sendbird

From outdated to outstanding

The future of customer communications

Table of Contents

"

No communication technology has ever disappeared, but instead becomes increasingly less important as the technological horizon widens.

– Arthur C Clarke
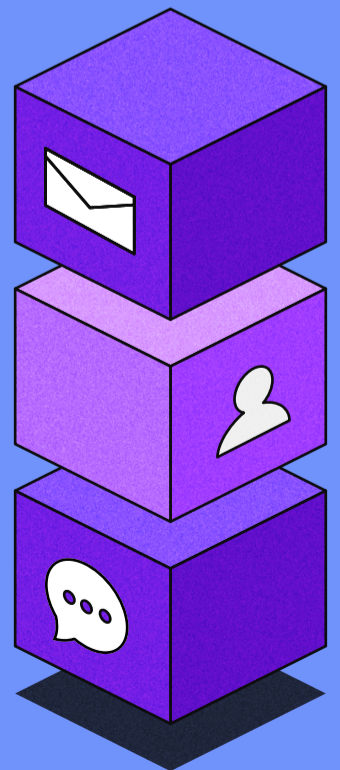
A.

The future of customer communication

Business leaders are acutely aware of the increasingly complex challenge of customer communication in their organizations. With the rise of sophisticated communications technology and customer expectations, what once was the responsibility of marketing and customer service teams is now part of a much larger and fragmented ecosystem with many stakeholders, siloed technologies, and competing business objectives.
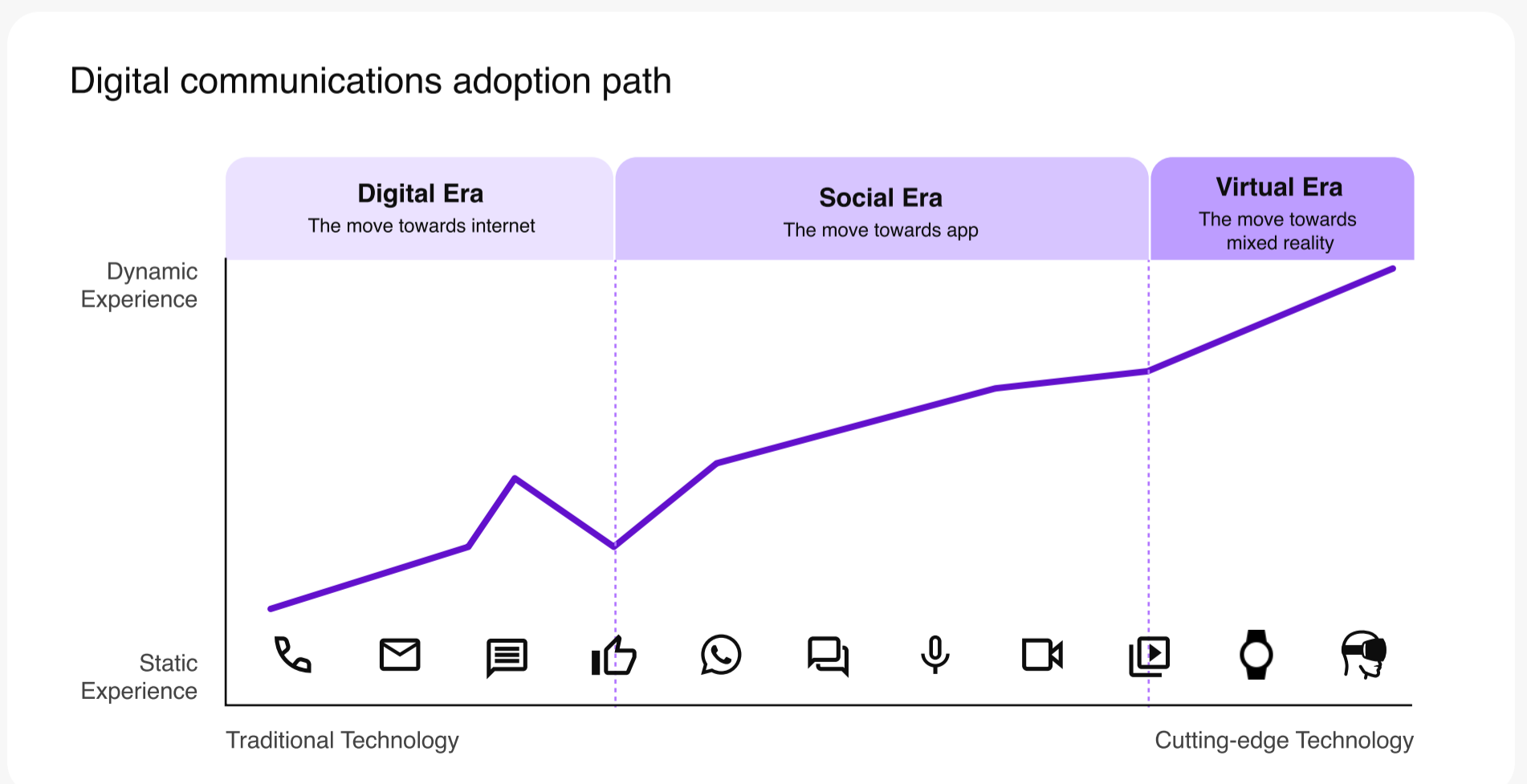
The three latest eras of communications technology, from traditional to cutting-edge, present us with exciting possibilities for the future customer experience – one that's human (powered by actual humans and bots), real-time, useful, and highly engaging – paired with an overwhelming strategic and technical challenge to manage this increasingly complex and fragmented ecosystem.

In this guide, we present a digital communications adoption path and explore how the complexity of the ecosystem now calls for optimization of both individual channels and rethinking the broader connected communications experience. We look at why mobile must be at the center of a modern organization's communication strategy, and how to get ahead of what's to come as new technologies and channels are added in the years ahead.

B.

The communication adoption path

The digital communication adoption path below highlights the evolution of customer communications from traditional digital channels to cutting-edge technology. We see that communication technology is not replaced but instead added to as the landscape of channels and communication tech continues to become increasingly complex and fragmented. This is a challenge for businesses, but it also provides exciting new ways to reach, support, and engage customers.

Digital communications adoption path

Digital Era	Social Era	Virtual Era
The move towards internet	The move towards app	The move towards mixed reality

Dynamic Experience

Static Experience

Traditional Technology

Cutting-edge Technology

With each evolution of digital communications, from traditional technology that
provided a more static experience, to cutting-edge technology that is dynamic as
well as hyper-personalized, intelligent, and immersive, companies unlock
experiential gains to achieve growth.

Experiential gains from digital communications adoption
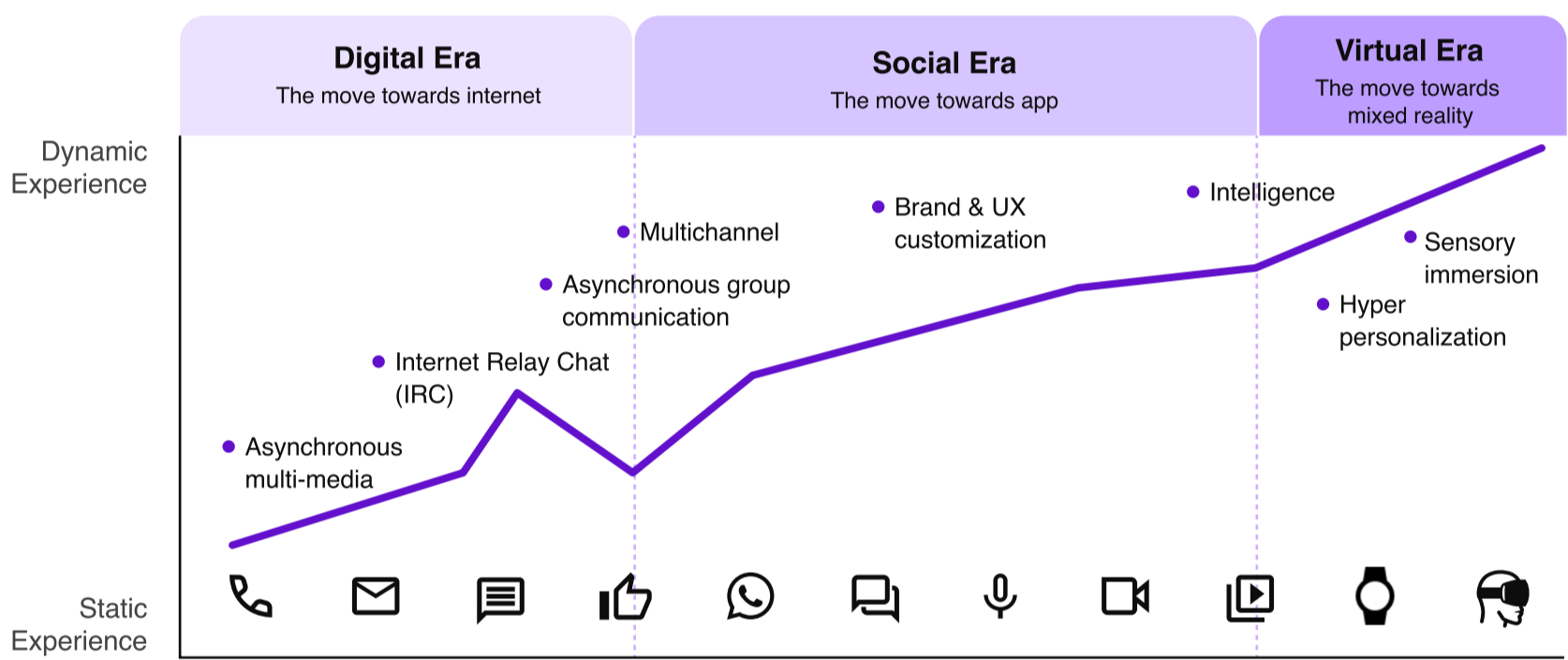
C.

The early days of digital communication

Many of us remember the rise of consumer email. You may even recall when customer communication was limited to direct mail and phone calls. While it was a half-century ago when the first email was sent, it was just 30 years ago when email went mainstream. We all "got mail."

In the last 30 years a lot has changed. Mobile adoption skyrocketed in the 2000s, paving the path for new communication methods and tools like SMS and MMS. Chat became ubiquitous in our lives, first on desktop applications like ICQ and AIM and then on our mobile devices.

Another critical channel for reaching customers, social media, exploded in the early 2000s connecting everyone through apps such as MySpace, then Facebook launching in 2004, Twitter in 2006, Instagram in 2010, and TikTok in 2016. The innovation continued as messenger apps like WhatsApp emerged with the most global app downloads, leading to the rise of messaging apps.

ICQ, one of the first stand-alone instant messaging applications, brought chat to the mainstream in 1996

At the same time, technology vendors began to pop up to support the growing needs and demands of customer-facing orgs. The first marketing automation technology enabling businesses to send a series of emails based on specific behaviors appeared in the market in the 1990s. Today, the marketing automation industry has over 300,000 companies -- and 75 percent of companies use marketing automation software. Similarly, the help desk technology industry has grown with numerous basic options to reach and support customers.
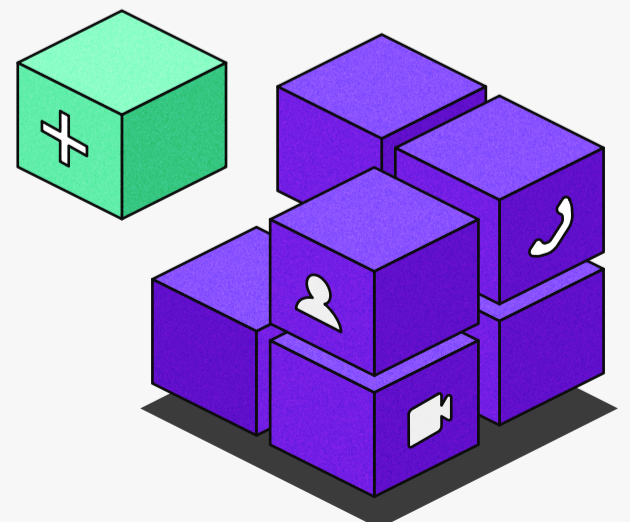
Today, most organizations use multiple channels to connect with customers. While the desktop web remains home to key channels for these use cases, mobile continues to grow in its importance in the customer communication landscape. In the following pages we dive into the growth of smartphone adoption and how this has changed customer communications forever.
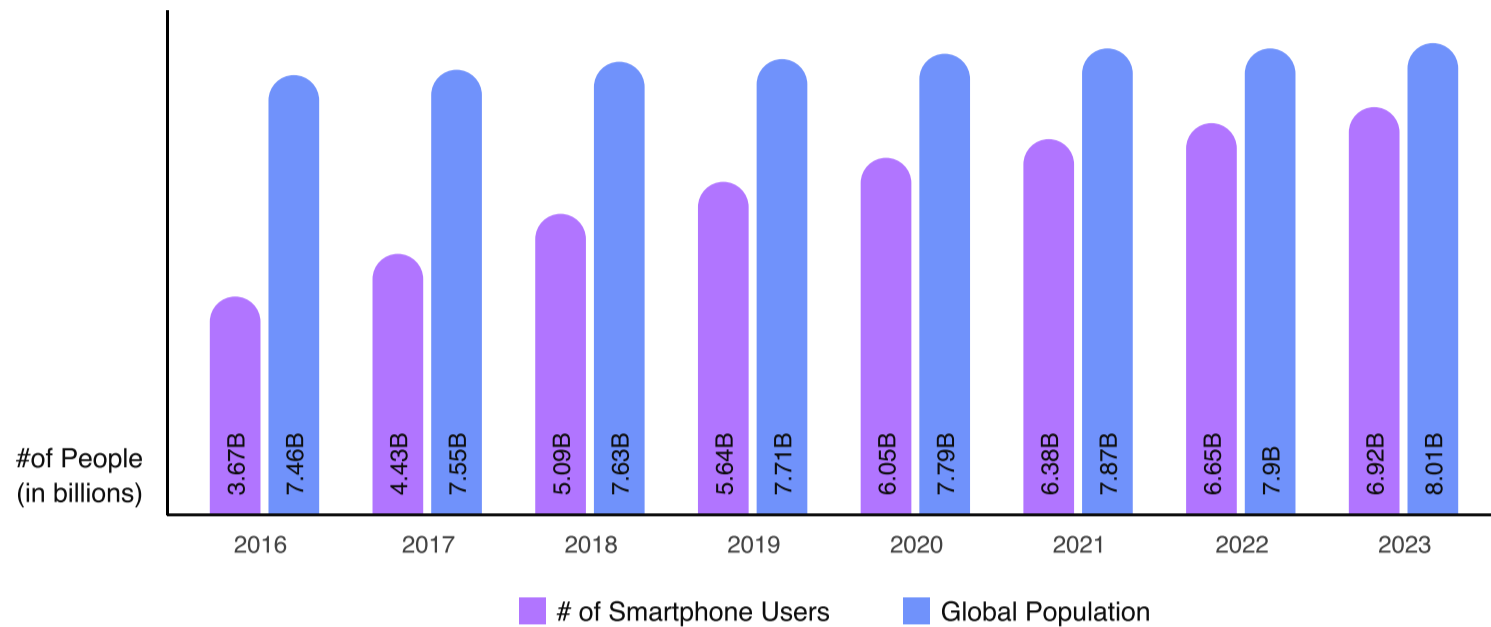
D.

The smartphone revolution

With over <u>84 percent of the global population</u> owning a smartphone and 7 billion smartphone users globally, the urgency to put mobile communication at the center of a customer communications strategy continues to grow. But most businesses are still focused on basic mobile communication channels like SMS and third party messaging apps to reach their customers.

The first mobile app appeared in 1997 and picked up popularity in 2007 with the launch of the iPhone. Today, there are over 5.7 million mobile apps in the Google Play store and Apple App store combined. While some businesses are "mobile first" and their product is their app, most traditional businesses also see the value of having an app for their customers. About <u>62 percent of businesses</u> today have an app or are in the process of developing one.

Growth of smartphone users

#of People
(in billions)

3.67B | 7.46B | 4.43B | 7.55B | 5.09B | 7.63B | 5.64B | 7.71B | 6.05B | 7.79B | 6.38B | 7.87B | 6.65B | 7.9B | 6.92B | 8.01B

2016   2017   2018   2019   2020   2021   2022   2023

■ # of Smartphone Users   ■ Global Population

Competition for mobile app downloads and eyeballs is fierce. The average user has 80 applications installed on their device. However not all of these get used. That's why it's important to invest not only in building a great app, but also creating an engaging and useful experience and driving users back into your app. In-app communication and driving users back into the app creates an engaging experience that drives repeat visits, longer time in app, and greater conversions. Investment in mobile apps and mobile web experiences continues to grow.
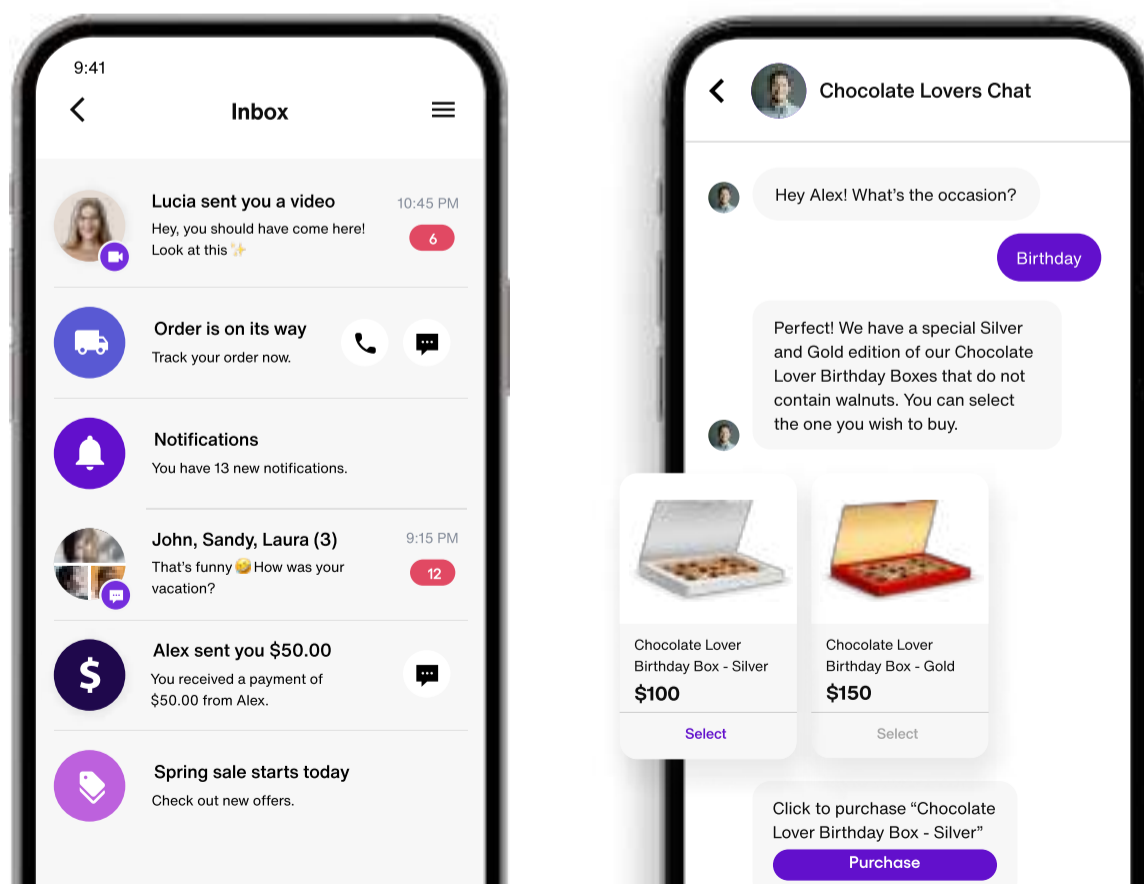
Throughout the evolution of digital communication, one interesting trend has emerged –
the more we use chat in our daily lives, the more we expect this type interaction from
brands and businesses. The more this is expected, the more these businesses and
brands struggle to scale a quality messaging experience.

As more devices in our homes and daily lives become "smart," communication
opportunities continue to expand. From cars that provide more than just navigation to
refrigerators that can provide recipes to virtual reality devices to 3D cameras and
augmented reality shopping assistants, "digital communications" continues to evolve
while providing new opportunities and challenges for business leaders who care about
building best-in-class customer experiences. All of these experiences are now available
to businesses to integrate and create their own branded experience.

E.
The rise of automation and artificial intelligence

As consumer expectations of communication experiences grow and change from customers, automation and artificial intelligence technology is beginning to fill in the gaps beyond what is possible to scale by humans alone.

Automation technology enabled businesses to trigger communication based on customer behavior, profile information, or a combination of this data. Chatbots powered by artificial intelligence (AI) use natural language processing to provide a human-like communications experience without the costs to employ a massive team of sales or support agents.

"AI-powered conversational agents have changed the way businesses interact with their customers, offering immediate responses and personalized experiences 24/7," says Michael Fauscette, CEO and Chief Analyst of Arion Research. "Intelligent chatbots, unlike their logic tree driven 1st generation, can learn from past interactions and adapt their responses accordingly, improving the customer experience over time." Arion Research recently conducted a study that revealed chatbots are the most popular use case for business adoption of AI. This data is highlighted on the chart on the next page.
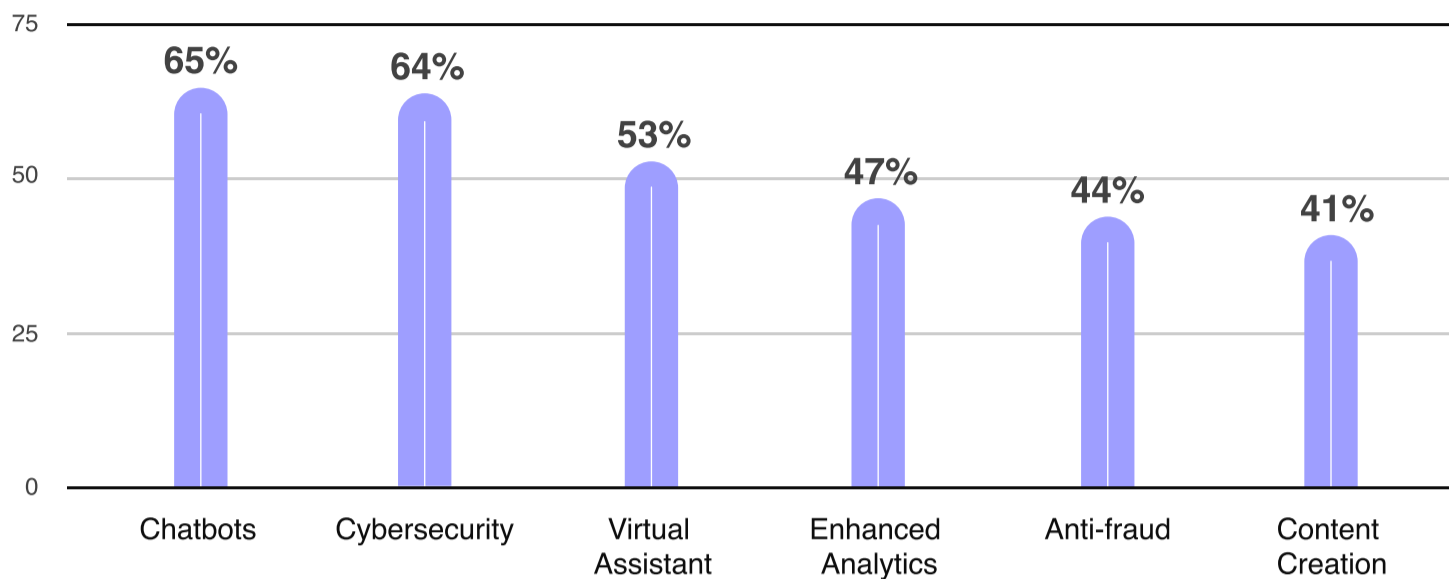
source: Business Adoption and Use of Artificial Intelligence. Arion Research, August 2023.

While AI can be used to communicate with customers, it also can be used to determine the best time to send messages and "govern" complex customer communications to ensure the right message is sent at the right time. The importance of messaging governance will become clearer in the years ahead as even more channels and communication opportunities are added to the already vast and overwhelming ecosystem. Technologies like augmented reality (AR) and virtual reality (VR), as well as the Internet of Things (IOT) that make it possible for everything from our car to refrigerator ot communicate with us, add to the urgency to streamline and govern all customer communications in one place.

Best-in-class organizations are beginning to integrate all communication channels in one place using a custom-built solution or a third-party communications API platform. By centralizing and activating all customer data in a way that informs when, how and what is communicated by businesses to customers, organizations can provide the best customer experience and increase their bottom line.

F.

Unlock the power of digital communications today

If your organization has built your communication stack in a piecemeal fashion, you're not alone. The majority of businesses have added channels as they became available or on an as-needed basis. In most organizations, this has resulted in a fragmented network of siloed experiences and customer data.

While a solution for this fragmentation takes time to do right, it is imperative that business leaders in organizations understand their communication ecosystem and technology stack and look for gaps and opportunities to enhance customer communication and build to support growing customer expectations for personalized, real-time, and human communication with your business.

Best-in-class organizations are focused on building an infrastructure to connect all communication channels through a centralized hub. While some are building this in house, many are investing in a third-party platform to accelerate time-to-market and reduce the high and resource-intensive cost of development and maintenance. These cloud communication platforms increase efficiency, allow for scale, and decrease costs across all communication channels.

With leadership support and the right investment today, you can build a best-in-class customer communication experience and prepare your organization to support the growing expectations of customer communications. Streamlining your customer communications tech stack is a strategic initiative to set your organization up to thrive going forward.

6 Steps to optimize your communications ecosystem

Step 6 | Simplify and consolidate solutions by partnering with vendors that offer multiple channels through one streamlined communication platform

Step 5 | Integrate each communication channel into a centralized hub
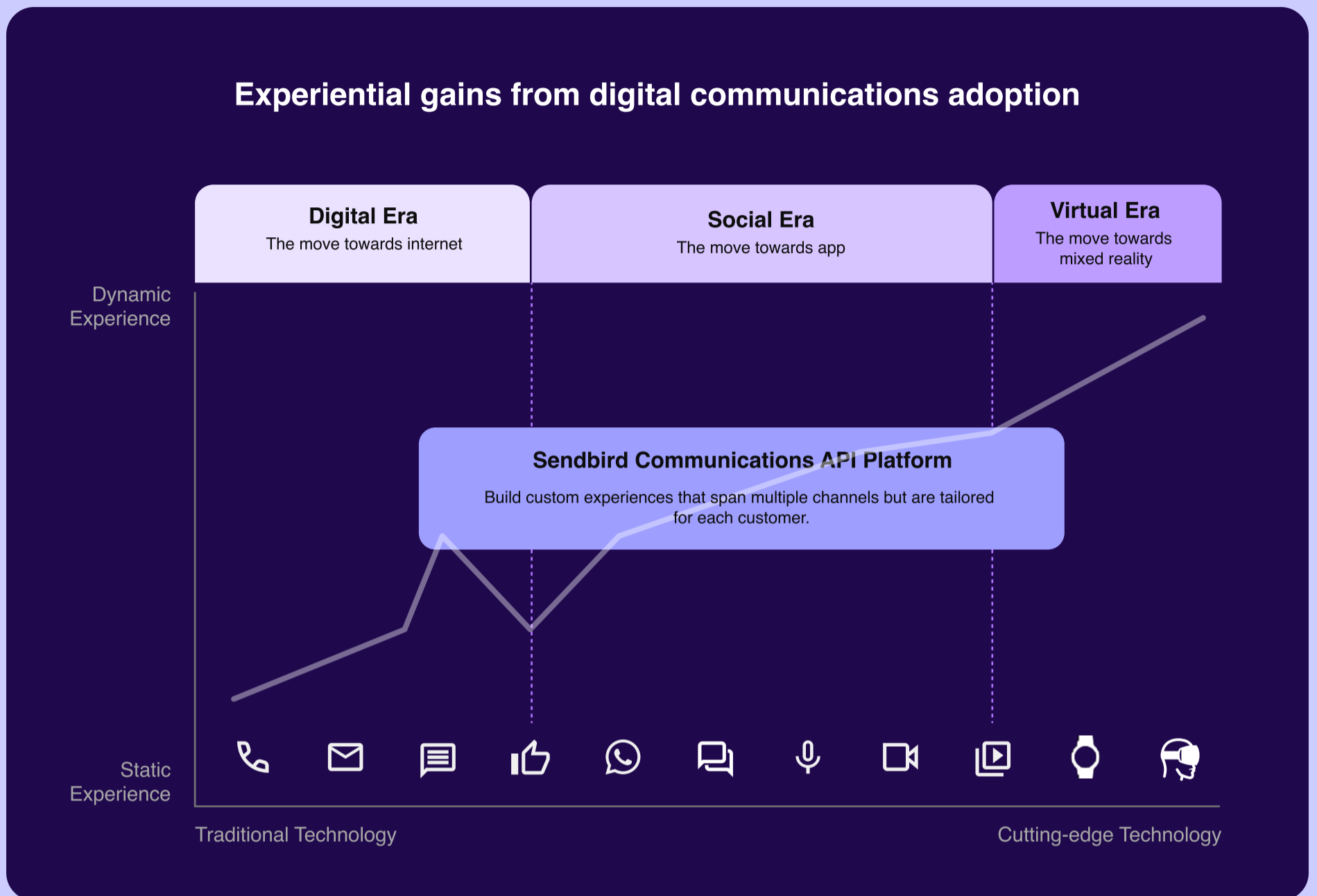
Step 4 | Review opportunities to optimize individual channels by building with APIs or investing in best-in-class solutions

Step 3 | Analyze where customer data is stored

Step 2 | Audit existing channels and ownership

Step 1 | Define objectives for customer communication in your organization

Experiential gains from digital communications adoption

Sendbird is building a modern communications API platform, currently powering billions of interactions between 300 million active users across 4,000 apps every month.

By using Sendbird's communications API platform, leading apps around the world are able to create unique customer experiences that are seamlessly integrated into the workflow of their apps. This has proven to increase the stickiness of the app, thereby improving retention by 5% or more for apps with millions of users.

Sendbird started as a mobile-first chat solution and expanded beyond chat to include voice, video, live streaming and notifications. With recent investments in generative AI integrations, including Open AI ChatGPT 3.5 and GPT 4, Google PaLM2, and Meta Llama 2, Sendbird is positioned to help businesses stay ahead in an evolving communications technology landscape.

Learn more at **sendbird.com**

sendbird