

COLUMNS

## Transforming the luxury fashion experience with AI-powered chatbots

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Artificial intelligence and automation are top of mind for every marketer and ecommerce professional these days.

While this technology has existed in some form for decades, the leaps and bounds it has made in the past two years have caused organizations that may have resisted it to reevaluate how they can leverage it.

Automated tools have a bit of building back to do. After early iterations of the technology failed to live up to their promise think of the frustrating experience of using chatbots when they were first introduced brands may be reticent to go all in on these tools now.

That said, the utility of AI in its current iteration is quickly becoming apparent in everything, from more sophisticated digital advertising and testing to content generation.

Bots up

Where AI really has a transformational capacity, however, is in those same customer experience arenas where automation once languished and this fact is particularly true for ecommerce retailers and luxury fashion brands.

AI-powered chatbots can help provide better product discovery and recommendations, improved customer satisfaction, decreased return rates and better conversion and retention.

For many retailers, in-store conversion rates can be more than **10x their online platforms** a fact that is even more true in a luxury retail setting that relies so heavily on elite customer service.

Through more sophisticated and intuitive search and discovery tools, aided by AI, luxury retailers can begin to bridge that gap and have the online journey better replicate the in-person experience.

It is no surprise that this technology is a major growth sector right now, with the global chatbot market **projected to reach \$1.25 billion by 2025**.

With such much buzz surrounding AI-powered chatbots, let us analyze the ways that this exciting technology can impact luxury fashion brands going forward.

Using AI-powered chatbots to transform the shopper experience

For luxury fashion brands, customer expectations are high, and it is essential that customer experience matches those expectations.

Evolutions in AI have enabled luxury retailers to mirror the white-glove experience of in-store shopping through natural language processing technology.

In the past, the chatbot experience was a point of frustration for many customers so much so that a poor execution could actively damage the reputation of a luxury brand.

Asking a chatbot a question would typically lead to a list of poorly curated links to FAQ sections or other contact us resources where a customer could get the answers to their questions in a roundabout way.

If there were questions about specific products, a customer may not be directed to the right place if they did not know the exact product name or item number.

With the development of generative AI and natural language processing, AI-powered chatbots can now offer customers virtual styling recommendations based on specific queries.

For example, a customer can describe her body type tall, with broad shoulders, for example and the chatbot can direct them to specific products that would be the best fit.

Past iterations of chatbots relied on human teams going through and actively setting up decision trees that would hopefully direct customers to the right place based on their queries a labor-intensive, inaccurate proposition.

By leveraging AI, responses to prompts are better able to provide the luxury experience shoppers seek, acting more like an upscale store assistant than a preprogrammed response generator.

These better chatbots are tied to knowledge graphs, pulled from internal data sources, which can generate responses to an endless stream of specific queries accurately, and without a team needing to map out responses manually.

The resulting experience meets the expectations of luxury shoppers, enabling the chatbot to remember VIP customers, point out pre-orders of in-demand styles and personalize recommendations.

What is more, the nuts-and-bolts queries often handled by chatbots can be personalized and streamlined to save customer support bandwidth.

Common questions such as order status or return requests can be quickly answered without the need for human intervention. And if that was not enough, AI can pull from every data source available to a luxury brand, such as product manuals, care instructions and beyond. It is like Neo from *The Matrix* learning kung fu, but for proper wristwatch maintenance.

This increased bandwidth enables customer support teams to focus on high-level tasks providing that white-glove treatment to the top 20 percent of customers that drive the most revenue and generally means the retailer can do more with fewer resources.

Incorporating AI to revolutionize product recommendation and discovery

AI-powered chatbots are excellent customer support and post-sales tools, but they are also transformative for sales.

Customers seeking out luxury retail experiences expect a certain level of personalization and recognition throughout their interactions with a brand.

In-store it is simple to provide that level of one-to-one assistance, but until now the online shopping experience was sorely lacking, making it difficult for brands to identify return customers or VIPs and build longer-lasting relationships.

What makes AI-powered chatbots so valuable as a product recommendation engine is their ability to connect customer purchase information with available inventory in a more intelligent way than older generations of chatbots.

The latest generation of chatbots can pull from customer order history, search queries, product surveys, previous chats and other preferences to build a more complete profile of a customer's likes and dislikes.

From there, the chatbot can offer more robust product recommendations that will resonate. It is as close to a

personal shopper that can be achieved in a digital environment.

This level of insight to customer preferences can give luxury retailers an opportunity to identify customers that may value the exclusivity of an early product release or match past orders with similar runway looks and upcoming collections.

In some ways, the capabilities of AI can exceed the level of personalization even in-store associates can provide by matching personalized product preferences with a comprehensive knowledge of inventory.

AI beyond chatbots: Building a better search

AI-powered tools are not just limited to chatbots. Integrating AI into the site's search engine can help streamline the product discovery experience and drive engagement.

While there are still questions surrounding the defined lanes of chat versus search, there is value and utility to both, and both will inform each other going forward.

Like chatbots, an AI-powered site search gives luxury retailers a clearer picture of a customer's preferences that creates a baseline understanding of what that customer may be looking for before she even begins to search.

By understanding the customer's order history and preferences, AI-powered site search can offer specific answers to specific questions pulled from source content such as articles, FAQs, internal CMS and product pages to ensure that the customer is given the answer for which she is looking.

WHETHER IT IS a chatbot or site search that has been integrated with AI, the key is that they are both built on a foundation of natural language processing.

Letting a customer speak to an automated system specifically and in a way that is conversational to her makes an automated system feel more human and respond like a human would.

For luxury brands that stake their claim on providing customers with a white-glove customer experience, evolutions in AI chatbots and search can increase sales, loyalty and retention without expanding staff to handle digital experiences in person.

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