SOFTWARE AND TECHNOLOGY

Chatbots to transform holiday shopping

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While every retailer expects the lion's share of their annual sales to occur during the holiday period both in-store and online a shifting landscape has forced them to adopt new strategies with the arrival of each new holiday season, resulting in innovative developments in online sales, digital ads and, now, chatbots.

The National Retail Federation estimates holiday sales will hit nearly $656 billion in 2017, with $117 billion coming from non-store sales, which includes ecommerce activity. And 30 percent of that activity will come from mobile devices. That is a surprisingly low number, given that a majority of United States shoppers actually spend more time online using a mobile device than they do using a desktop or laptop computer.

Mind the gap
Nonetheless, the majority of holiday sales transactions will still occur on desktop devices. Analysts are calling this anomaly the mobile gap.

The reason behind the mobile gap is that U.S. shoppers have been slow to embrace mobile shopping primarily because too many online outlets have failed to provide a satisfying mobile shopping experience.

Fortunately, all that is about to change, as enterprise retailers such as Amazon and millennial-oriented startups are finding ways to make mobile commerce a better user experience by leveraging artificial intelligence (AI) and chatbot technology.

The introduction of innovative services including mobile concierges, personalized product recommendations and the adept handling of customer service requests is finally bringing a new level of consumer confidence to the mobile shopping experience.

Since the last holiday season, chatbots and AI technology have gained significant influence and popularity with shoppers, thanks to groundbreaking launches by Amazon, Facebook Messenger and Kik.

This has prompted more programmers to develop better, highly intelligent solutions for the retail industry, especially when it comes to dealing with increased seasonal shopping volumes that human-based technology is unable to handle.

Some of the issues that AI is addressing include:

Customer experience personalization
The Holy Grail for many retailers has always been tailoring experiences to individual customers. Now, artificial intelligence can leverage data silos such as loyalty programs, sales or responses to promotions that a consumer has participated in throughout the year to create an authentic, personalized holiday shopping experience for them.

Of course, individually, customers respond to data in different ways. Some respond more positively to batch promotions such as pamphlets received in the mail or email promotions, while other customers respond to real-time promotions, including point-of-sale discounts.

Applying deep learning technologies to channel this learned behavior into forecasts creates a simpler and smoother holiday shopping experience for the customer.

The implementation of this type of technology is showing up on ecommerce Web sites such as Amazon, where customers are matched to products and predictions are made from their shopping style and profile information.

Building on this, artificial intelligence technology in chatbots can easily match a customer with the right item through the use of filters or quizzes. Shoppers recognize and embrace this convenience, given that taking a brief quiz is less time consuming than driving to the store and explaining what they want to a disinterested sales associate.

Customer service requests
Because of advances in technology, customers increasingly expect knowledgeable employees, easy-to-navigate online and bricks-and-mortar stores, secure payments, quick deliveries and accurate answers to their inquiries.

The pressures of the holiday season only serve to amplify the consumer need for these expectations to be met, accurately, in a timely fashion and to their satisfaction. To be sure, it is a tall order.

While human employees are not always readily equipped to handle the barrage of non-stop and uniquely different customer issues, with the right data-backing and integration, chatbots can provide the same services quickly and error-free only bringing in a human when the information requested is not available or a conflict arises.

When information about shipping, tracking numbers or even forgotten passwords is made fast and simple, consumers end up enjoying the shopping experience.

In addition, according to BI Intelligence research conducted by The Chatbots Explainer in 2016, marketers using chatbots for customer service can expect to save up to 30 percent in overall support services costs. It is a win-win for both consumer and service provider.

As for this holiday season, chatbots will be pulling double-duty, offering personal services and carrying on human-like conversations, both on company ecommerce Web sites and through their social channels including Facebook Messenger, while using artificial intelligence to select the right merchandise tailored to a customer's style.

THE EFFECTIVE use of AI and chatbots will change the dynamic of customer service issues during peak shopping seasons, making the whole gift-shopping process more efficient and less frustrating for all.

According to the third quarterly "2017 Ecommerce Performance Index," a report from SLI Systems, 54 percent of companies reported that they are using or plan to add AI technologies such as those we discussed in this article in the future. The largest group of these respondents 20 percent expects to add AI within the next 12 months.

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