

Retailers are racing to develop AI-powered assistants

Article



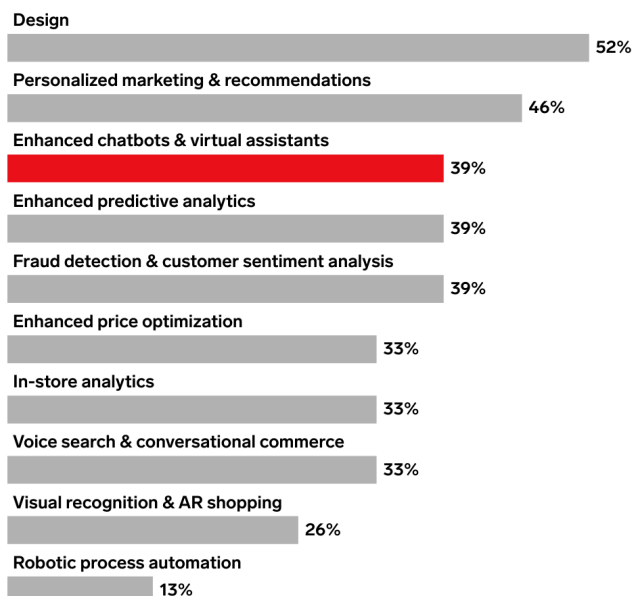
Retailers have been quick to seize on the genAI opportunity. Retail bosses believe enhanced chatbots are among the top three most promising AI applications, per a March 2024 survey by First Insight. Almost a quarter of retailers (22%) have already deployed genAI to automate customer service, with a further 25% currently trialing it, per an October 2023 survey by Google Cloud and NewtonX.

- **Best Buy** launched a genAI-enabled virtual assistant that can help customers troubleshoot product issues, make changes to order delivery and scheduling, and manage subscriptions.
- **Amazon** launched Rufus, an AI-powered shopping assistant that can answer product questions, provide comparisons, and make recommendations.
- **Zalando** launched a fashion assistant powered by ChatGPT that can help customers find products via a conversational interface.

US Retail Bosses Believe Enhanced Chatbots Are Among the Top 3 Most Promising AI Applications

% of US retail CEOs, Dec 2023

Q: Select the top 3 AI applications you believe hold the most promise for the retail sector in the next 5 years.



Note: n=89

Source: First Insight, "Bridging the Perception Gap in Retail," March 5, 2024

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Technology firms are also launching genAI tools for retailers. That should speed up adoption of the technology, particularly among small and medium-sized retailers.

- **Dynamic Yield by Mastercard** has launched a plug-and-play, genAI-based chatbot for retailers called Shopping Muse, which can help consumers search for products using conversational language, with personalized recommendations based on individual preferences.

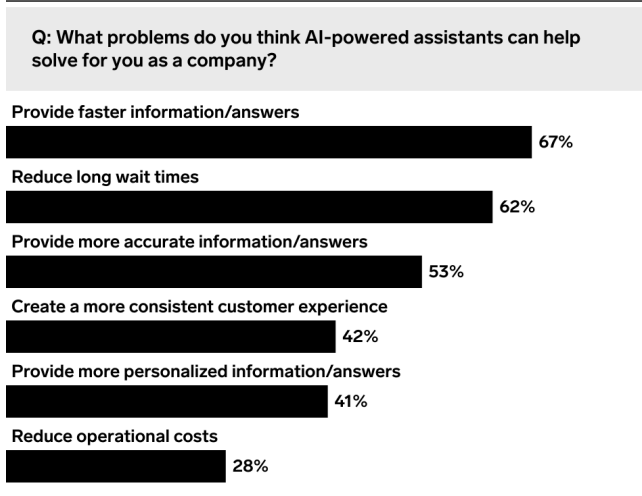
- **Google Cloud** has announced several new genAI tools for retailers—including a “virtual agent” to communicate in real time with customers, taking into account their individual preferences to guide the conversation.
- **Meta** is launching an AI chatbot on WhatsApp that will help businesses automate tasks such as answering frequently asked questions.

Early adopters have reported encouraging results. Faster, more accurate answers, more consistent customer experiences, and lower operating costs are among the anticipated benefits of AI-powered assistants, per LivePerson and PureSpectrum, and some businesses are already reporting success.

Websites using AI chatbots are seeing a 23% higher conversion rate than those without, according to a February 2024 article by Glassix. One ecommerce business saw a 25% increase in customer engagement and a 30% reduction in cart abandonment after implementing an AI chatbot.

Klarna predicts its AI assistant will drive a \$40 million profit improvement in 2024. In its first month, Klarna’s genAI-powered assistant handled two-thirds of its customer service chats, doing the equivalent work of 700 full-time agents.

Business Leaders Believe AI-Powered Assistants Will Improve Customer Experiences and Cut Costs
 % of US business executives



Note: n=405
 Source: LivePerson, "State of Customer Conversations 2024" conducted by PureSpectrum, Jan 16, 2024

Read the full report, [Generative AI Chatbots in Retail](#).

Report by Carina Perkins Jun 21, 2024

Generative AI Chatbots in Retail

