applications, such as some instant messaging applications, lack some chat functionality like pushing scripts and URLs.

When first offering Live Chat, it may be acceptable to have agents in a role of blended chat, email, and/or phone support until traffic requires a more dedicated team to a particular channel. However, Chip Gleidman, Vice President and Principle Analyst for Forrester Research, suggests it is inadvisable to allow agents to perform service on more than one channel at any time. In that case, all channels must have dedicated agents.

Once all the decisions have been made, the processes mapped, software identified and installed, and agents trained, run a pilot and make any needed changes before finalizing the process.

### Best Practices and Tips

**Consistency:** The foremost rule for offering multichannel support is that customers should see no difference in message from one channel to the other. Processes and policies should be unified across channels. Consistency is the key to a successful multichannel offering. The agents in chat support should be offering the same answers and have access to the same resources as phone and email agents. Inconsistencies create poor customer experiences and are a sure way to cause customer retention to fall.

**Security:** Security must be handled as both a process and a technology. An important part of the process is to clearly write and enforce policies for handling sensitive data. Customer information such as social security numbers, driver's license numbers, or other individually identifying information should not be handled over a chat channel. This information would become part of the chat transcript and be at risk of theft or misuse. Offer the customer a secured Web form or take the information over the phone.

**Response times:** Live Chat is perceived as more urgent than email. The ideal response time is less than 1 minute; preferably response should be immediate. If immediate response is not possible, a message should be sent with the expected wait time (example: "Be with you in 20 seconds"). Wait times can be

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kept down and peak traffic times handled if multiple simultaneous chats per agent are possible; however, it may be better to have the ability to turn this functionality on or off according to workflow.

### More Tips:

- ➔ If using proactive chat, give the customers the option to accept or decline the invitation for chat so they won't feel obligated to interact. If it is offered too persistently, customers are likely to abandon the site.
- ➔ Personalize the session by using the customer's name and allowing the agent's personality to show through during the interaction.
- ➔ If long comments are required, break them into smaller chunks and use an ellipse to indicate the continuation of the response in the next post.

Example:

- ✿ Turn machine off...
  - ✿ Unplug machine...
  - ✿ Remove cover...
- ➔ Give a short survey at the end to determine if the question was answered satisfactorily.
  - ➔ If a question occurs on a regular basis, create a canned response or place the information on the Web site or self-service portal.
  - ➔ Integrate knowledge management and canned responses to support multiple simultaneous sessions.

## Productivity Tools

In order to increase productivity make these tools available to the agents:

- ➔ Canned responses or prepared scripts
- ➔ Quick type shortcuts
- ➔ Spell check, autocorrect, and grammar check
- ➔ Repeat visitor designation or identifier
- ➔ One click escalation to phone or higher tier service
- ➔ Favorites feature for pages pushed frequently to customers

## Required Skills for Agents

The best agents for Live Chat support tend to be those who are skilled at answering customer requests via email rather than those who primarily perform phone support. The skills for communicating well in writing are different from those required for speaking. In both cases, agents with high level listening skills that are able to share and understand a wide variety of perspectives and knowledge levels will do best.

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Another important skill in chat agents is the ability to quickly answer questions with a minimum of typing while still showing empathy, building a relationship, soliciting information, and teaching the customer how to use the service along with the expected behavior or mode of communicating.

While it may be advantageous for an agent to be able to handle simultaneous chats, this practice should not be allowed if response rates and customer satisfaction suffers.

Other issues that may contribute to poor productivity or customer experiences include:

- Prolonged or social chat sessions beyond that required for completing the business at hand.
- Prematurely closing a chat for handling time reasons or inadequate responses
- Ignoring cues that the customer wants more help
- Making disclaimers about lack of adequate response; negative closure
- Rude or impatient behavior from either party

### Facilitating Relationships

The most difficult hurdle to a positive customer experience is that of facilitating a relationship and avoiding miscommunications during the interaction. Most relationships have several different parts: greeting rituals, rapport building, deference, compensation for lack of nonverbal cues, closing rituals, and mirroring of conversational behavior.

Non-scripted interactions are best but can be scripted to save typing time. Greeting and closing rituals are often scripted but this practice may produce posts that seem robotic and cause the customer to question whether he is interacting with a real person. If scripts are to be used, they should show the personality of the agent using them and feel very freeform and spontaneous.

Rapport building is another important part of relationship facilitation. It includes self-disclosure, offers of reassurance, the use of interjections or humor, informal language, offers confirmation demonstrating interest and approval, and reassurance seeking behavior. In other words, customers need to feel as though the agent understands their problem and can act as a partner in resolving it. This is common behavior in face-to-face interactions but for online communications it is very important to find ways to deliberately demonstrate these behaviors appropriately in order to sustain the conversation and build the relationship.

Rapport building also includes deference, which is showing courtesy and respect for each other's experience, knowledge, and point of view. The agent must be able to appropriately use polite expressions such as thanks, apologies, and self-deprecating humor. The customer will hopefully show thanks, praise, self-deprecating remarks, apologies, enthusiasm, and an agreement to try recommended actions.

The most difficult area of online communications involves the lack of non-verbal cues. When interacting with another person face to face, these cues are easily seen and responded to correctly. Even during a phone conversation, the tone of voice can give clues to another's personality and emotions. Online,

however, these cues are absent. Over time several practices have arisen in an attempt to substitute textual cues for the non-verbal ones. Commonly this includes text characters, “emoticons”, different fonts, abbreviations, and ellipses.

Emoticons may not be considered professional in certain settings or cultures. Each business must determine the policy for using them. When overused, the business will appear too casual or the characters will be confusing. If the customer and the agent both understand, emoticons can enhance understanding but the agent must be sensitive to the customer’s perception and use of them. When in doubt, emoticons should not be used.

### **Common Types of Miscommunication**

Miscommunication is a common problem no matter the medium. In some ways there is more room for misunderstanding due to the way Live Chat interactions behave. According to a study by Michael Dickey, et al,<sup>3</sup> there are several ways communication can go off track.

Much of the problem is caused by the inability of one or both of the parties to share the perspective of the other, a problem with context. The customer is unable to communicate the problem and/or the agent is unable to understand the problem as presented.

- ➔ The customer is unable to establish intent – what the problem is
- ➔ The agent and customer are unable to establish a common ground
- ➔ References are not commonly understood by both parties
- ➔ Lack of audio/visual cues makes context maintenance difficult
- ➔ False assumptions are made by either or both parties
- ➔ Scripted responses that do not adequately address or fit the problem

The issue with creating a shared context or perspective is exacerbated when one or both parties rely more heavily on their own perspective in creating context or overestimate the degree that the other party shares the same perspective. False assumptions made at the beginning can also throw the interaction off track. This can indicate a lack of listening skills and can cause both the customer and the agent to perceive chat technology as being less robust and useful for communicating non-routine information. The use of canned responses can contribute to this perception.

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<sup>3</sup> Do You Read Me? Perspective Making and Perspective Taking in Chat Communities. By Michael Dickey, Gary Burnett, Katherine Chudoba, and Michelle Kazmer for Journal of the Association for Information Systems, January 2007.

### Summary

Live Chat is becoming a more mainstream and expected channel for engaging with customers. Determining the business goals and workflow of a chat channel prior to choosing software as well as running a pilot chat program will ensure a smoother implementation. Choosing and training the right agents can eliminate many of the miscommunication problems as can awareness of potential problems of context and understanding.

Most importantly, all communication channels must present a unified message. Phone, email, self-service, and chat support and service must offer the same information to the customer to avoid confusion and poor customer experiences.

Today's customer service environments require multiple support channels for operational effectiveness, faster service cycle time, and improved customer satisfaction. [Live Chat](#) increases internal productivity and reduces operational costs while providing the customer and the support team with an additional method of communication.

### About PhaseWare, Inc.

PhaseWare, founded in 2005, is a leading provider of Customer Service and Support software applications optimized for the Small and Medium Business (SMB) to deliver robust and financially viable solutions. PhaseWare enables companies to better manage their business processes, reduce operational expenses, and significantly increase the effectiveness and quality of customer service. The PhaseWare Tracker™, suite of products is uniquely designed to accelerate implementation of the solutions, which are delivered in either an On-Site or Software-as-a-Service (SaaS) model. PhaseWare provides a competitive advantage for the SMB to serve, support, retain, and maximize the value of every customer. The company is privately owned and headquartered in McKinney, TX.

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