

Battle of the RETAIL BOTS

THE RISE OF **CHATBOTS** AND **CONVERSATIONAL AI** ARE USHERING IN A NEW ERA OF **DIGITALLY ENABLED COMMERCE**. > By **Robert LoCascio**

The Internet fundamentally changed the very nature of commerce. It was easy to see the appeal of online shopping when we started building websites in the 1990s: It was much more convenient than visiting a physical store. In the years since, retailers have watched statistics steadily climb as people make more of their purchases directly through digital channels. The latest proliferation of connected devices and improved technology platforms have served to only feed these numbers, and brands, in turn, are rethinking their marketing strategies to meet consumers' needs.

But this so-called revolution has proven fruitful for only a small number of businesses — most notably juggernauts such as Amazon — while many others have languished. So I ask: Are retailers any better off now than they were two decades ago?

Not exactly. E-commerce has failed as a business model. While percentages vary considerably among categories, roughly 10% of total commerce today is conducted via websites and apps while a larger and more difficult to measure percentage of commerce is digitally influenced.

The retail industry has been in dire need of disruption for years — and, thanks to the rise of newer technologies such as chatbots and artificial intelligence (AI), it's on the precipice of a remarkable digital transformation centered on new methods of shopper engagement.

It's not surprising that bots and AI have occupied the headlines lately, as brands across industries start to integrate them into customer care and sales operations. Bots improve efficiency and reduce the cost of labor, either interacting with customers directly or assisting agents on the back end. They can handle repetitive tasks already ripe for automation while freeing up humans for more complex requests. AI can instantly provide deeper insights into consumer intents, patterns, and behaviors. There are myriad benefits to these technologies.

With conversational commerce providing the third leg of digital — following first the web and, more recently, mobile — the retail industry will soon undergo a drastic change. Some retailers are already using AI-backed products to streamline customer relations and propel their businesses into this new era — and as they begin to see success in sales and customer retention, more will certainly follow.

A NEW, CONVERSATIONAL ERA FOR COMMERCE

Conversational commerce is more than a buzzword that's captivated tech companies and innovation-forward brands alike. It has the power to completely transform how people communicate with, and get information from, brands. And those who do it best will set a new expectations standard with shoppers that others must meet or exceed to deliver superior performance.

In a sense, conversational design is today's web design — elevating customer experience to the forefront of all decision-making and enabling true relationship-based commerce not



▲ LivePerson Founder and CEO Robert LoCascio contends Chatbots and AI are about to fuel a remarkable digital transformation.

previously possible through the web and apps alone. The year 2018 promises to be the year retailers discover a new level of interactivity, as conversational commerce enters the mainstream.

Put into an e-commerce context, consumers can ask questions of and get answers from retailers without navigating confusing page layouts or parsing through lengthy FAQs. Virtual shopping assistants will recommend products, and concierge bots will handle individual transactions. Consumers will have the best of both worlds: the convenience of online shopping, and the personalization of shopping in store.

MESSAGING: THE NATURAL HABITAT FOR BOTS AND AI

The consumer preference for messaging is already evident in their personal lives. And it's become the consumer expectation for brands — across industries — as well. It's no longer acceptable for brands to operate solely within the confines of business hours or through traditional channels like voice and e-mail. Consumers have flipped convention on its head, demanding brands be available on their time and terms, via asynchronous communications through their channel of choice: i.e., messaging.

Nowhere was this more evident than during the 2017 holiday season. Cyber Weekend broke records, with customer service messaging seeing 160% year-over-year growth and a 72% increase in mobile interactions on the LivePerson platform. The charge for retailers is to meet consumers where they are — or stand to lose them altogether.

Introducing bots and AI to this channel helps brands do just that. They can also provide a high level of personalization at scale and around the clock. Used correctly, bots are a cost-effective solution businesses can deploy to drive online sales. Consumers that have used bots in the past are

amenable to the technology: One third (38%) report they have a positive perception, compared to only 11%, who view bots negatively and the 50% who are indifferent, provided their issue gets resolved, according to a LivePerson survey of 5,000 consumers who have used a bot three or more times.

WHAT BUYERS WANT: A PERSONALIZED, CONVENIENT EXPERIENCE

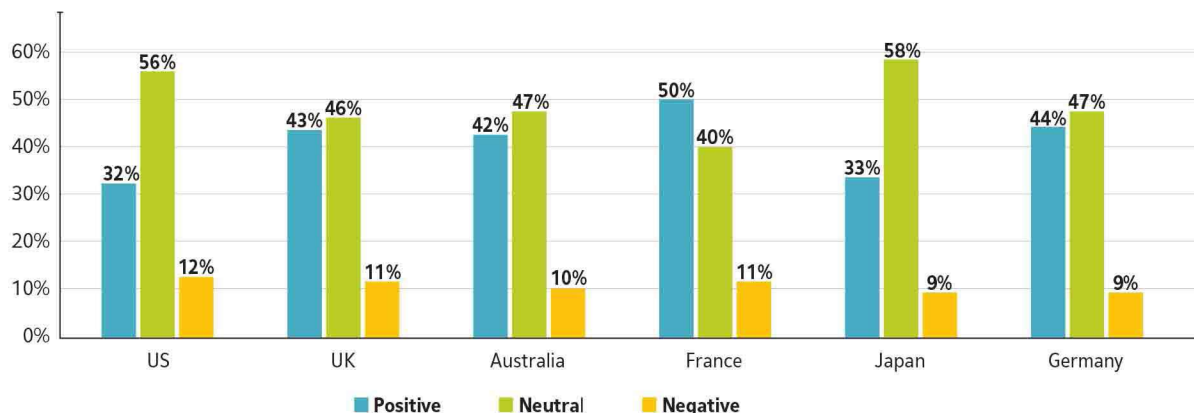
Consumers seeking information will soon be able to engage both humans and bots — the latter handling standard or frequently asked questions, where they can immediately demonstrate their value, and humans taking over for more complex requests. Conversational commerce will be the amalgamation of convenience and personalization that, ultimately, will drive richer, more fulfilling interactions, satisfying both consumer and brand.

For retailers, the integration of bots into their digital properties will have an outstanding effect. Shoppers inevitably have questions, but finding answers on their own has proven difficult. They risk getting lost in the FAQs or not finding the results they're looking for — or simply being turned off by bad UX design — causing shopping carts to be abandoned and sales left unclaimed.

Websites are rife with shortcomings. But this next, conversational iteration of digital will make leaps and bounds to solve for them. As conversations replace great parts of the web, retailers can — and should — capitalize on the technologies to bring the benefits of the in-store experience to their digital properties, personalizing the consumer journey through the most convenient channel. **RL**

Robert LoCascio is CEO of LivePerson, a leading provider of online messaging business solutions he founded in 1995.

WHAT IS YOUR OVERALL PERCEPTION OF USING A BOT TO TALK TO A COMPANY?



SOURCE: LivePerson research.