Abstract

Seven years ago we were introduced to Conversational Commerce, beginning to better understanding the growing impact of several emerging technologies supporting highly conversational interactions. Year by year after that we were witnessing how conversational commerce, as strategic business initiative through text and voice, is delivering customers convenience, personalization, and decision support, changing the way of shopping, transforming CX within the context of messaging apps, and consecrating as a priority for brand marketers and agencies building conversational channels with their prospects and customers, and trying to gain competitive advantage and increase CLV from the ongoing customer relationship-building provided by assistants in conversations beyond engagement or interactions. Now are already better understood, for instance, the reasons to implement AI-backed conversational commerce into the retail strategy, the need of delivering value to customers by creating adequate Omni channel content and experience, the further reinvention and modernizing of the retail business by new technologies, and the powerful link between emotion and CX and loyalty.

Keywords: Conversational Commerce, Marketing, and Intelligence; New Marketing Tactics; CX; Loyalty; Emotions

JEL Classification: L81, L86, M31, Q55

CX in the Era of Conversational Commerce

The Romanian Academician Victor Slavescu (distinguished personality of the Interwar period) underlined that the past is always full of wisdom and historic experience should never be underestimated. The famous Romanian Sculptor Constantin Brancusi (well-known as the patriarch of modern sculpture) argued that what is real is not the exterior but the idea, the essence of things, and that things are not difficult to make, difficult being putting ourselves in the state of mind to make them, also considering that to see far is one thing, and going there is another. On the other hand, other distinguished personalities of the world showed that: there are many different elements in history (elements of human nature), history being the development of humanity (Victor Cousin); history is a starting point telling us not only where we are but also what we must be (Henrik Clarke); the course of history is shaped by ideas (John Maynard Keynes); if we look at history, innovation comes from creating environments where their ideas can connect (Steven Johnson).

Seven years ago, on February 2, 2011, on the occasion of the Conversational Commerce Conference (C3), which took place between February 2-3, 2011 in San Francisco, CA, Dan Miller, Senior Analyst, Opus Research, opened the conference with the topic “Intro to Conversational Commerce”, starting (on the basis of Opus Research 2010) from the fact that the customer is always on, and showed, among other aspects: (Miller, 2011)
the channels used by customers (who have it their way) in the past six months, and that companies scramble to respond, while “social” permeates, new graphs prevailing, as shown in the figure below:

**Figure 1: New graphs prevail, Opus Research, C3**


- the spawning of new metadata, as shown in the figure below:

**Figure 2: Spawning new metadata, Opus Research, C3**

the heart of the matter, as shown in the figure below by Julian Gay, Orange Business Live Blog:

Figure 3: The heart of the matter, Opus Research, C3


- what is going on as companies capture much more metadata (from activity among each cell in the social graph and monitoring in real time to detect “#Fail”) and are applying more analytics on archival stuff (to impute or predict intention, become more prescriptive, and support other business objectives), this being a “feel-good” tactic addressing as “social CRM” (which lends feeling of better customer service but has some shortcomings being still under control of Big “E” and Big Data (conversations, data and metadata) and the intent being inferred (too complex, little basis for trust etc.);

- the need for a “facilitator” working for the customer, trusted storage of personal data, trusted instructions (and simple ways to enter it), transparent monitoring/capture of dynamic info.

At the end of the same year, Miller highlighted several emerging technologies (forming the basis of products and services which define how individuals carry out everyday commerce) such as: accurate speech recognition combined with natural language processing, the smartphone+cloud paradigm, spoken words recognized as information assets, and advent of true “self” service (offered by services that adhere to the “smartphone+cloud paradigm). He also showed that only those technologies supporting highly personalized, conversational interactions which culminate in a transaction or other tangible result will survive and thrive. (Miller, 2011) Exactly two years later, in December 2013, Miller argued that customers are putted in command of the devices they use and in charge of the relationships they have with their selected vendors (this being considered the whole point of “Conversational Commerce”), the objective of
customer control being made a reality by improvements in the accuracy of speech recognition (which is augmented by Natural Language Processing (NLU), Artificial Intelligence (AI) and Conversation Management resources in the cloud). (Miller, 2013)

On January 15, 2015, the co-founder of Molly, Chris Messina (product guy, inventor of the hashtag, ex-Uber, ex-Google), attracted the attention on the fact that “conversational commerce” (which is growing) is about delivering convenience, personalization, and decision support while people are overloaded, having only partial attention to spare. (Messina, 2015) Exactly a year later, on January 15, 2016, Messina remembered this post in which he underlined the dominant trend of consumer computing apps in 2016 (a trend that he dubbed Conversational Commerce and have tracked with the hashtag #ConvComm), showing, among other aspects, that: the above mentioned trend best came to life with Uber’s integration into Facebook Messenger in 2015; the messaging apps have eclipsed social networks in monthly actives (according to Business Insider); on January 14, 2016 WhatsApp (owned by Facebook) took the unanticipated step of allowing its free use while still giving an experience without third-party ads and spam; 2016 will be the year of conversational commerce, people learning to type commands into messaging apps, users benefitting of the most utility (even of extreme personalization enabled by conversational interfaces) with the least effort and the least complexity; the conversational paradigm is more social, more accessible (“add”, “invite”, “contact”, “mute”, “block”, “message”); users’ interaction with agents and bots will make service builders to humanize the conversation, localize correctly, and provide a meaningfully useful and differentiated service; an entirely new era of lightweight experimentation is promoted by this conversational commerce paradigm etc. (Messina, 2016) Two month later, in March 2016, a Content Crafter at Shopify documented how conversational commerce is forever changing the way we shop, (Kumar, 2016) how the customer experience (CX) is transformed by this conversational commerce which is bringing commerce into the familiar and personal context of messaging apps, making it much more convenient for both businesses and customers.

Entering 2018, we find out that:

• An “Ecommerce Performance Report 2018” conducted by Econsultancy and Conversion (Garcia, 2018) revealed that – within the different priorities for brand marketers and agencies (as shown in the figure below) – conversational commerce (including comprehensively chatbots and personal assistants), AI for personalization, Digital wallets/mobile payments and Social commerce were the top choices (followed by: voice technology, beacon technology, different interfaces such as smart watches and IoT); on the other hand, a “Smart Speakers Research - Q1 2018” conducted by Delineate revealed that US consumers are turning to such devices as the smart speakers Amazon Echo or Google Home to order groceries or toiletries, while a survey conducted by Capgemini (in November 2017) underlined an increase in the use of virtual assistant in Western Europe and the US to order not only consumer products or retail items, but also some type of service (like a meal) via the platform; (King, 2018)
At the Conversational Commerce Conference London (8-9 May, 2018), Alex Murray, Digital Director at Lidl UK (in order to help customers select the best wine for their meal Lidl launched a fully-automated Messenger chatbot “Margot”, which utilizes Aspect Software’s NLU technology and intelligent assistant platform), will present a challenging Featured Case Study including the lessons learned in creating a meaningful CX; (Top., 2018)

In order to build conversational channels for brands and marketers with their prospects and customers an Opus Research Report entitled “Foundations of Conversational Marketing” provided a common framework and accepted terminology to use as companies evaluate their deployment options for Conversational Marketing technologies, so as to gain competitive advantage and increase customer lifetime value from the ongoing customer relationship-building provided by bots (Conversational Marketing messaging virtual assistants as the source of the most recent and accurate indicators of prospects’ and customers’ intents, preferences and instructions). (Top, 2018) It is useful to also remember that Chris Messina attracted the attention already from March 27, 2016 that better descriptors than “bots” may be “assistants in conversations” or “conversation augmentations” or “conversation decorators”;

Conversations (as highlighted by Mitch Lieberman who recently joined the team of Opus Research contributors) are something beyond engagement or interactions, (Lieberman, 2018) being the critical element in support of customers getting their jobs done (see below the channel adoption as inspired by the Gartner analyst Esteban Kolsky); Conversational Commerce (a strategic business initiative through text and voice) is seen as the intersection of messaging applications, shopping and people talking, while Conversational Marketing is seen as a superset of system-based conversations focusing on brand and product awareness, customers being helped by the brand (which is able to choose the right time to have the right conversation with the prospective customers) to understand what it is offered to them, overcoming their issues or
concerns, co-creating value and considering value-in-use as an important conversation to have at the right moment before renewal. The above mentioned conversation types are brought together by the Conversational Intelligence (Relationship Intelligence), considering information, knowledge and intelligence as foundational to each conversation.

Figure 5: Conversations


- As the way how consumers communicate and transact with brands will be fundamentally transformed by the conversational commerce (CC), the global head of conversational strategy at LivePerson (a conversational business platform for brands), Rurik Bradbury, made reference to the “IDC FutureScape: Worldwide Retail 2018 Predictions” (Brown, 2017) and highlighted four reasons to implement AI-backed conversational commerce into the retail strategy: CC eclipses antiquated customer relationship tools (at each touchpoint of the consumer journey it will be personalized the long-homogeneous digital experience); meeting consumers where they are is a must for retailers (AI-fueled CC letting retailers tap into messaging etc.); the low conversion rate for websites (below 3%) and app fatigue; the new truly customized web design is represented by the conversational design (CC can connect brands more organically with their customers, creating customized experiences, serving as the first universal interface and offering real advantages to retailers). (Bradbury, 2018)

Delivering value to customers by creating adequate Omni channel content and experience

A recent survey conducted by RetailMeNot, Inc. in conjunction with Kelton Research revealed, among other aspects, that in order: to succeed in their complex shopping journey brands need to continue the winning combination of delivering a remarkable CX across all marketing initiatives and solving for customer pain points; to positively affect sales growth and offer consumers the desired smartphone shopping experience retailers need to tackle the challenges with mobile web checkout and to ensure an improved experience for bottom-line gains. (RetailMeNot, Inc. 2018) In the figure below we can see new marketing tactics respondents (200 senior retail marketing leaders surveyed) plan to implement in 2018:
Figure 6: New marketing tactics to implement in 2018

Source: RetailMeNot, Inc. (2018). What’s Shaping the Future of Retail Marketing (work cited)

Also recently, the Vice President, content marketing, at Ansira (a data-driven marketing agency) argued that as customers are demanding to know more, see more and actively participate with brands before buying, marketers are motivated to create meaningful content (which is at the heart of CX) to promote positive CX within the current retail environment characterized by the convergence of technology and experience. It was shown that in-store and online retail is influenced not only by websites, blogs and whitepapers, but also by new forms of information such as augmented reality, user-generated content and video, retailers being challenged to adequately communicate resonating with their customers across channels, influencing accordingly the customer journey and brand sentiment. (Kinzie, 2018)

While an annual report (entitled “Modern Shoppers and Their Quest for Savings”) recently released by Valassis (a leader in activating consumers through intelligent media delivery), so-called 2K18 Coupon Intelligence Report (which examined 1,000 U.S. shoppers’ behavior in-store, online and Omni channel) revealed that: over 60% respondents constantly plan their purchases and 36% have used a shopping list app; many shoppers prefer print offers in the mail (48%), coupon books in newspapers (42%) and paperless discounts downloaded to store loyalty cards (39%); using mobile offers to save is one of the biggest growth areas (RetailMeNot and Local Flavor being, for instance, two mobile savings apps); in-store shoppers are more promotion sensitive, while online shoppers are driven by convenience, and in order to find out what is on their list Omni channel shoppers will go online or in-store. (Valassis Report, 2018)

At Las Vegas retail conference Shoptalk in March this year Daniel Alegre, President, Retail and Shopping at Google (which is the top traffic driver to retailers), underlined that: customers want a deep personal experience, and that an offline and online Omni channel experience has been made necessary by those 58% of in-store sales which were influenced by a digital touch point last year (and this mainly because mobile searches for “where to buy” go up by 85%); Google is used by 81% of people aged 18 to 34 to aid their shopping experience. Alegre also said that the new launched Shopping Actions program is a part of working with
retailers to develop a strong partnership (retailers being required to share the portion of a sale if one occurs), the new service allowing consumers to buy items (saving their payment information) through either Google Assistant or sponsored shopping ads that show up adjacent to search results. (Alcántara, 2018) It is interesting to note that at the same recent Shoptalk retail conference in Las Vegas it was underlined that: by removing the scanning of SKUs from the equation AI is taking the scan-and-go concept a step further, AI being seen as the final frontier of checkout solutions, within the context in which the unchanged for decades checkout process continues to be a pain point for physical retailers given the long lines and lackluster interactions; (King, 2018) a director at Wayfair Next detailed in an interview how Wayfair’s “View in Room 3D” mobile app feature allow users to see virtual furniture and decor in the homes before they purchase. (My Total Retail, 2018)

A year ago, on April 4, 2017, a Content Marketing Associate at Reflexis Systems, Inc., remembered that the always practiced concept of experiential retail is becoming more popular than ever within the competition between the brick-and-mortar retailers (the experiential retail giving them the ability to engage customers’ senses as they navigate the store, but its implementation depending of providing store managers and associates with tools that simplify their jobs) and the online pure-player (the online shopping experience being delivered by controlling what a customer sees on a screen). (St. Charles, 2017) Comin back to the current year, it is worth showing that in March 2018, Bart Mroz, CEO at SUMO Heavy (a digital commerce strategy firm), attracted the attention on the fact that the innovative use of technology to provide richer, more informative, frictionless, immersive and satisfying shopping experiences represents a key element of experiential retail, and traditional retailers, in order to create richer online and offline experiences are employing modern technologies such as: AI, VR, AR, online communities and live streaming video. In the opinion of Mroz, retail business will be further reinvented and modernized by new technologies such as chatbots, the Internet of Things, machine learning, personalized engines, blockchain, and voice shopping applications. (Mroz, 2018)

But before to clarify other aspects it is useful to underline the difference between Customer Experience (CX, which is proactive, considering the overall customer journey; Forrester defines CX as the way how customers perceive their interactions with a company) and Customer Service (which is reactive, considering only a part of the overall experience), showing that very recently Arvato (a leading customer service provider) presented survey findings from a group of 500 US consumers and business leaders in the customer service space, revealing that: businesses broadly overestimate the quality of their customer service; only 9% of consumers surveyed said they always received excellent customer service; long hold times and having to repeat information are bigger complaints for consumers; for solving a customer service issue the phone is considered the most reliable channel (52%); with regard to the interaction with a chatbot in a customer service setting 49% of consumers don’t want to be served by a chatbot at all. (Business Wire, 2018)
Preoccupied to transform the customer service landscape, Ameyo (the market leader in Omnichannel CX and Contact Center Technology in cloud and on-premise) showed that: businesses can be enabled to engage with the customers better with AI powered Chatbot for customer service, which has an incremental role is improving CX; customer service departments are already impacted by chatbot (dealing with all mundane customer requests efficiently; fetching information from the database quickly; handling all predictive tasks; more time to deal with complicated tasks and responsibilities etc.). (Datt, 2018) Ameyo also showed recently that it was necessary that organizations look to merge Contact Center Infrastructure (CCI, which is relying on different entities such as frontend agents, platform CRM, ticketing system, transactional system) and Customer Engagement Center (CEC) as a single entity in order to ensure a true Omni channel CX, these entities being brought together on a single platform for a 360 degree view, (Datt, 2018) being well-known that “Single Customer View” (Dharmshaktu, 2017) means to have all the interaction history of a contact bundled into one (every interaction being mapped to a Unique Contact Identifier, and all contact interactions via all communication channels being stored in the database on a real-time basis).

Instead of conclusions

At the mid of March this year, the author of “The Conversation Manager” (Van Belleghem, 2010) and of “The Conversation Company”, (Van Belleghem, 2012) Steven Van Belleghem, highlighted three clear benefits to help customers, to save them time and to boost the overall CX: faster than real time customer service (the aim being to solve problems before they arise), hyper-personalization (sales and marketing being about the needs of the individual customer), and effortless user interfaces (being no longer any need for an instruction manual or a help function). (Van Belleghem, 2018) At the end of this approach, Van Belleghem made reference to one of his mantras (“Convenience is the new loyalty”), signaling the conclusion of Byron Sharp – Professor of Marketing Science at the University of South Australia, Director of the Ehrenberg-Bass Institute (“The home of evidence-based marketing”, Marketing Science Info), and author of the book “How Brands Grow: What Marketers Don’t Know” (first published in 2011) – after an impressive recent study that classic loyalty programmes no longer work (Van Belleghem highlighting that generic searching is more important than brand searching, and loyalty to a brand being transformed into loyalty to the most user-friendly interface).

Exactly six years ago, Van Belleghem explained how to manage a Conversation Company by using the 4 C’s: CX (the most important conversation starter, the key driver of consumer conversations being people’s love to talk about companies’ service and products); Conversation (the goal being to converse by listening, asking questions, facilitating the conversations and actively taking part in them); Content (in an authentic, positive and relevant way so as people talk about); Collaboration (involving customers in the decision making processes). (Van Belleghem, 2012)
As concluded by Deloitte Canada some years ago: “To deliver a compelling brand experience, consumer-centric companies must combine reimagined brick-and-mortar locations, online engagement, easy e-commerce and multiple, effortless options for product and service delivery that creates a distinctive, differentiated experience that meets the ever-changing needs of the Canadian consumers.” (Deloitte, 2014) Much more recently, as argued by Interactions, while approaching the necessary steps to developing a customer care strategy: “A modern customer care strategy… it’s an extension of your brand and can make a difference in future sales, brand perception and customer loyalty.” (Interactions, 2018) And with regard to the customer loyalty, also recently, Synchrony Financial Loyalty attracted the attention that to build loyalty brands need to create the best experiences for its customers (who are loyal to brands because of quality products, experiences, and benefits), bringing customers in with discounts and promotions, but delivering then the right experiences to encourage their engagement, and creating long-term relationships with them and improving the bottom line. (Synchrony Financial, 2018)

In February this year, the Senior & Strategic Editor at CMO.com, Giselle Abramovich, approached the emerging technologies which will transform experiences, such as: Virtual Reality, Voice, Machine Learning, Chatbots (highlighting here, for example, that Starbucks is one brand pushing the limits of chatbots, considering My Barista app etc.), Facial Recognition, and Biometrics. Within this framework she quoted the CEO of Lightwave (an emotion technology company looking at biometric data and creating a righteous representation of someone’s interaction with a brand), Rana June, who showed that measuring physiological data to understand how somebody truly feels represents one way emotion technology is being used frequently, and as consumers want experience a fundamental change in how success is assessed will be to create an emotional metric as the measure to which a person experiences things. (Abramovich, 2018) This made us recall some other significant aspects:

- the distinction between feelings (an impression, a perception, an awareness of something experienced, a self-state) and emotions (a feeling-driven motion in oneself); (Zvi Lothane, 2015)

- the importance of emotional bond between loyal customers and brands, the typical CX being more than half emotional; (Beyond Philisophy, n.d.)

- Forrester’s emotion-driven approach to branding built on the interrelatedness of experience, perception, and outcome; they identified three contributors to the Brand Energy (a holistic measure of the power of a brand) to be transformed into action: Emotion (almost half of Brand Energy, knowing that decisions are primarily driven by emotional markers and automatic processes in our subconscious mind); Salience (about 30%, which stems both from traditional awareness building and the longer-term impact of positive emotional experiences; Fit (20%, which is about both relevance and alignment to the consumer’s world view); (Chatterjee, 2017)
• emotion is established as the top driver of a positive CX and loyalty, and with this in mind brands are challenged to better design, measure and iterate on CX; (Wilkie, 2017)

• (as revealed by Capgemini Digital Transformation Institute survey, The Key to Loyalty; August–September 2017, N=9,213 consumers) emotions (honesty, integrity, trust, Familiarity, belonging, gratitude, compassion, joy, surprise, security) are the main driver of loyalty, the correlation between emotions and loyalty being the highest, 0.75 (Emotions Index = emotions consumers feel when they think about the brands they use or visit frequently) compared to the correlations between rational elements and loyalty, 0.53 (Rational Index = consumers’ views on the importance of rational factors when deciding which brands they will be loyal to), and between brand values and loyalty, 0.49 (Values Index = consumers’ views on the importance of brand values when deciding which brands they will be loyal to); within this framework, the correlation between emotions and loyalty in Retail is the highest compared to other sectors like Financial Services, Automotive and Telecom; (Capgemini, 2017)

• (more than demographics, stated attitudes, or sentiment) emotion – as demonstrated by Forrester – is critical to understanding and anticipating emerging technology usage; (Lai, 2017)

• if user experience design (UX) and user interface design (UI) are working together to form a conversational experience, it is essential to add emotion in the messages sent to a user so as to resonate instantly with this user and to establish accordingly the desired relationship between brands and users; (Ramos, 2018)

• brands are being made great by the emotional seduction. (Chatterjee, 2018)

The competition for emotion-driven convenience within the emerging technology usage landscape makes it necessary to improve conversational experience by adequately adding emotion in the messages sent to customers, helping shopping and people talking at the right moment wherever they are, so as brand energy to ensure highly valuable and valued personal relationships.

References


