What Is a Chatbot? Here's Everything To Know.



Many websites have a small box or popup in the corner with a button encouraging you to chat with them or reach out for help. If you've seen that messaging prompt or even used one, you've interacted with a chatbot.

It's becoming increasingly common for companies to incorporate chatbots into their customer experience strategy. But what are chatbots? How do they work, and what are they for? Read on for all the answers.

What is a chatbot?

A chatbot is a language-processing computer program that simulates written or spoken human conversation. Artificial intelligence (AI) technology is interactive, as the chatbot is meant to replace a human assistant for specific customer

interactions through its natural language understanding.

A chatbot operates from an extensive knowledge base that allows the AI program to be integrated into multiple industries. The complexities and abilities of chatbots span a wide range, as some are built to answer simple questions and others are sophisticated enough to work as virtual assistants that personalize information for human users.

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What types of chatbots exist?

Different types of chatbot technology are used for similar needs but function differently and have other capabilities. The two main chatbots that customers will interact with are below.

Rule-based chatbots

These chatbots might also be called task-oriented or declarative chatbots, and they are used to respond to specific keywords that use a set of rules. Rule-based chatbots are built to handle specific and straightforward situations, limiting their capabilities.

They do not have predictive or dynamic abilities, so they are generally used for situations that involve FAQs, providing pre-set information or directing users to existing resources.

You can use rule-based chatbots for:

- A bank’s customer service line that’s built to answer basic account-related questions like balance updates and deposit information.
- A restaurant’s website that provides menu information and allows customers to schedule, change and cancel reservations.

- An amusement park’s website that provides information about events, operating hours and tickets.

Self-learning chatbots

Also known as data-driven, predictive or conversational chatbots, this type of AI is the most advanced chatbot. Machine learning algorithms are programmed into the AI to help prove their responses as they go, based on user interaction.

Chatbots can do this because they have been trained with an extensive data set to produce their responses through recognized patterns. Because of this training, they can handle more complex types of customer queries.

You can use self-learning chatbots for:

- A retail company’s customer service phone line or chat feature that learns from past interactions and provides updated, personalized support and recommendations.
- A human resources department that onboards new employees and improves its responses over time based on interactions.
- A travel website that helps customers find, book and manage travel arrangements by using machine learning algorithms to improve its recommendations over time.

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Why were chatbots created?

Society has become increasingly reliant on technology, and many customers expect it to be a part of any self-service, shopping, onboarding or customer service experience.

Chatbots were created as part of the automation revolution, as companies learned they could streamline work systems by using chatbots for more straightforward issues to provide more time

for employees to handle human-necessary tasks.

As FAQ and troubleshooting pages became more and more common for companies and brands to have on their website, chatbots were able to take that user experience one step further by making it personalized.

Chatbots can save time and money for companies and promote customer satisfaction. Essentially, they were made as a modern convenience.

What industries can utilize chatbots?

One of the best things about chatbots is that they are pretty versatile and can be helpful in multiple industries.

As more and more companies discover the technology and realize the benefits of chatbots, more and more have begun integrations for their communication services. Check out some examples below.

1. Customer service

No matter the industry, chatbots can provide around-the-clock service for customers and work the odd hours that humans might not be available to work.

For frequently asked questions, customer requests or complaints and resource direction, chatbots and their natural language processing (NLP) are outstanding when it comes to taking the pressure off customer service agents.

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2. Ecommerce

Ecommerce is now a trillion-dollar industry; with that boom, it can be challenging for companies to scale fast enough to keep up with demand.

By integrating chatbots into ecommerce sites and messaging apps, companies can reach a broader range of customers for product recommendations, orders, returns and real-time assistance.

Chatbots integrated into websites have all of that site's data stored in its neural network and, therefore, can access it within seconds. This means that a chatbot programmed for an ecommerce retail store can help customers locate products, sizes and colors and provide more information at the customer's request.

The chatbot can also consider that customer's browsing and purchase history and make recommendations based on that data.

Conversational AI can also:

- Capture and qualify faster lead generation.
- Create shorter sales cycles.
- Provide cross-platform support.
- Save time.
- Make more money.

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3. Healthcare

Healthcare can be a pain point for customers. If you've ever sat in a waiting line for thirty minutes with shrill orchestra music playing over the other end, then you understand.

Chatbots are an excellent solution for this problem because they can assist with scheduling appointments and

administrative tasks and providing information. This can take pressure off of healthcare providers, front desk and customer service and provide a better experience for customers with simple tasks.

Chatbots in the healthcare industry can help customers:

- Finding the nearest emergency room.
- Find information about wait times.
- Schedule appointments with a doctor.
- Update medical records.
- Answer questions about insurance coverage.

4. Banking and finance

Customers put a lot of thought into who they choose to bank with. They want privacy, security and top-notch customer service. The banking industry has incorporated digital assistants into its practices to provide its patrons with the best possible experience.

Chatbot uses in the banking industry include:

- Automating routine customer service tasks like balance inquiries, payments and transfers.
- Product information and recommendations like credit cards and loans.

5. Telecommunications

One of the chatbots' best uses is troubleshooting, which, unfortunately, can be a big part of the telecommunication industry. Chatbots can communicate with customers to provide real-time support for issues including internet, cable and phone lines.

More specifically, chatbots can assist with the following:

- Helping customers resolve network outages.

- Upgrading a customer’s service.
- Answering billing questions.

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6. Education

There are many different uses for chatbots in education.

On the administrative side, chatbots can help with handling inquiries about:

- Enrollment.
- Resources.
- Course information.
- Financial aid.
- Campus events.
- Student housing.

On the classroom side, there are chatbots that teachers and students can use for educational purposes. Chatbots can supplement lessons, provide language and grammar help for students and become an alternate resource to Google.

7. Travel and hospitality

After the lockdowns of the pandemic, travel and hospitality are booming. Chatbots can be an excellent resource for companies to keep up with demand. From airlines to travel agencies, chatbots can cut down on volume by answering more straightforward questions and providing service information.

Chatbots in the travel and hospitality industry can also:

- Assist guests with booking rooms.
- Order room service.
- Arrange transportation.
- Provide information about local attractions.
- Answer questions about hotel amenities.

8. Marketing and advertising

A big part of marketing is getting the products in front of the consumer. Because chatbots can boost customer engagement through personalized recommendations based on stored data, they can be a great marketing tool.

Because of their ability, chatbots can also:

- Update customer profiles.
- Tracking shipments.
- Process returns.

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9. Human resources

Long-term success often starts with HR, as it is the backbone of every company. During the recruiting process, HR employees are responsible for many different tasks. HR is constantly busy, from finding suitable candidates to ensuring those new hires are properly onboarded.

Chatbots can optimize these processes by assisting with the following:

- Onboarding, including paperwork and company policies.
- Employee benefits.
- Employment information.
- Questions and queries.
- Attract relevant prospective candidates.
- Qualify candidates based on automated background checks.

10. Real estate

The real estate industry relies on customers and relationships. From social media to ecommerce sites, real estate agents must always appear available. That is where

chatbots come in.

For quick and relevant answers, real estate companies are turning to chatbots to help with instant conversations to gather information, point prospective clients in the right direction and match them with the appropriate live agent.

Chatbots can help real estate customers with information like:

- Locations.
- Prices.
- Property measurements.
- Neighborhood data.
- Open house information.

5 examples of companies using chatbots

Thousands of companies in multiple industries are integrating chatbots into their systems and sites. Take a look at five companies making the most of artificial intelligence.

1. Babylon Healthcare chatbot

Babylon Health's platform uses its chatbots to diagnose based on user responses. This is one of the newest forms of telehealth that allows users to get answers without having to travel to urgent care or wait for a video chat with a doctor.

It provides 24/7 access to care and pairs patients with healthcare professionals if they prefer to speak with a human agent.

2. Kasisto's KAI financial chatbot

Kasisto's financial chatbot can handle financial tasks, retail transactions and corporate bank demands. The chatbot is built with an API-centric design combined with conversational NLP.

3. Marriott International’s hotel chatbot

Marriott International’s chatbot is called ChatBotlr. It is accessible to customers through Facebook Messenger and Slack and is built to help members research hotel travel and book trips and their thousands of hotel locations.

4. Apartment Ocean real estate chatbot

This real estate chatbot is meant to provide customers with a personal experience by using personalized greetings, helping users through leads and providing customer support with FAQs. Apartment Ocean is integrated into over 1,000 real estate companies to increase customer acquisition and satisfaction.

5. Feebi restaurant chatbot

Feebie, the restaurant chatbot, can be integrated into a restaurant’s booking system to help with reservations, menu requests, operating hours and other common questions. According to its data, Feebi can take care of 90% of standard restaurant customer services.

Related: Will a Chatbot Really Save Your Company Money?

What chatbots can do for you

Chatbots have come a long way. They are more common than you might think, as many ecommerce sites have pop-ups and prompts that encourage customers to engage with their chatbot. AI chatbots are more than just Amazon’s Alexa or Apple’s Siri – they are visual and auditory processors that can be integrated into any company’s site or service.

Chatbots are a form of automation that can genuinely transform how customer service works and how much time can be given back to human employees for an optimized workflow.

Want to find out more about chatbots, automation or artificial intelligence? Visit Entrepreneur.com for additional information.

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