

Internet WORLD™

The Voice
Of E-Business
And Internet
Technology
www.iw.com

Sites Invest Big In Technology, People To Improve Service

By Elizabeth Gardner

VISIT THE 1-800-FLOWERS Web site and chat in real time with customer service representative Jeanne R. about the best bouquet for your mom on Mother's Day.

Click on your shopping cart at **Lands' End** and find the order you began to compile months ago, still waiting for you to complete it.

Ask for an obscure brand of ski wax not carried at **Fogdog Sports**, and have it arrive several days later anyway, tracked down by the Fogdog Search Squad at another store at no extra charge.

The Web offers extraordinary opportunities for retailers to personalize their relationships with their customers, because so much of the relationship can be smoothed by automation. And what's left can be handled with the meticulous human attention that used to be accorded only to people rich enough to afford servants.

"Eighty percent of the questions we get can be answered by 'the box' in five seconds," said Jack Rodgers, president of the online lender **Mortgage.com**, which uses an automated e-mail response system made by **Brightware**, of Novato, Calif. "The ones that humans have to deal with are the ones that require a brain—so the customer service people enjoy their work more."

Mortgage.com's internal studies show that when customer service responds to a query in less than an hour, there's a 75 percent chance of converting the ques-

tioner to a paying customer. With Forrester Research showing that only 2.7 percent of browsers become buyers at the average e-commerce site, it's clear that a customer who is interested enough to send a query can be money in the bank if the query is handled promptly and properly.

Not that many sites are taking advantage of these birds-in-the-hand. A January Jupiter Communications study showed that e-mail response rates are actually getting worse at many retail, travel, consumer content, and financial sites. In a third-quarter 1998 study, 54 percent of surveyed sites responded to e-mail within a day; by the beginning of 1999, that number had plunged to 24 percent.

"We think the growth of traffic is outpacing the investment people are planning for customer service," said Jupiter analyst Ken Allard. The good news is that 70 percent of the sites surveyed are planning to increase their customer service spending.

For now, sites can benefit from the low expectations of new Web shoppers, said Yankee Group analyst Melissa Bane. "They're expecting a negative experience," she said. "If you give them something as good as the in-store experience, they're happy. If you go beyond that, they'll tell their friends."

Chris McCann, senior vice president of 1-800-Flowers, said his customers are not so easy to please. "They don't want to wait an hour or two to get an answer," he said, especially since many are writing to confirm that a same-day or next-

day order was actually delivered to a gift recipient. The company is implementing a \$250,000 e-mail automation system from **Kana Communications**, Palo Alto, Calif., and has cut its e-mail volume 25 percent with the addition of the customer service chat feature that enables Jeanne R. to recommend bouquets.

Vendors quote widely varying costs for automating Web site customer service. **Acuity Corp.** charges about \$8,000 for its low-end Webcenter Express, intended for smaller e-commerce sites, and \$200,000 to \$400,000 for Webcenter Enterprise, which is geared to large operations. **Brightware** charges \$75,000 for a basic e-mail management system. At the high end, it's possible to pay \$2 million for an Echomail system from **General Interactive**, Cambridge, Mass.,

which uses 19 methods to analyze the language of a message to determine not only the content of the question, but also the attitude and education level of the questioner. About 80 percent of General Interactive's customers—which include Nike, JC Penney, and Allstate—use the company as a service bureau rather than purchasing Echomail directly, said founder V.A. Shiva.

But even if a "black box" can handle routine queries better than a human being, there are still reasons to keep people in the loop. Mike Lannon, president of **SendWine.com**, a wine gift-giving service, has all 25 of his employees poised to take customer phone calls or e-mail.

"A lot of the efficiencies that the Web brings can steamroll the wrinkles that you need in a customer relationship," he said. "Ten percent of our customers have

SOME CUSTOMER SERVICE TIPS FROM CONSULTANTS

- 1 Making people feel important creates loyalty, whether it's simply remembering their names or tracking the date of their anniversaries. Figure out what makes your customers feel important.
- 2 If there's a screw-up, take responsibility and overcompensate. Gift certificates and free shipping are a good start.
- 3 Answer your e-mail within 24 hours, generally, and within an hour if you hope to make a sale.
- 4 Confirm orders immediately.
- 5 Some people want to talk. Back up your site with an 800 number staffed by knowledgeable representatives, and don't make visitors hunt for it.
- 6 Have a searchable and logically organized FAQ, and make it easy to find from anywhere on your site.
- 7 Funnel customer e-mail through a single, easy-to-use address or form and sort it out within your company after it arrives.

special requests that can't be automated. And even if we could automate it, we don't necessarily want to." While about 80 percent of SendWine.com's orders come in over the Web, and although it's by far the most efficient method of taking and filling those orders, Lannon cherishes the customers who call the 800

number. They're most likely to become the repeat customers that will form the core of the company's business.

SendWine.com recently closed \$10 million in venture funding, and a big chunk of that money is earmarked for improving customer service. Lannon is considering purchasing Acuity Corp.'s

Webcenter system, but is equally interested in adding staff.

Tom Romary, Fogdog's vice president of marketing, is also an advocate of the human touch, and especially of phone contact. Of Fogdog's 60 employees, eight handle customer service, along with a roster of part-time experts who answer the most complex

technical questions.

"Our conversion rates over the phone are much higher," Romary said. "Somewhere between 25 to 30 percent of our phone contacts convert into a sale, vs. maybe 10 percent via e-mail. That's why it's important to have both applications."

search: COMMERCE