How Chatbots are Ruining the Customer Experience

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In the past few years, chatbots—products fueled by Artificial Intelligence (AI)—have emerged as one of the most popular technological advancements and are irrevocably transforming the business landscape today, especially within the contact center industry. And it's easy to see why. These intelligent digital assistants are driven by the promise to resolve customer requests quickly, cheaply and consistently—at all hours of the day (or night).

This hot-button trend will only continue to gain momentum in the customer service space. According to a report by Grand View Research, the global chatbot market is expected to reach $1.23 billion by 2025, an annual growth rate of 24.3 percent. In addition, rumors are circulating that chatbots could eventually *replace* human agents altogether. It's clear that there are equal parts interest and confusion surrounding the issue.

While this fast-paced growth has been exciting and fascinating to see, it has also been extremely eye-opening. That's because chatbots have massive potential to both enhance and ruin the customer experience. So what will be their ultimate effect?
The answer requires more digging than you might expect.

Chatbots: What are they & what do they do?

To determine how chatbots are hurting the customer experience, let's first go back to the basics. A chatbot is merely a computer program you can interact with through messaging apps, chat windows and—increasingly—by voice. Using the same applications, chatbots send human-like responses to create a back-and-forth conversation with users.

Although chatbots are surging in popularity, they have been around for quite some time. But more recently, chatbots have incorporated sophisticated techniques to better understand user questions. This is thanks largely to AI and the significant strides it's made in the past few years. With techniques like machine learning and cloud platforms, chatbots are able to use vast amounts of data and processing power to dramatically improve the quality of understanding and decision-making.

As AI makes them smarter, chatbots grow in their power to deliver outstanding benefits to customer service teams—such as reducing wait times, improving self-service and optimizing contact center costs—depending on how they are used. Benefits of chatbots include:

Reduced wait time: Customers do not like to wait for help, and any amount of wait time can to lead to frustration. At the same time, it does not make fiscal sense to have an oversupply of live agents waiting to respond to each incoming chat instantaneously. As a solution, chatbots can be used as a smarter way to ensure customers receive the instant response they demand.

Improved self-service: Self-service is nothing new, but when layered with machine learning and the chatbot interface, it adds a new level of value. Historically, chatbots have received a bad reputation for inaccurately routing and responding to customers. But with improved data, chatbots can more efficiently direct customers to answers that will actually help them increase customer satisfaction.

Cost optimization: Yes, chatbots help reduce costs by reducing manpower. But it goes beyond cost *reduction*. According to a recent [Forrester report](#), enterprises should focus on cost optimization instead. By taking advantage of the opportunities chatbots offer for large cost optimization, companies can create new customer service models. In these scenarios, they're not making humans expendable, they're making human hours a smarter investment.

So, if chatbots are so great and deliver amazing benefits, how could they possibly tarnish customer experience? Poor experience happens when chatbots are poorly implemented.

Customers Want More Humanity, Less Automation

As noted, chatbots deliver several benefits, especially when it comes to resolving issues faster. However, while they're programmed to act human, customers know they are not, which can be detrimental to customer retention.

According to a [new study from PwC](#), 71 percent of customers in the U.S. "would rather interact with a human than a chatbot or some other automated process." This is largely because when something goes wrong, they trust a human rather than technology to fix it. For instance, when a bot fumbles an interaction and cannot find the appropriate solution, the customer instantly loses faith and becomes aggravated. A human then must step in to fix the problem, which is frustrating for both the customer and the agent cleaning up the mess.

Due to the dramatic rise of chatbots and heightened demands of today's consumers, the dislike for digital assistants is not surprising. But as chatbots continue to serve as frontline customer service experts and are poorly integrated into existing contact center systems, many brands may see lower levels of loyalty among customers. And loyalty can be fleeting: even when customers show devotion to a brand, [60 percent](#) say they will switch brands after a bad experience.

Chatbots are not bad; they are just being used incorrectly in many instances. Instead, they must be treated as a tool for customer service agents rather than a replacement. Human agents must still be the heart of the contact center process, with chatbots serving as a bridge to customers rather than a deflection mechanism.

The Perfect Combination

In the same PwC study, 90 percent of companies reported that creating better experiences for customers is not a priority for them on the digital front. This may be because nearly half of U.S. consumers believe "welcoming" and "friendly" customer service is a brand's defining characteristic versus 32 percent who believe its their "technology."

As a result, brands believe investing in the digital front is a waste. However, when technology fails, is slow or disrupts the customer service journey, there's risk of losing customers after just one bad experience. In fact, even if customers love your brand, according to the report "59 percent will walk away after several bad experiences and 17 percent after just one bad experience." And they will not return.

This leaves a massive opening across industries for savvy companies to differentiate themselves by delivering the right mix of AI and human customer service immediately. This customer service scenario is the Holy Grail and creates a coherent bond between a human agent and a chatbot.

Although chabots continue to lack many necessary skills to handle all customer service inquiries autonomously, there are still many ways contact centers can use them to improve the customer experience. The most important aspect is including chatbots within an *omni-channel environment.*

Omni-channel platforms allow agents to interact with customers across any channel, including SMS, social, IoT, web-chat, email and phone, all within one interaction. Once this true omni-

channel process is in place, chatbots can be integrated to discern the intention of the customer, and route queries through the platform more accurately. The bot can also ensure the agent sees any previous conversations with the customer to help the agent pick up where it left off, which is a smoother experience for both the agent and the customer.

Companies that deliver this type of seamless experience all within one interaction will see a higher rate of issue resolution upon first contact. In addition, from these changes alone, contact centers have been shown to improve inquiry handling time by [60 percent and resolve 30 percent more calls with the same number of staff members.](#)

Using the Right Technology for Chatbots

There are many factors that should be considered when choosing the right technology for chatbot integration. One thing to keep in mind is that forcing chatbot integration into legacy systems can cause more problems than it solves. That's because as the underlying technology ages, it won't be able to keep up with customers' evolving demands.

Instead, implement a system that incorporates chatbots as an element of the greater customer experience. This will allow chatbots to function more as powerful sidekicks that handle mundane tasks while freeing up time for their human partners to give more attention to complex tasks. Additionally, companies who are willing to graduate from legacy systems to more nimble, integrated options will have the opportunity to outshine competitors.

Moving Forward

Chatbots are not going to replace human agents in the next five to seven years. In fact, they never should. Instead, these tools need to work simultaneously alongside agents to help them create better agent and customer experiences. Together, chatbots and humans can help bring everyone one step closer to a perfect solution that breaks customer service barriers and fosters the long-term loyalty that fuels success.