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Chatbots: A New Era of Digital Marketing

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Abstract

In today's era, Digital Marketing is way ahead in comparison to other forms of marketing. One of the reasons is the usage of data. By observing customer's interests, tastes, desires, etc. A lot of data is collected which allows marketers to take decisions regarding target marketing. Suppose, if you are looking for some footwear products on flipkart, the chances are that you will be seeing the ads of the same footwear products on maximum websites which you are going to visit in days coming. Businesses get this hint about your appeal towards their product and they chase you wherever and whatever you visit on internet. This is digital marketing.

The revolution in technology has changed how marketers today connect with customers. Social Media is one of the favourite platforms of marketers to interact with their customers. The basic premise is every person who is using internet, he or she is easily traceable on any social media platform. The idea is to be in audience faces more and more. It's simple, the closer business is to its customer, better are chances of selling its products/services.

It also implies that business will spend less on marketing and this is where chatbot assumes important role. The surge of Artificial Intelligence and chatbots has changed how marketing is done. Marketers are using chatbots to study buyer's journey, understand behavior, and collect prospective buyer's data so as to convince them. Most of the leading businesses are now using chatbots to enhance their efficiency. From Entertainment to Retail and from Information seeking to Navigation, chatbots are everywhere.

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Introduction

The world of Internet has given rise to tremendous opportunities in digital marketing for businesses. Businesses can easily share their products/services online but can also gain new clients. The data transmitted through digital marketing is speedy and effortless which supports the business in tremendous manner. Big corporations like Google, Amazon, uber and Ebay, unheard of twenty five years ago, are now key players. Companies have realised the importance of creating and maintaining digital relationship with current and prospective customers.

The marketing of products/services using digital tactics and channels is known as digital marketing. Digital technologies like social media, smartphones, smart products, Artificial Intelligence, etc. all have transformed consumers' lives.

Concept of Chatbots

The concept of chatbots is not new. It was introduced around 1960s. The concept became popular recently. A chatbot is an artificial intelligence or computer program which interacts with a user in natural language through apps, social media, website or through phones. Chatbots are designed to stimulate how a user will behave in conversation. The best feature of chatbots is that it becomes intelligent and smarter by learning from past interactions. Chatbots answer to queries in real time using pre-programmed responses. The engaging nature of instant messaging apps has paved way for chatbots which converse with website viewers for specific query or product knowledge. The rise in use of chatbots is for a simple reason, chatbots reply to a query, any time and any place.

Five Cs of Chatbots:

1. Consistency

Inconsistency is a routine flaw of humans. There are hot and cold periods. This problem

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does not arise in case of machines. They can be programmed to work any length of time in a particular way. Human error is eliminated in case of chatbots as they are powered by Artificial Intelligence. Chatbots make customer management easier. As new data is fed into system, Chatbots become more intelligent and helpful.

2. Context Driver

Background information is always helpful in dealing with customers real time. Through a form, Chatbots are able to get details like age, sex, gender, location, occupation, etc. Through this information, Chatbots are able to create personalized messages that create a positive impact on customer.

3. Conversational

Replication is an area where chatbots are ahead. They can work on same process again and again with perfection, which is difficult for humans. Where humans fail, machines come to rescue. Chatbots become intelligent overtime as more and more conversations take place. Chatbots can be trained to all types of communications which can lead to increased lead conversions and improved customer services.

4. Compatible

Chatbots are present in the bottom right corner of apps and websites always available for customer services. They can perform a number of functions as they are highly flexible. Lead generation, Customer engagem, ent, sales operations, Customer service, etc. functions can be perfomed with relative ease.

5. Cost Effective

A business has to only bear a onetime cost of developing a chatbot. Chatbots are cheaper as compared to other alternatives. Chatbots are a profitable investment as they can be employed to variety of purposes.

History of Chatbots

Chatbots are growing in popularity day by day and almost 80% of businesses are expected to use chatbots by 2020. The technology has become popular in recent times, but the history has been longer. One of the first chatbots, ELIZA, was developed at MIT

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by Joseph Weizenbaum in 1966. Its main purpose was to create communication interface between the man and the machine. ELIZA used scripted responses to match user prompts to simulate human conversation. ELIZA gained popularity when it stimulated the responses of a psychotherapist in a psychiatric interview. In 1972, PARRY was created at Stanford University which was a modified version of ELIZA. It was more advanced and serious than ELIZA. PARRY was successful in simulating a person with paranoid schizophrenia. In a test conducted, only 48% psychiatrists were able to differentiate responses from human and PARRY. In 1988, JABBERWACKY was developed and it was designed to stimulate natural human chat. In 1992, Dr. SBAITSO was developed for Ms-Dos based computer systems. Dr. SBAITSO stimulated the responses of a psychologist while interacting with others. ALICE, created in 1995 was the most famous chatbot of 20th century. It was a natural language processing chatbot. Due to its heuristic functions, it was more efficient in chatting with humans. In 2001, SMARTERCHILD came out. It had features like personalized conversations and quick data access and was considered a predecessor to Apple's SIRI and Samsung's S Voice. Chatbots revolution came with the launch of Apple's SIRI in 2010. It is an intelligent personal assistant which uses natural language user interface and performs various functions and answers queries. SIRI paved the way for all other Artificial Intelligence chatbots and personal assistants. The revolution has been further carried on by development of Google now in 2012 and ALEXA by Amazon in 2015.

Advantages of chatbots

1. Accessible anytime:

Chatbots are accessible 24/7. They continue to work without a break and obey all commands. The days are gone when user had to wait for next available customer service executive for getting answers for his/her queries. Live chat provides instant response to users which helps in improving image and brand of business.

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2. Capacity to handle multiple queries:

Chatbots can communicate simultaneously with multiple people. No matter how many people are communicating, everyone will be immediately answered. In case of a restaurant, where revenue mainly comes from food delivery but the staff is limited, chatbots can eliminate the problem by attending to each person so that no order gets missed. Companies like Dominos, pizza hut are using chatbots to provide delivery on time to customers.

3. Flexibility:

Chatbots are flexible. They can be used in any type of industry and for any type of product/service. They can switch to any platform by feeding the right data and information into their system.

4. Customer Satisfaction:

Chatbots follow rules and obey them as they have been programmed to. No matter how roughly a customer interacts or uses foul language, chatbots will treat a customer in the best way. Customer's choices change every day. Chatbots remember their order history and make suggestions for next order. This smooth interaction makes customer happy and delighted.

5. Faster Onboarding:

Chatbots are robots which switch to different platforms very quickly. As compared to humans, chatbots learn and adapt very quickly which helps in quicker solution. The data and information has to be fed into their system and they are ready for any type of work.

6. Work Automation:

Productivity is less when job is of recurring type. Humans become less productive when given a routine job or work. Chatbots automate these routine tasks which are done frequently. This helps humans save time and money. A financial chatbot can be trained to inform about fall in share prices so that users can take preventive measures.

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7. Alternate sales channel:

Chatbots easily sell marketers products as they work 24/7. A recent study says that more than 70% people prefer to chat than call. And with the rise of ecommerce giants, online shopping is on rise. This has paved way for chatbots to sell products as per customer's requirements. They remember customer's answers and tailor their responses.

E-commerce brands like, eBay, Tommy Hilfiger are now selling products using chatbots. Amazon's advanced voice recognition AI called 'Alexa' has also gained lot of popularity.

8. Personal Assistant:

Chatbots can be used as personal assistant by people for clothing recommendations, for travel tips, for health tips or for trading tips and so forth. This helps chatbots to give more personal touch to the customers. They remember customer's choices and provide them with relevant products/services.

Applications of Chatbots

1. E-commerce and Retail

Brands are using chatbots with the objective of improving customer service and boosting sales. Various companies chatbots run on instant messaging apps. For example, customers can order pizza from pizza hut by chatting with them on facebok or twitter messenger. Brands have substituted repetitive mails with instant chatting. The pizza hut chatbot also provides information about latest promotions. Customer has to just follow their twitter profile or like the facebook page.

2. Hospitality and Travel

May big players like Booking.com, Expedia, kayak, etc have already started reaping the benefits of chatbots. Hotel chains like Hyatt, Radisson Blu, etc. have also implemented

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chatbots in their business. A travel chatbot can easily suggest users places to visit, places to stay or organize their trips and all this is done through messaging apps. Goibibo's chatbot Gia helps users in booking flight tickets, reserve a hotel room, search for cabs, etc. Gia is a 24/7 personal travel assistant.

3. Banking

Banks have always adopted new technologies to make work easier and enhance customer service. Several banks have implemented chatbots to enhance their approachability and customer experience. Banking chatbots can easily help customers 24/7 by answering to their queries regarding fund transfers, bank statements, etc. EVA, the chatbot of HDFC Bank was built to serve customers better and quicker. Apart from being a banking assistant, EVA helps in bills payments, movies booking and books tickets.

4. Insurance

Companies are increasingly using chatbots to communicate with their customers. Chatbots are proving to be very useful for insurance companies. Insurance companies are able to enhance customer service, provide knowledge of complex products and improve marketing and sales. Bajaj Allianz general insurance co. ltd. It helps customers in registering a claim, get policy copy, check status of policy, locate company branches and empanelled hospitals. PNB Metlife launched their chatbot named 'Dr. Jeevan', Life Insurance industry's first AI powered interactive chatbot solution on Facebook Messenger platform. The main aim of chatbot is to educate customers towards critical illnesses like heart failure and cancer through interactive videos and personalized quotations.

5. Healthcare

Healthcare sector has been one of the biggest beneficiaries of artificial intelligence revolution. From diagnosis of diseases to robotic surgeries, Artificial intelligence has done it all. Chatbots are helping health professionals in registration of medical records, medication management, clinical workflows, giving first aid and other medical issues. Pharma major Lupin recently launched their chatbot named ANYA. It provides information for health related queries. The information is verified by medical experts. In its initial stages, ANYA is addressing issues related to diabetes.

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6. Media & Entertainment

The entertainment industry is large and consists of various sectors—film, music, gaming, etc. The industry has greatly benefitted from using chatbots. Bots like Alexa, Google Home etc. are examples of chatbots in media and entertainment industry. Amazon's Alexa can play songs, search for audio books, forecast weather, etc.

7. News & Publishing

Chatbots have already gained popularity in news & publishing sector. A number of organizations offer chatbots like CNN, Washington Post, etc. One can easily view top stories or filter topics by interest and can ask questions.

8. **Fashion & Beauty**

Chatbots in fashion and beauty have paived way for tremendous opportunities in the sector. Various companies are using the technology for engaging customer and providing utmost satisfaction. Tommy Hilfiger, has released a chatbot on Facebook Messenger. On opening the conversation, the chatbot greets the user, then instantly introduces the consumer to the collection and gives them three options for the conversation: style advice, browsing, or a behind-the-scenes look at the latest fashion show.

Limitations of Chatbots

The creation and implementation of chatbots is still a developing area, heavily related to artificial intelligence and machine learning. While possessing advantages, it has some important limitations in terms of functionalities and use cases. However this is changing over time.

1. Interface is complex:

Chatbots require a lot of time to fully understand requirements of user. They are very slow and poor in processing and take a lot of time in filtering the results which can annoy users.

2. Inability to Understand:

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Chatbots can easily be stuck if any unsaved query is presented which can lead to dissatisfaction and loss of customer. Users can easily be fed up with multiple messaging which can easily deteriorate customer's experience.

3. Time-Consuming:

Chatbots are installed with the motive to speed-up the response and improve customer interaction. However, due to limited data-availability and time required for self-updating, this process appears more time-taking and expensive. Therefore, in place of attending several customers at a time, chatbots appear confused about how to communicate with people.

4. Increased Installation Cost:

Chatbots are useful programs that help you save a lot of manpower by ensuring the all-time availability and serving to several clients at once. But unlike humans, every chatbot needs to be programmed differently for a new business which increases the initial installation cost. This also increases the time needed to prepare for the program and plan everything effectively. Considering the last-minute changes that can always happen, this is a risky investment as updating the program will invite added costs to it.

5. Zero decision-making:

Chatbots are known for being infamous because of their inability to make decisions. A similar situation has landed big companies like Microsoft etc. in trouble when their chatbot went on making a racist rant. Therefore, it is critical to ensure proper programing of your chatbot to prevent any such incident which can hamper your brand.

6. Poor Memory: Chatbots are not able to memorize the past conversation which forces the user to type the same thing again & again. This can be cumbersome for the customer and annoy them because of the effort required. Thus, it is important to be careful while designing chatbots and make sure that the program is able to comprehend user queries and respond accordingly.

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Conclusion

Chatbots have simplified life of both, the provider and user as both parties are deriving benefits. The growing popularity of instant messaging has helped chatbots gained a lot of popularity. Chatbots are becoming an attractive tool for customer engagement and targeting. Companies have cut costs, increased sales, improved satisfaction and have grown which has been possible by implementation of chatbots. Leading businesses around the world all realize that significance of Chatbots and are actively integrating them in their marketing strategy. They may develop into a capable information-gathering tool in the future.

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