

#### IN THIS CHAPTER

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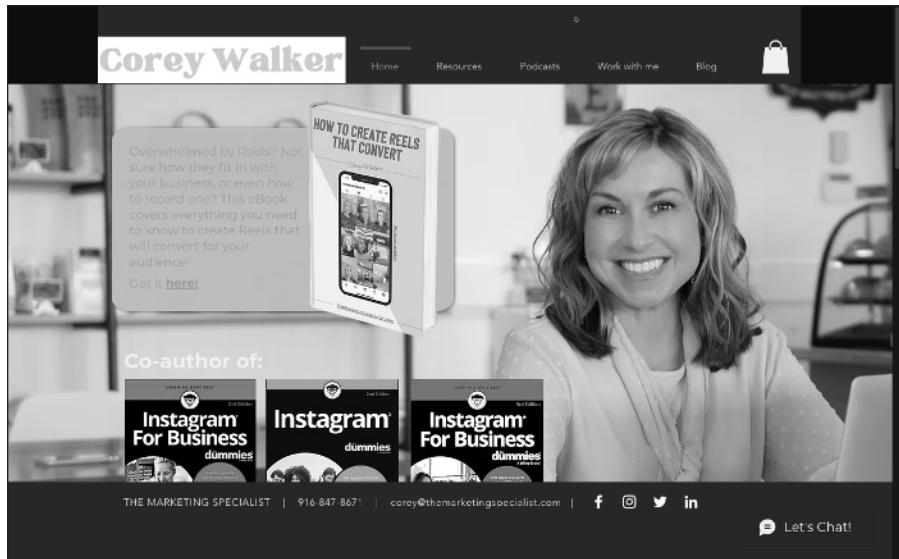
## Chapter 1

# Understanding the Chatbot Revolution

**C**hances are you've encountered chatbots, like them or not, as you've browsed the web. You know, they're the icons (sometimes with text) you usually find in the lower-right corner of a website inviting you to click it, as you can see on the website for The Marketing Specialist, the marketing business run by my (Eric's) co-author on several Instagram-related *For Dummies* books in Figure 1-1.

Many chatbots are now employing artificial intelligence, better known by its acronym AI, but what does that even mean? Aren't all chatbots by definition AI? That difference is what we talk about in this chapter. After you know what AI chatbots can do, you discover how to make the business case for employing chatbots in your company to drive business.

Finally, we end this chapter with an overview of how to use chatbots effectively because that's important to make the business case, don't you think?



**FIGURE 1-1:**  
The Let's Chat  
button on The  
Marketing  
Specialist  
website.

## Knowing the Difference between Chatbots and AI Chatbots

We can hear you scratching your head, wondering what makes a chatbot different from an AI chatbots. That's why we're here, and we break it down in the following sections.

### Running regular ol' chatbots



REMEMBER

Chatbots are often script-based systems to carry out specific tasks by using defined rules. They can only carry out specific tasks and respond to commands within the boundaries of those tasks.

For example, one day I (Eric) discovered that my waste management company hadn't picked up my yard waste on the designated day. I accessed the company website and told the chatbot that my yard waste hadn't been picked up, and the system told me the truck was still out servicing clients and to check the truck tracker.

The tracker said the truck had finished its route, so I told the chatbot about the tracker's report. The chatbot said it didn't understand and asked me to rephrase my question. I'd exceeded the limits of the chatbot's programmed script. The end result was that I didn't get the help I needed and had to call the waste

management company to speak with a live human. (Never fear; the yard waste was eventually picked up and the grass in the bin didn't combust from the summer heat.)

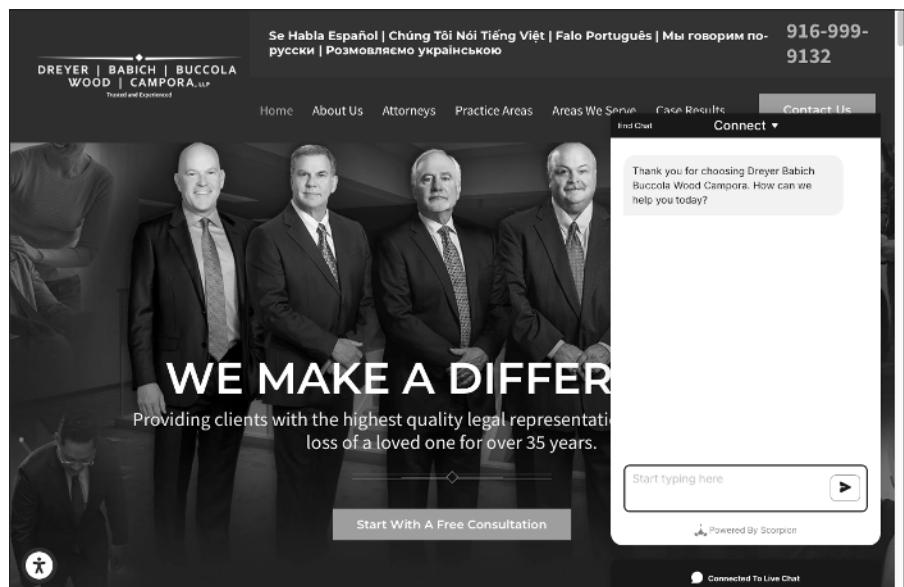
## Accessing AI chatbots: The next generation

AI chatbots are more like Data, the android from *Star Trek: The Next Generation*. These chatbots use *natural language processing* (NLP) to better learn from complex interactions and predict responses. When a potential client asks the AI chatbot how your company helps their particular needs, the chatbot can follow up with questions and provide more meaningful answers with a pleasant, human-like rapport.



TIP

With regular chatbots, your customer is more likely to get frustrated and have to contact a live human like I (Eric) did or, worse, lose a potential customer entirely. (You can read more about my experience and regular chatbots in general in the preceding section.) An AI chatbot can engage a potential customer for longer and have a better chance of helping them get their question answered. What's more, an AI chatbot can help your company determine whether someone needs your services or can find their answer from the chatbot or another source. For example, Figure 1-2 shows how the Sacramento law firm Dreyer Babich Buccola Wood Campora uses Scorpion's AI chatbot to filter out potential clients from those who are just fishing.



**FIGURE 1-2:**  
The Scorpion AI chatbot is ready to answer your legal questions.

# Using Chatbots in Your Small Business

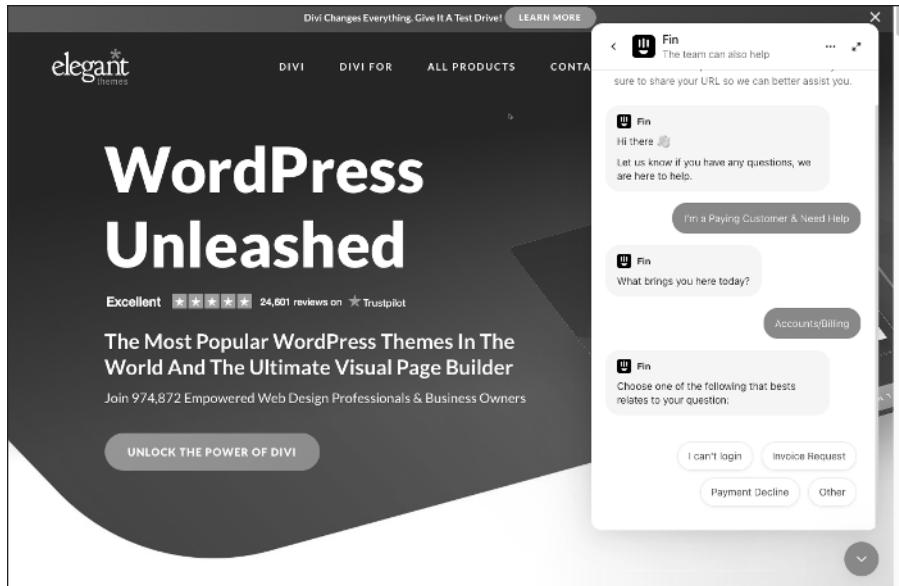
We bet you dollars to donuts that the gears in your head are turning as you think about all the great ways AI chatbots can save you money. Part of that excitement may be fear of missing out (or FOMO) as you see your competition using chatbots . . . and you're not.

Hold up there, Sparky. Before you go to your boss or your team all wide-eyed and stumbling over your words telling them how great chatbots are, you need to know how they can help you. The following sections not only give you a good idea of how to leverage AI chatbots but also arm you with a list of answers in case your boss (or the CEO) comes at you wide-eyed and raving about chatbots.

## Considering customer service and support

As we mention in the earlier section “Accessing AI chatbots: The next generation,” AI chatbots are good at both interacting with potential customers and helping existing customers. Here are the talking points you need to bring up in your discussions with and presentation to your team:

- » **24/7 availability:** Chatbots are always ready to answer basic questions about such things as hours, location, and pricing. When you train an AI chatbot about what you do (something we talk about in Chapter 6), your chatbot can answer more questions online rather than on the phone or by email.
- » **Order tracking:** Speaking of keeping more customers off your phones and out of your email inbox, a *Where Is My Order (WISMO) chatbot* uses AI to tell your customers where their order is. If the order is experiencing any delays or is lost entirely, your chatbot alerts your customer service team so it can follow up as soon as possible.
- » **Trusty gatekeeping:** If you use an AI chatbot to help your customers, you can filter customer support issues. It can be as simple as giving customers a menu to choose from so the chatbot can answer the user’s question as quickly as possible, as you can see in the Elegant Themes chatbot shown in Figure 1-3.



**FIGURE 1-3:**  
Menu options in  
the Elegant  
Themes chatbot.

## Looking at lead generation and sales

AI chatbots are a great way to drive more business to your company because they can do the busywork your salespeople don't want to do:

- » **Lead screening:** When your AI chatbot receives information from a potential customer about your services, it checks for certain criteria and passes along the customer's name to a member of your sales team.
- » **Product recommendations:** Your AI chatbot can suggest products and/or services your company offers to entice a potential customer to buy from you.
- » **Quote requests:** Customers may want to get an estimate of your services, and your AI chatbot can collect information based on their needs to give an estimate. Then you can have your sales team follow up to nail down the final numbers.
- » **Data capture:** You need your client's contact information to keep you in front of their eyeballs. Though lead magnets on websites are one way to do that, AI chatbots are another good way to collect a potential client's contact information.

## Booking appointments and tackling other administrative tasks

Speaking of reducing busywork (see the preceding section), an AI chatbot is great for setting up appointments, a job your admin assistant had to do in the not-so-distant past. For example:

- » Schedule appointments on calendars, which you may have done one or many times before when you've set medical appointments.
- » Schedule and send reminders automatically.
- » Handle appointment changes and cancellations.
- » Provide the potential client with the information they need to know before your sales team calls them.
- » Have the AI chatbot present questions to the potential client and send the answers to the sales team so the sales call is more satisfying for all parties.

Your AI chatbot further acts as the assistant for your assistant by integrating with your existing apps and processes to provide good stuff, including the following:

- » Collecting data about customers and logging that information into your customer relationship management (CRM) database
- » Processing simple orders and payments
- » Routing urgent customer inquiries to the correct team member so you can make your customer happy faster

## Building the Business Case

Yes, AI and AI chatbots are cool and exciting (and, some say, a bit scary), but AI is a tool just like all the other tools you're thinking of using in your business. You need to show five things to convince your stakeholders that AI chatbots can make your company better:

- » Which specific problems an AI chatbot can solve, such as reducing customer service costs
- » How your company can not only save money but also make money from using AI chatbots

- » How installing an AI chatbot gives you a leg up against the competition
- » How AI chatbots improve customer satisfaction and retention
- » How an AI chatbot is going to help your company grow in the next one, five, and ten years (and maybe longer, depending on your industry)

## Highlighting the value you get

Your boss is asking where the value is. The following sections give you a summary of benefits to consider; don't forget to do your research into these points so you can provide specifics about how AI chatbots can improve the lives of those inside and outside your company.

### Customers

We start with customers because they're the ones who will be using AI chatbots on your website, perhaps as their first interaction with your business.



REMEMBER

Today's consumers expect instant responses, and chatbots fit the bill. Indeed, consumers have likely used chatbots on other websites and expect them on yours.

You can track much more customer data coming from your AI chatbots, including when you get the most customer traffic and what customers' concerns are, so you can improve your processes, products, and/or services.

### Efficiency

If AI chatbots can't help your company be more efficient with both time and money, then the powers that be won't accept their implementation. Here are some important points you need to bring up.

- » AI chatbots not only work 24/7 but also handle multiple conversations simultaneously. You can serve more people without hiring more staff, and you don't need your staff and/or virtual assistants available at all hours to answer common questions.
- » AI chatbots can free up your employees for other tasks, and fewer customer support calls also mean staff burnout goes down. Yes, you guessed it: Less burnout means less staff turnover.



TIP

If you've mapped out your customer journey (you have, right?), AI chatbot data can expose inefficiencies in that journey so you can fix them.

## Management

AI chatbots help you control your message and research your customers. When you train your AI chatbot with consistent messaging, you ensure the information is accurate before you launch the chatbot. Consistent messaging is important for any business, but it's vital for regulated industries, where getting it wrong means bad juju for your business.

When your company grows, you'll probably have more customer support calls. You need to monitor how well your AI chatbot handles the extra load so you can determine whether you need to hire more customer service staff and/or update the AI chatbot with more answers that satisfy your customers.

## Crunching the numbers

Your CEO and CFO will expect you to produce hard numbers, so here are the four areas you need to research and include in any reports and presentations:

- » **Break-even analysis:** That is, when do the cost savings and revenue gains cover the initial investment?
- » **The opportunity cost:** What business are you losing to your competitors without having the chatbot your customers expect on your website 24/7?
- » **Customer retention:** How does the improved service from an AI chatbot help you keep your customers?
- » **The chatbot load:** Plenty of AI chatbot options are out there, and we talk about the most popular ones in Chapter 4. Will the option you choose help you as your company grows?

## Tracking ROI metrics

You're in business, so you know about *return on investment* (ROI). When your boss is demanding to know what the ROI is, here are the four things they'll be looking for:

- » **Cost per customer interaction:** Compare the cost of running your AI chatbot versus the cost of staff time to answer phones and emails.
- » **Revenue recovery:** Quantify the value of after-hours leads that the company would've lost because your staff wasn't working.

» **Lead conversion rates:** Track how many chatbot conversations convert to new sales.

» **Productivity gains:** Measure the time your staff now has for other revenue-generating work.



TIP

Don't forget to detail the work your staff has time to do and the revenue from it if you can.

## Getting started

We suggest two ways to begin integrating an AI chatbot into your business:

- » First, start small by adding a basic chatbot for answering basic questions and/or setting appointments. Then you can review its progress and report back to the rest of your team and leaders. If everyone sees the ROI, you can offer suggestions for expanding the chatbot's capabilities.
- » You can also set up a use case, such as filling orders online, and integrate your chatbot with existing systems. After you have the results, you can make changes to the chatbot to improve performance and/or add new features such as customer support.

