

Retailers see promise in ChatGPT and generative AI

Article

The trend: Retailers are looking for ways to implement generative AI in their organizations.

- **Carrefour** is experimenting with ChatGPT and generative AI to create videos answering common customer questions, such as how to eat healthier for less, the company's ecommerce chief **Elodie Perthuisot** wrote on LinkedIn.

- **Fanatics** plans to use GPT-3 to help power its customer-service chatbot for its online sports gambling business, **Hollis Donaldson**, the VP of operations at Fanatics Gambling & Betting, told The Wall Street Journal.

In addition, a number of companies have announced retail-specific generative AI tools to help retailers and other enterprises reap the benefits of the new technology.

- **Shopify** released [Shopify Magic](#), a feature that automatically generates product descriptions from a list of keywords or product descriptors, in the tone of merchants' choices. The company plans to bring Shopify Magic to more of its tools in the coming year.
- Chinese ecommerce giant **JD.com** said it would release its own version of ChatGPT—ChatJD—specifically for enterprise use by the retail and finance industries. Companies will be able to use ChatJD to generate content including marketing copy and product summaries, power chatbots, and understand user intent, among other applications.

The opportunity: One of the most promising immediate use cases for retailers is to incorporate generative AI into customer service chatbots, enabling speedier, more relevant assistance and increased customer engagement.

- Over two-thirds (68%) of consumers say that their loyalty to a brand increases when they can communicate with automations like chatbots to resolve issues sooner, [per](#) a survey by LivePerson. And 60% of consumers ages 18 to 24 prefer to interact with a chatbot over a human to discover a product.
- That said, retailers will have to vigorously test ChatGPT and any other similar tool to ensure its responses are accurate and appropriate. Nor will they be able to take their hands off the wheel entirely: Companies will have to ensure they keep their chatbots up to date as pricing or policies change.

Extent to Which US Adults Find AI Chatbots Helpful in Customer Service, Feb 2022

% of respondents



Note: ages 18+

Source: CDP.com, "Getting Personal: Consumer Perspectives on AI in Marketing and Customer Service," May 12, 2022

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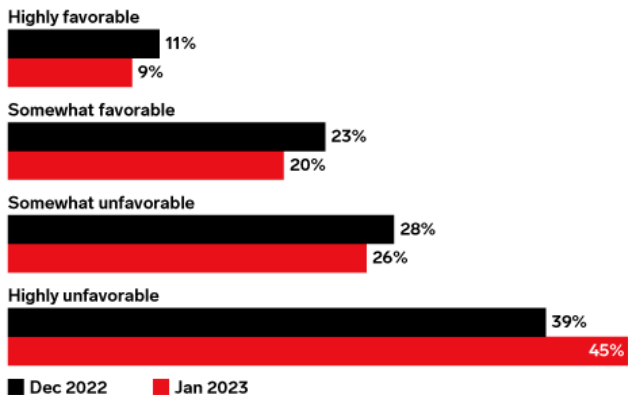
The pitfalls: Despite ChatGPT's impressive capabilities, it remains a tool in development, as **OpenAI CEO Sam Altman** has taken pains to note. Not only is it capable of creating or spreading misinformation, but its responses can also be inaccurate or plagiarized, all of which can erode consumer trust.

More importantly, the lack of transparency around how OpenAI uses the data being fed to ChatGPT—and the fact that all user conversations are fed back into the models to improve future results—raises questions about whether confidential or proprietary information could end up becoming available to the public or competitors via a few well-crafted prompts.

- That concern led a senior lawyer at **Amazon** to caution employees against providing ChatGPT with any confidential information related to the company, including code, [per Insider](#).

Favorability of Generative AI Text/Art Platforms According to US Adults, Dec 2022 & Jan 2023

% of respondents



Note: ages 18+; platforms such as ChatGPT, Lensa, etc.
Source: CivicScience as cited in company blog, Jan 18, 2023

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The big takeaway: Generative AI holds significant promise for retailers. Not only can it power a better customer experience, but it could eventually become a more sophisticated form of predictive analytics, giving companies actionable insights into everything from the best locations for new stores to where to target investment.

However, its applications in the short term will be limited as companies work out how to implement generative AI without risking customer ire or giving away too much information on the inner workings of their businesses.

Go further: Check out our [report on ChatGPT and Generative AI](#) for more on where the technology will have the greatest impact.

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