Live Chat
In focus: Chat

The popularity of live chat for customer service is rising fast. Increasingly, consumers turn to live chat when shopping online, and a growing number of consumers say that live chat is their preferred way to engage with support. The launch of Facebook’s Businesses on Messenger, which lets businesses reach customers wherever they might be, is just one example of the growing ubiquity of live chat. So how can companies use live chat to transform the way they engage with customers? This report explores key performance indicators to benchmark chat support. For example, did you know that companies across all industries and geographies engage in 62 chat conversations a month and respond within 1 minute 36 seconds?

- Benchmark metrics for live chat: We’ve created metrics that allow companies to measure their performance on live chat. For instance, a typical company serves 62 chat conversations each month and responds within 1 minute 36 seconds.

- How live chat changes customer engagement: When given the choice, customers choose to chat. We discovered that companies who offer live chat support see a decline in tickets submitted through other web-based channels.

- What makes a great live chat experience: We confirmed that good live chat satisfaction ratings are associated with faster reply times and fewer chats per agent. And we found another factor that plays a role: the number of messages exchanged during the chat conversation.

- What to consider when staffing for live chat: Understanding when chat request volume peaks can help companies decide how to allocate agent resources. In our customer sample, over 50% of chats occur between the peak hours of 10:00 a.m. and 3:00 p.m.

The rise of real-time customer support

As more and more customer interactions take place online, consumers expect help to be available when and where they need it. That’s why live chat, which offers a quick and convenient way to get support, is increasingly becoming the preferred way to contact customer service. Over the last five years, the number of U.S. online shoppers who used live chat increased from 38% to 58%. Companies experience benefits, too: With live chat, agents can manage multiple conversations at once. They can even proactively start conversations with website visitors who may need help navigating the online purchasing process. Finally, chat is a clear winner for customer satisfaction: Compared to other support channels, live chat comes out on top (Figure 1).
Given its rapidly rising popularity, many companies want a better understanding of how offering live chat to their customers will impact the way they run their businesses. To help clarify how live chat changes the way companies engage their customers, we’ve examined data from businesses that provide real-time support using Zendesk Chat. This report uncovers:

- How live chat support performance compares across industries
- How offering live chat changes how companies provide customer service
- What factors improve the odds of a good satisfaction rating for a chat conversation

We also spoke with a number of companies using Zendesk to gather their real world live chat best practices.

Live chat can transform customer service for the better. We found that 30 days after implementing live chat, ticket volume from embedded web forms plummets—suggesting that customers prefer to communicate with support directly from the company website, instead of waiting for a response to arrive via email. We also found some interesting relationships in the live chat data. There is a positive correlation between a company’s live chat customer satisfaction rating and the average number of messages exchanged between an agent and visitor during a chat conversation. There’s also a tendency for live chat customer satisfaction to fall as the number of chats per agent rises. Together, these findings suggest that companies need to look for the optimal balance between agent workload and customer experience.

Every company is different, and what works for one may not work for all. Therefore, each support team should experiment to find the performance targets, staffing model, and best practices that work for them. Though it requires work, we think the benefits of engaging with customers over live chat speak for themselves. We hope this report will serve as a helpful resource for all companies exploring live chat, whether they are optimizing an existing channel or implementing for the first time.

CUSTOMER SUCCESS STORY: EDMUNDS

Edmunds.com helps car shoppers buy smarter by helping them discover, price, and buy the car that is right for them, from anywhere at anytime. The Edmunds Live Help team, managed by Justin Smith, feels it is important that their customers can get help any way they like—whether by phone, text, email, or, increasingly, live chat.

Almost half of Edmunds’ support tickets are through live chat, which not only provides an effortless experience for customers already seeking information on the Edmunds website, but allows the Edmunds team to answer questions more efficiently. “Each agent is able to take multiple chats at once,” Justin Smith explains. “Whereas, on the phone, each agent can only take one call at a time.”

With Zendesk Chat, Edmunds’ seven agents have over 1,200 real-time conversations per month, and their customers love it. The satisfaction rating for their live chat channel stands at 93%.
Benchmark metrics for live chat

For this report, we’ve created new metrics specific to live chat. These measures can provide a sense of what to expect when implementing live chat for the first time and function as helpful reference points for improving live chat performance.

### CUSTOMER SATISFACTION

**92%**

% of chat conversations that receive positive customer feedback

With Zendesk Chat, a customer can provide a “thumbs up or down” voluntarily at any point during a chat or in response to an agent request for a rating.

### CHATS/MONTH

**62**

Number of live chat conversations per month

### FIRST REPLY TIME

**01MIN 36SEC**

Number of live chat conversations per month

### % MISSED CHATS

**16%**

% of customer-initiated chats without an agent response

### DURATION

**10MIN 35SEC**

Length of chat conversation

### CHATS/AGENT

**22**

Number of live chats each agent must serve per month

### MESSAGES/CHAT

**10**

Number of messages exchanged during a chat conversation

IT & consultancy companies lead, travel companies lag, in live chat satisfaction

Although many different types of companies rely on live chat, performance benchmarks vary from one industry to the next. While IT & consultancy companies achieve the highest live chat satisfaction ratings (96% of rated chat conversations received positive feedback), those in the travel industry see the lowest (87%). But that doesn’t mean that live chat just isn’t good for travel companies: In the next section, we’ll see how these inter-industry differences are more than skin deep.

Satisfaction at scale remains a challenge with chat

In a previous Zendesk Research report (“In Focus: Operational Benchmarking”), we discussed the challenge of growing support operations. We found a negative correlation between a company’s customer satisfaction and their monthly ticket volume. In other words, as the number of support requests increases, overall customer satisfaction tends to decline. We were curious to see if there was a similar relationship between a company’s chats per month and their live-chat satisfaction rating. Sure enough, we found similar results: As the number of chat conversations per month increases, customer satisfaction goes down (Figure 2).
FIGURE 2: Live chat customer satisfaction decreases as the number of chats per month increases

With this information in mind, the differences between industries make more sense. It’s not that travel companies are bad at live chat. They simply have a larger workload of chat conversations than the businesses in IT & consultancy. Their median chats per month is 92, significantly higher than the global benchmark’s 62 and soaring above IT & consultancy’s 45. No matter whether you look at real-time or traditional support, the larger the workload gets, the more challenging it becomes to provide a great customer experience.

Mexico manages the highest volumes, Denmark provides the swiftest replies.

We found variation in live chat performance between countries, too (Figure 3). Companies in Mexico appear to be the chattiest, with a median 143 chats per month. Companies in Denmark, home to Zendesk’s founders, keep things fast and simple—they deliver the swiftest reply times, at 1 minute 9 seconds, and are the most concise, averaging 7.7 messages per chat conversation.

How live chat affects volume in other channels

While live chat makes it easier for customers to reach support, it doesn’t mean inviting more requests than your agents can handle. Actually, live chat can divert requests from ticket queues, instead sending them directly to agents for rapid resolution. Mia Chapa is the Customer Care Manager at Sole Society, an ecommerce site that sells high quality shoes and accessories at affordable prices. She was pleasantly surprised when she introduced live chat. “Chat is easy and low effort for our customers. Not only have our customers responded positively to chat, but it decreased volume in our other support channels.”

To understand how live chat changes the way customers engage support, we looked at how much each channel contributed to the support workload before and after implementing live chat (Figure 4). We found large contractions in the ticket volume generated by web forms, feedback tabs, and APIs (which are commonly used to create custom web forms) (Figure 5). In other words, live chat absorbed a large volume of requests that visitors would normally submit through other, less immediate, channels.

Companies using embedded web forms today will probably see many requests redirected to live chat as website visitors who would normally submit a form with their questions instead see a prompt to chat in real time. That lets agents respond quickly when it matters most: while a customer is comparing products, reading content, or completing the check-out process.

FIGURE 4: After implementing Zendesk Chat, the volume of requests to embedded web forms declines
The volume of tickets submitted over email contracts, too, but the effect is not as dramatic. Customers who submit tickets through email are less likely to be looking at the company website when they ask for help; therefore, chat is not an immediately available alternative when they submit service requests. The takeaway: Chat deflects support volume from less efficient channels, but the effect of chat on a company’s ticket volume will depend upon how its customers contact support today.

**Balancing agent workload with customer satisfaction**

What makes live chat customer service great? We looked at a number of variables to find out which ones were related to live chat customer satisfaction. We weren’t surprised that customers prefer short wait times: We expected, and found, a negative correlation between live chat customer satisfaction and first reply time. However, we found two factors that are even stronger drivers of live chat customer satisfaction: (1) the size of the agent’s chat workload (measured in chats per agent per month), and (2) the amount of back-and-forth conversation between the agent and end-user (measured in messages per chat). So while companies should worry about wait times, they also need to make sure their agents aren’t stretched too thin to provide each customer individual attention.

**Finding the right number of chats per agent**

Zendesk customer Tucows operates Hover, a domain name registration service, as well as OpenSRS, a platform for domain resellers, and Ting, a wireless service provider. When Ross Rader, Vice President of Customer Experience, first implemented Zendesk Chat, it was hard to know how many concurrent chats his agents could manage. “At first we encouraged our agents to manage many chats at once,” Rader explained. “But we started to see a dip in customer satisfaction.”

Rader’s experience aligned with our research. We found a negative correlation between the number of chats per agent per month and live chat customer satisfaction (Figure 6). Although live chat allows agents to respond to more than one customer at once, as agents start handling more and more chats, the increased workload may impact their ability to respond quickly and thoroughly.
After taking a closer look at their live chat analytics and talking to companies more experienced with live chat, Rader and his team discovered that aiming for a 30-second reply time was the magic number to provide their customers with the best experiences. “If you can’t get back to a customer in 30 seconds, you’re probably handling too many chats. That takes a new agent from four chats down to one, and experienced agents from six or seven down to two or three, and a super agent from ten or twelve down to four. Rightsizing the number of interactions an agent can handle was an interesting process for us.”

Like Chapa at Sole Society, Rader is also experiencing a shift in how his customers contact support. He says that live chat will soon eclipse phone support as their primary channel. This trend not only means greater agent efficiency (since Rader estimates the agent-to-customer ratio is at least three to four times higher on live chat than phone), it also means better customer experiences, since Tucows can be available whenever and wherever their customers expect.

Customers are willing to wait for attentive service

It’s no surprise that wait time plays a role in how customers rate the quality of a support experience, and it wasn’t difficult to spot this trend in our data. There’s a clear negative relationship between live chat customer satisfaction and the amount of time a customer spends waiting to hear back from an agent (Figure 7). But the full story is a little more complicated, and we found a good reason to believe that companies can recover from potential bad ratings stemming from long wait times by providing attentive customer service.
We found one variable that, unexpectedly, had an even stronger association with live chat customer satisfaction than time to reply: the average number of messages per chat. There’s a tendency for customer satisfaction to increase as more messages are exchanged between an agent and customer during the chat conversation (Figure 8). We aren’t sure exactly what drives this relationship. (It could be that some customers are both easily satisfied, and very talkative!) But it might show that customers are happier with agents who take the time to ask more questions—or sign off with an added, “It was nice working with you today!”

Staffing for live chat

Because live chat requires agents to be online with their website visitors, support managers should become familiar with how their live chat request volume varies by day and hour. Peak live chat volumes for our customers occurred between 10 a.m. and 3 p.m. local time, when over 50% of the day’s live chat requests are created (Figure 9). Request volume increases rapidly beginning at 8 a.m., peaks from 11 a.m. to 3 p.m., and declines gradually thereafter. There is also variation in demand for live chat across the days of the week: Most activity occurs on business days, peaking on Tuesday.
FIGURE 9: Most chats occur between 7AM and 7PM local time

FIGURE 10: The majority of chats occur during the week, especially Monday and Tuesday
Zendesk customer VitalSource, an educational technology company that provides digital textbooks and other learning materials for students, experiences seasonal and weekly peaks that align with a typical college student’s schedule. Sean McKeever, Senior Support Engineer, relies on analytics to understand the daily, weekly, and yearly patterns in VitalSource’s live chat requests. August and September are the highest volume months as students gear up for the school year, followed by January and February (the start of a new college semester). Sunday, Monday, and Tuesday see the highest traffic, and McKeever and his team see a high volume of live chat requests consistently around 7 p.m. ET.

McKeever uses historical reports to identify trends and allocate his staff accordingly. On a daily and hourly basis, he monitors wait time and number of missed chats, taking particular care that wait time for missed chats never exceeds wait time for served chats.

Overall, the live chat channel is very valuable to the VitalSource team. As McKeever explains, “Chat allows one agent to handle multiple tickets, versus phone, which is one-on-one, and web form, which is pretty much one agent to one customer interaction, too. The Zendesk analytics are important not only to help us manage chat, but to give us a holistic look at our support operations.”

Zendesk’s agent reports and real-time monitoring allow companies to monitor chat times and keep tabs on their support operations. “Zendesk users can see agent logins, service metrics, and satisfaction scores in the Zendesk dashboards. Breaking down this data by hour of day and day of week allows managers to anticipate the periods of high volume and allocate their support volumes accordingly.”