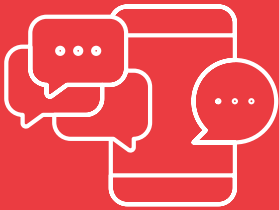


# LET'S CHAT ABOUT CONVERSATIONAL COMMERCE



## *The Challenge with eCommerce*

The global pandemic didn't start the great digital migration, but it has undeniably accelerated it. Our "new normal" of self-quarantining and social distancing has created a retreat to digital to fulfill our most basic needs like safety and sustenance, as well as higher order needs of social connectedness and retail therapy.

Global e-commerce sales were **81%** higher in May 2020 than in the previous year.<sup>1</sup>

In the conversion from analog to digital living there was a loss of fidelity, an intangible missing from the experience. Before personalization, shopping was just personal. In the real world (read: pre-pandemic) it is easy to get help and advice from a store owner or associate, or even a fellow shopper. We lost that human element with the shift to online consumerism. Enter Conversational Commerce; digital's latest hope for humanity.

In 2020, an estimated 2.7 billion people worldwide, or **88%** of smartphone users, will use a mobile messaging app at least once per month.<sup>2</sup>



## *What is C-Commerce?*

Conversational Commerce (or C-Commerce in short) is any online commerce activity that uses a conversational interface to speak directly to consumers. It can take the form of a chat box (bot or human), a messaging platform like WhatsApp, or other natural language interfaces ("Alexa, add hand sanitizer to my cart.").

It is unique to all other forms of marketing communications because it is entirely controlled by the customer and their decision to engage with the brand. C-Commerce is a digital concierge made possible by a technological culture and capability far beyond what Ask Jeeves could have imagined. Once again, the customer wears the pants in the relationship, but allows the brand to help pick out a tasteful pair.

## *How did we get here?*

Besides "these unprecedented times," much has led us to this shining moment for C-Commerce. While most countries outside of China will not see "super app" level functionality and adoption like WeChat, C-Commerce has the potential to impact every level of the consumer journey and transform the relationship between brands and customers.

### *Contributing Factors to the Golden Era of C-Commerce:*

- **Smartphone Adoption** – unreliable or unattainable internet service combined with the increasing affordability of smartphones led to many people around the world skipping the PC era entirely
- **AI** – AI driven natural language processing capabilities became a necessity for brands who want to deliver quality customer service at scale
- **Customer Expectations** – Messaging has revolutionized the way we communicate with one another and shifted our expectations for communicating with businesses: it must be direct, on-demand, convenient and timely
- **CS as a Differentiator** – Consumers have options and they aren't afraid to use them. 53% cite "my personal experience" with a brand as a competitive advantage.<sup>3</sup>

**84%** of customers say the experience a company provides is as important as its products and services - up from 80% in 2018.<sup>4</sup>

# What can I do with C-Commerce?

The ability to have a conversation with a brand can be relevant to customers at any time in their decision-making process. Some brands use C-Commerce in a targeted way for specific customer needs, like Burberry's personal styling service, and others have created complex customer service interfaces, like Delta Airline's ask-me-anything chat integration built to reduce call wait times.

Once you understand the customer journey you can pinpoint where C-Commerce can provide the most value and have the greatest impact on the customer's experience and your business. Then you can build up the supporting mechanics to reach your goals, for example, a social campaign to drive awareness to your experience or a CRM program to increase retention after a C-Commerce engagement. Simply identify a customer unmet need and solve for it. This will keep you focused on what you should do, not what you can do, and ensures you're not left talking to yourself.

## The potential of C-Commerce

Despite the fear of failure, brands need to be contemplating how, not if, they can provide Conversational Commerce. Sellers have much to gain, besides the obvious benefits of an improved customer experience and emotional connection.

Chatbots can automate common customer service queries and functions, freeing up resources to tackle more nuanced issues. Additionally, the text medium more accurately and efficiently records customer feedback, making it easier to analyze and confidently take action to improve products and services.

Participating in C-Commerce also creates an opportunity to up-sell, cross-sell, and redirect to the right sale during conversations with customers. If you're still not convinced, consider how C-Commerce conversion rates are up to 4x higher than website conversion rates.<sup>6</sup>

Channels such as SMS or Facebook Messenger are chosen **70%** of the time when consumers are given the option to message or call.<sup>7</sup>

### AWARENESS

#### Planned Parenthood

This provider of American sexual health services launched an online chatbot targeted at 13- to 19-year-olds that gives them accurate answers to questions about their bodies, sex, relationships, and more.

#### Renault

This car manufacturer spiced up its display ads with AI chat functionality to overcome misconceptions around electric vehicles for the launch of the ZOE electric car. Instead of guessing which messages would resonate, it allowed customers to do the driving.

### CONSIDERATION

#### Delta

This U.S. airline integrated Apple Business Chat into its Delta Fly app, enabling users to shop for flights, update their seating, get info on things like baggage allowance, and even rebook a flight. Soon text volume surpassed all of Delta's social media channels.

#### 1-800-FLOWERS

This florist built a Facebook Messenger service that blends AI with live customer service support to answer questions, make gifting suggestions, process orders, send shipping updates, and provide an array of other important information such as gift reminders.

### PURCHASE

#### Burberry

This luxury fashion retailer created an exclusive messaging service. Members can get personalized item recommendations from their real-life personal shopper, make in-store appointments, and submit orders through Apple Pay integration.

#### Dominos

This pizzeria lets you place and track an order in just about any way you can imagine; smart speaker, Slack, Facebook, Twitter, SMS using only an emoji, Ford Sync, Samsung Smart TV, smartwatches, and, just to show off, the Domino's Zero Click App.

### LOYALTY

#### Capital One

This banking company offers an AI personal assistant across channels and devices to help cardholders manage their finances through balance inquiries, bill alerts, making a payment, suspicious payment alerts, locking your credit card and more.

#### Avalow

This direct-to-consumer plant nursery has bundled subscription with support. Members receive a personalized seasonal plant selection based on location and level of commitment in addition to access to gardening experts through the Grow app.

### ADVOCACY

#### Summersalt

This swimwear startup modified its regular customer service channels to deliver emotional support. It launched a free text message hotline for people who need a pick-me-up, like a 10-minute meditation video, self-care ideas, or a puppy GIF.

#### Hims

This consumer health company providing prescription acne, ED, and hair loss solutions online has launched a free text-based group therapy service. Customers often struggle with anxiety, stress, and depression that can accompany their physical health needs.

## What can we learn from C-Commerce attempts thus far?

It can be difficult to judge whether a new customer service channel is worth the investment or not, and Conversational Commerce missteps have happened. As for any innovation, the weaknesses inspire the opportunities.

In 2018, Facebook shelved its plans for a full-service virtual assistant through Facebook Messenger after its San Francisco pilot was rumored to have achieved less than 30% automation.<sup>5</sup> Human helpers on the other end of the chat were meant to help train the AI to eventually replace most of their tasks like booking restaurant reservations, changing flights, sending gifts, or waiting on hold with customer service. Despite the user satisfaction, it became a money pit for Facebook. The lite version of the service, using only AI, offered unsolicited help to Facebook Messenger users, mainly to push the use of features like gifs or polling, that had the audacity to invade user privacy without being relevant.

Walmart's personal shopping text service, JetBlack, met a similar fate in February 2020. It was a paid subscription service targeted towards an upscale audience in Brooklyn and Manhattan, and used both AI and human assistance to recommend and deliver non-perishable goods to their door. The offering felt incongruous as a paid concierge service for non-luxury goods and failed to find an audience big enough to make it profitable.

These C-Commerce experiments emphasize the need for customer input from the moment of inception, testing and learning with a specific group of customers before a wider rollout, and a focus of purpose that satisfies not only what people want, but aligns with the brand essence and your business objectives.

*“If there's any lesson to learn [from JetBlack] it's this: Solve customer needs or cautiously uncover their unexpressed desires, but avoid technology for technology's sake and un-vetted concepts at all costs.”*

Ken Lonyai, Consultant

### Ready to join the chat?

**For a successful customer experience and business investment, consider the following rules of thumb for Conversational Commerce.**



- **Pick your medium.** Analyze the channels most used by your audience overall and the most popular ones currently used to contact your brand. Better than that, ask them how they'd prefer to engage with you.



- **Define your purpose.** Don't try to do it all. C-Commerce is one piece of the customer experience puzzle. A focused reason for being will help people understand how to make use of the communication channel, set expectations of what the brand can deliver, and help you optimize towards explicit business objectives.



- **Put on your customer hat.** Think through what your customer is trying to achieve, what's getting in the way, the information they need to make a decision, and the concerns they might have. Build a starter dialogue around those anticipated needs.



- **Find your voice.** Create tone guidelines for human and AI support to uphold. Make sure they align with your brand personality, how you want your customers to feel, and always communicate as if you were face-to-face.



- **Be respectful.** Never forget C-Commerce is an at-will, permission-based, intimate channel that has to be re-earned with every engagement. Commit to being useful, relevant, and trustworthy.

# Delivering next level C-Commerce

Conversational Commerce functions as the digital icebreaker for starting customer relationships. Like a Walmart greeter, it excels at being approachable, creating emotional connection, and establishing trust. It is your brand personified, but it is not its only face.

Customers expect you to recognize them as they flit across outlets like your website, call center, email, and social media. Many brands today suffer from digital Alzheimer's. They may deliver a delightful customer experience via one channel, yet fail to continue that established relationship across channels, and end up started from zero each time. Others may remember a customer's name and gender to deliver targeted promotions, but if we have history, I'm going to need you to do better than that.

**91%** of customers prefer brands that offer multiple service channels.<sup>8</sup>

Unlocking the true impact of C-Commerce lies in **connectedness**. It is a powerful tool for getting to know your customers. Integrate that information into your other marketing efforts. Orchestrate what those hand-offs look like internally and externally. Customers are growing more comfortable with the fact that marketers have access to their data, but only if it's used to build them a better total experience. Use your privilege wisely.

## APPENDIX

### *C-Commerce platform landscape*

Here are some platform options that exist today for starting the conversation, largely based around customer care. Undoubtedly, the expansion of app functionalities like payments, bookings, and API integration will continue to grow mobile messaging app adoption as well as the time spent with them.



#### WhatsApp

- **Quick Replies & Automated Messages** – Businesses can save and reuse messages addressing frequent customer requests, and set an automated greeting or away message so customers know when to expect a response.
- **Customer Service** – Respond to customer messages to your business for free, if your response is within 24 hours.
- **QR Codes** – A frictionless way for customers to start a conversation with your business. Scanning the code on your storefront or packaging, for example, instantly opens up a WhatsApp message to customer service.
- **Notifications** – Customers who opt-in to receive messages from your business can receive non-promotional messages about their order.



#### Facebook Messenger

- Much like WhatsApp, your brand has access to features like quick replies, automated messages, and live customer service messaging.
- Promote your chat capability with a call to action button on your brand's Facebook Page or website, or through a variety of paid placements across the Facebook Newsfeed, Stories, Instagram, and within Messenger.
- **Sponsored Messages** – When a customer reaches out, you have up to 24 hours to send unlimited responses. To nurture and re-engage, you can use Sponsored Messages to share a promotion or a new product they might like.

## Apple

- **Business Chat** – In its iOS 13 software update, Apple is tiptoeing into WeChat-level functionality. Mobile users on Safari, Siri, Search, Maps, or your brand’s website or app who are on cusp of calling your business are prompted to instead “start a Business Chat” and avoid the dreaded hold music.

## Google

- **Business Chat** – When someone finds your business listing on Google Search via their mobile device they now have the option to message you directly and start a chat.
- **Display Chat** – Google has launched a new tool for building interactive ads with chatbots. AdLingo Ads Builder simplifies the process to quickly build

AI-powered, personalized conversations at scale across the Google Display Network.

## WeChat

- The originator of C-Commerce also has the most advanced capabilities and dominates the e-commerce and social media market in China by seamlessly blending both. A user’s whole life is contained and managed within the app and its mini apps, a technological and regulatory feat enabled by government support and oversight. WeChat is an extreme example of how the ubiquity of messaging can transform the way a society functions.

## *Taking things up a notch with video*

**What’s more human than a text or voice conversation? One that’s face-to-face. Several brands are already thinking outside of the chat box and creating strong customer bonds with conversational video.**

**Currys PC World** – The UK’s largest electrical retailer launched ShopLive, an on-demand video chat service that connects online shoppers and customers with an in-store tech expert who can recommend products, facilitate orders, and even help troubleshoot your new tech.

**John Lewis** – Customers can book a virtual video appointment for baby nursery, personal styling, and home design help. Live experts recreate the in-store personal shopping experience, create a curated list of recommendations, and email it to you as a follow-up.

**Poshmark** – This fashionable second-hand clothing platform introduced Posh Stories this year. Much like Instagram or Facebook Stories, it allows sellers to create 15 second videos to connect with their followers, showcase their items, and link to purchase. The app also hosts Posh Parties on YouTube where influential sellers are interviewed live and respond to viewer chat comments in real time.

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