



A MARKETER'S GUIDE TO CHATBOTS

**VERTICAL
LEAP**

A marketer's guide to chatbots

There was so much talk about chatbots throughout 2016 that it was hard to keep up at times.

So, we thought we'd put together a marketer's guide to chatbots, containing everything you need to know.

In this guide, we'll be asking the following questions:

What are chatbots?

What are they used for?

Why should I care?

How do they work?

What platforms do they run on?

How do I build a chatbot?

How much do chatbots cost?

After that, we'll also be looking at some best practices for building your bots and the first steps you'll want to take.

What is a chatbot?

A chatbot is a computer program that simulates conversation. Users type their message or select from a list of options and the bot responds accordingly.

This technology has been evolving since the 1950s, but modern chatbots are designed to look and feel like mobile messaging apps (WhatsApp, Messenger, etc.).

In fact, a growing number of the major messaging apps are integrating chatbot technology into their platforms – most notably Facebook and Line. We're at a point where brands can make themselves a part of their target audience's everyday conversations.

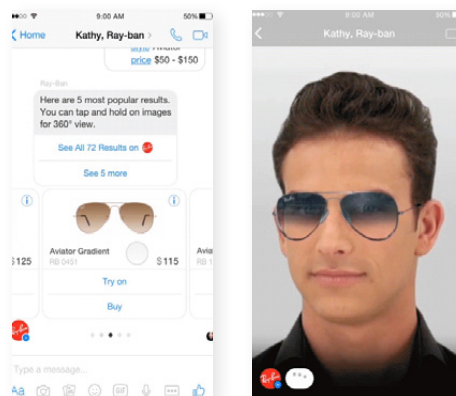


What are they used for?

Chatbots are being used for all kinds of things – from GPs and lawyers to personalised shopping assistants. Sometimes all they do is provide information to user questions, like a sort of interactive FAQ.

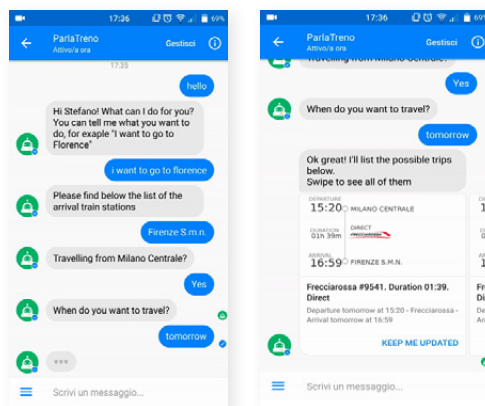
At the other end of the scale, they're providing entire shopping experiences inside a single application.

Think shopping assistants:



Click to expand images

Travel agents:



Click to expand images

Or delivery companies:



Click to expand images

In some cases, users can browse products, get personalised recommendations and pay for items without ever leaving the app.

Why should I care?

A recent study from Business Insider said 80% of businesses want chatbots by 2020. That pretty much says it all about the excitement chatbots have generated, and here's why you should care about them.



Messaging apps have overtaken social media

There's a reason Facebook bought WhatsApp in 2014, despite already having one of the most popular messaging apps under its name. People spend more time in messaging apps than they do on social media now, which means marketers need to follow suit. You must establish yourself on the platforms consumers use most and chatbots allow you to reach them inside their favourite messaging apps.



Chatbots remove friction along the buying process

Chatbots are removing all kinds of barriers between consumers and buying products online. We've been struggling with contact forms, payment processing and other conversion killers for years. Chatbots provide an alternative approach to these challenges that utilises people's favourite apps.

In some cases, chatbots are taking websites out of the equation altogether, providing the full shopping experience inside a single conversation.



Chatbots connect you to individuals

Targeting via AdWords and Facebook advertising has come a long way over the past few years but we still lack that one-on-one connection with consumers. Chatbots provide the first real platform that taps into individual user data in a way that's affordable to businesses of all sizes.

This marks a real turning point in the way we build data profiles and create personalised shopping experiences. Until now, this has only been possible for the biggest brands with huge marketing budgets, but this is no longer the case.



Chatbots are 'always on'

When people have a question or issue, they don't want to wait until office hours to get a response. With chatbots there is no wait: your bot's on call 24/7 and is able to answer instantly. Better yet, it can handle multiple interactions at the same time, so there's no waiting in queues. Your first line of customer care can now be automated, always on call and more cost-effective than ever.

How do they work?

There are two different kinds of chatbots and they work in very different ways. First, there are linear chatbots, which are scripted conversations that provide users with a series of clickable options.

This allows you to control the conversation and steer users in the direction you want.

They're also much cheaper and easier to build than more complex systems. The downside is they're less interactive and engaging for users. They are also unable to 'learn' from the conversations they have.

Linear Chatbots	AI Chatbots
<ul style="list-style-type: none">✓ You control the conversation by providing clickable options✓ Cost-effective✓ Shorter build time✓ Encourages fast path to purchase	<ul style="list-style-type: none">✓ Higher levels of interaction✓ Understands language, not just commands✓ Learns from conversations and gets smarter over time✓ Fluid, decision engine

The other option is AI chatbots. They're pricier, harder to build and more prone to glitches. So you might ask why bother? Well, AI bots can understand language, allowing users to type custom messages rather than simply select a fixed number of options.

So, in theory, users can ask an AI bot whatever they like (think Siri or Google Now) and get an answer. Better yet, they use smart learning to learn more about users from every conversation and create a more personalised experience as time goes by.

What platforms do they run on?

Chatbots are omnichannel, meaning a single bot can integrate with just about any platform. You can put one on your website, embed it into your marketing emails and any other online application to which you have access.

That's only half the story though. A growing list of third-party tech firms are launching their own chatbot builders that anyone can run on their messaging apps and connect with their users. Facebook is the biggest name involved, allowing you to build a bot which users can access from your Facebook page and even your website (with some hacking).

Some of the other key names in bot building are Kik, Pandorabots, Robot.me, Chatfuel (for Facebook) and far too many other firms to mention here.

How do I build a chatbot?

Broadly speaking, there are two ways to go about building a chatbot. You can either build your own custom bot from scratch or go through a third-party provider like Facebook or Kik.

The first option is considerably more expensive but gives you full control over what your bot can do. This might be your only option if you need something particularly unique or complex.

Most retailers will be able to get what they need from a third-party platform, though. In many cases you'll still need a programming team or agency to build your bot, but you'll find a number of visual chatbot builders that don't require any coding skills whatsoever.

Whichever approach you choose, one thing you can't take shortcuts on is the design of your bot. The experience your chatbot provides is everything and each interaction needs careful consideration.

How much do chatbots cost?

This depends on how you choose to build your bot. If you get a company to build a chatbot from scratch, it will be more expensive and there'll be a monthly maintenance fee on top of that.

If you build your own bot with an in-house team of developers, then the cost comes down to your own resources, of course.

There are also several 'self-service' chatbot builders that charge a monthly fee but you'll still need some expert chatbot designers on board, as we mentioned in the previous section. You'll also get much less freedom with the self-service builders so it's worth knowing what you need before weighing up the costs.

If you're in doubt, feel free to chat with our experts for a better idea of what you need and potential costs.



Chatbot best practices

As with any kind of application there are a few best practices you should keep in mind when building your bot – especially if you are doing things in-house.



Make it useful

The worst thing you can do with a chatbot is build one for the sake of it. With all the hype around them it's easy to jump on board, but something else entirely to make a chatbot people want to use.

For that to happen, it's got to be useful. It needs to make shopping easier or faster, provide an extra line of customer service or offer vital information on the fly. Whatever it is, make sure your bot improves the overall experience of interacting with your brand.



Control the conversation

Whether you take the linear or AI chatbot approach, it's vital you're able to control the conversation – otherwise your bot will fall to pieces. For linear bots, this is arguably much easier. You provide a set list of options for users to choose from and stick to asking single-answer questions. The key is to map out the journey you want users to take, provide the right options and build the best path to completing each action.

For AI bots, things are a little more challenging as you're creating a more natural ground for conversation. Users get to enjoy more freedom but you should take the lead whenever possible. You need to steer the conversation in a direction you can work with so make sure you're always asking the right questions and giving the right prompts.



Use options list

Linear bots pretty much rely on these to function, but they provide an important UX role for AI bots as well. Most notably, they tell the users what your bot is capable of and which options are available. You also save mobile users the pain of having to type out their answers or plucking up the courage to use voice recognition.



Always provide a next step

Never leave the conversation open ended because users will instantly question what they're supposed to do next. Every interaction should end with you asking another question or providing a next step for users. They're not obliged to take that next step but if you don't provide it you will risk breaking the experience.

Even when the conversation ends or a task is completed, give users the option of starting over or other tasks you think might be of use.



Have a good backup

It's common for AI bots to get confused at times. Don't try and hide the fact or be too clever - just admit your bot is lost and get the conversation back on track. Have a backup message that quickly apologises and provide users with a few options of what to do next.

Ask them to reword their answer and perhaps give some examples of answers they can provide. It's also a good idea to give them the choice to restart the conversation or go back to a previous point before the error.

Good examples of chatbots

To show you everything we've covered today in action, here are some of the best chatbots we've seen:



Uber on Messenger

Uber shows us how chatbots can perform one simple task and integrate into our everyday conversations. The simplicity is what makes this bot so incredible and a perfect example of how your focus should be on getting the task done in the easiest way possible.

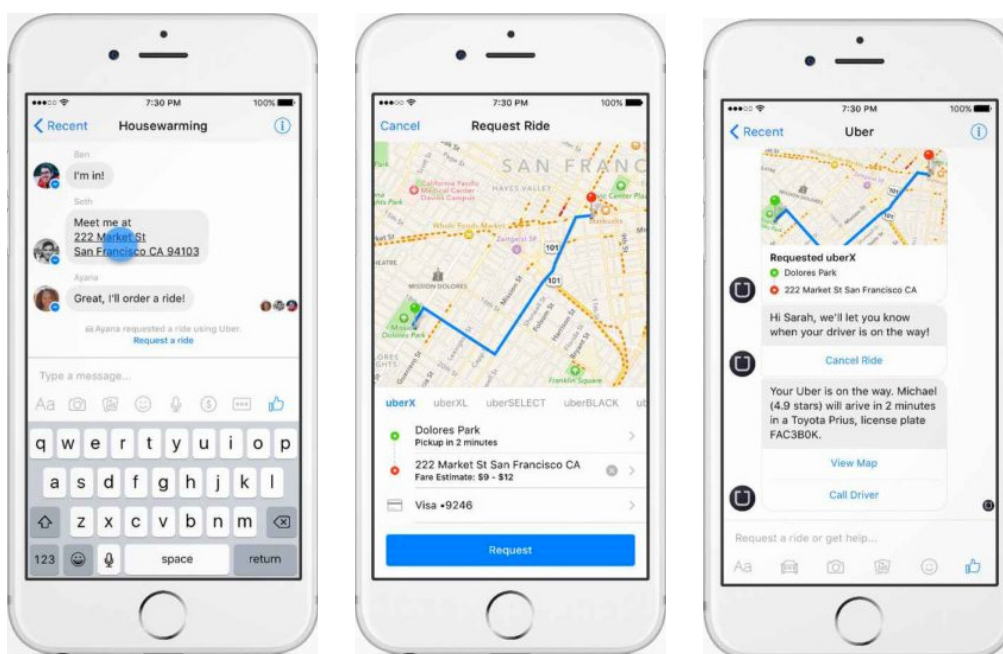


Image Credit: Venture Beat
<http://venturebeat.com/2016/08/03/why-in-chat-commerce-is-the-next-big-thing/>

[Click to expand images](#)



H&M on Kik

H&M's chatbot is one of the highest-rated on Kik and it proves how engaging linear bots can be with the right concept and design process. Here, users are given clothing recommendations based on some basic information and style choices they're asked about.

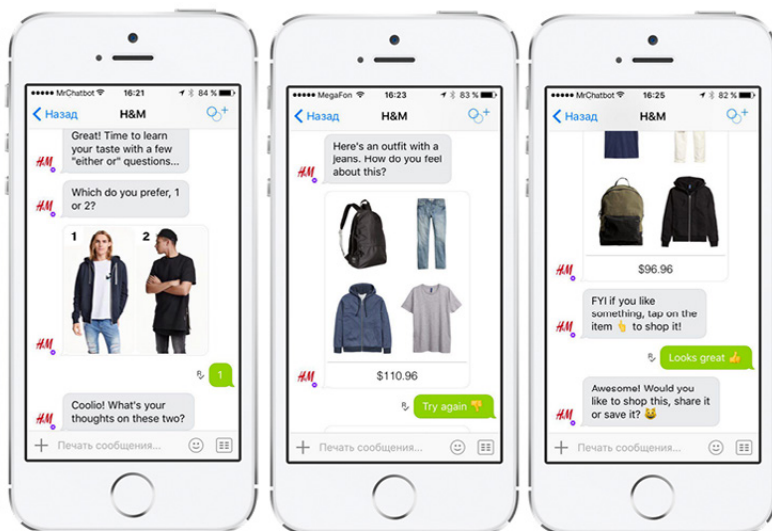


Image Credit: Guided Selling
<http://www.guided-selling.org/from-e-commerce-to-conversational-commerce/>

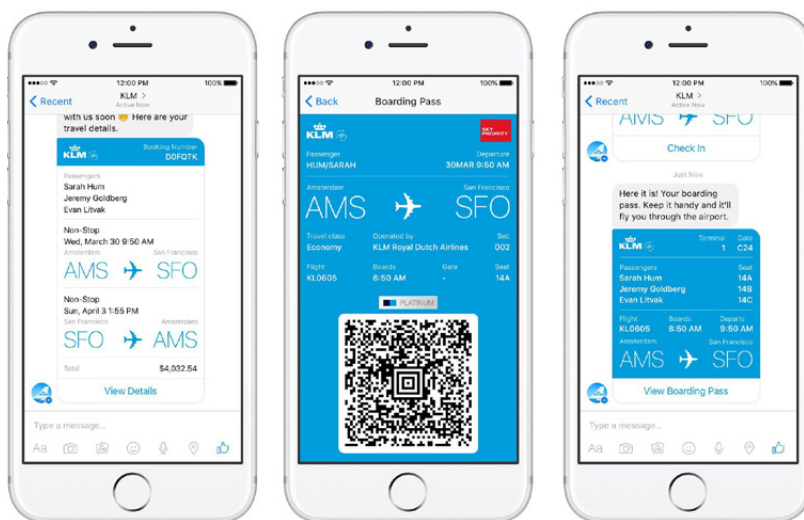
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KLM on Messenger

KLM's chatbot provides a customer service channel after customers have bought their airline ticket. Travellers receive booking confirmations, boarding passes and live updates on their flight status in the event of any changes.

Users can also reach out to KLM via the Messenger bot for their general customer service needs 24/7 – e.g.: changing their seat number.



[Click to expand images](#)

First steps to creating a chatbot?

The first thing you need to do is decide what role your chatbot is going to play. The goal is to increase conversion and customer retention rates by removing hurdles along the buying process.

But to do this, you need to spot the potential friction points and know if/how a chatbot is going to reduce their negative impact.

To help you get to this point, we run no-obligation workshops to determine whether a chatbot is right for you. During these 1-2 day workshops, we help you analyse your brand and target audiences to identify chatbot opportunities and map out your options.

Phase 1

Workshop

- Identify opportunities
- Ideation & mind mapping
- Conversation flows
- Features & functionality
- Feasibility
- MVP & iterations
- Wireframe
- Comprehensive proposal document

Phase 3

Build

- Design
- Templates
- Software integration
- Connection to existing consumer programmes
- Security
- UX testing

Phase 2

Strategy

- Iterative project plan
- Recommendations
- Budget
- Timeline
- Platform options
- Delivery best practices
- Success metrics

Phase 4

Optimisation

- Web plugins
- On-platform optimisation
- On-going performance
- Supporting content

Once we're done with these workshops, you'll know exactly what you have to gain from building a chatbot, the different approaches you could take and how much they'll cost. At this point, you can decide whether to go ahead with the project or not.

So don't hesitate to get in touch with us for your own no-obligation workshop if you want to take your first steps into the world of chatbot marketing.



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