

RETAIL

## Chatbots could be what makes or breaks a retailer this holiday

November 22, 2017



Saks' holiday chatbot with special gift guides. Image credit: Saks

By BRIELLE JAEKEL

As chatbots become instrumental for a variety of brand and retailer objectives, luxury retailers are tapping the tool to beef up this year's holiday strategy.

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Travel retailer DFS Duty Free, Saks Fifth Avenue and Nordstrom are a few of the luxury retailers who are helping holiday shoppers with not just customer service but gift finding as well. Retailers who use interactive messaging services to help with the extra customer service inquiries this time of year, along with driving sales will win out this year.

"With holiday ecommerce projected to hit \$107 billion in sales this year and mobile leading the charge in shopper visits to retailer Web sites chatbots will be instrumental in connecting and better serving customers," said Bob Glazer, founder and managing director at **Acceleration Partners**, Boston. "In fact, according to a recent study, over 67 percent of consumers have used a chatbot for customer support in the last year alone.

"And with chatbot solutions proliferating thanks to Amazon and Facebook Messenger, retailers finally have a way to use AI to seamlessly connect with shoppers no matter where they are," he said. "This season will especially show off the importance of chatbots as retailers will be leveraging them to tailor customers' experiences such as loyalty programs, sales, promos, etc., process customer service requests, especially when store associates are busy due to in-store overflow, and digitally drive traffic in-store through experiential shopping initiatives.

"Nordstrom is an excellent example of a luxury retailer that came to the chatbot party early and reaped the benefits."

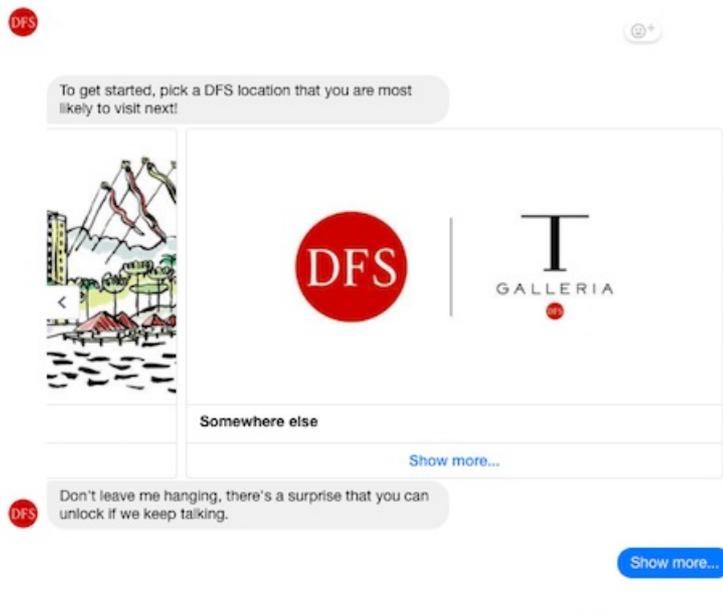
### Holiday chatbots

Mobile is becoming a significant driver in product research and product discovery, which primes chatbots to become a major influence on consumers' decisions.

DFS Duty Free, Saks and Nordstrom are just a few of the luxury retailers who are providing gift guides in an interactive format through Facebook Messenger.

For instance, DFS has created a character named Bearbot Ricky to help users find the perfect gift. The bot prompts

users to select a destination the user is most likely to visit next.

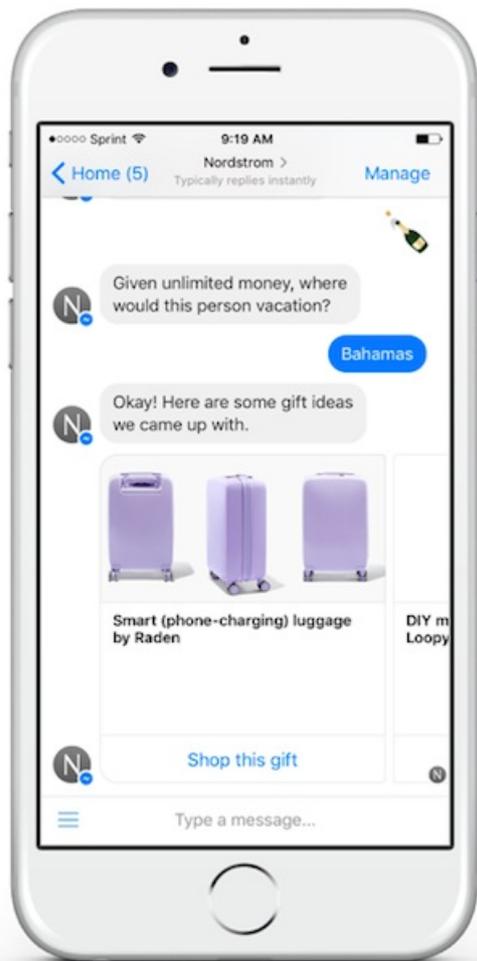


*DFS' chatbot, Ricky. Image credit: LVMH-owned DFS*

Based on a series of questions, the bot recommends bottles based on the user's answers and gives an easy way to purchase.

Saks' operates in a similar manner, but with more of a personalized touch such as "How does the gift recipient ring in the New Year?" The retailer then shows a collection of gifts suited to that person.

Department store chain Nordstrom enlisted a conversational agent to help consumers pinpoint the perfect present for everyone on their list.



### *Nordstrom's chatbot*

The retailer timed the release of its first chatbot for the holiday shopping season last year, programming a series of questions designed to build a profile of the recipient and relevant product recommendations for the gifter. With the pressure of shopping for others, which can lead some to draw a blank on what to get, this bot offered a natural path toward purchase ([see more](#)).

### Best practices

Retailers should be leveraging chatbots to help assist and streamline store efforts. Using chatbots to replace human interaction and brand services will be extremely detrimental to retailers.

Building loyalty is another important factor for brands connecting holiday shoppers.

While every retailer expects the lion's share of their annual sales to occur during the holiday period both in-store and online a shifting landscape has forced them to adopt new strategies with the arrival of each new holiday season, resulting in innovative developments in online sales, digital ads and, now, chatbots.

The National Retail Federation estimates holiday sales will hit nearly \$656 billion in 2017, with \$117 billion coming from non-store sales, which includes ecommerce activity. And 30 percent of that activity will come from mobile devices. That is a surprisingly low number, given that a majority of United States shoppers actually spend more time online using a mobile device than they do using a desktop or laptop computer ([see more](#)).

"Retailers should be looking for ways to use chatbots to help augment in-store operations, as well as the effectiveness of their employees rather depending on the technology to act as a replacement for human interaction," Acceleration Partners' Mr. Glazer said. "Retailers should use them as the first line of defense for customer service purposes, especially during the in-store chaos that the holidays are known for.

"By having chatbots automating more menial tasks while also gathering info, browsing habits and building shopper profiles in-store associates will be free to handle the more personal interactions with customers," he said. "At the same time, bots will be able to make recommendations and alert users to sales promotions, which associates can

leverage to build an even deeper connection with shoppers.

"Retailers should also be using chatbots to drive transactions both in-store and online with unique experiences meant to optimize ROI. Finally, retailers should be using chatbots to build post-purchase loyalty with customers to optimize brand trust and a willingness to return for future buys."

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