

Chapter 2

Using Chatbots for Customer Care: Advantages and Challenges for Brands

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ABSTRACT

Chatbots have been applied by brands for providing customer care online, but most experiences are at an early stage. The research sets out to explore which advantages and disadvantages chatbots can bring to brands when used in customer care by studying two companies in Portugal. These exploratory comparative case studies were explored with qualitative methods, namely in-depth interviews with relevant agents. The authors concluded that chatbots afford positive results for brands, such as reducing customer care costs and enhancing proximity by being constantly available and responding promptly, but they also pose risks. They start out with an initial database of matches between keywords, questions, and answers and need interaction to evolve and improve. During this initial stage, they often afford negative brand experiences and require constant human monitoring and curating. However, in a maturity stage, they can enhance performance and satisfaction of customer care, motivate shopping by impulse, and nurture loyalty.

INTRODUCTION

Marketing strategies and tactics have always adapted to societal changes, particularly technological innovation and consumer behaviour. In the last few decades, the high-paced evolution and generalization of digital media has paradigmatically changed marketing (Kotler, Kartajaya & Setiawan, 2017). In the 1990s, there were high expectations for electronic commerce, but the Internet was still at an initial stage. The transition from the World Wide Web to the Web 2.0 during the 2000s led companies and brands to

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change from a unidirectional broadcasting paradigm to a many-to-many conversational approach, as they felt the need to be present on social media and engage in online conversations (Qualman, 2009). Brand reputation is very exposed on social media, and companies developed new strategies to cope with this vulnerability by building emotional relationships with consumers and fans (Coombs, 2014; Dowling, 2004). In doing so, they discovered that social media were effective tools for building and nurturing such relations (Kerpen, 2011; Shirky, 2009; Solis, 2010; Tuten & Solomon, 2012). The instantaneity and proximity that they afford when used for providing customer care is an example. By the 2010s, the information in circulation online and the stimuli from brands reached such extent that consumers became overloaded (Carr, 2011).

Social media platforms developed algorithmic filters designed to provide each user personalized content, fuelled by the registration and analysis of their previous behaviour (Pariser, 2012). Again, marketing strategies and tactics had to adapt to the challenges of these platforms, trying to take advantage of filter-bubbles to enhance loyalty or to breach them to conquer new targets. Currently, digital technologies are transitioning to another stage, the Internet of Things (IoT). Connectivity is expanding, encompassing not only people but also machines, which are able to self-learn and be responsive. This leads to an enhanced integration of digital technologies in our environment, rendering it connected and responsive, and affording phygital experiences (Natal & Alonso, 2017).

If conversational commerce came along to harness the potential of social media for marketing, comprising the auscultation of online conversations about brands, the deep knowledge of consumer behaviour, the creation and management of online brand communities that fostered loyalty and advocacy, and the building and maintenance of close and emotional relationships with consumers and fans (Kotler, Kartajaya & Setiawan, 2017; Tuten & Solomon, 2012), IoT technologies such as assistive technologies bring potential for further innovation. Chatbots can be applied to customer care, and are currently able to replace human interaction in simple conversations, helping in specific tasks (Bianchi, Gacsál & Svoboda, 2015; Brandtzaeg & Folstad (2017). However, chatbots can also be frustrating when they don't understand nuances in conversation, such as tone, humour and irony (McGlynn & Conlan, 2017; Sharma, Southern & Dalton, 2016; Xu et al., 2017). Our research sets out to explore the advantages and disadvantages that this technology brings for brands when applied to customer care by exploring in-depth the experiences of the first brands that developed customer care projects using chatbots in Portugal.

LITERATURE REVIEW

Conversational Commerce and Customer Care

One of the greatest benefits that digital media afford marketing is the possibility of gaining deep knowledge of consumer behaviour, based on which needs can be anticipated and offers tailored (Adolpho, 2012). However, consumer behaviour has undergone significant changes in the last few decades, changes that are also shaped by the potentialities of social media. The reconfiguration of consumer journey models illustrate these changes, highlighting the importance of creating loyalty, as markets became more competitive and cluttered with promotional stimuli (Edelman & Singer, 2015). Also, consumers gained a more active role, as they seek counselling and recommendations from other consumers, fans and experts when pondering options, and they may or may not advocate for brands themselves, after experience or purchase (Kotler, Kartajaya & Setiawan, 2017). An important set of tools for building close, strong and

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