COLUMNS

Will 2018 be the year of conversational commerce?

June 26, 2017

Stephan Schambach is founder/CEO of NewStore

By Stephan Schambach

"Fall is coming. I think I need a new sweater."

"The days are getting shorter, for sure. Let me see what I have that may suit you."

"Great, thanks."

"How about this one? The color suits you."

"I like it. Do you have my size in stock?"

"We do! And I can have it delivered to your place in an hour. Total with tax and delivery is $75.88. Press here to confirm."

"Great! Just clicked & confirmed. Thanks for your help!"

"Anytime. Let me know how you like it!"

This text thread resembles a typical conversation between customer and sales associate.

Are you feeling envious, wishing your favorite brand offered such an experience? I know I am.

The product was requested, paid for and delivery was arranged in less than two minutes.

The consumer was able to click on a link directly from the messaging screen and the item was rush delivered.

It is a prime example of the seamless commerce process, where evolving technology allows stores to engage and serve the customer completely via messaging. This beats having to steer them to a native mobile application, or progressive Web.

Talk is cheap
Consumers are so accustomed and familiar with texting. It is one of the most popular activities among smartphone users worldwide.

Whether it is through the smartphone's native text messaging app, or one of the many available apps such as Kik or WhatsApp, billions of messages fly from phone to phone every second.

Social technologies designer Chris Messina, inventor of the hashtag, predicted 2016 would become the "Year of Conversational Commerce."

According to Mr. Messina, "conversational commerce largely pertains to utilizing chat, messaging, or other natural language interfaces (i.e. voice) to interact with people, brands, or services and bots that heretofore have had no real place in the bidirectional, asynchronous messaging context."

The world's largest messaging company, China's WeChat, claims to have upward of 945 million monthly users. Capturing this channel and building it into an interactive commerce medium represents a tremendous new opportunity for retailers.

Conversational commerce uses two significant assets to shore up the retailer's side of the texting conversation: sales associates armed with a mobile device and chatbots. Automated programs that pick up cues from a customer's syntax and respond in a natural language.

The conversation I used as an example in this article could have been delivered by either a human or a bot. How would you know? That is exactly the point.

One of the objectives behind conversational commerce is that customers need never know or care whether they are talking to a person or a machine. The need is answered regardless, and the sale is made.

Of course, I am a proponent for actual live people on the other side of the conversation, but it can happen either way.

Bottom line
Leading-edge fashion brands such as Sephora and H&M have started moving down this path, building chatbots to assist consumers who wish to talk about their shopping needs rather than browse a collection online.

Social media giants such as Facebook are heavily promoting their own mobile messaging system, and many come complete with proprietary electronic payment systems.

When a customer engages with the brand through its native mobile app, the limited screen size makes it difficult to present a variety of targeted offers. The look needs to be sleek and easy to navigate.

This is where conversational commerce comes in. A customer can text a store associate for help.

Inside the store, conversational commerce offers retailers a unique opportunity to use customer data in support of a better interaction.

The retailer's primary goal should be to provide store associates with vital information such as name, past purchases, frequently browsed or favorite products.

This rich data, delivered to the sales associate's phone or tablet, helps with the decision on how to approach the customer, how to engage them, and what to recommend.

Retailers who embrace conversational commerce sooner than later develop another edge over online-only merchants such as Amazon who do not currently use this service model, and frankly it would not be the same experience if they did.

Amazon's reach in the fashion marketplace continues to grow, and it has been using data to recommend products for a long time, making it difficult for other brands to keep up. But Amazon staff are not experts in the individual brands they carry.

The experience of purchasing clothing on Amazon is a complete 180 from interacting with a knowledgeable sales associate, online or offline.

IN-STORE TRAFFIC may have declined, but with conversational commerce becoming a reality for more retailers, each store visit has the potential to become three times as valuable.

Factoring conversational commerce into the overall mobile commerce strategy using sales associates, bots or both adds another layer of personalization and positive engagement to the transaction, giving bricks-and-mortar retailers yet another distinctive competitive edge.

Stephan Schambach is founder/CEO of NewStore, *Boston. Reach him at schambach@newstore.com.*

Luxury Daily is published each business day. Thank you for reading us. Your feedback is welcome.