

4 Ways Avatars Can Help Your Business



By AllBusiness.com , On Friday January 8, 2010, 8:00 am EST

With James Cameron's highly anticipated sci-fi movie Avatar opening this weekend, we had to find out if avatars can help businesses in the real world as much as they help humans in fictitious alien worlds.

Unlike the 10-foot tall blue avatars in Cameron's movie, Web site avatars aren't science fiction; they're "real" virtual agents that provide customer service worldwide. These self-service software applications (which can appear as an animation or a picture of a real person) are intelligent, engaging personalities that help Internet customers find solutions faster and more efficiently.

The Michelin Man avatar, for example, not only answers questions about Michelin tires, but can also engage in conversations about how old he is and whether he has a girlfriend.

Once a customer types in a question, avatars use context computing to answer the question and anticipate what else the customer might need (see "**Avatars are more engaging**" below). Context computing refers to the software application's ability to gather as much information about a user based on their location, account information, and other environmental factors, and then intelligently apply this to deliver personal, relevant information without the user having to dig through endless Web pages to get their answer.

Just as Avatar is being touted as a breakthrough in filmmaking technology, avatar "virtual agents" are being touted as potential game-changers for businesses seeking a competitive edge. According to a recent report from Gartner Research, context-aware computing, such as avatars, increases customer intimacy, improves business processes, and provides better-targeted marketing. The report predicts that by 2015, applications that provide context-enriched information will be as influential in mobile customer services and relationships as search engines are to the Web. The report goes on to say that early adopters will have a competitive advantage and will find it easier to implement more sophisticated services in the future.

This leads to the obvious question: "Does my business site need an avatar?"

If your Web site handles a lot of customer questions that are unique to the user and can't be answered through an FAQ or a general search, then avatar virtual agents can make a real difference in your Web site's function.

"Companies implement us when they really want to take charge and assist customers in resolving their issues," says Mark Gaydos, vice president of worldwide marketing for VirtuOz, a San Francisco-based company that creates avatars for major companies such as eBay, Michelin, PayPal, and H&R Block.

According to Gaydos, avatar virtual agents can help companies in the following four major ways.

1. **Avatars are quicker than a live chat agent.** Avatars can search for answers much faster than a live person can and are able to address an infinite number of customer queries. "Providing a virtual agent improves the customer experience, especially if you're going to support tens of thousands of transactions a day," says Gaydos. Avatars are not only faster, they're also accurate. According to VirtuOz, its agents successfully respond to 80 percent of customer requests. If a request can't be answered, the customer is seamlessly passed to a live chat agent within the same window as the virtual agent. All previous conversations with the virtual agent are forwarded to the human agent so that the customer doesn't have to repeat anything and the human agent can get to the point.
2. **Avatars are more cost-effective.** It costs money to employ customer service reps to operate live chats and call centers. It also costs money to lose customers who become frustrated and leave your Web site without answers. VirtuOz can implement a customized avatar and "teach" it your business rules for \$50,000, plus ongoing fees that vary based on your company's specific needs. Instead of employing five customer-service reps at \$25,000 a year, you can buy one virtual agent to take their place.
3. **Avatars are more engaging.** Reading an FAQ section or using a Web site search tool leaves a huge gap in the intimate customer experience that creates loyal shoppers. These resources also lack the ability to answer user-specific questions that can't be addressed in a general FAQ. For example, if a customer wants to know why their bill was so large last month, they won't find the answer in a search engine.

"The beauty of a virtual agent is it can look specifically in your account to see what the differences are from month to month and suggest exactly why your bill is so large. If necessary, it can even ask if you'd like to change your plan and offer suggestions," says Gaydos.

This begs the question, why doesn't the customer just pick up the phone and ask a live customer service rep to look into their bill? The answer is simple, according to Gaydos. "People don't want to talk to a live human," he says.

If a customer can't find answers on your site, they'll leave feeling unhappy -- not only with your Web site, but with your company as well. A virtual agent eliminates this frustration by giving the customer what they want without having to place a phone call.

4. **Avatars provide customer insight.** Some avatars are able to capture conversations and auto-categorize them into customer trends. "Companies get a great deal of insight into the voice of the customer because they're able to see what customers are having issues with," says Gaydos.

Gaydos cites the example of a travel company that discovered people kept asking their VirtuOz avatar questions about booking tickets for pets. Once the issue was identified, the virtual agent was programmed to handle pet-related questions more effectively and a marketing campaign was launched targeting people traveling with pets.

All of these benefits are impressive, but just like the movie Avatar, avatar virtual agents have their critics as well. Avatar critics proclaim that behind the movie's

striking special effects lies a lackluster script. Could the same be said for avatar virtual agents? Even with an impressive 80 percent accuracy rate, 20 percent of customer queries still need to be passed on to live chat agents. Is it really worth the cost of replacing human reps?

Maybe not, but virtual agents can at least supplement the workload. Alaska Airlines has replaced all of its live chat agents with Jenn, a virtual assistant that fields nearly 7,000 questions a day. How many humans do you know who can answer 7,000 questions in one workday? Critics of the James Cameron blockbuster and virtual agents may have a point, but the fact remains: Both are pioneering a new way for people to use and enjoy technology.

Get advice on [Financial Markets & Investing](#) and find information about [Personal Finance](#) on AllBusiness.com. AllBusiness.com provides resources to help small and growing businesses start, manage, finance and expand their business. Copyright © 1999 - 2010 AllBusiness.com, Inc. All Rights Reserved.

© 2009, AllBusiness

Copyright © 2010 Yahoo! All rights reserved. [Privacy Policy](#) - [About Our Ads](#) - [Terms of Service](#) - [Copyright Policy](#) - [Report Problems](#)

Quotes and other information supplied by independent providers identified on the Yahoo! Finance partner page. Quotes are updated automatically, but will be turned off after 25 minutes of inactivity. Quote data delayed 15 minutes for Nasdaq, NYSE and Amex. Real-Time continuous streaming quotes are available through our premium service. You may turn streaming quotes on or off. All information provided "as is" for informational purposes only, not intended for trading purposes or advice. Yahoo! is not an investment adviser and does not provide, endorse or review any information or data contained herein.