NUANCE

Top 5 reasons why retail chatbots fail (and how to fix them)

Essential advice for designing a new bot or troubleshooting your existing one.

Retail leaders are using chatbots

(and more sophisticated virtual assistants) in smart ways, to do very valuable things for their business.

Answering FAQs cost-effectively, proactively engaging shoppers at the perfect moment, recommending additional purchases, handling changes to orders... The list goes on and on. What's more, these brands are seeing the impact—on CSAT scores, conversion rates, sale sizes, and operating costs.

But this isn't a universal story. A lot of the time, retail chatbots created with the best of intentions still fail to deliver for their brand. They disconcert or frustrate customers. They escalate almost every inquiry to a live agent. They get outshined by other brand's self-service experiences.

If that sounds familiar, you're in the right place!

Why they fail...

In most cases, chatbots fail because retailers haven't fully engaged with one of these critical areas:

— Their business objectives

— Their customers' needs

— The quality of the conversational AI

— The nuances of human language

— The new tools and skills they will need

— How to handle hard-to-answer questions

— How to escalate to a live chat agent

— Channel strategy across voice, digital and messaging

— Chatbot voice, tone and branding

— Effective fraud prevention

— Continuous learning and optimization

— Ownership of the experience

This list may seem long, but neglecting any one of these key considerations can quickly lead to diminished ROI, and an underwhelming shopping experience.
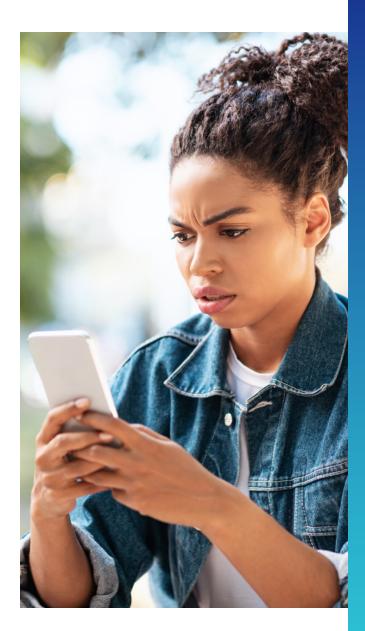
Reason #1: Human language is hard!

Despite the "chat" in their name, most retail chatbots aren't great at holding a conversation. Generally, they're scripted or FAQ-based. So, if a customer asks a question, the bot gives them a menu of preprogramed answers to choose from.

But understanding what a customer really wants—their "intent"—is more complicated than you might expect.

Sometimes, you might want your chatbot to infer meaning based on concepts that have already been introduced to a conversation—just as humans do naturally. So, if a shopper follows up the request "Do you have any black platform shoes in a size 9?", with "How about 8.5?", the bot still understands what it's being asked.

The bottom line is the quality of the AI underpinning your chatbot or virtual assistant (AKA "conversational AI") really matters. It will dramatically affect your shopping and overall customer service experience.

It will also define the type of experiences your chatbot is able to offer; it takes more intelligence to update a customer's preferred order delivery date than it does to give them the phone number of your service team.

The Fix: Choose your conversational AI platform carefully

A virtual assistant powered by more advanced conversational AI will be better at identifying your customers' intents. That will mean a smoother experience and faster resolutions.

Today's most advanced Natural Language Understanding (NLU) engines—a core component of conversational AI—are pre-trained on large-scale data sets and deep neural nets, so they're better at identifying words, intents, and conversational "entities".

Nuance virtual assistants can even predict a customer's intent based on their recent activity, including the other channels they've already tried to use. This helps to ensure an even simpler, smoother experience, from the first moments of the interaction.

"She never told him that she loved him."

Take the sentence above. It has seven different meanings, depending on which word you emphasize.

You will have read it, and understood it, in one specific way. But just look at all the different ways it can be interpreted, and the context each option could imply:

1. **SHE** never told him that she loved him. → **(But someone else did.)**
2. She **NEVER** told him that she loved him. → **(Zero times in their entire relationship.)**
3. She never **TOLD** him that she loved him. → **(She showed it but never said it out loud.)**
4. She never told **HIM** that she loved him. → **(But told everybody else.)**
5. She never told him that **SHE** loved him. → **(But that someone else did.)**
6. She never told him that she **LOVED** him. → **(Only that she liked him and thought he was funny.)**
7. She never told him that she loved **HIM**. → **(She said she loved someone else.)**

No wonder your chatbot doesn't always understand your customers correctly!

The ROI

A leading US home improvement retailer partnered with Nuance to deploy a new virtual assistant.

Nuance was able to develop an NLU model that understood 82% of customers' intents from day one, 87% of their intents by week two, and delivered 100% routing accuracy for cases that required a live agent.

Reason #2: There are gaps in your toolkit and skillset

More brands are choosing to build their bots in-house. If you're one of them, that's great—there are many good reasons to DIY, but there are also a number of pitfalls to avoid.

Most importantly, it takes a village to raise a virtual assistant. Developers, designers, data and speech scientists, testers, business stakeholders… everyone involved in the project needs the tools to collaborate quickly and effectively.

What's more, some absolutely essential skillsets— like conversational design—can be very hard to hire. Too many DIY vendors don't explain this. They simply throw their APIs over the wall and wish you luck.

The Fix: Understand the task, and source the help you need

First, understand who needs to be involved in your chatbot's software development lifecycle. (The roles we listed above should be a good start.) All these people should be able to work together easily, with tooling that suits their role, and reflects their level of technical know-how. Right now, cloud platforms are making this kind of collaboration possible.

If you're missing some key skills, look to partner with a virtual assistant vendor that's able to fill the gaps—letting you tap into their expertise, while you maintain leadership of your project, and ownership of your solution. In other words, pick a partner that will let you DIY, but not alone.

Did you know?

25 YEARS
Nuance has provided industry-leading, user-centric voice and chat UIs for over 25 years

75%
of Fortune 100 companies trust our core speech and NLU technologies

10 OF THE 15
Largest retailers in North America and 7 of the 15 largest retailers globally are Nuance customers

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Reason #3:
You implemented your chatbot without a business objective

If you implement a chatbot without a business objective in mind, there's a real chance you'll waste a lot of time and effort.

Worse, you might accidentally create the kind of painful, confusing self-service experience that drives customers away from your brand.

The Fix: Know what your business wants

It sounds incredibly simple. But in the heat of the moment—and in the rush to outshine your competitors—it can be easily forgotten.

So, take the time to define your business objectives, ideally, before you do anything else. (If your chatbot is already up and running, that's OK. Just do it right now.)

Maybe you want your virtual assistant to predict shopper intents, and engage them during the consideration process. Maybe you want it to answer questions about the status of customer orders—or to help your agents delight shoppers, and maximize sales, by recommending relevant products, and next best actions.

Some common objectives include:

— Increasing conversion rates

— Boosting sale size

— Reducing operating costs

— Improving customer experience

— Adding to your business intelligence

Your primary objective will shape key aspects of your chatbot's design, not least how advanced its conversational AI needs to be, and what information it needs access to. And, just as crucially, it will help you and your team to recognize success when it arrives.

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The chatbot's knowledge

If your chatbot specializes in doing one, specific thing—like providing information on order status—make sure this is clear to your customers. Make sure it pops up at the perfect time, and in the perfect place. And make sure it has the right depth of knowledge.
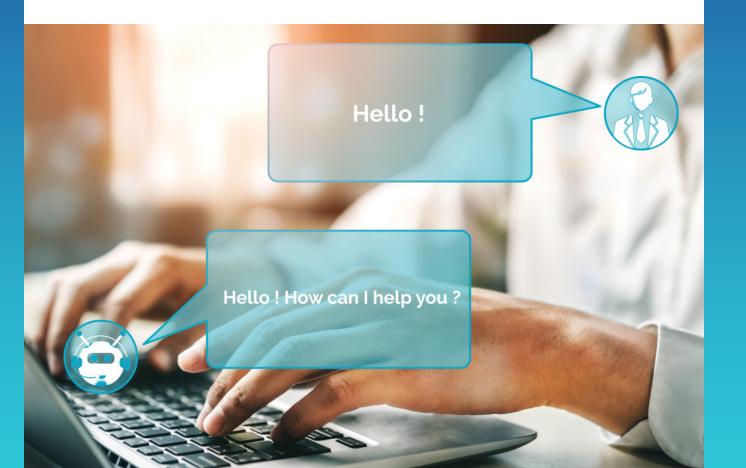
The breadth and depth trade-off

1. Broad but shallow

PRO knows a wide range of information

CON learning conversations takes a long time, and you risk low accuracy

2. Narrow but deep

PRO has a deep knowledge in specific areas

CON only useful for a segment of customers

The ROI

One of the UK's largest retailers integrated Nuance Intelligent Virtual Assistant into its website to resolve customer issues without the need for a live agent.

In its first two years, the VA resolved 70% of cases without the need for human involvement, and saved £2M of online sales that the company might have otherwise lost.

Reason #4: You've forgotten to listen to (and learn from) your customers

You know when you see a muddy track, veering away from the original path? That track is a user showing us the way they actually wanted to go.

If you don't analyze customer preferences and behaviors before and throughout your virtual assistant implementation, there's a good chance you'll end up with a chatbot that sends customers in the wrong direction.

The Fix: Understand how your customers want to interact

Study your customer analytics, learn how your users want to interact with you—and where their pain points lie. Then decide how your chatbot can meet these needs.

— When will your customer appreciate personalized, data-driven responses? When would they prefer generalized, to-the-point answers?

— Does your customer want a chatbot that responds through text or through voice?

— When will your customer always want to talk to a live agent?

Once you've established how your customers want to interact with your brand, let this information—and your business objectives—help you find the best place to initiate the bot within your customer journey.

If your chatbot has a very narrow use, and deep knowledge, such as one designed specifically to support checkout or shipping queries, you won't want to make it available at every stage.

If your chatbot is broad-but-shallow—the kind that's great at routing customers to the right page or the best agent—it's much more likely you'll want it activated at multiple touchpoints.

A quick tip on personalization
Consider how much personalization will feel "right" to your customers.

A shopper purchasing medications, for example, might find it disconcerting if a chatbot "knows too much" about their purchase history. A shopper buying a new winter coat, however, would likely be thrilled it already knows their size, preferred styles, and default shipping options.

The ROI

One of the world's largest apparel retailers deployed its Nuance Intelligent Virtual Assistant in record time, by leveraging existing chat transcripts and industry knowledge.

It saw over 85% of customer cases resolved by the virtual assistant from the first day it went live.

Reason #5: Your chatbot (and your customer) gets stuck in a loop

There are always going to be times when your chatbot can't help a shopper. Maybe it hasn't been trained on a particular issue, or maybe they don't know what they should be asking.

To avoid your customers getting stuck in a frustrating cycle of "I'm sorry, I don't understand the question", you need to establish ways to escalate an interaction to a live agent.

The Fix: Design an effective escalation strategy

Here are a few pointers:

Chatbot scope: Make sure your customer knows which questions the chatbot can answer and make it seamless to move to an agent if they have a query outside its scope.

Unresolvable issues: To avoid unnecessary frustration, your chatbot should also know when an issue can't be resolved though escalation. It's better your bot immediately tells a customer they'll need to visit a store for assistance, than your live agent delivers the news five minutes later.

Routing: Your chatbot should always route customers to the right live agent for their needs—sales chats to the sales team, support chats to the support team. (Or make sure every agent can help with every inquiry.)

Agent availability: Whether you use the chatbot as a routing engine, or your live agents are the chatbot's safety net, always check agent availability before your chatbot transfers the customer. If no agents are available, let the customer know how long they'll be waiting.

Context and continuity: If your chatbot is struggling to comprehend a customer's needs, the whole experience should be transferred to a live agent within the same interface—don't force the customer to repeat their intent, switch channels or start all over again.

Prioritization: If your chatbot interprets the customer's intent as urgent, if the customer seems frustrated, or if your data indicates they're a high-value customer, route the interaction to a live agent immediately. Sentiment analysis can help your chatbot understand if someone is unsatisfied, and quick escalation can prevent the experience causing further annoyance.

It's okay for your virtual assistant to admit defeat. It can be designed to capture the unexpected behavior it's struggled to handle, recover gracefully, and even collect data to improve the experience in the future.

And just as a conversation with your virtual assistant won't always be the right solution for a customer, the channel they've chosen won't always be the best one to resolve their needs. If someone has called your contact center, but their need would be better served on a messaging channel, your virtual assistant should be able to make that transition seamlessly too. (But only after checking with the customer first!)

The ROI
A major US wireless retailer used Nuance's open APIs to integrate a virtual assistant into its existing Nuance Live Assist solution.

When the virtual assistant isn't able to meet a customer's need, a live agent can take over seamlessly, with full visibility into the conversation so far. The combination has resulted in a 50% increase in CSAT scores and a 38% increase in conversion rates.

Learn how we can help you

Want even more chatbot fails and fixes? Get our complete guide: Retail chatbot fails: **11 reasons they break and how to fix them** for 6 more reasons chatbots can fail and heaps more practical advice on fixing them. Best of all, you'll gain insight into the huge ROI a fully functioning, full-featured virtual assistant can provide.

About Nuance Communications, Inc.
Nuance Communications (Nuance) is a technology pioneer with market leadership in conversational AI and ambient intelligence. A full-service partner trusted by 90 percent of U.S. hospitals and 85 percent of the Fortune 100 companies worldwide, Nuance creates intuitive solutions that amplify people's ability to help others..