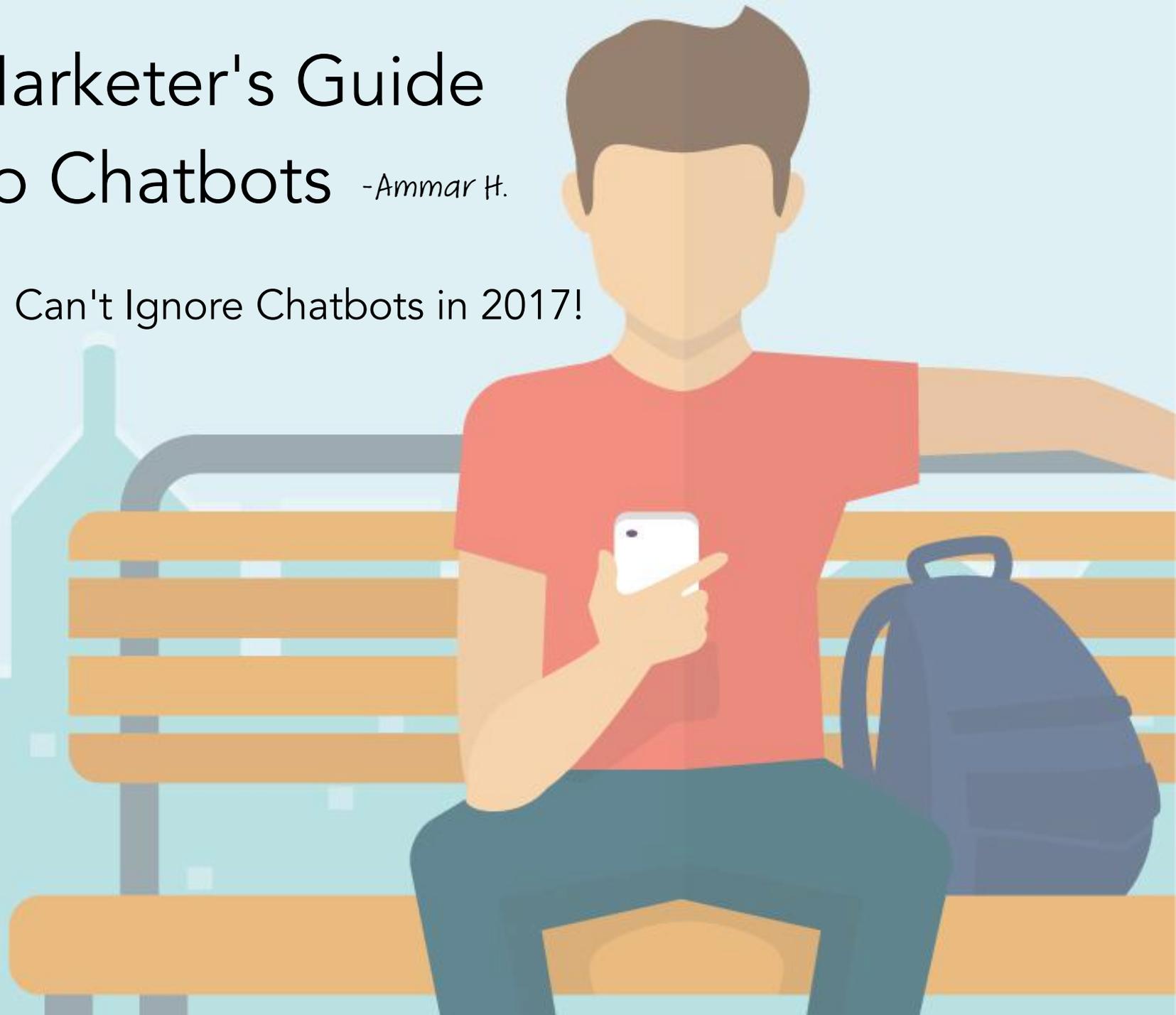# The Marketer's Guide to Chatbots -Ammar H.

Why Your Brand Can't Ignore Chatbots in 2017!

Abstract:

The New Year has begun and 2017 is shaping up to be the year of the chatbots!
What are chatbots and why should you care? Don't worry, we have you covered.

In this guide you will better understand:
        1) Why consumers are shifting their attention to messaging apps
        2) What is a chatbot
        3) How brands are using chatbots to engage with consumers today
        4) Why chatbots are significant to a brand's marketing strategy
        5) How brands can quickly get started using chatbots

By the end of this guide you will understand how brands can use chatbots in their 2017 marketing plans to increase consumer engagement and customer acquisition on messaging apps.

Let's dive in! :)

Why the #&@% should I care about messaging apps?

1. Messaging Apps Have Become Increasingly Popular

Consumers today are using messaging apps more than social media apps. This represents a shift in consumers' preferred way of communicating.
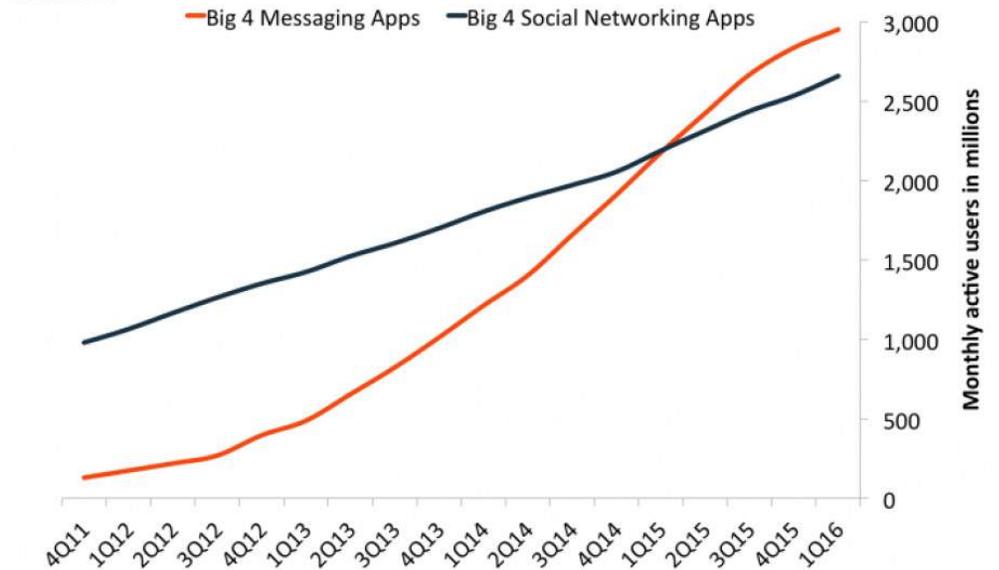
Messaging apps like Facebook Messenger, WhatsApp, Viber, and Kik have overtaken the top 4 social networking sites with over **3 billion** monthly active users.

Also, consumers on average have 3 messaging apps on their home screens, use 3 different messaging apps per week, and send 3 messages per hour.

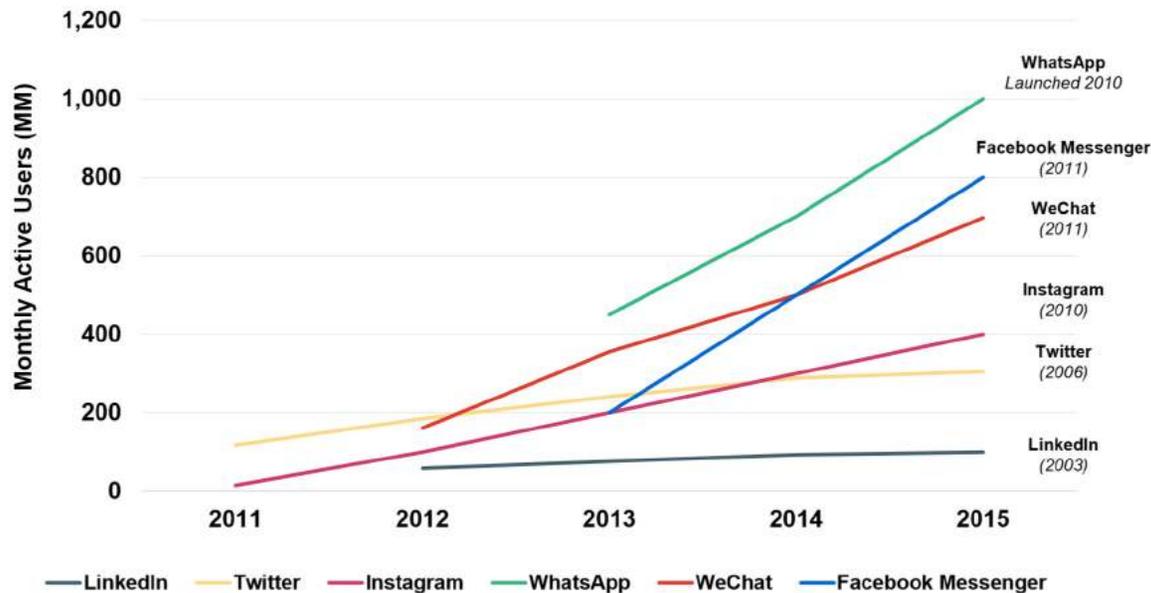
Messaging Apps Have Surpassed Social Networks

Global monthly active users for the top 4 messaging apps and social networks, In millions

— Big 4 Messaging Apps   — Big 4 Social Networking Apps

Note: Big 4 messaging apps are WhatsApp, Messenger, WeChat, Viber.
Big 4 social networks are Facebook, Instagram, Twitter, Snapchat
Source: Companies, BI Intelligence

BI INTELLIGENCE

Monthly Active Users on Select Social Networks and Messengers, Global, 2011 – 2015

The growth of messaging apps over the past few years has been phenomenal.

WhatsApp, Facebook Messenger, and WeChat are leading the charge with the most monthly active users.

Source: KCPB, Mary Meeker, 2016 Internet Trends Report

According to a recent Nielsen study, **53% of consumers** are more likely to shop with a business they can message directly. As a result, consumer attention is shifting away from traditional marketing channels like phone, email, and social media in favor of mobile messaging apps like Facebook Messenger, WhatsApp, and Slack that offer a 1:1 communication channel for people to engage.

This shift in attention reaches across all consumers, however it is most noticeable among "**young people aged 17-34 who are estimated to spend more than $200B annually starting in 2017,"** according to AdAge.

This brings us to our next point...

2. Younger Audiences Prefer to Message Businesses

As younger audiences continue moving to mobile messaging apps, traditional marketing channels like phone and email have become less effective in driving engagement and brand loyalty.
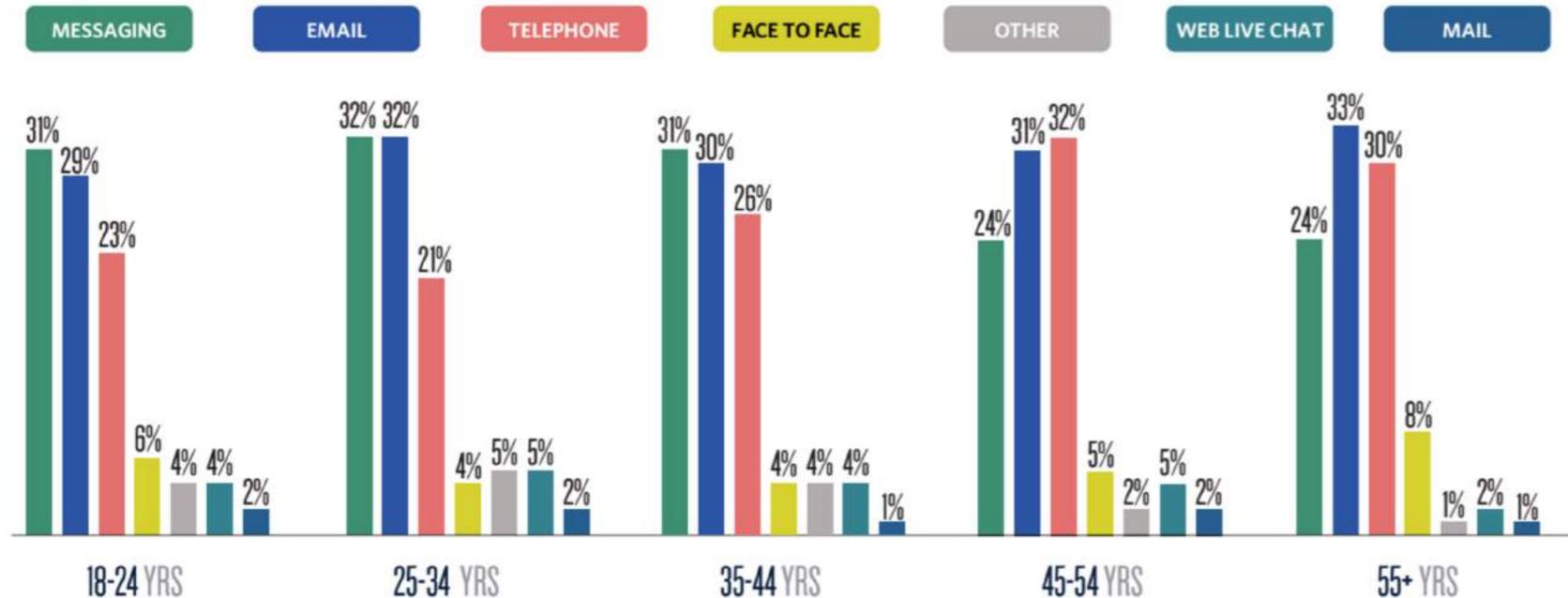
Source: Twilio Global Mobile Messaging Consumer Report

People already prefer messaging businesses if possible and **37% of millennials** already interact with brands using online or mobile chat applications, according to 24/7. According to Business Insider, "chat apps are a logical fit for connecting with Gen Z and millennial consumers since **over 50% of users for each of the 10 leading chat apps** examined by GlobalWebIndex **are under 35**."

Messaging apps are especially popular with younger smartphone owners

Among smartphone owners, % who use ...

	Messaging apps	Auto-delete apps	Anonymous apps
Total	29%	24%	5%
Men	31	24	4
Women	27	23	7
18-29	42	56	10
30-49	29	13	6
50+	19	9	<1
High school or less	28	24	5
Some college	25	27	8
College+	33	21	4
Less than $50K/year	28	27	5
$50,000+	29	22	6

Note: Findings based on the 72% of American adults who own a smartphone.
Source: Survey conducted March 7-April 4, 2016.
"Social Media Update 2016"

PEW RESEARCH CENTER

According to a Pew Research survey on messaging app usage, **42% of smartphone owners ages 18 to 29** use more general messaging apps like Facebook Messenger, WhatsApp or Kik, compared with **19% of smartphone owners ages 50 or older**.

APP PREFERENCE FOR MESSAGING BUSINESSES

47%	21%	18%	6%
Native Sms	Facebook Messenger	Whatsapp	Other

6% Line

2% Snapchat

According to a recent Twilio study, Native SMS and Facebook Messenger are the preferred messaging channels to communicate with businesses. Also, **Facebook Messenger and WhatsApp each have over 1 billion users**, representing the largest audiences among existing messaging apps for consumer engagement.
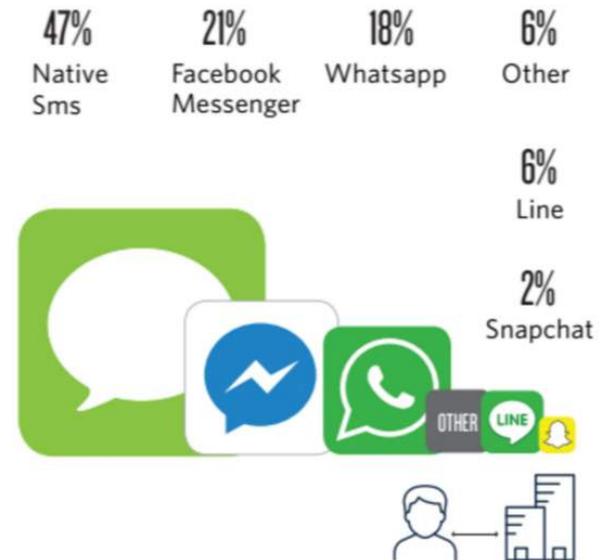
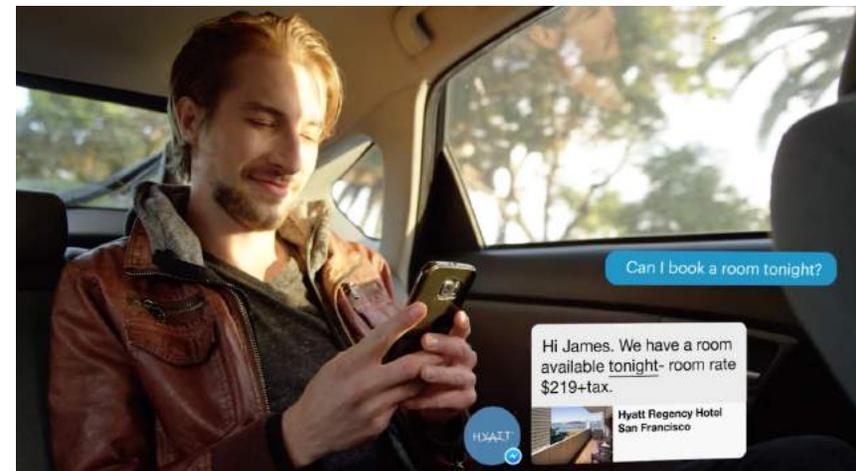Source: Twilio Global Mobile Messaging Consumer Report

# 3. Messaging is a 2-Way Communication Channel

Unlike a website or social media, messaging apps are 2-way communication channels which allow consumers to provide more specific context to their engagement than the traditional likes, shares, opens, clicks, form fills, or downloads that marketers focus on today.

According to a recent Twilio report, "**more than 8 out of 10 (85%) of consumers** not only want to be able to receive information but also reply to businesses or engage in a conversation."

According to David Marcus, Vice President of Messaging Products at Facebook, "There are 15 million businesses using pages and 1.6 billion people using Facebook as their identity. These can now come together in threads that are **contextual and canonical**. For the lifetime of your interaction, everything stays in one place, unlike email."

4. Messaging Consumers is Highly Cost Effective

82% — Native Sms
77% — Messaging (Avg)
42% — Social
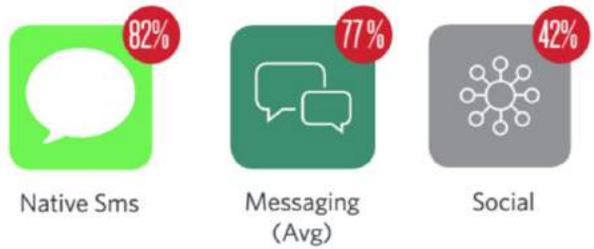
% of consumers that turn on notification

Source: Twilio Global Mobile Messaging Consumer Report

77% - **average global opt-in rate for messaging apps**

6% - **average opt-out rate for notifications from any messaging app**

Compared to social media apps, these opt-in rates make messaging apps a very effective channel to get your brand's voice heard.
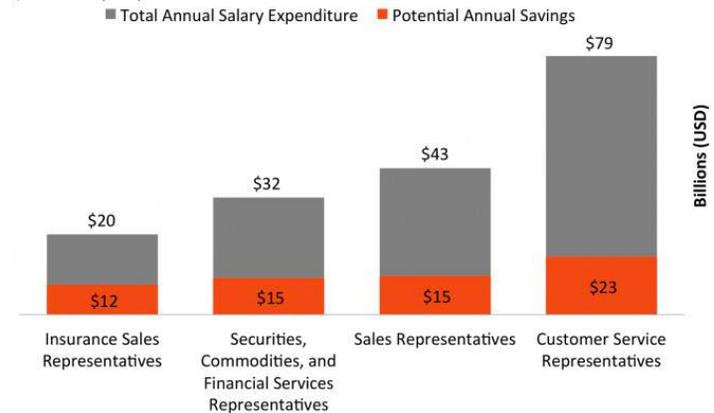

Brands can also save money on sales and customer service staffing using automated messages:

29% of customer service positions in the US could be automated through chatbots and other tech, according to Public Tableau.

36% of sales representative positions in the US could be automated, resulting in total annual estimated savings of at least **$15 billion** from salaries

Potential Annual US Salary Savings Created By Chatbots
2016, In billions (USD)

■ Total Annual Salary Expenditure   ■ Potential Annual Savings

Billions (USD)

$20 — Insurance Sales Representatives ($12)
$32 — Securities, Commodities, and Financial Services Representatives ($15)
$43 — Sales Representatives ($15)
$79 — Customer Service Representatives ($23)

Note: Estimates are calculated against the potential of bots replacing these positions: Insurance sales rep = 60%; Securities, commodities, and financial services rep = 46%; Sales rep = 36%; Customer service rep = 29%. Source: McKinsey estimates, US Office of Personnel Management

BI INTELLIGENCE

But wait..how do you automate these messages on messaging apps to optimize time, save money, and scale up?

That's where chatbots come into the play! :)
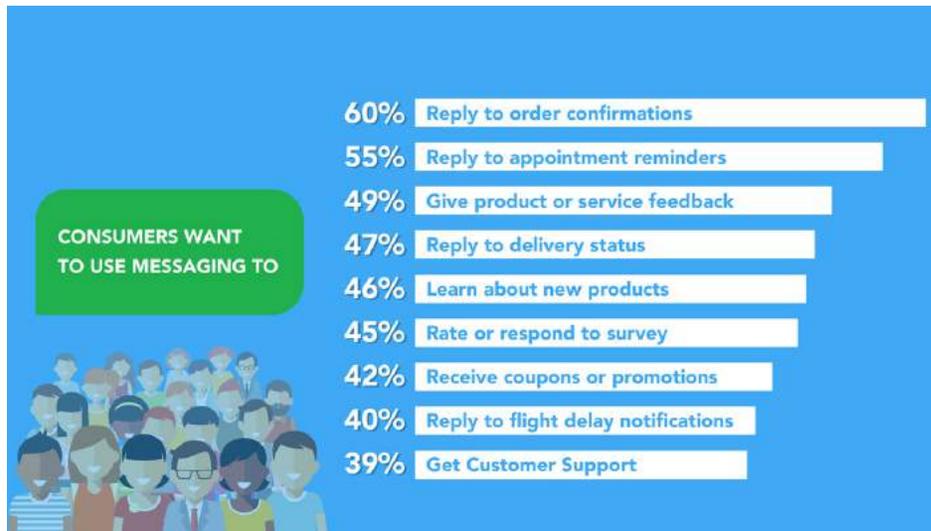
What the #&@% are Chatbots?

The most exciting marketing tool has arrived... chatbots. Chatbots are "interactive software programs that reside in apps, live chat, email, and SMS and can behave in a human-like manner."

Chatbots can be used on Facebook Messenger (Messenger) as well as other platforms such as KIK, Telegram, Slack, and SMS. They can perform a variety of functions, ranging from playful entertainment to functional and productive. You may be familiar with Siri, Google Assist, and Allo, which are also forms of chatbots using voice communication.

When choosing where to launch your chatbot, we suggest marketers focus on Messenger which today claims **over one billion monthly active users** and is the most frequently used platform to communicate with your audience.

Consumers Already Want to Chat with Businesses?

60%	Reply to order confirmations
55%	Reply to appointment reminders
49%	Give product or service feedback
47%	Reply to delivery status
46%	Learn about new products
45%	Rate or respond to survey
42%	Receive coupons or promotions
40%	Reply to flight delay notifications
39%	Get Customer Support

CONSUMERS WANT TO USE MESSAGING TO

Source: Twilio Global Mobile Messaging Consumer Report

As we've written before, "Your customers want to chat, but are you listening?", chatbots within Messenger allow marketers to be personal and are always there for your customers at anytime.

According to a Nielson survey, over the next two years, **67% of people using chat apps expect to use messaging apps** to communicate with businesses.

Consumer Spending Trends - DigitasLBI:

37% of American smartphone users would be willing to make a purchase through a chatbot, and these consumers would **spend an average of $55.80** per purchase.

59% of Americans have or would be willing to communicate with chatbots to:
- Receive offers and coupons - **36%**
- Receive recommendations or advice - **37%**
- Conduct online banking - **14%**

48% of millennials have or would be willing to receive recommendation from a chatbot for retail products, hotels, travel destinations, and fashion styles.

How Are Brands Using Chatbots Today?

Chatbots can be used for various marketing and sales conversations with new and existing customers. Here are four examples of conversations brands can easily have today using a chatbot to drive product awareness, purchases, and re-engagement on messaging apps.
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1. Publishing Content

Brands can use chatbots to publish content that consumers regularly engage with today. By doing this using conversations, brands provide targeted content to consumers on a 1:1 level and drive higher mobile engagement rates.
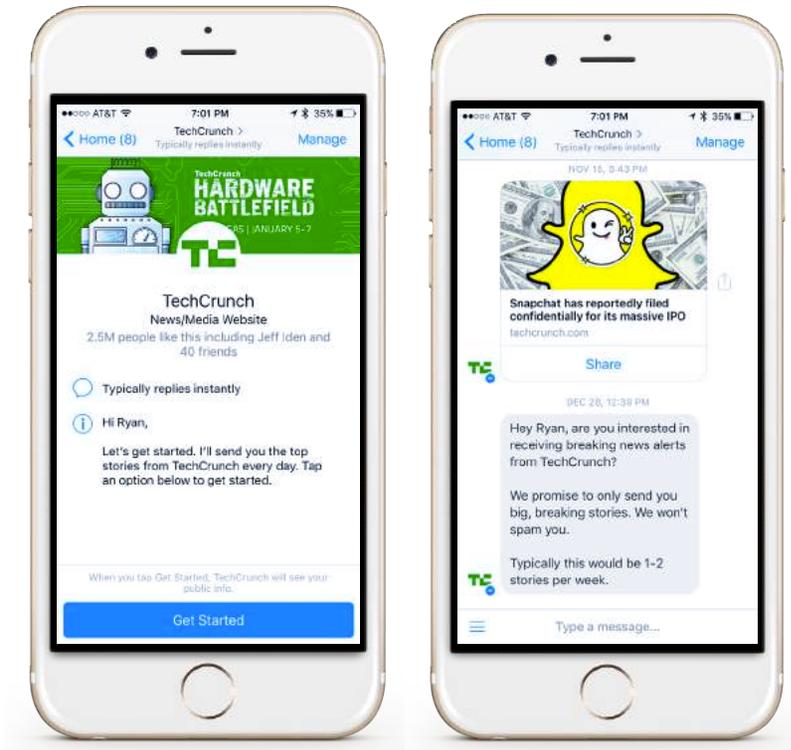
News Articles - TechCrunch

TechCrunch allows you to subscribe to popular articles and specific topics from their website.

Every evening, the TechCrunch chatbot deliver 5-6 articles to the Facebook Messenger app and you can browse and read the articles of interest.
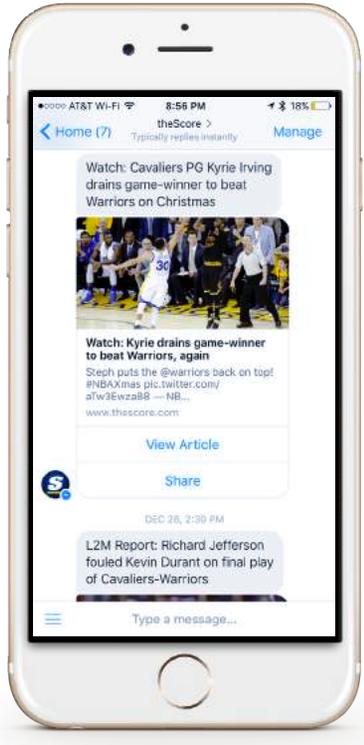
Sports Updates - The Score

The Score allows you to follow your favorite sports teams and set alerts for game start times, end times, and scores. You can also receive the latest articles related to the teams you are following. This ensures that you get the most relevant content while maintaining full control over your chatbot experience.

Weather Reports - Yahoo Weather

Yahoo Weather allows you to get real-time weather updates for the cities you select. You can then control how frequently you would like weather updates (daily, weekly, mornings, evenings, etc). This is an easy way to stay up to date on the weather and share weather updates with friends and family.

Travel Alerts - Kayak

Kayak allows you to login to their platform using a chatbot and then access relevant flight and hotel information connected to your account. This chatbot is used to check travel itineraries, make new bookings, and learn more general information about the places you plan to travel.
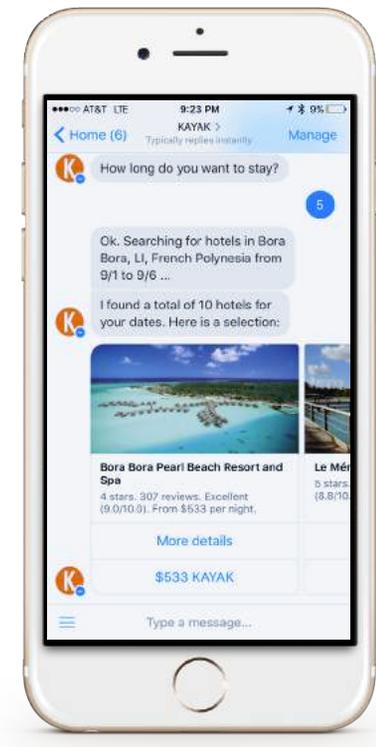
Overview - Publishing Content

This is a popular use case for chatbots since you can quickly increase the distribution of their content while making it easier for consumers to discover, read, and share with friends via chat. It also makes it easy to collect consumers' content preferences in order to understand which pieces are performing the best with your audience.

Finally, by publishing content in messaging apps, you can drive down the time, effort, and resources required to manage social media content across multiple platforms.

2. Brand Engagement

Brands can use chatbots to create unique experiences for consumers to communicate and engage with them.
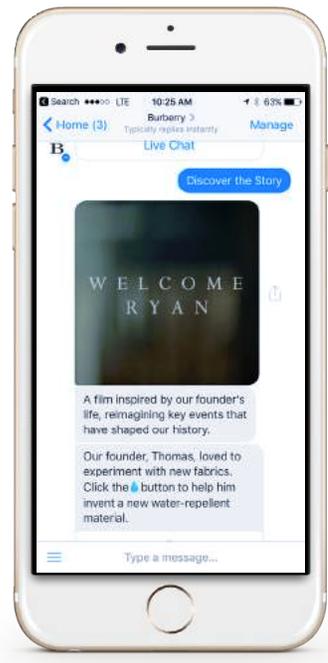

Brand Stories - Burberry

Burberry allows you to read and engage with the original story of their brand. They begin the conversation with a customized GIF followed by emoji call-to-actions. When clicked, these emojis trigger more content to be displayed for further brand engagement.

By creating engaging brand stories, consumers not only learn more about the brand, they also choose what they are interested in learning more about. This makes for a more casual and personalized way to learn more about Burberry.

Role Play Games - Call of Duty

The Call of Duty chatbot places you into their gaming universe to speak with Lt. Reyes from their newly released game "COD: Infinite Warfare." By reading and responding to chatbot messages, you can have a highly interactive and engaging experience with a fictional game character driven by exciting game content.

This chatbot does an excellent job getting you to quickly respond to their messages by giving them 10-second countdowns and other ways to respond, like sending casual text messages or sharing photos.
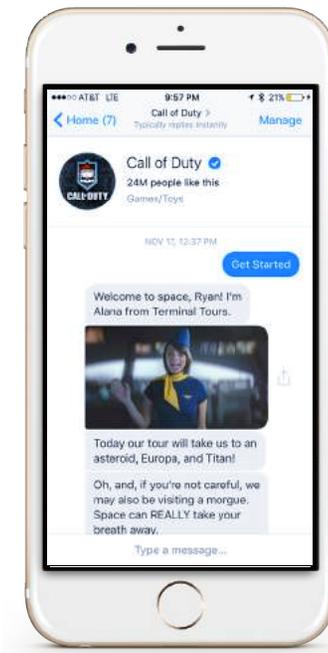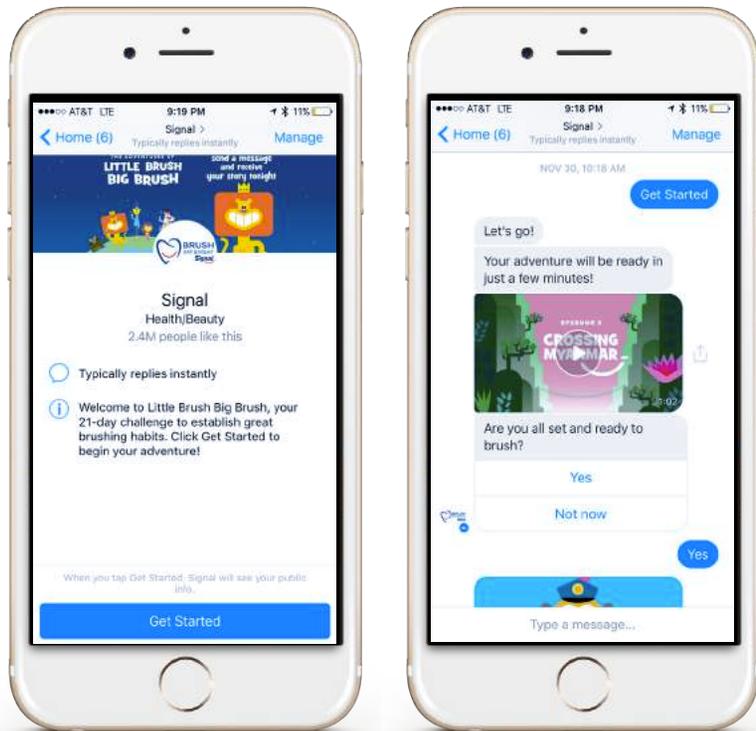
Brush Your Teeth Adventures - Signal (UK)

Signal allows parents to make brushing teeth an adventure for their kids. They publish customized stories and video content for the moms, dads, and kids in the household. Also, this content is delivered daily at any time you select. So, if your son or daughter brushes their teeth at 7pm each night, Signal can guide you with content exactly when you need it.

This is a wonderful example of a brand that is using the power of chatbot marketing to create engaging, useful, and memorable consumer experiences.

Overview - Brand Engagement

By engaging with consumers in novel ways, brands can deliver unique brand experiences and adventures to encourage repeat engagement with their audience.

3. Product Promotions

Chatbots can also be used as mobile shopping assistants, like a concierge service.
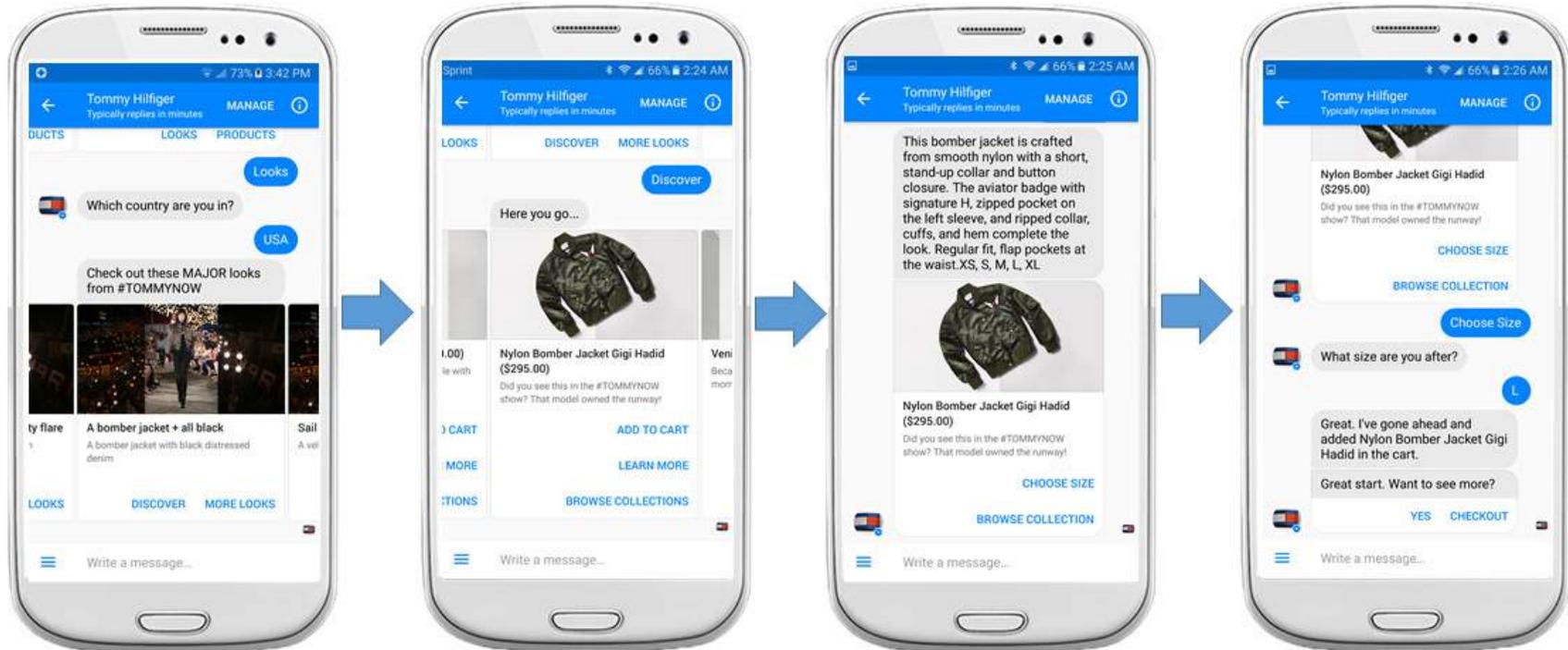

Tommy Hilfiger's chatbot, TMY.GRL, allows you to explore and discover new products, view sizing, and proceed to a brand's landing page to complete the check-out process. This chatbot does a great job showing consumers new and exclusive product collections.

By guiding you to check out pages with the product context pulled from the chatbot conversation, Tommy Hilfiger is saving you time spent navigating their mobile website. This results in decreased cart abandonment and an overall increase in sales.

4. Loyalty Marketing

Chatbots are extremely valuable for engaging customers after they have already made a purchase or taken an action with a brand. Usually these conversations revolve around automating frequently asked customer service questions.

Below is an example of a brand's order confirmation page where a customer can opt-in to a chatbot conversation (instead of traditional email confirmations).
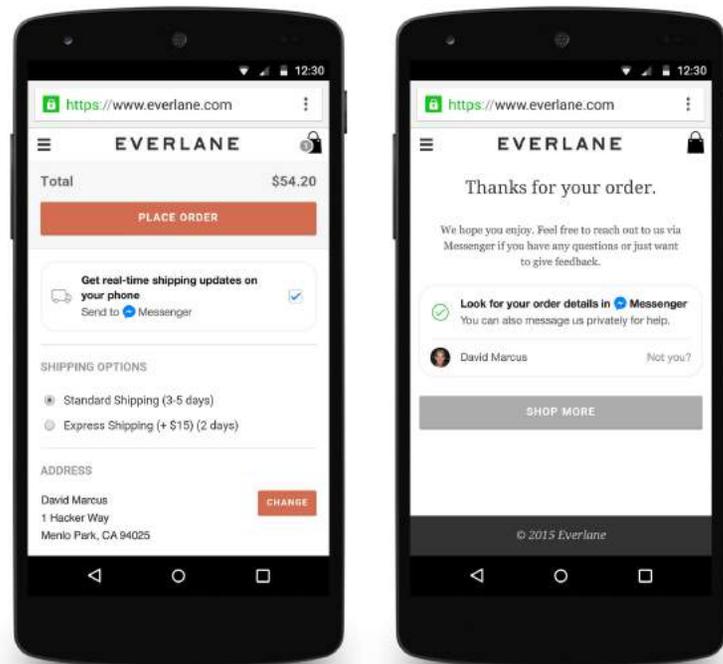
The customer receives their order confirmation via chatbots in addition to details regarding shipping statuses, loyalty points, discounts for future purchases, and more.

Using chatbots in this way allows brands to reengage customers as soon as they make a purchase, download some content, attend an event, or take any other brand specific action. There is no need for a live customer support rep to answer customer questions due to automated options the chatbot provides. Also, this use case is completely consumer-driven, since they opt-in to receive this information via messaging apps. Once a consumer opts-in, the brand can reach out using other types of chatbot conversations discussed above.

Ultimately, the goal is for brands to elevate the customer experience and foster brand loyalty.

Chatbot User Acquisition

Once you have deployed your chatbot, you will need to inform your target audience. We call this bot discovery or customer acquisition. There are many ways a marketer can promote a Messenger chatbot.

"Message" button on your brand's Facebook page:
Chatbots can be easily triggered by someone clicking the Message button your brand's page.

"Message Us" and "Send to Messenger" buttons on your website:
These buttons are similar to a Facebook Like Button you may have on your site today. The "Message Us" button allows your audience know you're on messenger.
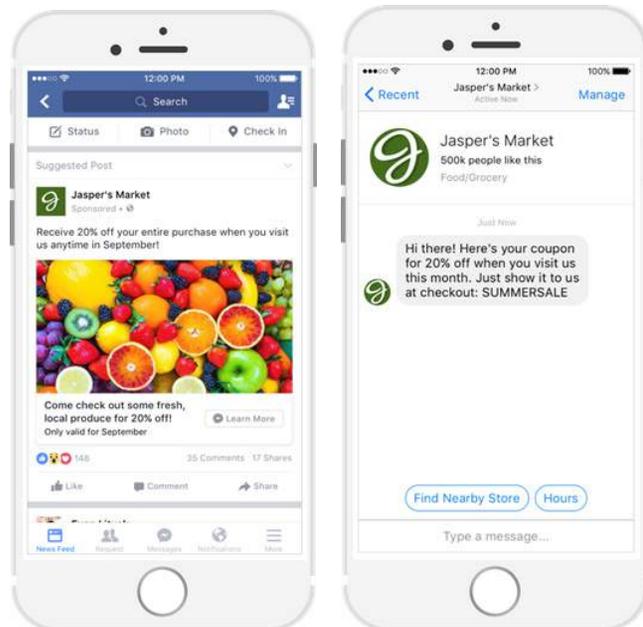
Messenger Usernames:
Your audience can search for your brand via your username. An example of the username can be @Sephora

Messenger Links:
As a marketer, you can create a personalized link that can be shared with your audience which can be shared with others. An example of a link can be m.me/burberry

Conversational Ads:
As a marketer, you can run Facebook Ads and display ads which can direct your audience to immediately begin a conversation with your Messenger chatbot.

-Ammar H.