Amazon turns to generative AI to improve the search experience

Article

The news: **Amazon** plans to incorporate an AI chatbot feature into its search capabilities to offer users more personalized, relevant product recommendations, per Insider.

- The feature is currently being tested internally and could launch in the US in January.

How it works: Shoppers will be able to use the chat feature to receive recommendations, product comparisons, and review summaries, as well as ask follow-up questions.

- For example, users who ask for recommendations about coffee makers will be given multiple options for different types of machines, and have the option to compare features or request more details.

- The chatbot relies on the retailer's extensive trove of shopper data to offer customized suggestions, a function which Amazon VP **Joseph Sirosh** internally likened to the personalized service provided by experienced store associates.

What Amazon hopes to achieve: Amazon's search experience came under fire recently as shoppers complained that the proliferation of sponsored listings makes it difficult to find products, as well as distinguish between ads and organic results. The addition of a chat function could act as a corrective by allowing users to home in on the products most relevant to them, as well as avoid the hassle of having to click into each individual product page to read specs and reviews.

- Improving the search experience could cement Amazon's dominance when it comes to product discovery. Over half (51%) of consumers start their product searches on Amazon, compared with 39% who rely on search engines like **Google** or **Bing**, per Jungle Scout's Q3 Consumer Trends Report.

- Amazon also hopes that the new search experience will increase sales via mobile, which accounts for roughly 80% of overall searches but has a much lower conversion rate than its website.

The risks: As with any consumer-facing generative AI tool, there is the risk of the chatbot surfacing inaccurate or otherwise misleading information, which could severely hamper both utility and adoption.
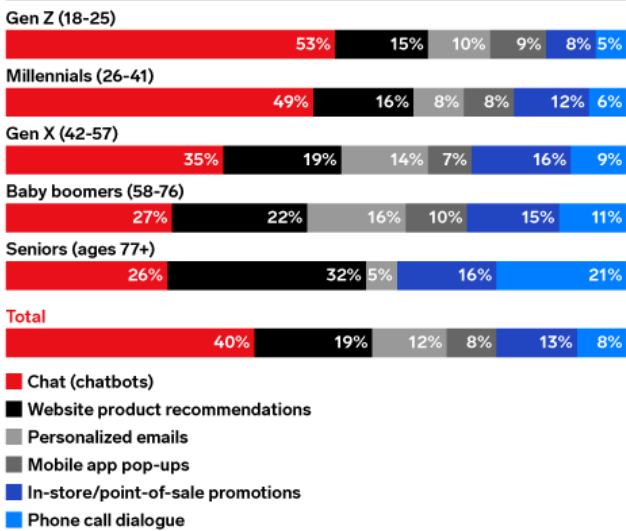
- Amazon plans to use content moderation tools as well as human overseers to limit hallucinations.

- The retailer may also prevent the chatbot from answering questions about sensitive product categories, such as healthcare, or partner with other AI companies like **ChatGPT** or YouChat to help with responses to more delicate queries.

The big picture: Amazon is just one of a number of companies turning to conversational AI to offer up more personalized experiences and improve conversions.

- **Uber** recently announced plans to roll out an AI assistant to help users find restaurants, stores, and products that meet their criteria, saving them time and effort.

- **Instacart** already has a similar feature, while **DoorDash** is testing a chatbot that it hopes will speed up the ordering process and enable it to stand out from competitors.

- While these companies' relatively quick starts in the AI chatbot race may give them an early advantage, it remains to be seen whether they will resonate with shoppers, especially given the risk of hallucinations.

Areas Where Brands Have Best Used AI to Improve Their Experiences According to US Consumers, by Generation, Jan 2023

% of respondents in each group

	Chat (chatbots)	Website product recommendations	Personalized emails	Mobile app pop-ups	In-store/point-of-sale promotions	Phone call dialogue
Gen Z (18-25)	53%	15%	10%	9%	8%	5%
Millennials (26-41)	49%	16%	8%	8%	12%	6%
Gen X (42-57)	35%	19%	14%	7%	16%	9%
Baby boomers (58-76)	27%	22%	16%	10%	15%	11%
Seniors (ages 77+)	26%	32%	5%		16%	21%
Total	40%	19%	12%	8%	13%	8%

- ■ Chat (chatbots)
- ■ Website product recommendations
- ■ Personalized emails
- ■ Mobile app pop-ups
- ■ In-store/point-of-sale promotions
- ■ Phone call dialogue

Note: numbers may not add up to 100% due to rounding
Source: RedPoint Global, Jan 31, 2023

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