



# Whitepaper Livechat and E-commerce

The **plus** for your company

# Whitepaper

# E-commerce

In an increasingly competitive and globalizing world, it is becoming more difficult for e-commerce companies to stand out from the crowd. Being distinctive based on price, innovation and quality is becoming less effective. International competition and downward pressure on prices make it difficult to be the cheapest. Innovations and improvements are quickly copied or improved by competitors. Moreover, many different niches offer several high-quality products. This makes it difficult for companies to distinguish themselves. More e-commerce companies are looking to distinguish themselves in other ways.

## Why customer experience is important?

Customers are increasingly looking for qualitative factors such as customer experience and service to differentiate between brands. Recent research by consultancy firm Walker concluded that by 2020, customer experience will be the way for brands to distinguish themselves from their competitors, as opposed to price and quality.

Customers are becoming more demanding in terms of customer service, as recent statistics show:

- 65 percent of customers stop using a brand after a bad customer service experience, according to Parature research.
- Research by Forrester Research shows that 57 percent of the customers is very likely to stop an online purchase if an answer is not obtained quickly.

If customer experience is the key to success, then the question is how companies can improve their customer experience in a cost-efficient way. This whitepaper shows that live chat is a very cost-efficient way for companies to substantially improve their customer experience.

## Why live chat?

Customers are more connected. People communicate with each other and with companies via a wide variety of channels such as telephone, e-mail, messaging platforms, live chat, blogs, advertisements and online forums. Customers have the opportunity to contact a company through many different channels. Numerous research indicates that of all these channels, chat is the highest rated contact channel.



## Keep an eye on millennials

Research by eDigital Research also shows that people aged between 18 and 34 use live chat the most and are most positive about it. By not offering a live chat on the website, companies are not only risking the loss of customers to competitors, but also the ability to help and identify the needs of the group that is most positive about live chat.

Accenture research shows that by 2020, 30% of all e-commerce purchases will be made by millennials (people born between 1980 and 2000). This group of people grew up with the Internet as their primary means of communication and expects companies to do the same. In addition, the number of millennials is increasing compared to the people who prefer traditional means of communication such as telephony.



# 6 reasons for E-commerce companies to start with live chat

## voor E-commerce om te starten met livechat

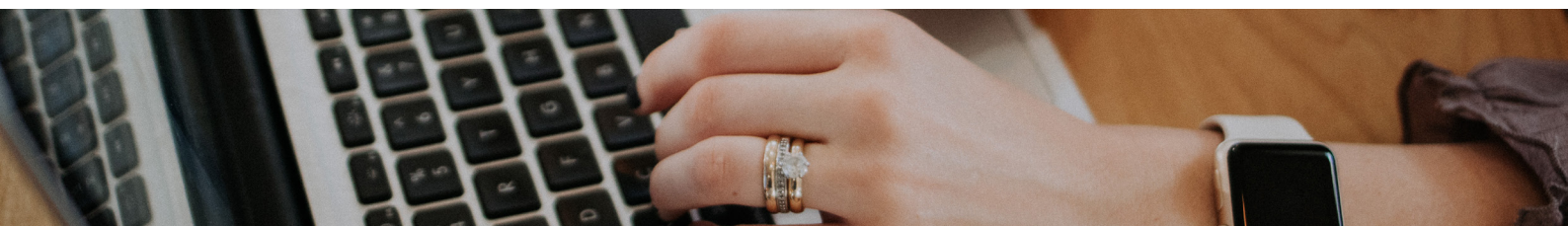
In this white paper, we give six reasons for e-commerce to start with live chat. The reasons are explained on the basis of several studies that have shown the effect of live chat on e-commerce businesses.

### 1. Reduction in abandoned shopping carts

The Baymard Institute has collected data from 31 different surveys about the disconnection of visitors from the online shopping cart. The average leaving rate that came out of this is 68 percent. That means that more than two-thirds of the potential purchases in the shopping cart have been lost, totaling about \$4 trillion. Research by Forrester Research shows that 57 percent of the visitors almost certainly end the purchase when they cannot get an immediate answer to a question. These are usually questions about:

- The product
- Availability of products and shipping
- Concerns about giving out credit card information
- Privacy policy and warranty

Live chat is fast and allows personal contact when customers are ending a purchase. By quickly answering questions when making a purchase, the shopping cart abandonment rate is significantly reduced and sales increase. According to a recent report by Business Insider Intelligence, 63 percent of abandoned shopping carts are repairable. An important fact, because a small reduction in the abandonment rate already translates into a large increase in turnover. A departure rate of 60 percent that can be lowered to 56 percent, means a 10 percent increase in sales. On a sample of 100 shopping trolleys, the number of purchases cut off drops from 44 to 40, an improvement of 10 percent.



## 2. Higher average order value

Introducing live chat on your website results in significant increases in the average purchase price, meaning that customers spend more per purchase. More revenue is generated without attracting new customers. A case study by Forrester Research in which an e-commerce company was investigated before and after using a live chat showed that the average purchase price with live chat was 20% higher than without a live chat. Below are four techniques described how a live chat can increase the average purchase price per visitor.

- **Upselling:** Using customer contact during the purchase process allows the chat operator to promote better and more expensive products.
- **Cross-selling:** Chat operators can promote complementary products.
- **Special offers:** Customers are more willing to make a purchase when it is on offer.
- **Downselling:** This does not have a positive influence on a higher average purchase price, but can still not turn an uninterested consumer into a purchase.

Research by Boldchat even shows that the average purchase price of visitors who chat is 60% higher than visitors who do not chat. For mobile chat users this is 68%.





### 3. Increased satisfaction

eDigital Research conducted a survey on the customer satisfaction of customer contact channels. The results show that live chat scored highest on customer satisfaction of all customer service channels:

more than 71 percent of the people who used live chat were satisfied. The figures vary across studies (some going as high as 92%), but the message is undeniable. Live chat satisfaction benchmarks are higher compared to other contact channels.

### 4. Increased conversion

Live chat allows you to provide website visitors with real-time answers. Receiving instant answers to questions can lead visitors to the right page on your website or just get that push in the right direction to make a purchase. Research by Forrester Research shows that 44% of online customers need a live chat web feature when making a purchase. Uncertainty and confusion are recurring reasons why people do not complete a purchase. Where companies invest a lot in attracting website visitors, it seems more logical to invest in maintaining current website visitors in a better way. In a way, the live chat is the physical store employee in an online setting, giving people the last push and taking away any last hesitations to make the purchase.

#### *Conversion in two ways*

Offering live chat improves conversion in two ways. By giving customers quick answers to questions and providing pre-sales advice, it clears customers from any objections to make the purchase. According to eMarketer research, 38 percent of customers made a purchase through a chat session. Secondly, a lot of valuable information can be retrieved through chat conversations. Customer needs are expressed in chat sessions, revealing what customers like and what they don't like. The transcripts of live chat sessions are an infinite source of information about website experience, product preference, general objections, pain points and countless other data. This information can be used to improve the customer journey on your website.



### *Conversion and research*

Frequent research has shown the positive impact of live chat on conversion, including large-scale studies by eMarketer, Forrester Research and Userlike.

Our chat results show that on average 25% of the website visitors that chat convert in either a lead or direct sale. Research by Boldchat made a comparison between website visitors that chat and those that don't. They show that website visitors that chat convert 2.8 times earlier than visitors that don't chat. The same study also indicates that returning visitors who chat convert best: 21%. Moreover, visitors that chat spend up to 60% more. Taking all figures into account, chat users are 4.5 times more valuable than non-chat users.

## **5. Reduction in costs**

Integrating live chat into the organization is a cost-saving compared to telephony. There are several reasons for this:

- Livechat provides better support, reducing the number of recurring calls. The number of incoming e-mails also decreases because many first and second line questions are answered by the chat.
- Chat operators can handle 6 chats at the same time, while a telephone operator can only handle one phone call at a time. The efficiency per employee increases, which reduces costs.
- Chat operators can perform other tasks while waiting for responses.
- Livechat is cheaper and easier to use than telephony. Points two and three indicate the higher efficiency of chat operators. For the deployment of live chat, no more than the software is required in addition to the personnel. The prices of the software vary widely, from free to several hundred euros per month. All in all, it can be said that the software is cheaper than setting up a call center.

## 6. Increased profit

What all these advantages ultimately lead to is more profit. Through a decrease in abandoned shopping trolleys, higher average purchase price, returning customers, more conversion and lower costs, the profit of your company increases.

## Conclusion

Numerous researches in the field of customer contact, and specifically live chat, have shown its financial and service-oriented benefits. By adequately using live chat e-commerce companies can reduce the number of abandoned shopping carts, increase average purchase prices, increase the number of satisfied customers, increase website conversion rates and lower costs. Visitors who chat are 4.5 times more valuable than visitors who do not chat. So if you choose to live chat, do it right and make sure people start chatting!





# About Authors



## CEO

Nick Blom is the founder and owner of LiveChat Service. By his active approach he ensures that every customer can make use of optimal chat immediately. As a result, the customer does not have to wait even a moment for the collection of extra leads via the website. For Nick, chat optimization is always number one.



## Marketing manager

Sietse Busser is Marketing Manager at LiveChat Service. From this position he has a profound focus on written content. With the whitepapers, articles, blogs and as co-author of the book "Livechat: more than just a contact channel", he tries to make companies and organisations understand the power of livechat as well as possible.

## About LiveChat Service

LiveChat Service is an online service provider in the field of live chat. Through trained chat operators, LiveChat Service ensures that they help their customers with new leads and improved service through the website every day. The chat gives visitors the opportunity to ask questions, leave comments and convert. This removes the barrier for chatters to leave their data behind. It works faster, friendlier and easier.

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