

How Conversational AI is Transforming the Retail and E-commerce Industry

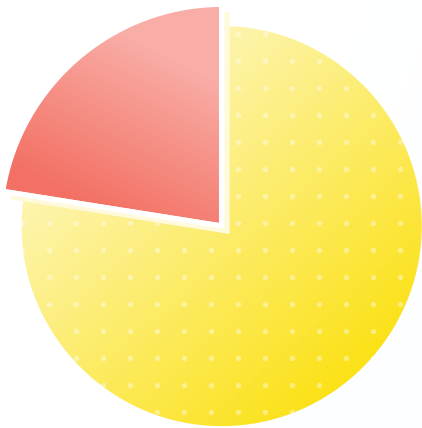


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The growth of retail and e-commerce during the pandemic

The digitalization of the past decade has pushed the market forward. Earlier, customers used to go to traditional brick-and-mortar shops, now



79% of smartphone users have made a purchase online using their mobile device in the last 6 months according to a Google report.

Source: Google Consumer Insights

The retail and e-commerce industry has been witnessing an exceptional transformation since the pandemic. Customer-centric brands are quickly adapting and embracing new strategies and technologies like conversational commerce to satisfy consumer demand for seamless, personalized, and connected online shopping experiences.

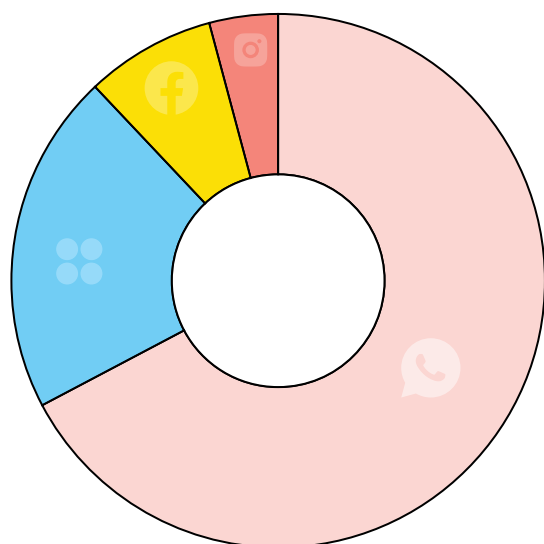
Many businesses and enterprises were already having a brand presence online. But that's not enough. To stay customer-centric, businesses are on the lookout to revamp their omnichannel presence to meet increased demands in different channels. This rapid adoption is due to the sudden and unexpected closure of the world during the pandemic.

Further, SMBs and small businesses also faced challenges but made their way out using digital transformation including WhatsApp for Businesses and APIs. Digital shopping has emerged as the most convenient way for customers to shop from retailers.

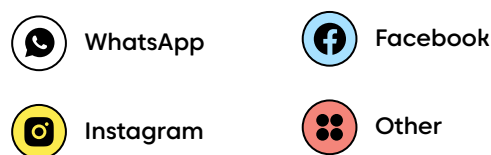
It's projected that **e-commerce sales worldwide** are projected to grow to **5.545 trillion US dollars by 2022.**



According to The United Nations Conference on Trade and Development (UNCTAD), online purchases have risen by 6-10% in all categories since March 2020 worldwide. **Also, nearly 70% of all online purchases during the same period happened via mobile phones.** Thanks to the affordability of mobile devices and increased availability of the internet, this growth is expected to sustain. The digital revolution in e-commerce has given the convenience of shopping at one's fingertips.



Preferred social channels for shopping by end users



In fact, stats suggest that WhatsApp is the major channel preference for retail and e-commerce buyers. That's because of the deep familiarity of the platform, massive user base, and comfort of customers to engage 1:1 with businesses for a personalized experience.



There has also been a paradigm shift in consumer behavior wherein the consumer, their spending pattern and attitude towards spending has changed. If one were to look closely at these trends, it would appear that the changes are not temporary, but are those which are here to stay, such as the focus on health & hygiene and financial security

- Mr. Sanjay Kumar Tripathi
Chief Digital Officer, Bestseller,



What's more remarkable is that the rise of chatbots in retail and e-commerce is closely related to COVID surges. Each COVID wave made businesses deploy chatbots for faster and seamless resolution of customer queries. This also had advantages like minimal wait times which ensured a smooth customer journey throughout the buying experience. Ultimately, this led to higher customer satisfaction, lowered churn, and higher engagement.

Using AI voice bots for retail and e-commerce

Voice bots are intelligent virtual built using artificial intelligence (AI) and machine learning (ML) to help users get accurate, intuitive, and contextual answers. With machine learning algorithms, these bots adapt to the customer's preferences. This further boosts the customization of the dynamic AI agent's interactions with the customer.

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Conversational platforms for digital commerce utilize natural language technologies using voice and messaging platforms. These are combined with machine learning and related technologies to enable people (and other machines) to discover and purchase goods and services via a dialogue with a machine.

Gartner

”

According to a Capgemini report, **74% of users state that they use intelligent virtual assistants** to create shopping lists, research about services and products, and check their order status.



67%

of the buyer's journey is completed digitally

16%

of the total retail sales, accounts from e-commerce





50%

of consumers make purchases using a voice assistant

44%

of users order groceries and other items using voice-activated speakers weekly



Thus, customer-centric industries such as retail and e-commerce are adopting this technology very rapidly. It is evident how AI voice bots play a pivotal role in providing an interactive and hassle-free shopping experience to customers. As a result, the businesses witness improvement in operational efficiency, higher customer engagement, reduced costs, and happier customers.

Modern buyers want to get what they need at their fingertips without even typing—just through voice. In a simple sense, it's comfortable for customers to lessen their worry of finding the perfect product they need. Thus, to stay ahead of the competition, brands can deploy dynamic AI agents and serve customers where they are i.e., WhatsApp, Telegram, Instagram, etc.

How can Yellow.ai help in bringing a seamless shopping experience?

Conversations are critical to providing customers with a redefining experience. Engaging with customers in need shows that a brand truly cares for them. This builds customer trust and loyalty. Even stats suggests that **68% of customers abandon a brand** if they feel that a brand doesn't care about them or their needs.

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Today's smart retailer is engaging in a new era of the shopping experience, combining the human touch and technology to deliver a more tailored consumer experience.

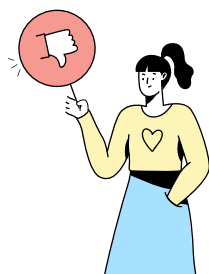
- Guita Blake
Senior vice president, Mindtree

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Not just conversation, customers need consistency in communication. Forbes found that around 71% of consumers want a consistent experience across different channels. Thanks to conversational AI, retailers can provide omnichannel support to their customers offering them quick and on-demand support. This is possible by deploying AI chatbots and voice bots to different channels your customers use.

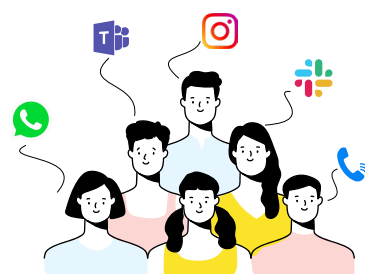
68%

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At Yellow.ai, our intelligent ad dynamic AI agents enable integrated experiences for your customers across channels they love.

- ▶ Increase customer engagement
- ▶ Drive 3X revenue with AI-powered virtual assistants
- ▶ Enable higher lead generation
- ▶ Conduct effective retargeting, cross-selling and up-selling
- ▶ Offer 24x7 customer support to the customers and solve their queries
- ▶ Reduce cart abandonment challenges
- ▶ Industry-focused custom Voice Models to fine-tune for specific vocabulary/keywords.
- ▶ Out of box connectivity with Azure, Google, and Amazon Engines for STT/TTS.
- ▶ Human-like voice with persona settings to match your brand's tone of voice

Turn your customers into regulars with delightful and personalized conversations.

More than half of consumers prefer a business that they can chat and shop on - BUSINESS INSIDER report

Customers prefer chat apps for initial contact because of the quick response time. For instance, 35% of consumers enquire about a product or service, and 33% ask about store hours, location, or inventory.

Customers show a specific pattern of chat app buying behavior. About one-third of buyers use messaging platforms to make or confirm appointments. Further, about 33% initiate and place orders via chat apps.

Customers are more likely to provide their feedback and share their experiences via chat apps. The study found that, after interacting with a business over Messenger, 30% of the buyers provide feedback, and 39% share photos of products.

The AI-driven WhatsApp assistant is completely redefining how retail and store owners conduct business. From a rigid e-commerce platform to a personalized platform like WhatsApp, businesses can offer refined experiences to customers at their fingertips. With technology like Endless Aisle, customers have unlimited options to shop from. This allows businesses to showcase and sell inventory to customers without hassle.

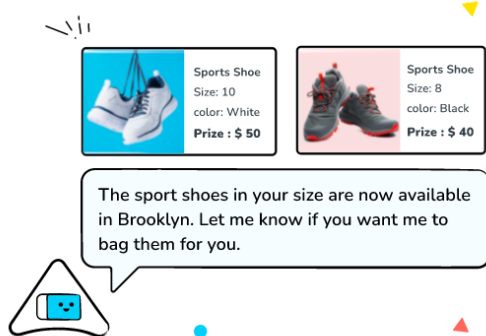
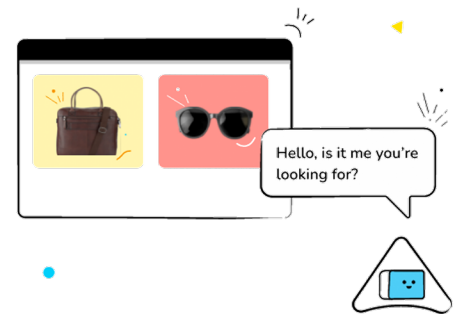
What's more, AI assistants on WhatsApp can communicate with the customer seamlessly offering them product details, order details, order status, catalog, etc.

Gartner already predicts by 2022, 10% of organizations doing digital commerce will build the existing commerce business into a platform business, to transform themselves into digital businesses, and 60% of those will use an open ecosystem to scale up the growth.

How to use AI agents in retail and e-commerce?

Product discovery

Customers can search for the desired product using the search feature and browse the SKU catalog to ensure the availability of the same.

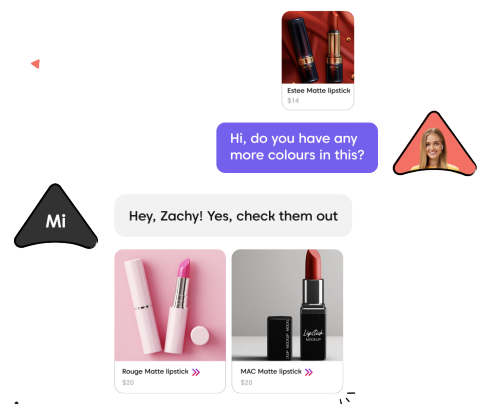


Product offers and promotions

Customers can be instantly notified about upcoming and ongoing promotions, sales, and offers. AI chatbots even provide personalized promotions to increase upsells and decrease cart abandonment challenges.

Product ordering and recommendations

With NLP-enabled chatbots, retailers can provide personalized catalog-based and discounts based on loyalty campaigns.

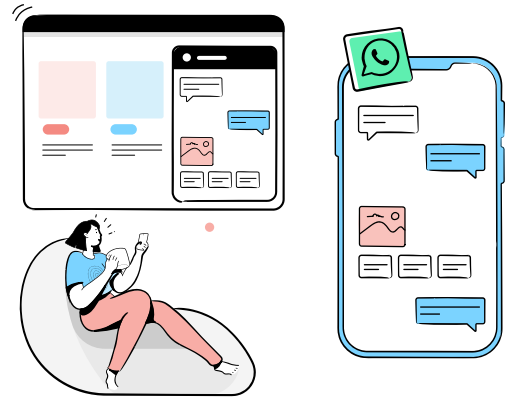


Endless aisle

Endless Aisle enables businesses to display, access, and sell inventory to shoppers. Retailers are exploring technology that augments their stores and sales. Mobile-equipped associates, smart screens, and kiosks are also essential for stores that want to stay ahead of online disruptors. As a result, you can offer your customers an unlimited choice in your online store with Endless Aisle.

Order tracking and ticketing

Using WhatsApp chatbots, businesses can make the payment process faster. Customers can pay for their orders right from WhatsApp by clicking on the generated link and completing the payment via a gateway. They can even get invoices on the chat itself. Chatbots also provide active updates on the order status.

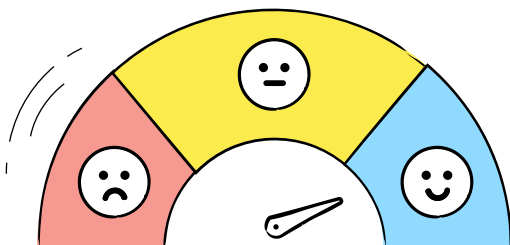
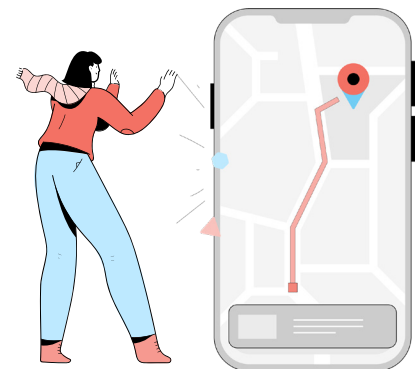


Enroll and check loyalty benefits

As a customer spends time shopping, businesses can gather data to build loyalty programs such as credit, score points, to further boost customer loyalty. Customers can be notified about their loyalty program via WhatsApp too.

Locate store

Deploying a chatbot in channels like WhatsApp helps customers in locating store locations or pickup addresses. This saves their time and ensures a smooth buying experience.



Service feedback

Customer feedback is the crucial way to improve the CX of your brand. Chatbots can help you conduct Net Promoter Score (NPS) surveys, feature request polls, and post-communication questionnaires to understand and improve customer experience.

What can you expect from using AI in retail and e-commerce?

▶ **Decrease in cart abandonment**

Witness 25%+ decrease in the number of abandoned carts.

▶ **Higher growth**

Higher sales with suitable product recommendations, alerts on the latest deals, and promotional offers.

▶ **Better prediction**

Schedule orders or offer subscriptions as per the product lifecycle and consumer's buying patterns.

▶ **Increased revenue**

Drive better upsells and cross-sells and achieve up to 25% growth in annual revenue.

▶ **Enriched offline experience**

Offer seamless in-store experience for Research Online Buy Offline (ROBO) consumers via intelligent WhatsApp bots and QR codes.

▶ **Automate customer support**

Dynamic AI chatbots offer 24x7 customer support in 100+ languages on 35+ text and voice channels. As a result, you can achieve up to a 20% increase in CSAT.

▶ **Extract crucial insights**

Visualize critical business data gathered by the bot with the help of graphs and charts. Make better data-backed decisions.

▶ **Better seller management**

Easily manage seller onboarding and automate inventory management, repricing, product description update, etc.

How Spencer's Retail redefined retail with digital commerce

About company

Spencer's Retail is an Indian chain of retail stores founded in 1990. It's headquartered in Kolkata, West Bengal has a presence in over 35 cities in India. Spencer's is based on the 'Food First' Format.



Problem statement

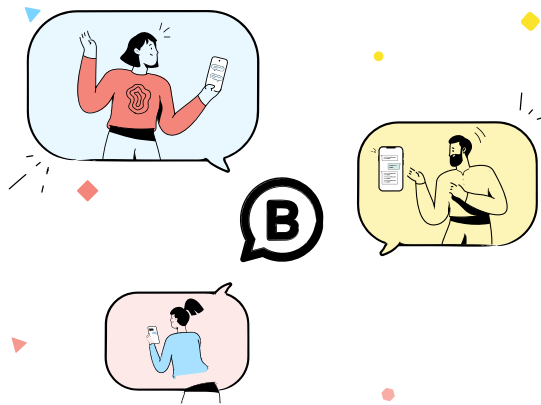
The pandemic had brought an unexpected upsurge in consumer demand for daily essential products. During this time, Spencer's Retail was on the lookout for a scalable solution to support its mission of serving millions of households with daily essentials at their doorstep.

Spencer's Retail was aware of the fact that a major proportion of consumers were digitally active but not very familiar with online ordering for daily essentials. To fill this gap, they were searching for solutions to reach millions of households via a simple, interactive, and hassle-free platform. The aim was to make the online ordering of daily essentials easy and accessible to its consumers.

Solution

Spencer's Retail wanted a solution that could cater to all its customer personas. A solution that can be easily adopted at scale. The customer personas include homemakers who prefer to buy essentials from the nearest physical store. Senior citizens and differently-abled consumers who aren't comfortable with available technology interface. Lastly, office goers and young couples– who have hectic schedules, even during WFH times.

Spencer's and Yellow.ai worked together to build an industry-first product SGA – 'Spencer's Grocery assistant' over WhatsApp, which is one of the most used digital platforms in India with access to more than 550 million users.



03.

WhatsApp chatbot

With the help of Yellow.ai, Spencer's was able to seamlessly connect with their massive customer pool on WhatsApp chatbot with their verified WhatsApp Business Account. Be it sending notifications, engaging in a conversation, or answering a query, the WhatsApp chatbot became the conversational tool.



01.

Spencer's grocery assistant

SGA is an intuitive and AI-powered chatbot that simplifies ordering grocery and daily essentials across 160 Spencer's stores in the country.

02.

Direct-to-consumer commerce channel

Yellow.ai helped Spencer's Retail to leverage direct to consumer commerce, where brands can directly sell to their customers from their web store without third-party retailers.





It eased the load on our e-commerce app and added another channel for the out-of-store business model

Devendra Chawla, CEO, Spencer's Retail.



Impact

5

Days to build the Spencer's Grocery Assistant

4.5 Mn

Consumer messages sent

1.1 K+

Concurrent conversations every second handled by Spencer's Grocery Assistant

Launched in 33 cities across India

Launched in 160 stores of Spencers

Automate and personalize the shopping experience

Chatbots are boosting a new paradigm shift in the retail and e-commerce industry by leveraging conversational commerce. These dynamic AI agents save a major part of time and money for businesses along with showing customers that the brand cares about their needs.

In short, chatbots simplify the entire buying process by providing a familiar instant messaging platform to browse, buy, and more. For customers, shopping becomes as simple as chatting with a friend.

Connect with us to learn how you can enable a seamless experience for your customers across channels

Talk to us >>



Visit www.yellow.ai for more information. Reach us at contact@yellow.ai

Sources:

- | | |
|---|---|
| 1 Mobile eCommerce Stats (OuterBox) | 4 Smart Talk Research (Capgemini) |
| 2 Conversational Commerce Report (Independent.co) | 5 Boost Customer Engagement (Forbes) |
| 3 COVID-19 & E-commerce (unctad.org) | 6 Global Retail E-commerce Market (eMarketer) |