

# Amazon, Walmart, Google, and Klarna lean into generative AI

Article

Google said today it is rolling out its Product Studio tool (originally announced in May) this week, which uses AI to help merchants create and manage product imagery. If that sounds familiar, it's because Amazon Ads launched something similar last week.

But it's not just Amazon and Google that are leaning harder into generative AI. Walmart is incorporating the technology into search to give shoppers more relevant results, while Klarna

is using AI-powered video to expand users' time spent with the platform.

Here's a look at how each company is using generative AI to enhance the customer experience and make it easier for merchants to sell on their platforms.

**Search party:** Amazon, Walmart, and Google are leveraging generative AI to **enhance their search capabilities** and give users more relevant, informative results.

- Amazon plans to incorporate an **AI chatbot feature** into its search capabilities, which will give shoppers recommendations, product comparisons, and ask follow-up questions. For example, users looking to purchase a coffee maker will be provided with multiple types of machines and have the ability to compare features or request more details.
- Walmart is also testing generative AI within its search by enabling consumers to search by specific use cases, like “unicorn-themed toddler birthday party,” instead of having to search for plates, streamers, and party favors in different search sessions.
- Just in time for the holidays, Google's knowledge panel will start showing information like current deals, shipping and return policies, customer service information, and ratings and reviews.

**Why it matters:** As of Q2 2023, 57% of US consumers start their online shopping search on Amazon and 39% start their searches on Walmart.com, according to a June 2023 Jungle Scout report. These updates will help the retailers stay competitive with traditional search engines and social media platforms like TikTok that use discoverability to lure in shoppers.

**Into the real world:** Generative AI can also help retailers provide a more omnichannel approach, **blending the physical and digital shopping experience**.

- Walmart is testing a feature that uses AI and AR to give customers personalized room design assistance based on their budget, theme, and other preferences.
- **Klarna's in-app shopping lens** can visually identify over 10 million items and match them with products sold by stores in Klarna's database, enabling shoppers to learn more and compare prices, retailers, and reviews. The lens also shows similar items that match the style of the initial product.

**Why it matters:** The number of US consumers who use AR to shop will increase 13.9% in 2024 to 47.6 million people, per our forecast.

**Picture perfect:** For advertisers who need a little creative boost, generative AI can do that, too.

- Google's Product Studio, which is rolling out this week, uses AI to help merchants create and manage product imagery. Merchants can use the text-to-image generator to place products in any kind of scene or background, or Product Studio can share prompt ideas for inspiration.
- **Amazon Ads'** latest AI-powered image-generation tool helps advertisers produce more compelling ad imagery by placing products within a specific context, like positioning a toaster on a kitchen counter instead of against a solid white background. Clickthrough rates of ads with products placed in context can be 40% higher compared with ads with standard product images, per Amazon.

**Why it matters:** "Ads and product listings with higher-quality images or multiple images draw more interest from shoppers via higher clickthrough rates," said our analyst Sky Canaves. "And image tools offer a relatively lower-risk way for brands to test using generative AI since inaccuracies are easier to identify and fix than, for example, in a live customer conversation with a chatbot."

As this technology develops, image-generation tools could eventually be deployed to create ultra-personalized product listings and offers that are tailored to individual consumers based on their preferences and shopping history, said Canaves.

**Scroll happy:** As US consumers' time spent with digital video climbs to 3 hours and 33 minutes next year, per our forecast, Klarna is using an AI-powered **shoppable video** feed to keep consumers on the platform.

- The feed provides users with a stream of content from brands and creators featuring unboxings, tutorials, reviews, and product drops that can be shopped directly from the videos, per Klarna.
- These videos have increased the average viewer time in the US by 60% and lifted clickthrough rates by 25%.

**Why it matters:** Shoppable video content is the No. 1 feature that ad agency professionals say will be the next frontier of retail media, per April 2023 data from the Path to Purchase Institute. With retail media ad spend more than doubling between now and 2027, per our

forecast, the retailers that experiment with up-and-coming ad formats are more likely to score additional advertiser dollars.

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