

ApexChat Report



HOW TO USE LIVE CHAT TO INCREASE CONVERSION

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How to use live chat to increase conversion

We have all come across live chat boxes on websites. But are they effective for improving lead generation and sales? Are there any measurable improvements to customer experience and conversions that companies realize when using live chat? How can companies utilize live chat effectively without major changes to day-to-day operations? We'll address these questions and more.



Shift to text-based communication from voice

In recent years, there has been a significant shift in consumer preference to text messaging (SMS) from voice phone calls. According to a 2015 report from mobile data tracking firm Infomate Mobile Intelligence, Americans would rather text than make a phone call.

The report shows the average American spends 26 minutes texting as opposed to 6 minutes on phone calls. This trend is particularly strong amongst millennials, who according to Business Insider send 67 texts per day.

Data from The Pew Research Center shows this trend is likely to become stronger with the passage of time.

Increases in text-based messaging concerns more than mobile phones; it represents a shift in consumer preferences that includes the use of live chat and other text messaging applications. As a result, live chat on desktop and on mobile phones has become a key form of communication for both individuals and businesses.

This general trend is also applicable to online shopping and has significant implications for online advertisers and internet traffic conversion.

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Paid advertising, online conversion and live chat

Paid advertising is getting more costly and competitive, increasing the average cost per acquisition (CPA). Moreover, a significant percentage of website visitors leave without taking any action due to lack of engagement or too much friction in the sales process. Therefore, marketing departments not only need to spend resources on driving traffic to their websites, but also on converting more of that traffic into leads and then customers.

Improving conversion means reducing the bounce rate - the percentage of visitors that leave the website without doing anything. According to RocketFuel, the average bounce rate for websites is 48 percent, and reducing this percentage by a few points can significantly improve the return on investment of on online advertising.

Other than improving the quality of traffic, the key strategies for reducing the bounce rate are to first increase engagement and relevance of landing pages and then minimize friction in the buying process. Adding live chat to your website can help with both.

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Live chat as an engagement and conversion tool

A well-designed live chat invitation can differentiate an online advertiser from the competition and increase the engagement of a website. It can also reduce friction in the buying process by allowing the consumer to connect with the business when a phone call is not preferred. In fact, if done correctly, adding live chat can increase online leads by an average of 40 percent. Therefore, to help maximize conversion, online businesses must provide their customers means to communicate via live chat through both their desktop and mobile websites.

Example of Live Chat Invitations



Next, let's explore the details of how you can add and operate live chat on your website, how it works, how you can select the right vendor and what results to expect.

HOW DO YOU ADD LIVE CHAT TO YOUR WEBSITE?

There are dozens of live chat providers on the market to choose from. Adding live chat to your business website will involve signing up with one of these companies and adding a piece of code, provided by the live chat vendor, to your site. Once this code is added, an invitation to chat will start appearing on your site.

HOW DOES THE LIVE CHAT FUNCTION WORK?

If the visitor clicks on the chat invitation, a conversation with the live agent will begin. The agent can engage and qualify the visitor by answering and asking simple questions, obtaining contact information and explaining next steps.

The chat can either be received and conducted by an employee of your business, by an agent provided by the chat vendor or by a third party.

Contacting the business through live chat is easier than a phone call because visitors don't have to switch mediums to start the conversation.

The use of live chat is a simple concept for most consumers. The process is often familiar to them through use in support and service contexts, and it's intuitive enough for those who haven't used live chat before.

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RESOURCING YOUR LIVE CHAT OPERATION

Once you've added live chat to your website, agents will have to monitor the site for incoming chats and conduct those chats in real time. These agents can either be your employees or outside resources. This presents an operational challenge for most businesses, as conducting live chats from your website means training and dedicating staff.

Typically, it doesn't make sense to dedicate internal employees to monitoring for chats 24/7 unless there is a significant volume of chats from your website. Onshore or offshore contact centers that provide the chat processing service may be a more reasonable option.

Ideally, dedicated staff would be tasked with chat processing because the skillset for chat differs from call centers. The skills required for handling chat involve multi-tasking, listening, grammar, sense of urgency and working well under pressure, as the amount of chat requests will fluctuate depending on the time of day. Also, positive chat user experience includes chats being answered in a timely manner.

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DECIDING WHETHER TO ADD LIVE CHAT FUNCTION

Whether you should invest in implementing live chat for your website will depend upon the amount and type of traffic on your website and the type of business you operate.

Traffic: Needless to say, there is no reason to add live chat to your website unless you have sufficient

traffic. You can expect that 4 to 10 percent of the visitors on your website will start chat. Given this initiation rate, you can estimate how many chats per day or month you will receive. Targeted traffic, where there is a strong intent to buy, will result in greater chat initiations. Factors such as cost per lead, revenue per sale and life-time value of a new customer can ultimately help you decide whether the cost of implementing live chat is worth it.

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Type of Business: Live chat is not ideal for all businesses that have an online presence. Typically, B2C service businesses that require a phone call before a purchase are ideal candidates for live chat. Examples of such businesses are law firms, home improvement businesses, plastic surgeons and more. On the other hand, restaurants, nail salons, coffee shops and laundromats will not see value from live chat functionality.

Selecting a live chat vendor that is right for your business

There are essentially two types of live chat vendors. First are companies that only provide a hosted live chat software that employees can use to conduct chats from a website. Examples of such companies include Zopim, LivePerson and Olark.

Second are companies that not only provide software but also the chat agents that conduct chats on behalf of your business. ApexChat falls under this category.

Therefore, the key is to first decide if the chats should be handled internally or with outside chat agents.

Having your own employees handle the chats will result in the best visitor experience because external agents will never be able to answer questions with the same level of insight. However, in most cases this is very hard to do. If you want to staff your own 24/7 chat operation, you will need at least eight to 10 dedicated agents. You will have to evaluate whether the volume of chats you expect to receive will justify the cost of these resources.

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The second option is to select a vendor such as ApexChat that not only provides the chat software but also the agents to conduct the chats 24/7. The major benefit of this option is dedicated chat agents are able to focus on the task at hand without distraction. In most cases, chat agents are hired and

trained exclusively for chat. Some providers offer agents trained for a particular industry.

The other deciding factor is the product features the vendor provides. Mobile chat optimization is crucial to live chat success, as mobile traffic surpassed desktop traffic in 2015, according to ComScore. Not only does your website need to be optimized for mobile, your live chat software provider should offer a positive mobile user experience. For instance, the ability to transfer chat to a phone call or SMS text are features offered by leading providers.

Whether chats are handled internally or by external chat agents, planning for 24/7 live chat availability should be part of the plan. The live chat software platform and/or chat agent provider should support this. Another option is a hybrid model where internal team members handle chats during business hours while chat agents handle chats after hours.

For initial implementation and testing, dedicated chat staff is not always feasible. When evaluating who within a company should handle chat, often times the choices include sales representatives, customer service representatives and social media managers.

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KEY FINDINGS FROM APEXCHAT

ApexChat conducts nearly 300,000 chats every month for more than 8,000 businesses.

Here are some interesting stats and facts from our database:

- Customers experienced an average 40 percent increase in online leads with live chat
- 42 percent of chat leads took place after business hours
- Monday morning is the busiest day for chat volume
- Saturday evening has the lowest chat volume
- Chats last nine minutes on average

Chats last nine minutes on average

40% increase in online leads with live chat



Why Live Chat Works

The following are some of the reasons live chat is now an essential tool for improving conversion for online advertisers:

SHIFT IN PREFERENCE FOR TEXT COMMUNICATION

In the last 10 years, there has been a significant shift in customer preference to communicate through text-based messaging. One reason for the preference is that live chat is in real time yet less disruptive than a phone call. Adding live chat to your website will allow customers with text-based preferences to communicate readily with your business.

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ONLINE SHOPPING FROM WORK

As we know from the Cyber Monday phenomenon, many consumers do online shopping from work, where they don't have the privacy to pick up the phone and call a business. Live chat and text messaging are an ideal way for these consumers to connect with a business.

USING THE PHONE ISN'T ALWAYS PREFERABLE

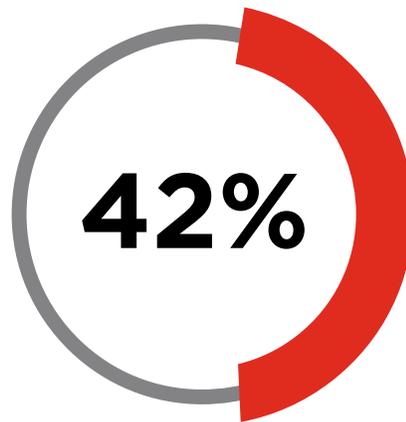
Many times customers are in a public place where it is either too loud or very quiet and talking on the phone is not practical. Live chat is an ideal way to communicate with the business.

AFTER HOURS AND WEEKENDS

When live chat is implemented on a 24/7 basis, it can be a great way of capturing leads after hours.

In fact, 42 percent of leads generated via ApexChat were done so outside normal office hours of 9 a.m. to 5 p.m.

42% of leads captured *outside of normal business hours*



REDUCED FRICTION IN THE SALES PROCESS

Having live chat on your website will enable customers that are ready to buy to connect instantly with your business and proceed with making a transaction. This is particularly beneficial when the customer is looking at multiple providers.

Reduced friction
in the sales
process

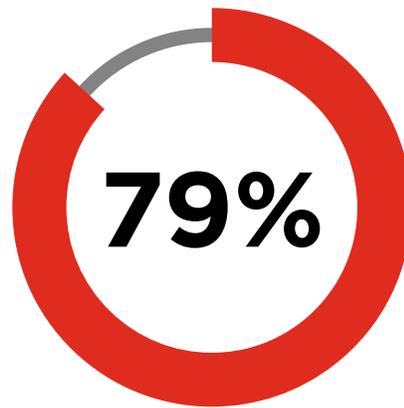
IMPROVED ENGAGEMENT

A well-designed chat invitation will differentiate your site from the competition and improve the engagement of your site. Website visitors that start a chat will spend more time on your site, which is important during the critical vendor comparison and selection phase.

INSTANT GRATIFICATION FOR ONLINE SHOPPERS

According to Business2Community, the immediacy live chat responses provide is a main driver for why consumers prefer this channel. Seventy-nine percent of consumers favor live chat largely because they don't have to be put on hold.

79% of consumers favor live chat



Technical dive into conversion analysis

While generating website traffic is a necessary prerequisite, conversions are equally critical to successful online marketing. Applying live chat as a conversion tool guides prospects from entering the sales funnel through the first steps of a successful interaction and, eventually, a lead or sale.

Increasing website conversion involves reducing visitor friction.

The team at MarketingExperiments breaks down the factors that equate website conversion in this formula:

$$C = 4m + 3v + 2(i-f) - 2a$$

It provides a high-level view of the variables companies should consider when developing their conversion strategies.

Increasing website conversion involves reducing visitor friction.

Here's what they represent:

C = Probability of conversion

m = Motivation of user (when)

v = Clarity of the value proposition (why)

i = Incentive to take action

f = Friction elements of process

a = Anxiety about entering information

Live chat relieves friction (f) by offering an additional communication channel consumers find comfortable and convenient. Through the natural engagement that a conversation offers, anxiety (a) is reduced to collect information such as name, email and address. Incentives (i) in the form of discounts and promotions can also be introduced via live chat.

Visitors have varying degrees of buyer motivation (m); some are passively researching while others are ready to make a decision quickly. Live chat helps to turn passive “window shoppers” into leads or sales, and for those who do not convert immediately, it helps suggest a company’s availability when the visitor is ready to engage. Consumers are 63 percent more likely to return to a website if it offers live chat, according to Kissmetrics.

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Live chat success stories

HIGHER CONVERSIONS:

Morris Bart, of LLC Attorneys at Law, a personal injury law firm, implements live chat with the objective to increase website leads. Chat agents use live chat to move passive visitors down the sales funnel. After one month, Morris Bart reveals, “Our conversion rate for our chats almost tripled.”

COMPETITIVE EDGE:

Nor-Cal Moving Services, a moving and storage company, uses live chat to help itself stand out in a competitive marketplace. Nor-Cal Moving Services’ implementation of live chat allow it to compete for prospects who are researching multiple moving companies. President Peter Mazzetti Jr. reports an increase of 40 percent in new leads after adopting live chat.

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INCREASED ENGAGEMENT:

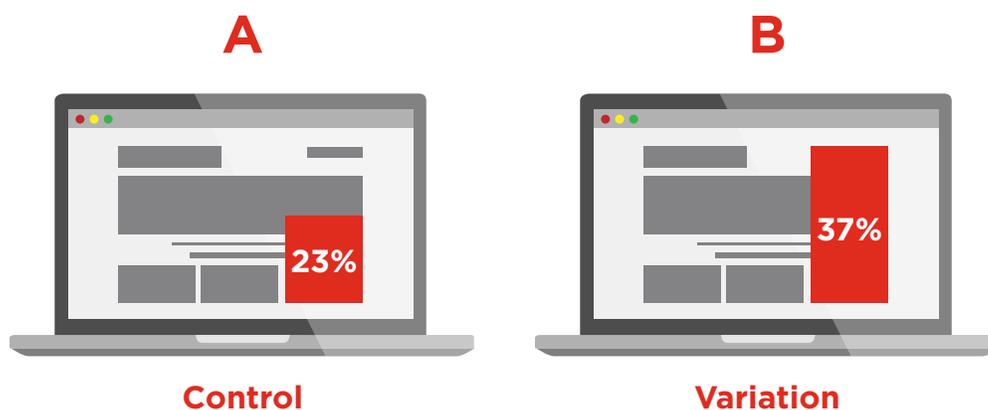
Aristocrat Plastic Surgery and Med Aesthetics, a New York-based medical facility, adopts live chat to engage prospects in a different way. Jenny Palkowitsh, who works in marketing, describes why it works: “Sometimes patients get nervous when considering plastic surgery...They can go to the website to start a chat, build confidence...then they’re feeling comfortable....”

Live Chat Best Practices

Once live chat has been implemented, there are best practices that should be applied to achieve higher conversion rates, including:

- **24/7 coverage:** Provide around-the-clock availability, including weekends.
- **Quick response time:** Monitor the timeliness of chat responses. Also, closely manage the follow-up time from a conversion via chat and the transition to sales or customer service team members.
- **A/B testing:** Test chat invitation options, i.e., static chat buttons, floating chat bars, animated chat widgets, darkening screens, pop-ups, messaging, size, colors, images, placement and more. There are dozens of combinations to test and optimize how visitors start a chat conversation. What works for one industry or company does not necessarily apply to others.

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- **Conversion rates:** Integrate chat metrics with analytics. Attribute which source of traffic converts higher with chat. Also, track conversions from chat compared to other channels like phone and website form submissions. Use this data to determine where to make marketing investments.

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Conclusion

Recognize that consumer communication preferences have changed. Evaluate your options to realize the conversion benefits of live chat. Solutions from dozens of chat providers are available to make implementation accessible and scalable. Determine whether you should partner with a third-party service and follow industry best practices to obtain the highest conversion rates.

About ApexChat

ApexChat has been providing both live chat software and chat agents since 2008. More than 8,000 companies rely on our service today, including many of the top digital marketing agencies that white label our live chat service.



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