Where retailers should use genAI: customer service, experiences, and recommendations

Article

Think like Amazon. While that sentiment could apply to many applications for a retailer, in this case it's how Beth Ann Kaminkow, global chief commerce officer and CEO of the New York

Office for VML, describes how retailers should be thinking about AI.

"One of the reasons Amazon is always out ahead and winning is because it's maniacally focused on what the customer wants and the customer experience," she said. "The end goal [for using AI] is making the consumer experience in the retail space better, doing things that weren't possible before."

Here are three areas retailers should consider integrating generative AI into their strategies.

1. Enhance customer service

Almost a quarter (22%) of retailers have deployed generative AI to automate customer service and another 25% are currently trialing it, per a study from Google Cloud and NewtonX.

Generative AI has the potential to enhance retailers' understanding of what creates friction for consumers and improve customer service, Kamikow said. Research shows it pays off: Websites using AI chatbots see 23% higher conversion rates than those without, according to Glassix.

"Chatbots are a great use case because customer service has been broken for a long time," Kamikow said. "I love that this is an area that has been enhanced immediately [by AI]."

2. Creating distinct shopping experiences

"When retailers are thinking about AI pilot tests, it [should go] back to what is the area where the consumer experience would be most enhanced by AI?" said our analyst Yory Wurmser. "Where do you already have the data to create a really rich answer that would serve the consumer…taking into account things like context, location, shopping history, demographic information."

For example, product pages can be enhanced with 3D images generated from 2D images, or unique shopping experiences can be created based on past or predictive behavior.

Best Buy is a good example of a retailer embracing an omnichannel approach by making consumers feel like all purchase points are connected, said Kamikow.

"Their app is showing new design capabilities that feel very powered by AI," she said. "They are customizing your home screen to look different based on who you are and based on your own personal preferences, and they're letting you have a role in that too. It's going to continue to get smarter based on the amount of information that [a customer] is willing to give it."

3. Making recommendations

Retailers can use generative AI to convert conversational searches into recommendations that create meaningful engagement, said Kamikow.

"I shop by aesthetic a lot. I'm not shopping necessarily for a specific item that I can describe in a search term, but I'm shopping for, 'I'm getting ready to go to Cannes for the creative festival,' or, 'I'm going to Coachella for a music festival'," she said. "I want to put that in there in an [online] retail conversation as if I'm talking to an actual shop person who's there to help guide me through the store, [so] I get exactly the kinds of things and inspiration I want to see. It adds a different type of value to your experience."

Before starting any generative AI pilot, retailers should consider where it makes the biggest impact for their business, Wurmser said. "What's the outcome that you think makes the best impact for your customers? And is the technology there? How much would it cost you to actually get a solution that measurably improves what you already have?"

Listen to the full episode of "[Behind the Numbers: Reimagining Retail"](#) for more insight on how retailers are using generative AI.

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