

AI in ecommerce: Benefits, Statistics, Facts, Use Cases, and Case Studies

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Introduction:

2018 is a year full of surprises, and we have seen progress and changes occurring in ecommerce, too. Artificial Intelligence is truly taking over the world. Now AI is universal, especially in the ecommerce sector; what we are focusing on today in this article.

AI in ecommerce: Statistics and Facts

As we can see, Artificial Intelligence in ecommerce is used a lot! And Gartner predicts that by 2020, over 80% of all customer connections will be handled by AI. Today, companies like Rakuten, Alibaba, Amazon and eBay are using AI for bogus evaluations detection, chatbots, managing big data, etc.

Now, let's go over some interesting data

- 1 out of 5 consumers is willing to purchase goods from a chatbot.
- And these consumers are opened to spend up to £314.74.
- 40 percent of consumers use chatbots to look for offers and deals.
- Google invested £400 million acquiring Deep Mind; Artificial Intelligence company

The elements like data mining, NLP, and ML helps ecommerce businesses to improve results. With Artificial Intelligence, machines are learning how to assist us and how to achieve physical tasks and what is fascinating is that they are doing their jobs very good, allowing us to focus more on an intentional level of commerce. Now, we can focus on generating something more and forget about doing boring tasks.

Artificial Intelligence is a trend, yes, definitely, but it gives us so many opportunities that it is just impossible to cover them all in one article. Let us focus on the powerful and stylish solutions. And one of them is visual and speech search:

Branded3 claims that image and voice search may make up 50% of all searches by 2020. Also, by 2021, it is predicted that early adopters that redo their websites and implement visual and voice search will increase ecommerce income.

Search engines are doing well in this field, improving the image search technology. For smaller companies this is a massive push towards growth, and chance they haven't had before. And in this case, it is not that much about the technology, rather about the rankings in search engines and marketplaces.

For years, metadata and tagging were strongest indicators for search engines to identify the right image or document. In most cases it was done manually. But when it comes to AI, it automates image grouping and product tagging. If we consider about that, actually, pictures themselves become a data source.

Have you heard of "visual listening?" Well, just to give you a very simple example, now brands can identify all images and videos related to their brand, not just those that have the brand tag, but all those that actually feature the brand. Today, many consumers share their brand capabilities; both positive and negative through images and videos. According to Forbes, 80 percent of social media images that include a brand's logo do not reference the brand or product in the complementary text. Until now it was a problem, but with AI, brands can forget about this issue and can gather all the data in an automatic way.

Artificial Intelligence in ecommerce: use cases

There are other ways of using powerful and practical Artificial Intelligence in ecommerce. The most popular usage of Artificial Intelligence in ecommerce is to generate new leads and provide an enhanced user experience. As ecommerce has become the usual method of buying goods and services, leading ecommerce brand intensively spend their money in exploring how AI can enhance brand competitiveness and customer loyalty.

1. AI Assistants and Chatbots

They help brands with responding to customer inquiries: They are used providing product recommendations through NLP

2. Smart Logistics

AI automates warehouse processes and delivery route. (JD.com is one of the examples)

3. Recommendation Engines

Artificial Intelligence is skilled of analyzing consumer behavior on websites. It uses algorithms to predict ---

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what products may be liked by customers and provide recommendations. (Amazon can me a brilliant example).

Artificial Intelligence in ecommerce: Case Studies

Amazon

Alexa is one of Amazon's most popular and most famous AI product. It helps drive the procedures that are essential to Amazon's under fire marketing strategy. AI allows Amazon to predict what products will be the most demanded to provide customized references based on customer searches. Amazon's recommendation engine drives 35 percent of total sales.

JD.com

Beijing-based JD.com partnered up with Siasun Robot & Automation Co Ltd. to use automation technology, such as robots, to improve warehouse operations. The main idea was to improve the speed and efficiency of product categorization and delivery in warehouses, cutting down the costs and increase revenue. At Techemergence, after implementing new initiative, a number of online orders reached 1.26 billion in 2015 and approximately 85 percent of those orders were supplied within two days. As we see, it helps! And Richard Liu, founder, and CEO of JD.com, stated that AI is a necessary component of the company's business strategy going forward. JD.com aims to use Artificial Intelligence to reduce the number of employees from approximately 120,000 to 80,000 over a decade to increase efficiency, by reducing manual work and sorise the profit margin.

Alibaba

As for Alibaba, probably, first what comes to our mind are AI assistants – Tmall Genie and Ali Assistant. Basically, by using AI, Alibaba wanted to enhance its competitive edge. Its customer service chatbot processes 95 percent of customer queries, and it is very powerful now. What is more, Alibaba says that AI algorithms help to drive internal and customer service operations including smart product and search recommendations. Alibaba also uses AI to help the most effective delivery routes. Works quite well! And Alibaba claims that smart logistics have resulted in a 10 percent reduction in vehicle use and a 30% reduction in travel distances. Seems like it was the right investment for them!

eBay

eBay sees AI as a way to maintain consumer interest and a competitive edge. The eBay Shopbotassists users easily to find products that they are interested. Also, customers can communicate with the bot by using pictures taken with their phone. Right now, machine learning is an integral component of eBay's business strategy.

Artificial Intelligence in ecommerce: Benefits

And now let's look at the main benefits of using AI in ecommerce.

1.Customer-Centric Visual Search

Consumers are often upset with ecommerce experience because the product upshots showed are often unrelated. To block this problem, AI uses natural verbal processing to narrow, contextualize and improve search results for online shoppers. Also, it allows to have visual search abilities, finding and matching products. Also, AI enables shoppers to discover complementary products and enhance customer experience. Now, consumers may take a picture of a friend's new shoes or new gym clothes, upload it and then AI enables consumers to easily find similar items through ecommerce stores. Sounds cool, right? Well, we have it! For example Amazon'soption, that allows you to point at product that you like and Amazon will identify it and gives you the results you will most probably like because it will be exactly what you were searching for. I believe, that AI makes it as easy as possible for us to purchase products that we love online!

2. Retarget Potential Customers and Improve the Sales Process

According to Conversica, at least 33% of marketing leads are not followed up by the sales team. Artificial Intelligence could help with enhancing the sales cycle, by tailoring your problem-solving solutions and creating a strong sales message that reaches consumers at the right time on the right platform. Now, there are many AI systems that enable NLP and voice input, for example, Siri, Alexa, etc. This allows a CRM system to answer customer queries, solve their problems and even identify new opportunities for the sales team.

3. New Level of Personalization

Now we can find a lot of AI solutions, for example, one of the them that I really want to mention is Boomtrain. This company analyzes different touch points to help the business analyze how customers are

interacting online: via mobile app, web, email, etc. The AI machine is watching all devices and channels to create a worldwide customer view. So, not just one channel, but all the channels. And of course, it helps ecommerce retailers to deliver a seamless customer experience across all platforms. It will help to send relevant messages at the right time.

4. Chatbots and Virtual Assistants

ecommerce is now focused on user experience. The use of AI through the application of “chatbots” is just one way to drive the discussion in the era of conversational commerce. They are an effective and low-cost way of providing 24/7 customer service and collect valuable data and track behavior. With chatbot, ecommerce sites can increase conversion rates by tailoring the online experience for the consumer. And Juniper Research says chatbots will save more than \$8 billion annually by 2022. Again, one of the most famous examples is, of course, Amazon’s virtual assistant, Alexa. It has integrated into Amazon’s own products as well as products from other manufacturers. Virtual assistants are expected to impact customers purchase and provide a creative opportunity for ecommerce retailers to take advantage of.

7. Improve Recommendations for Customers

Let’s highlight this benefit again: with AI brands can more intelligently and efficiently predict customer behaviour and demand, and offer relevant and helpful recommendations. Excellent example is Starbucks, it uses AI to analyse all the data it has gathered to deliver more personalised suggestions. The algorithm takes into account: customer’s information, purchase history, preferences etc.

8. Intelligent Agents

New intelligent agent negotiation system has become a popular tool used in ecommerce. There are 3 main use cases: matching buyers and sellers; facilitating transactions; and providing institutional infrastructure. And guess what?! Everything in an automatic way!

9. Filter Fake Reviews

Unfortunately, fake reviews became an issue for online retailers and ecommerce shops. And according to Dimensional Research’s 90% of respondents said that positive online reviews influence their buying decisions. Also, 86% said that their buying decisions were influenced by negative online reviews. However, as we know there are fake reviews published by competitors, bots, etc. So, how AI can manage this problem? Nowadays, many ecommerce businesses use Artificial Intelligence to fight astroturfing by putting more emphasis on verified and helpful reviews. For example, Amazon uses AI to combat fake product reviews and inflation of their popular star ratings. Their AI focuses on prominence and weight of verified customer purchase reviews and boosts them.

10. Automation

AI doesn’t mean that the robots are taking over. Nowadays, a lot of people are scared that everything will be done by robots in the nearest future. No, not really! Robots offer opportunity to retailers to provide exactly what the purchaser wants, with the help of technology and algorithms. As firms in the ecommerce industry continue to expand and that means having a growing number of customers, automation becomes a must and became one of their top investment priorities for ecommerce stores. As we know, when ecommerce businesses start upward, the number of repetitive jobs grows as well. Robots can take them over; everything from publishing new products on multiple channels to scheduling sales, giving discounts to loyal customers, etc.

Conclusion

In conclusion, I want to say that AI is on the rise in the ecommerce industry, however, it is still far from being perfect. Ecommerce firms continue to improve their AI tools to better match market demand. They also partner up with other companies to merge their competencies in AI and create more sophisticated solutions. We consider that Artificial Intelligence in ecommerce will effect transactions, customer retention, satisfaction, efficiency, and much more. AI is changing the mode we buy and sell online.

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