How to pick the best live chat software-2018

A buyers' guide to choosing the ultimate sales and support tool for your business
In a competitive business environment, the savvy organization knows that the lifeblood of their company lies in the veins of customer satisfaction. The way to outperform the competition is by going the extra mile to impress your customers. With this in mind, the importance of live customer service and engagement cannot be overstated.

Irrespective of industry, businesses are using different channels and products in the race to provide the quickest, simplest, and most accessible form of support.

Of these many methods, one channel stands out among the rest in almost every respect: live chat.

Live chat has the highest satisfaction rates among all support channels. But live chat is more than just support; it can also help boost sales. It is more effective than conventional cold calls and emails because of its less intrusive style. In fact, live chat is being used more extensively for sales than for support now.

We've gathered data from 140 live chat users across 10 industries, then analyzed the data to find out how we could provide superior customer service. Some of the questions we've tried to answer include:
Which companies are suited to use live chat?
When should a company adopt live chat?
What business goals can best be achieved with live chat?
How much should a business invest in a live chat software?
What ROI can be expected?
What's the human resource requirement to implement live chat effectively?

More such questions are answered by our findings.

**Some quick metrics:**

- 49% of respondents saw an increase in conversions due to live chat within 2 years of implementation.
- 68% of respondents spend less than $10 per agent per month for live chat.
- 78% of respondents use live chat for sales while 63% use it for customer support.
- 74% of companies had less than 10 employees when they first adopted live chat.
- 43% of respondents said they had a better understanding of their customers within 1 year of using live chat.
- 28% respondents switched their live chat software due to insufficient features.
- 92% of respondents expected the cost per agent to be less than $20 per month.
- 30% of companies who've been using live chat for less than 1 year claim to have seen a 5-10% increase or more in their revenue due to live chat.

Let's explore a more in-depth analysis.
Who uses live chat?

While live chat usage may differ depending on industry and company size, any company with a website can benefit by using live chat—regardless of its industry, size, or market.

Since B2C businesses usually have a much bigger customer base (and website traffic) than B2B, it is reasonable to expect more B2C live chat users than B2B, but clearly this is not what the data says. Quite surprisingly, the B2B user base is almost double that of B2C. Non-profit and B2G are naturally the smallest members owing to their small customer/client base.
A whopping 74% of respondents had less than 10 employees when they first adopted live chat and almost three quarters had an annual revenue of less than $1 Million. This indicates that a huge chunk of the target market lies in the small business segment. Only 1% of businesses had more than 500 employees.

In stark contrast, there’s an even distribution for the number of customers these companies have. The same can be said about the age of the company.

It makes sense to start using live chat early on as it doesn’t just help with conversions but can also help you gain a better understanding of your customers’ needs and preferences.

Being small-medium enterprises, most of the websites have less than 5000 monthly website visitors. Not even one website falls between the 100,000 to 3 million bracket and just one percent have above 3 million monthly website visitors. This also explains why the number of agents or users with access to live chat is mostly less than 5 (as shown later).
2 What is live chat used for?

While both B2B and B2C businesses use live chat primarily for sales and customer support, 85% of companies in the B2B sector and 74% in the B2C sector use it for sales. The exception to this trend is the education industry, where live chat is used more for support than for sales (for obvious reasons).

Customer support follows the usage trend with metrics around 66% in all sectors. Marketing through live chat appears to be more popular among B2B companies with 54%, compared to just 31% among B2C. Finding employment opportunities, real-time tech support, and academic advising (education sector) are top among other uses mentioned by respondents.

3 How can live chat impact a business?

Since live chat is used largely for sales and customer support, it impacts both conversion and retention rates.
Nearly half of users reported an increase in conversions and about 36% reported an increase in customer satisfaction and retention within just 2 years of live chat implementation.

Around 43% of respondents also claimed to have a better understanding of customers after having interacted with them regularly through chat. A better understanding of customers’ needs and pain points can help to improve other metrics in the long run, and will push revenue even higher.

4 Extent of impact on revenue

If not directly, live chat contributes to revenue streams by way of better services through a higher understanding of customers. One third of respondents have observed a significant change in revenue due to the use of live chat. This jumps to 71% among those who've used live chat for more than 5 years.
How customers choose a live chat software

Features, functionality, and ease of use are clearly more influential than price when it comes to making a purchase decision. This may be an indication that users are willing to pay for preferred features and simple but comprehensive UI.

So if features are the most important decision factor here, naturally the next question is, "Which features are the most important/most desired?"
Not surprisingly, visitor tracking is way ahead of any other feature at 77%. It's not a huge leap to realize that visitor tracking and live chat go hand in hand. Email list automation comes next, indicating that email marketing integration is also highly desired. Triggers and lead scoring are also considered quite important.

![Most used live chat feature](image)

Usually it shouldn't take more than a few minutes to install the software and get going. For most software, all that's required to implement is to paste a code snippet into their website's source code.

For not-so-tech-savvy enterprises, it could take a few hours to complete the installation, figure it out, customize the settings and so forth.

### Number of product demos before making a purchase

Almost 60% of respondents did not demo the software, or simply choose the first software they demoed. The other 40% made their choice only after comparing two or more products. However, those who demoed more than 3 products tended to be the most satisfied with their choice.
Live chat brand loyalty

The recent live chat industry boom can be seen in this chart. In the chart shown below, notice the bubbles grow in size as you work your way up, starting from more than 10 years ago to less than 1 year ago. This number has doubled every year and has even tripled in the last year. This trend can be expected to continue in the coming years. It’s not an exaggeration to say that soon, live chat can reach the market penetration that the CRM industry has.

A majority of respondents are first time live chat users. With time and experience, users will explore other products to find the right fit for their business.

Live chat costs per month per users

Expected vs Actual
Since a majority of these businesses are SMEs, they only require a few live chat agents. Also, most live chat software is priced on a per user basis, so it becomes more expensive with every additional user. But when live chat is used for customer support, the team should be adequately staffed to handle the traffic.

8 Why do people look for live chat software?

Live chat is frequently associated with support, but these metrics clearly show that it often serves other purposes. The most popular reason for adopting live chat is to connect with website visitors in real-time—to have conversations and understand how customers use their website, and to stay informed about trends in customers’ likes and preferences. Increasing sales and tracking website visitors come in second and third respectively.

Reason for adopting live chat

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>To connect with web visitors with real-time</td>
<td>87%</td>
</tr>
<tr>
<td>To increase sales and conversions</td>
<td>61%</td>
</tr>
<tr>
<td>To track website visitors</td>
<td>45%</td>
</tr>
<tr>
<td>To provide convenient support</td>
<td>43%</td>
</tr>
<tr>
<td>Other</td>
<td>11%</td>
</tr>
</tbody>
</table>

Top among the remaining reasons include reducing bounce rates and following traffic trends.
Conclusion

As a sales and engagement tool, live chat is suitable for businesses of all sizes, across all industries. Many companies have already taken the lead to tap into the potential of live chat. Aside from improving the support experience, live chat can help a company identify the scope for improvement on nearly every aspect of their enterprise. Used correctly, it has a significant effect on satisfaction, retention, and conversion rates.

There is no doubt that live chat will continue to grow in popularity. But while customers are mostly happy with their live chat, there is still room for improvement. More features, customization, and integrations will go a long way towards creating a more impressive live chat ecosystem. Given the break-neck developments in the live chat industry, we will certainly be seeing this in the near future.

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