

Consumer Study on Chatbots

Survey of 1,000 U.S. Adults on Awareness,
Attitudes, and Usage of Chatbots
vs. Other Customer Service Channels



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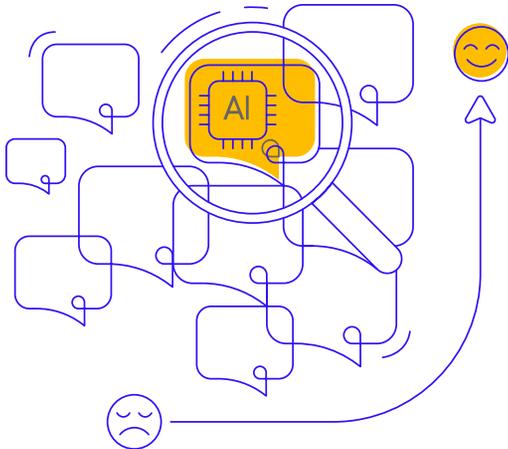


Executive Summary

Overview

Love, hate, or tolerate: How do NOW Customers actually feel about chatbots?

Chatbot usage and retail spend via bots have increased significantly since the pandemic. Bots seem to be everywhere, but are NOW Customers— consumers who expect best-in-class service at every turn— actually enjoying them or merely white-knuckling each encounter?



The results presented in this study underscore three major themes:

- 1 The necessity of human intervention in chatbot interactions.
- 2 Satisfaction and revenue shortcomings caused by legacy chatbot vendors.
- 3 Major generational divides in perceptions and tolerance of chatbots. (Know your audience!)

The reality is that the buzz and technical advances behind chatbots have overshadowed one crucial element: **customer satisfaction**. Luckily, as you'll read in this report, there's ample opportunity for companies to enjoy the incredible benefits of automation while also dazzling their customers.

Enjoy!
—The Simplr Team

Revenue Opportunities with Chatbots

This study reveals glimmers of opportunity for businesses to generate more revenue from best-in-class, human-enabled chatbot experiences.



Before jumping into the results, we wanted to highlight three major findings around the business impact of chatbots.

- 6 out of 10 consumers are more likely to do business with a brand when a chatbot seamlessly transfers them to a live human agent (along with relevant information).
- 35% of adult consumers say adding a chatbot increases their likelihood of doing business with a company. Offering a chatbot as a customer service option versus not having a chatbot has a positive impact on 3 in 10 users' likelihood to do business with a company...
- This increases to 4 in 10 among Gen Z, Millennials and Gen X age cohorts. Among Boomers, only 2 in 10 indicate the same positive outcome for having a chatbot option.

Methodology

This report is based on a quantitative survey of a sample of U.S. adult consumers ages 18-75 who regularly shop for products and/or services online.

Respondents had to self-report interacting with a chatbot in the past 12 months to qualify. The average survey length was 14 minutes. Minimum quotas were set by age group to ensure statistical differences by age could be analyzed with confidence.



	Completed Surveys
Gen Z: Ages 18-23	20%, 199
Millennials: Ages 24-39	25%, 250
Gen X: Ages 40-55	25%, 251
Baby Boomers: Ages 56-74	30%, 300
TOTAL	1,000

Key Findings + Analysis

Chatbot Usage

Overall consumer chatbot usage has doubled since 2020.

This survey found that 18% of consumers have engaged with a chatbot in the past three months. This is a significant jump from 2020, when usage was at 9%.¹

Additionally, Insider Intelligence predicts that consumer retail spend via chatbots worldwide will reach \$142 billion in 2024—up from just \$2.8 billion in 2019.²

An increase in chatbot usage is to be expected as customer service preferences change, online activity increases, and more technology hits the market. While the increase in chatbot usage is undeniable, consumer willingness to use them remains uncertain. Let's take a closer look.



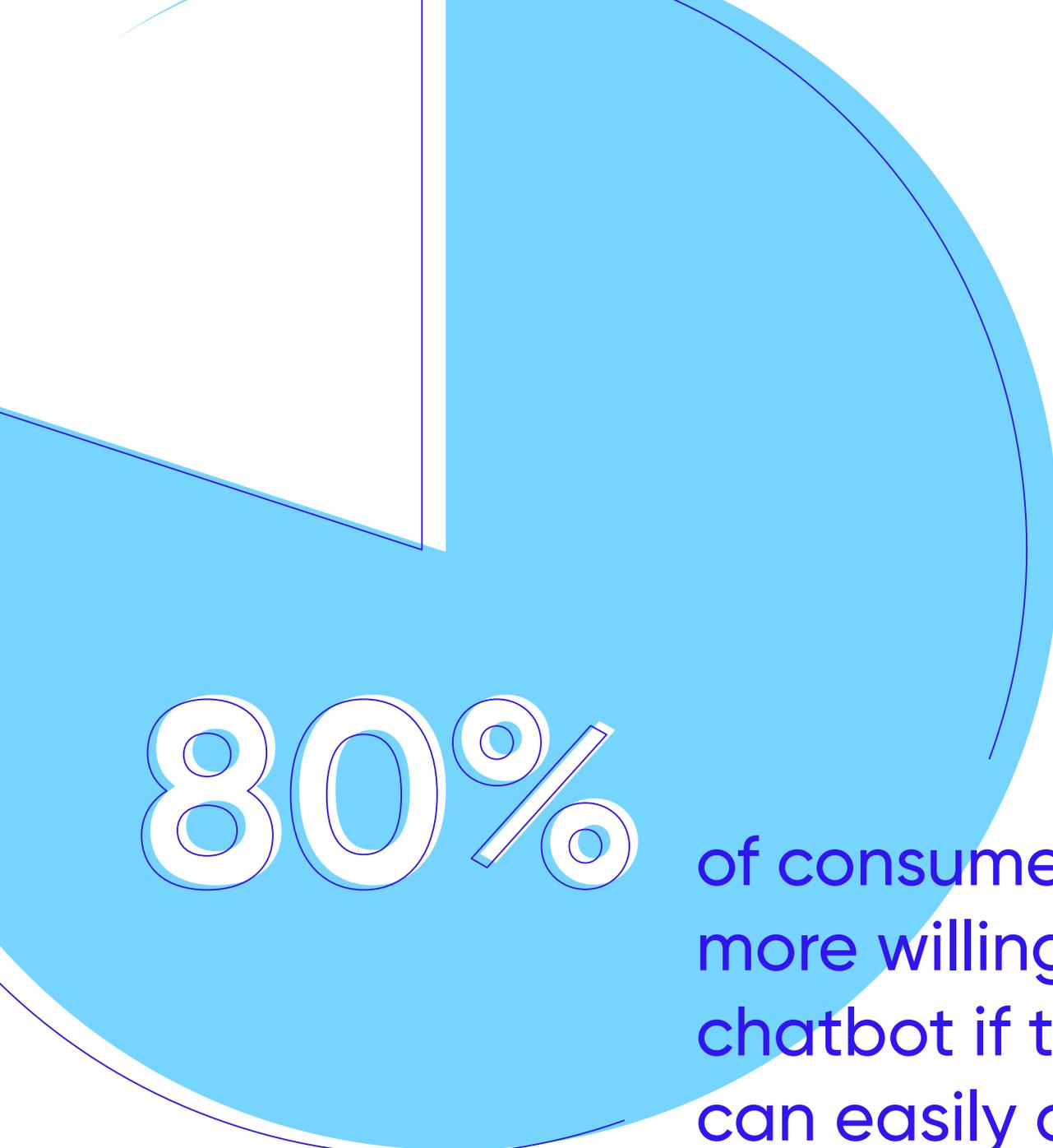
CONSUMER RETAIL SPEND VIA CHATBOTS

\$2.8B in 2019

\$142B in 2024

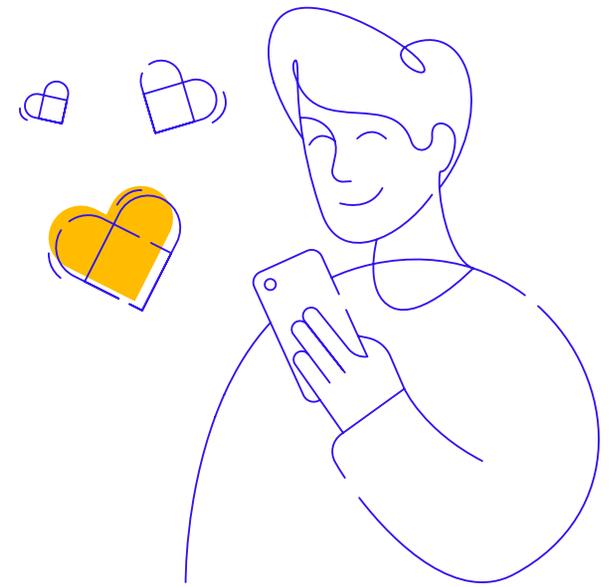
¹NICE InContact, 2020 Customer Experience (CX) Transformation Benchmark, 2020.

²Business Insider, "Chatbot market in 2022: Stats, trends, and companies in the growing AI chatbot industry," February 2022.



80%

of consumers are much more willing to use a chatbot if they know they can easily and quickly transfer to a live person.



Consumer Willingness + Positive AI Attitudes



While there are many areas for growth in the age of AI, many consumers are already willing to engage in a chatbot experience. Here's what they like about automation:

POSITIVE WILLINGNESS TO USE A CHATBOT IS DRIVEN BY:

- ✓ **Bot's 24/7 availability (51%)**
- ✓ **Trust in bot's ability to keep personal information secure (41%)**

CONSUMERS WHO ARE "EXTREMELY WILLING" TO USE CHATBOTS:



Quick and reliable way to communicate without waiting on hold.

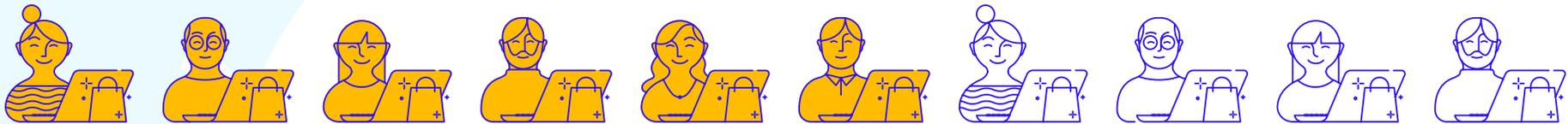


Chatbots are easy to use and they're convenient when you want a short answer.

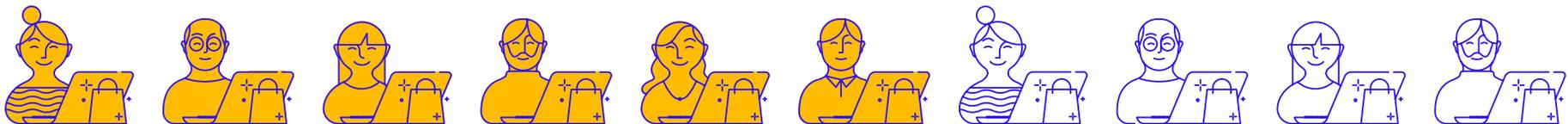
Consumers want companies to be transparent about who or what is behind the chatbot bubbles.

NOW

Males (65%) indicate it's more important to them to be able to tell the difference than it is to females (57%). If a company's target customer is primarily male, the design of the chatbot experience should keep this in mind.



6 in 10 users indicate it's important to them to be able to tell if they are talking to a live human or to a chatbot...



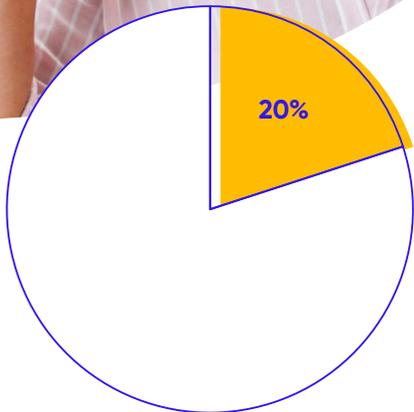
However, only **6 in 10** users are confident they can tell the difference.

Demographics

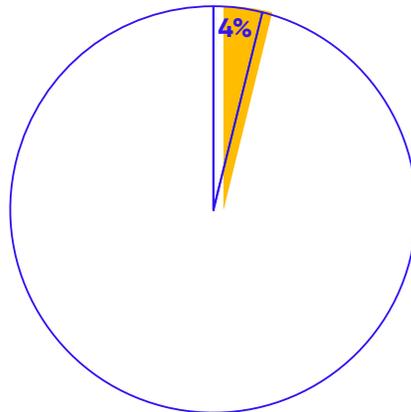
Age

There are stark generational differences when it comes to most desirable customer service interactions.

Gen Z

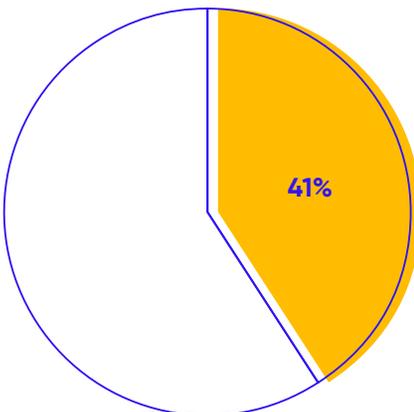


Boomers

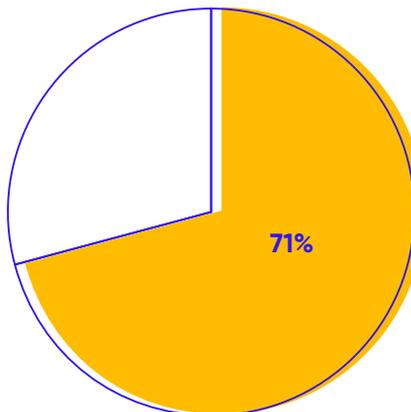


PREFER TO START CUSTOMER SERVICE JOURNEY WITH A CHATBOT

Gen Z



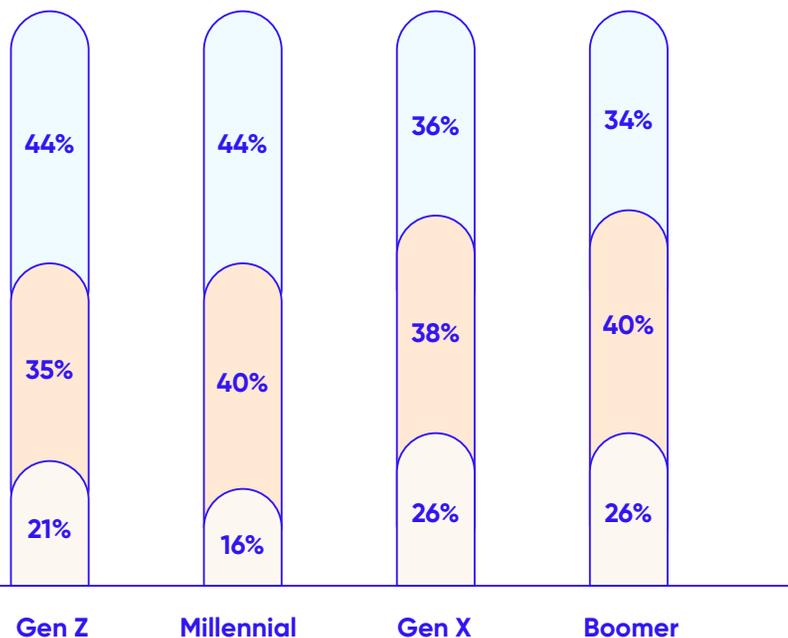
Boomers



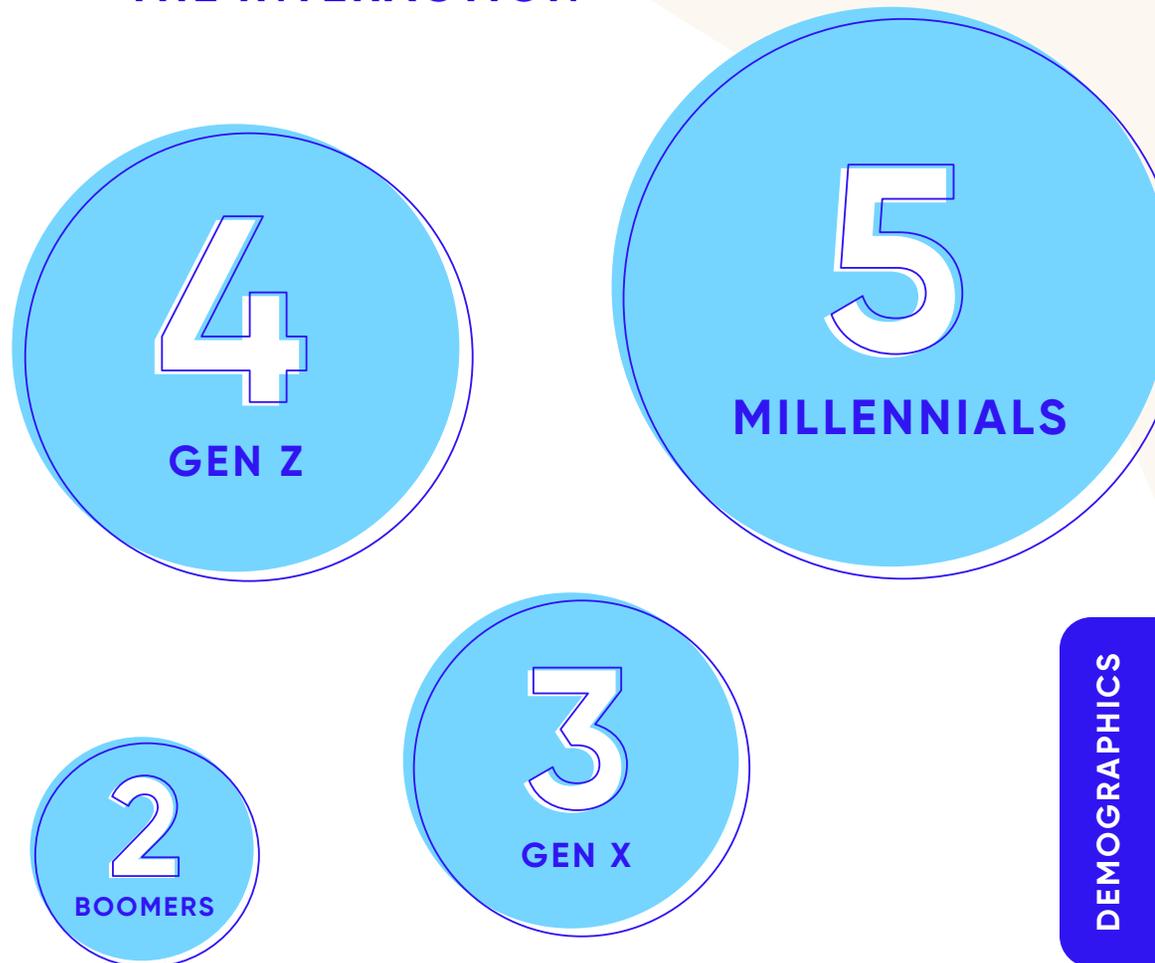
PREFER TO START CUSTOMER SERVICE JOURNEY BY TALKING ON THE PHONE

Gen Z and Millennials are significantly more forgiving of chatbots than Baby Boomers.

IMPACT ON LIKELIHOOD TO DO BUSINESS IF ISSUE NOT RESOLVED FIRST TIME USING CHATBOT

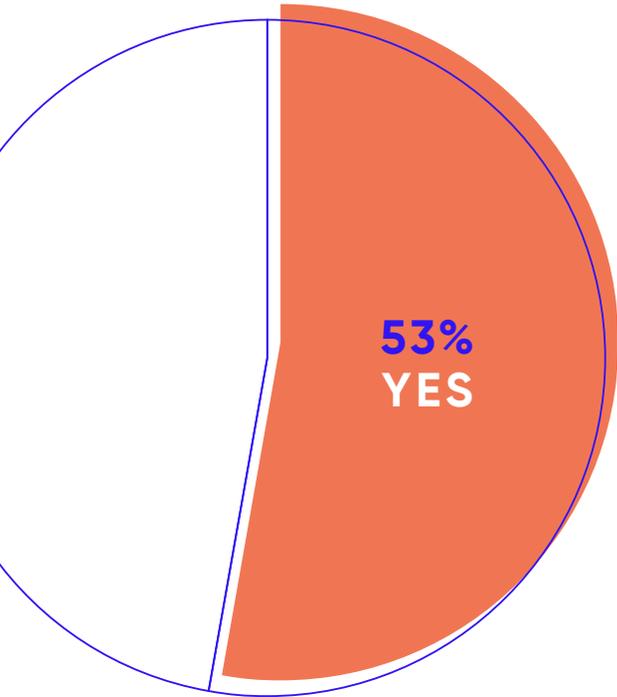


AVERAGE NUMBER OF CHATBOT FAILS BEFORE ABANDONING THE INTERACTION

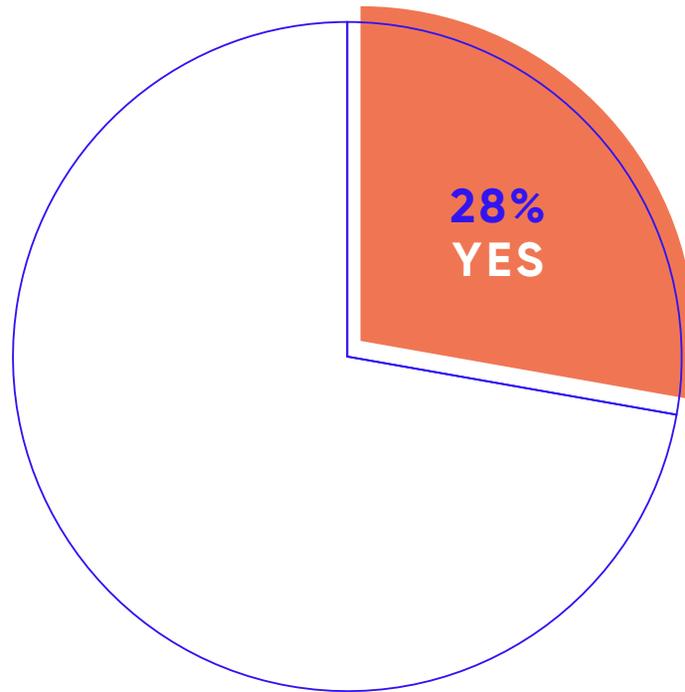


DO UNINITIATED CHATBOTS ANNOY YOU?

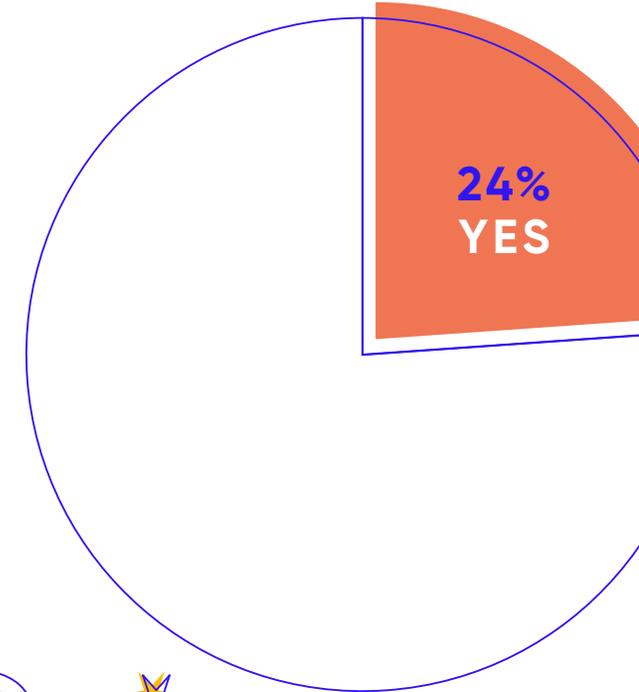
Boomers



Gen X

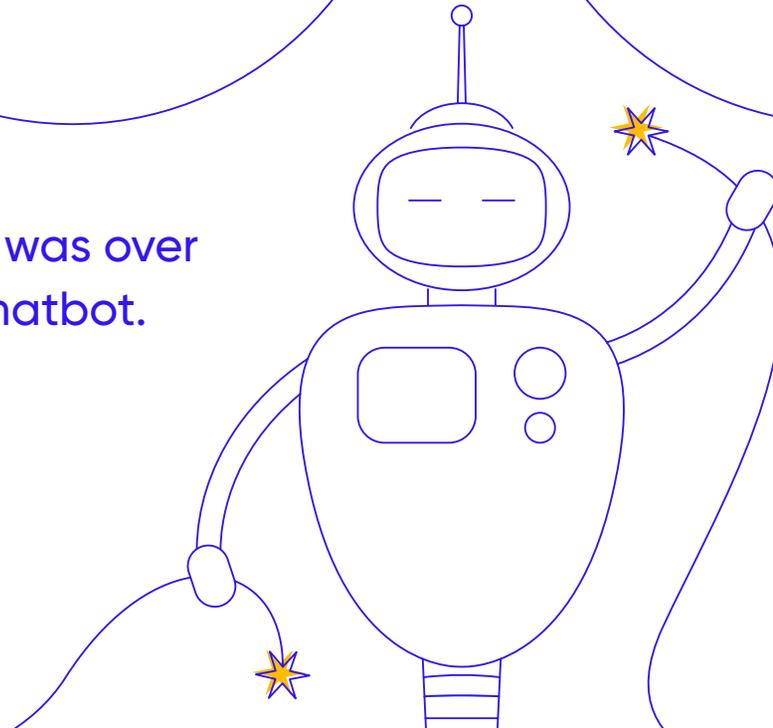


Millennials



One of the biggest generational divides was over unprompted pop-up greetings from a chatbot.

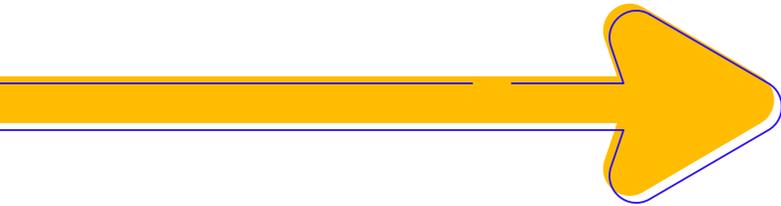
While only 20% of consumers overall said they were pleased to see chatbots pop up on a site when they were not actively seeking help, this experience drew particular ire from Boomers.



Implications + Recommendations

Revenue Risks of Chatbots Falling Flat

Customer neglect is one of the biggest risks to businesses right now.



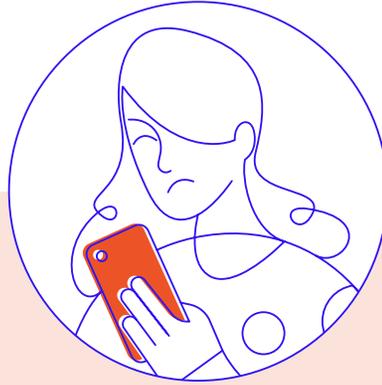
SIMPLR RECOMMENDATION

Always have a “lifeline” to a human agent as soon as a chatbot starts to show signs of failing.

This is particularly important on your company's product and checkout pages, where customers are more likely to need presale assistance. Human agents provide damage control for faulty bots and ensure that customers end the interaction on a positive note.

This study reveals that chatbot missteps add up quickly, resulting in customer frustration and lost revenue.

- 60% of consumers say that a failed chatbot experience negatively affects their likelihood of remaining a customer.
- On average, consumers will tolerate 4 chatbot failures before abandoning the interaction completely...
- But Baby Boomers will only tolerate 2. Minor glitches seem inconsequential on their own, but they add up quickly and pose a significant risk to the business.



**WHAT DO CONSUMERS DO WHEN THEY
ABANDON A CHATBOT CONVERSATION?
WE ASKED AND THEY RESPONDED.**

”

I freak out, then go research if other people have been through what I have and see what they did to resolve it and then try that.

”

Sometimes I just move on to a different company

”

I give up.

”

Quit in disgust and Google a phone number for the company to call and talk to someone live.

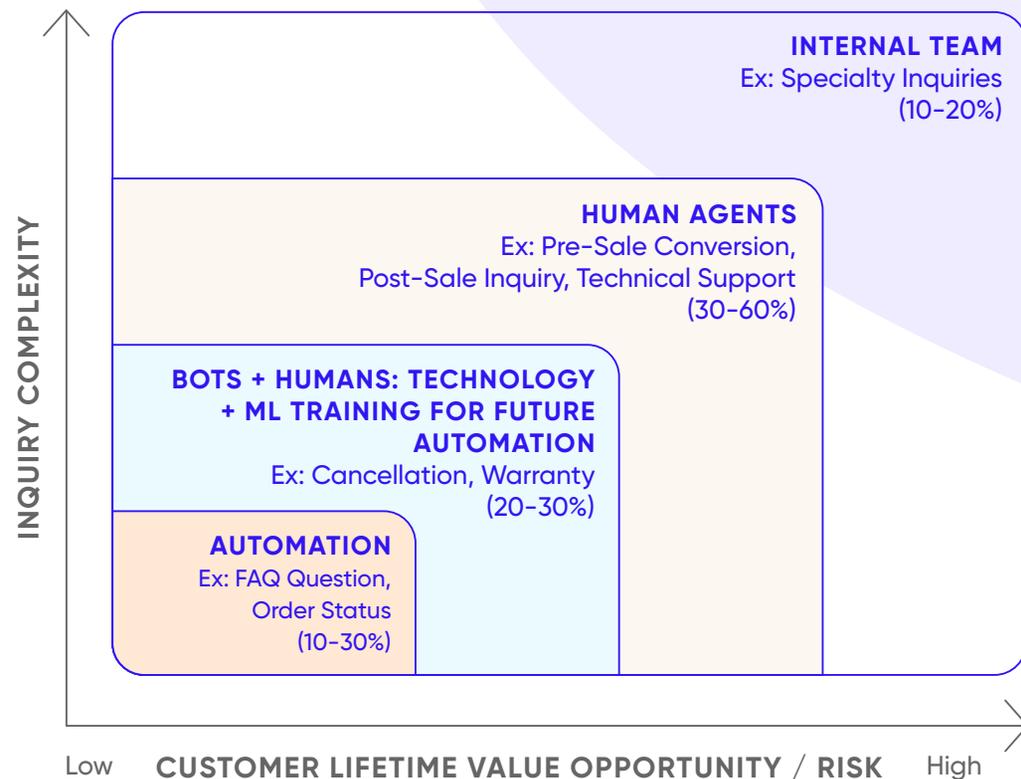
What does a 5-star chatbot experience look like?

Based on survey results around positive and negative experiences, we were able to craft the ideal scenario for chatbot automation:

1 **RECOGNIZE WHEN TO TRANSFER TO A LIVE AGENT...AND THEN DO SO QUICKLY AND SEAMLESSLY.**

At launch, bots should exclusively take your “low hanging fruit” inquiries like FAQs and Order Status, while slightly more involved cancellation/warranty inquiries get escalated to a human agent. Automation providers like Simplr are able to use these escalations to train the bots. Over time, their repeatable flows are fed back into the platform and the bot’s scope grows to include those categories.

Of course, there will always be certain inquiry types that are not suited for bots. We recommend that all pre-sale, specialized, and technical support inquiries stay with human agents.

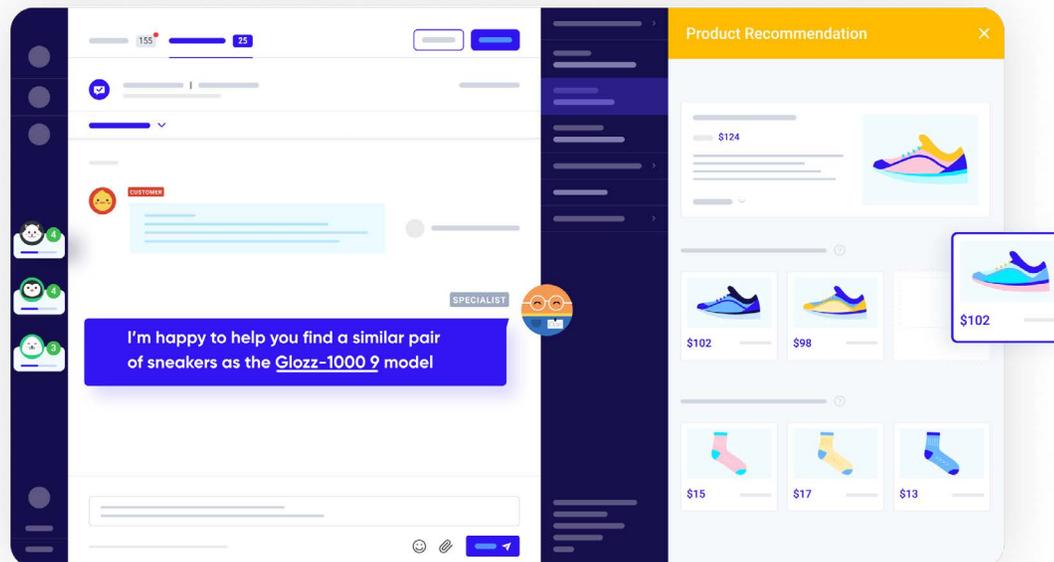




2 USE THE CUSTOMER'S PAST HISTORY TO HELP DRIVE SALES AND SATISFACTION.

There is opportunity to use existing data and chatbot technology to enhance the customer experience. For example:

- We know from this study that Baby Boomers have a particularly low tolerance for bots. If you could pull demographic data for returning customers, you could ensure that the bot gives Boomer customers a quicker option to escalate.
- Data around a customer's buying history can also enhance the chatbot experience. A bot can inquire about a customer's previous purchase and, ideally, be able to make product recommendations based on buying history. If kept simple and transparent, this experience could lead to higher satisfaction and more revenue (especially if geared toward bot-tolerant Millennials and Gen Z-ers).

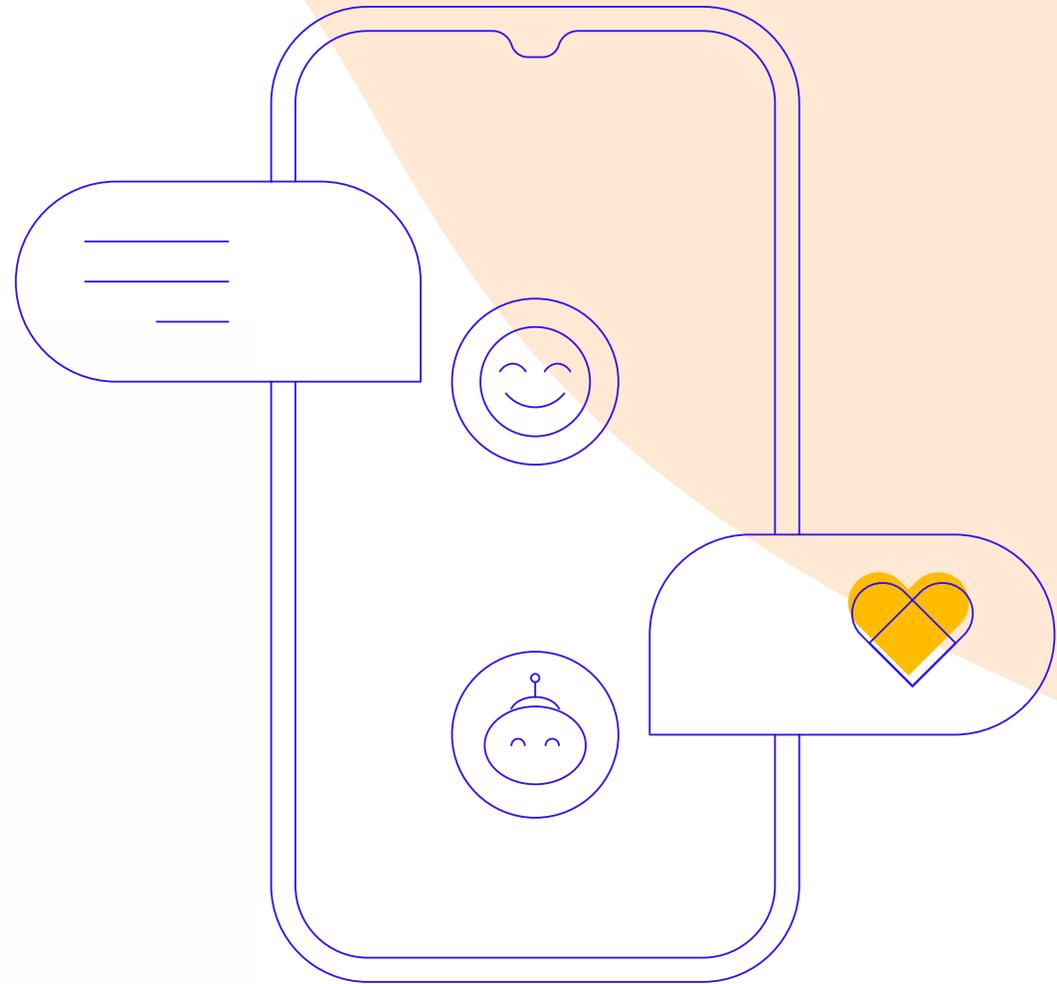


3 EFFICIENTLY PERFORM THE BASIC TASKS EXPECTED (NO ERRORS!)

When the scope of your chatbot is limited to the inquiry types listed above, there's ample opportunity to shine!

Brands that consistently resolve basic inquiries in a speedy manner are more likely to improve customer loyalty and satisfaction. Better yet, your internal team isn't stretched thin by trying to automate too much, too quickly..

It's clear that chatbots aren't going away any time soon. In order for businesses to capitalize on the proliferation of bots, it's critical to understand consumer preferences and take a customer-first approach to bot strategies.



Automation for the Chatbot Era

About Simplr

Simplr enables enterprise-class companies to transform their CX from a cost center to a revenue driver.

The company's AI-enabled platform unites chatbots and human assistance to deliver instantly scalable premium pre-sale shopping assistance and customer support. The result for Simplr customers is best-in-class experiences throughout the consumer journey, increasing loyalty, satisfaction, and revenue. Simplr is funded by Asurion, which continues to support its growth.

Connect with a member of our team:

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