



BEYOND CHAT: How To Boost Online Sales with Rich Media Customer Engagement

ABSTRACT

E-Commerce shopping cart abandonment rates remain shockingly high as 62% of all potential purchasers abandoned their shopping carts in the first quarter of 2009. What's behind the continued high attrition? Most experts agree that it's customer confusion and lack of information exacerbated by poor online customer service options. Typical customer service mechanisms such as email, telephone support and text-only chat often lead to lengthy service times and frustrated customers. So, how do online retailers convert visitors into customers and replicate the type of service traditionally seen only in brick and mortar stores?

► This paper examines how online retailers can use a new hosted solution to harness the power of rich media audio, video and live chat to truly engage prospective customers, reducing confusion and increasing sales and service levels.

INTRODUCTION

Without a doubt, the Internet has changed the way consumers purchase goods and receive customer care. It has quickly become the consumers' channel of choice for transacting business as it's fast, it's convenient, and it's open 24 hours a day, every day. Yet, in spite of these benefits, the Internet lacks the personal touch and that sense of customer service that makes brick and mortar stores so successful.

In order to stay competitive and profitable, it is critical for online merchants and service organizations to have a mechanism for personally interacting with customers. Unfortunately, typical customer service channels that augment online sales, such as email, telephone support, and one dimensional chat often lead to frustration due to the extra time it takes to get an answer. Consumers who transact much of their daily business online want answers, fast, and the Internet only amplifies this impatience for real-time information and instant gratification.

Various studies reinforce the importance of creating an online experience that gives customers fast, easy access to information and customer service. A Paypal survey shows that the inability to reach customer support is one of the top reasons for abandoning a shopping cart. A study from Netop Solutions shows that 50 percent of shoppers interviewed have cancelled an online purchase due to the unavailability of product information. Bad customer service is a major factor in shopping cart abandonment rates which remain stubbornly high, with an average 62% abandoned in the first quarter of 2009, according to comScore, an e-commerce solution provider.

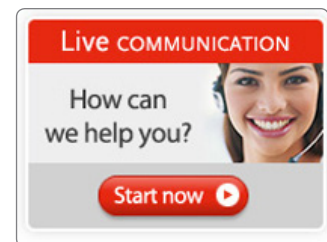
For retailers looking to take their online sales to the next level and overcome customer service issues, new hosted solutions allow them to harness the power of rich media audio, video and live chat to truly engage prospective customers. These solutions create a stellar, seamless consumer experience that can help boost sales, increase satisfaction, and reduce costs.

HOW DO WE GO BEYOND CUSTOMER COMMUNICATION TO CUSTOMER ENGAGEMENT?

In brick and mortar environments, sales associates are trained to up-sell, cross-sell, and sometimes hard-sell. From that first "Hello" until the sale is rung up, they ask probing questions and are available to demonstrate products, offer alternatives, and provide answers (real-time information and instant gratification), so customers can get what they came in for and more.

Visit www.netop.com for a demonstration of the next generation in online customer engagement.

Now imagine being able to bring the equivalent of that friendly "Hi, may I help you?" to the Internet. The next generation is true customer engagement. Using live audio and video, as well as chat, these tools bring a new dimension to online customer service and sales. Suddenly, the unknown, distant customer service representative is replaced with a personal, consultative and "live" sales associate, giving customers the same level of service found in brick and mortar situations combined with the convenience and speed of the Internet.



As more computers come equipped with webcams and microphones, two-way audio and video communication will become the norm. Customers will begin to expect, and prefer, an interactive approach that goes beyond emails, telephones, and online chat, to one that includes a rich multi-media customer experience.

The possibilities with customer engagement are endless:

- *Perform live demonstrations of your product*
- *See a customer's reaction as you recommend alternative or complementary products*
- *Take control of a customer's web browser as you direct him to a specific place on your site*
- *Offer instant "sales" to convert browsers to buyers*
- *Cross-sell accessories and ancillary items*
- *Up-sell to more robust/expensive models with added capabilities*
- *Explain complex products or processes using visual aids*
- *Boost response times for increased customer satisfaction*
- *Anticipate customers' needs and offer solutions*
- *Provide customer support to resolve issues*
- *Train customers on how to use your products or help them complete forms*
- *Build customer loyalty by creating a positive experience each time, guaranteeing customer retention*

The best customer engagement tools let you project the same personal sales and support presence to web customers that happens naturally in face-to-face situations.

► Netop solutions' study of Danish internet users' shows that financial institutions would benefit from the audio and video capabilities of next generation customer engagement tools. While one-third of the respondents said they feel completely secure navigating self-service internet financial sites such as online banking, pension funds, and tax preparation, 36% still want to discuss personal financial information in a face-to-face setting. Close to two-thirds of respondents stated that being able to speak or chat with a representative would be a significant step forward.

THREE REASONS TO MOVE TO RICH MEDIA BASED CUSTOMER ENGAGEMENT

With the online retail market still growing and consumer demands increasing, now is the time for online retailers to make an investment in interactive customer engagement. Here are three reasons why.

Reason #1: Increase Revenue

With next generation tools, there are many opportunities for cross-selling and up-selling that do not exist in a typical online shopping experience. Research shows that roughly 10% of customers who use a "click to chat" button on a product page go on to buy something, and more than 20% of people who are solicited for chat go on to make a purchase. Now add video and audio capabilities to the mix, and the opportunities for revenue generation increase even more as the personal interaction grows.

When you can see and hear your customers, it is much easier to anticipate their needs and give hands-on support to help them make the right selections. Just like in brick and mortar environments, you have the opportunity to cross-sell and up-sell, therefore increasing your average sales order.

Another way to increase revenue is to convert casual visitors into customers:

- *Travel sites can let surfers who are shopping ticket prices know that a special is about to expire, giving them incentive to purchase now.*
- *A clothing retailer may offer an "instant sale" to someone who has viewed several items, but has not put anything in a cart or suggest ancillary items that would fit well with a pair of pants the shopper viewed.*
- *An electronics retailer can offer an extended warranty or free shipping with a particular item when a person spends several minutes on a product page*

Personalized online interaction also offers organizations the opportunity to gain a competitive advantage while broadening their global reach:

- *Insurance agents can provide a friendly face to help prospective customers in the complex and expensive process of purchasing various policies, recommend alternatives and instill a level of confidence in the provider.*
- *Real estate agents can co-browse listings with clients that live far away and are looking to relocate, viewing their reactions and quickly offering alternatives*
- *Financial advisors can suggest investment alternatives while showing portfolio performance*

Providing personalized service not only converts the sale, but builds customer loyalty and retention. Imagine your customers experiencing this high level of service on an ongoing basis. Not only do you create life-long customers, you increase the likelihood your existing customers would recommend your company to others.

Reason #2: Save Money

The new solutions don't just help generate revenue; with the right option in place, you can reduce costs on the backend of your online operation, too.

The latest generation of rich media customer service tools offer their services in a hosted or Software as a Service (SaaS) environment. Choosing a hosted customer engagement platform will save you money. Hosted solutions do not require upfront investments in technology to get started and are managed outside your IT environment, reducing your support costs.

In this kind of fully Web-based environment, it is also easier to deploy your operators remotely. For example, many can work from home. That means reduced overhead costs for things such as lighting, heating and square footage. You also create a more flexible work environment, expanded work hours and a more global reach for your employees.

Offering live web calls, rather than an 800 number, also is an alternative to expensive phone systems for you and lengthy phone waiting queues for your customers. Faster response times also translate into lower overall service and support costs.

An added benefit? While you are saving money, you also are helping to save the environment through reduced waste and energy usage.

Reason #3: Satisfy Customers

A Harris Interactive survey shows that 48% of consumers said they would prefer to consult online with a service agent when they have a question or need help during an online shopping experience (rather than search through databases of information and FAQs). Having a personal consultation online allows you to

▶ A large Danish financial institution wanting to increase sales and market share with fewer branches rolled out the Netop Live Guide customer collaboration tool to drive new mortgage originations through its website. Customer communication options included live chat, one-button "click to talk", video and audio conferencing. Using next generation customer communication, the organization was able to respond to inquiries in real-time, improving customer service. In fact, an internal survey revealed that the functionality met or exceeded 83% of customer expectations and 93% of customers reported they would use the online communication interface again. The financial institution's customers are able to instantly access a customer service representative to respond to their needs, and ultimately the company is able to convert visits to sales.

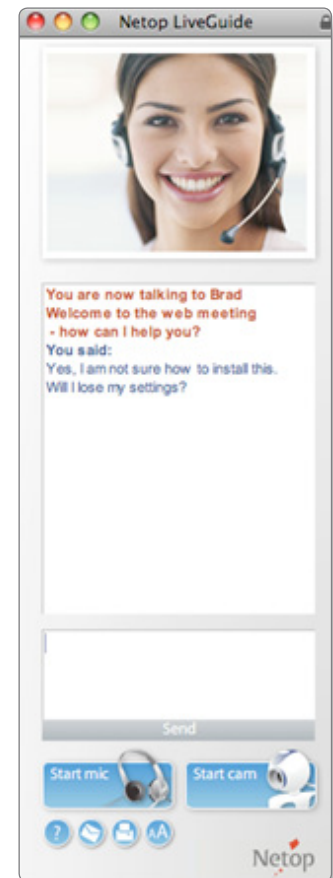
take full advantage of Web 2.0 technology to substantially increase the customer experience. So why not give them more?

Think about the online travel customer trying to decide which hotel to stay in while on vacation. Rather than leaving the site to view each hotel's website and coming back later to make the reservation, only to find the hotel of her choice booked, she can click on the "instant call" option and ask the operator to see some photos and get a rundown of amenities. The customer can make a decision right away. She is happy and the transaction is complete.

For financial institutions, in particular, a face-to-face consultation can be a boost to customer satisfaction. (See sidebar). An online banking customer wanting to better understand home equity loan options can have a live, in-person conversation with a loan officer, just as he would by going into a branch, and possibly get approval on-the-spot, all from the comfort of his home. With that level of convenience and service, that customer will come back again for additional products and services.

Using video and audio capabilities lets retailers of every scope anticipate their customers' needs and offer solutions before something becomes a problem. Imagine the customer ordering a new digital camera about to check out and friendly message pops up on the screen "Did you forget to order a battery, too? Click here to talk with an associate about which one to order." She talks with a friendly agent about which battery and also buys a case and an extra memory stick. Now, when she goes to use her camera, she has everything she needs, and is completely satisfied.

Using audio and video to solve problems and answer questions not only makes for happy, loyal customers who keep coming back to your site, it increases productivity and sales



FINDING A CUSTOMER ENGAGEMENT TOOL THAT'S RIGHT FOR YOU

With a range of customer interaction tools to choose from, it can be difficult to determine which solution will fulfill your needs without creating backend operational difficulties. For online retailers that want to harness the power of a rich media customer experience, there are several questions to ask when evaluating the options.

Is this tool designed for online customer service and support?

As you will find in your research, there are many software applications purporting to be online support tools. But look carefully to ensure that you get one that is specific to the needs of e-commerce backend sales and support organizations. Look for features such as:

- The ability to provide more than just chat, but real-time audio and visual personalized service
- The ability to quickly respond to the growth in customers by quickly adding more operators to your system
- The ability to be up and running quickly and without a large investment in capital equipment
- Backend tools that track customers and their history
- The ability to create canned responses and information for quick customer service

- Tracking of sales campaigns on multiple web sites and pages
- The ability of the solution to work in both customer service and customer support environments, so technical or service calls can be easily transferred providing customers one seamless interaction
- Assigning of campaigns to particular sales and support staff
- A full set of analysis tools to track customer and staff chats and actions
- Security and compliance features that meet legislative and regulatory mandates for your industry

How does this tool fit into my existing infrastructure?

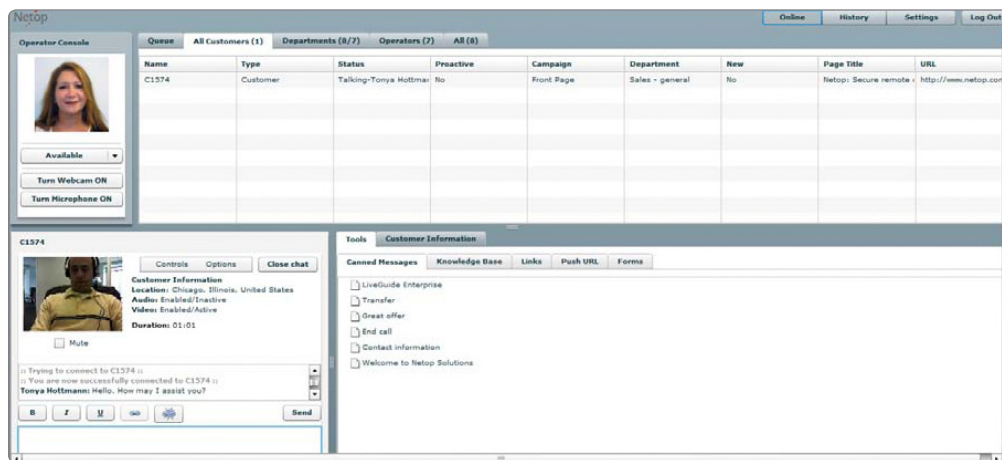
No one wants to disrupt the operation of the online store, so look for a solution that is easy to implement, is scalable, and flexible.

Solutions that are 100% hosted outside of your IT environment and are browser-based for your operators require no installation on your part and can be integrated seamlessly into your existing operation almost immediately.

- The hosted advantage allows for cross-platform compatibility both inside and outside the organization,
- Hosted solutions can grow with your organization without upgrading software, and eliminate the need to allocate server bandwidth to support the online traffic.

Ease of use also is a key concern. With possibly dozens or even hundreds of people to train, you want a solution that is intuitive and easy to navigate for both administrators and operators. Look for features that enhance the operator's experience as well as the customers such as:

- Multiple simultaneous chats
- A/V control
- Canned text/links
- Internal chat with other operators



The Netop Live Guide web-based Operator console allows for multiple simultaneous chats, A/V control, canned text/links and internal chat with other operators.

It is important to choose a solution that won't become outdated by changes in your business model or by advances in technology. As more computers come equipped with webcams and microphones, two-way audio and video communication will become the norm, and customers will prefer it to other forms of web communication. Make sure the option you choose offers audio and video as well as live chat.

Solutions based on Flash technology are best for next generation communications and allow for optimal use of Web 2.0 features. Adobe Flash-based web communications have the power and longevity of Adobe Software behind them, as well as the built-in data encryption and security needed for online communications. With Flash already installed on most computers, customers do not have to download any utilities and have instant access to Flash applications. In addition, Flash applications are easily developed for 98% of all browsers.

Solutions that offer subscription-based fees provide the best value. Rather than a large, up-front investment, you only pay for the level of service you need. As your business grows and changes, you can add or reduce your level of commitment based on need.

CONCLUSION

With countless potential customers browsing through the Internet every day ready to buy your product or service, isn't it worth your investment to reach out to them and to provide a level of customer service that exceeds their expectations?

The next generation of customer interaction tools can connect you one-on-one with customers through video, sound, and chat, giving you the opportunity to replace abandoned shopping carts and customer frustration with increased sales, lower costs, and satisfied customers. Remember, a personal and immediate response is often required to close the deal, and online customers rarely return if they are unable to get immediate answers or clarification at first pass.

In considering the purchase of an online customer interaction or engagement solution tool, look for a product or service that:

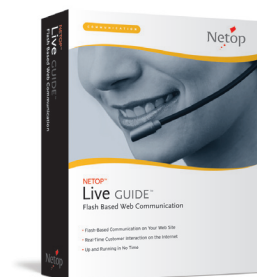
- *Combines a strong feature set that includes 2-way video and audio, live chat, and the ability to interact with other web support tools*
- *Provides high usability and availability on all major platforms*
- *Is based on the pervasive Adobe Flash Player assuring that the solution will work on any computer - no download or extra hardware is needed*
- *Is built to meet the security and compliance needs of the most heavily regulated industries*

Netop Live Guide is a complete communication platform that makes it easy to engage in live, real-time dialogue with your customers. Netop Live Guide will help you gain a competitive edge by providing immediate, efficient, and personal service directly on your website to reduce costs, increase customer satisfaction, and ultimately boost sales.

NETOP LIVE GUIDE - A COMPLETE CUSTOMER ENGAGEMENT TOOL

Netop Live Guide is the next generation in online customer interaction. It offers audio, video, and live chat via the Internet. With Netop Live Guide, it is easy to engage in live, real-time dialogue with customers visiting your website.

With a friendly customer interface and an easy-to-use operator and administrator backend, Netop Live Guide puts you in touch with customers while they are on your site, making it easier to answer questions, provide information, cross-sell and up-sell, and save time and money on customer service issues.



Designed specifically as an online customer service, support and sales solution, Netop Live Guide is offered as a Software-as-a-Service solution hosted by Netop. The unique platform is based on the pervasive Adobe Flash Player, so you can be assured that it will work on any computer - no download or extra hardware is needed. Netop Live Guide meets the security needs of the most heavily regulated industries with SSL encryption, preventing unauthorized data access and misuse.

Using Live Guide, a customer visiting your website simply starts a call by clicking on the "call" button. Netop Live Guide then launches a new window and opens a dialogue. With Netop Live Guide you take full advantage of the following unified communication features:

- 2-way text chat
- 2-way audio
- 2-way video
- *"SAS has long seen the potential of the Web 2.0 wave, which provides us with new opportunities to use the Internet to personalize processes and make communication more dynamic than with traditional telephone service. We have realized these opportunities with the solution Netop Live has developed for us."*

- STEPHEN ROSENKILDE

With Netop Live Guide, you can communicate with customers, sell your products and services and resolve issues quickly - real-time information and instant gratification.

ABOUT NETOP SOLUTIONS A/S

Netop develops and sells software solutions that enable the swift, secure and seamless transfer of video, screens, sounds and data between two or more computers over the Internet. The company has three business areas: Administration, Education and Communication.

Netop's unique and cost saving Administration solutions make life easier for IT professionals with Remote Control and IT Asset Management. With the market-leading solutions for Education, classroom management and corporate e-learning, Netop helps students and teachers to achieve optimum results through virtual education. Netop Communication solutions including unified communications let customers, partners and colleagues meet easily and safely in the virtual space via video conferencing, instant messaging, voice and file sharing over the Internet.



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