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AI Agents for eCommerce & Retail

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Table of **Contents**

Introduction

In an age where virtually anyone with an internet connection can launch their own online store, the retail landscape has become saturated with fierce competition as businesses strive to meet heightened customer expectations. The benchmarks set by industry giants, including low prices, lightning-fast free shipping, and seamless customer service across all channels, have become the norm. Falling short of these standards doesn't ensure failure however, meeting them has now become almost imperative. How can businesses navigate this demanding terrain, ensuring customer satisfaction, and differentiating themselves, all while contending with labor challenges and cost pressures?

Enter AI Agents, powered by Conversational and Generative AI. This AI-powered virtual workforce can handle millions of voice and digital inquiries per year, in any language, on any channel, and effortlessly assist customers with informational or transactional requests. Meanwhile, they capture holistic analytics across all your channels, tying them together for insights you can use to meaningfully personalize experiences whether buying, returning, or considering.

Enhancing these capabilities even further is Agent Copilot, a comprehensive support system designed for human agents. Agent Copilot proactively suggests responses, provides knowledge, and takes actions during every interaction across different channels. It not only maintains transcripts and monitors sentiment but also streamlines the typically time-consuming After Call Work (ACW), reducing it from a three-minute task to a quick 20-second process. The combined impact is a significant reduction in cognitive load on agents, an enhancement in efficiency, and a decrease in overall error rates.

It's crucial to recognize that AI is not a magical fix but a powerful tool. Just like a tool can't autonomously craft new cabinets for your kitchen, AI Agents and Copilots don't replace human expertise; rather, they enable the deployment of tailored solutions for the myriad challenges faced in the dynamic landscape of your enterprise. As we explore the realm of AI Agents for eCommerce and Retail, this guide will navigate you through innovative solutions crafted for the challenges within this dynamic industry. Delve into the possibilities, harness the power of AI, and unlock a new era of efficiency and customer satisfaction in your business journey.

Conversational AI

Generative AI

What are **AI Agents**?

An AI Agent is simply a useful metaphor for a cutting-edge AI-based software solution. They are designed to interact with customers and human agents in a natural, human-like manner and ultimately get things done. They consist of two main components:

Conversational AI:

This allows the AI Agent to engage in real-time dialogues with users. It understands user inputs, processes them, and responds in a way that mimics human conversation. Conversational AI is adept at understanding context, managing multi-turn conversations, providing service across multiple channels, even within the same conversation, and providing relevant responses. Critically, it is integrated into your backend systems and can actually get things done, i.e. carry out service processes either partially or end-to-end.

Generative AI:

While Conversational AI provides the business logic, structure, and guard rails, Generative AI produces unique, contextually relevant content on the fly. It's not limited to pre-programmed responses but can generate answers, solutions, or even create content. With Conversational AI being the first and only layer the customer interacts with, it can curate responses and use specific prompt templates to ensure consistent performance from the LLM, without hallucinations or other risks.

Together, these technologies empower the AI Agent to deliver a seamless, personalized, and efficient user experience. Whether it's answering queries, providing support, or guiding users through complex processes, an AI Agent powered by both Conversational and Generative AI ensures all customer interactions are fluid, relevant, and indistinguishable from their human counterparts.

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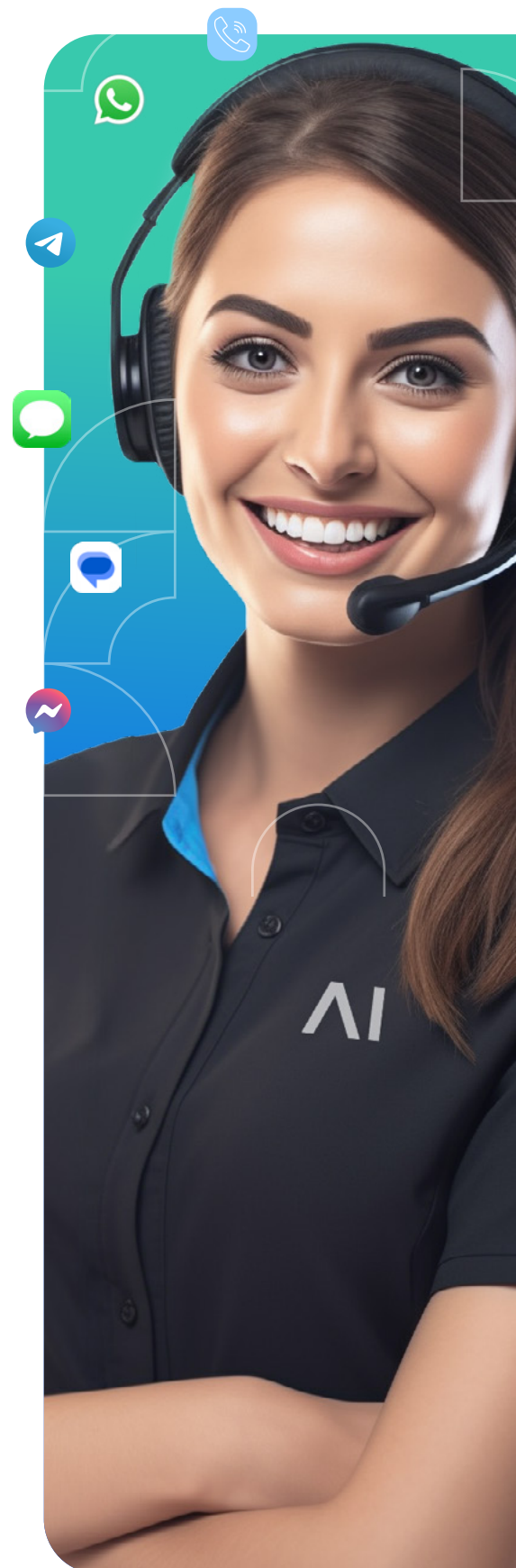
What AI Agents Do

- Close the gap in qualified staff
- Tackle narrowly scoped tasks
- Perform specific tasks well, over and over with zero attrition
- Increase overall automation rate
- Reduce costs
- Reduce tier 1 and repetitive tasks for human agents

What AI Agents Don't Do

- Replace people, in fact they're needed more than ever, and for tier 2 help
- Replace your customer experience with technology
- Require benefits or expensive training
- Get tired of repetition and experience burnout
- Require technical skills or development from you
- Hallucinate and make up answers

What Can AI Agents Do For You?
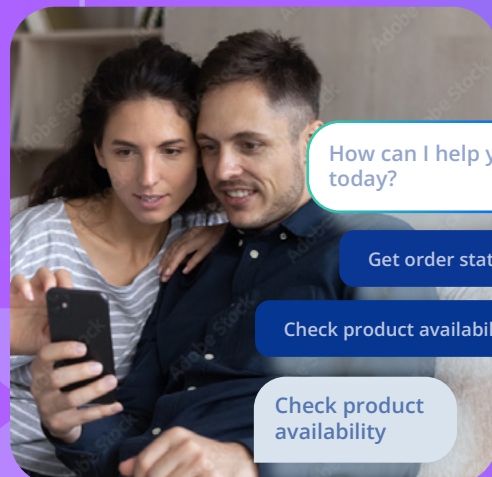
Work along-side Human Agents

Handle Voice & Chat in 100+ Languages

Know your Processes, Products, Services & Customers

How can I help you today?

Get order status

Check product availability

Check product availability

General Challenges in
Customer Service

"why does it take forever to get an answer to my question?"

★★★☆☆

"why aren't returns free like amazon?"

★★☆☆☆

"wheres my refund?"

★★☆☆☆

"I don't want to wait on hold forever"

★☆☆☆☆

"I want to feel acknowledged and heard"

Being a people-focused department, it's no surprise that the current challenges all center around humans (both customer and agent) and not technology. Customer expectations remain a paramount focus for numerous organizations, with customers expressing increased expectations year after year. Moreover, research has consistently shown* that providing good customer experiences increases customer trust and loyalty towards a brand. With fast and free shipping available everywhere, nearly anything available online and the competition a click away, differentiating your brand and retaining customers is exceedingly difficult.

Additionally, customer experience (CX) leaders are facing mounting pressure to enhance operational excellence. As self-service solutions increasingly resolve tier 1 issues, there's a growing need for not only a more adaptable service approach but also a comprehensive reevaluation of the Customer Access Strategy. This is particularly true due to rapid advances in AI. This involves redefining how, when, and where customers interact with the company to access the services and support they require.

Finally, labor remains an evergreen challenge. Attrition has been a perpetual headache for many contact center managers and finding qualified staff is increasingly difficult. Thus, it's no surprise we've seen a notable shift in priority towards employee satisfaction and engagement from 7% in 2020 to 35% in 2023*. Unhappy, frustrated, and burned-out agents don't deliver good experiences no matter what tools they have at their disposal.

* Source: Moreover, Ene, S., & Özkaya, B. (2014). A study on corporate image, customer satisfaction and brand loyalty in the context of retail stores. Asian Social Science, 10(14), 52.

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eCommerce & Retail Industry Challenges

Fleeting loyalty
with no barrier to switching brands

Contextual personalization
expected like e.g. Netflix and Amazon:
"People also watched/bought"

Siloed analytics
make it difficult to see the big picture
across all channels and to optimize or
personalize experiences

Differentiation
is hard as customers can find nearly
anything anywhere

The Amazon effect
with customers expecting everything to
be instantly available and in stock, plus
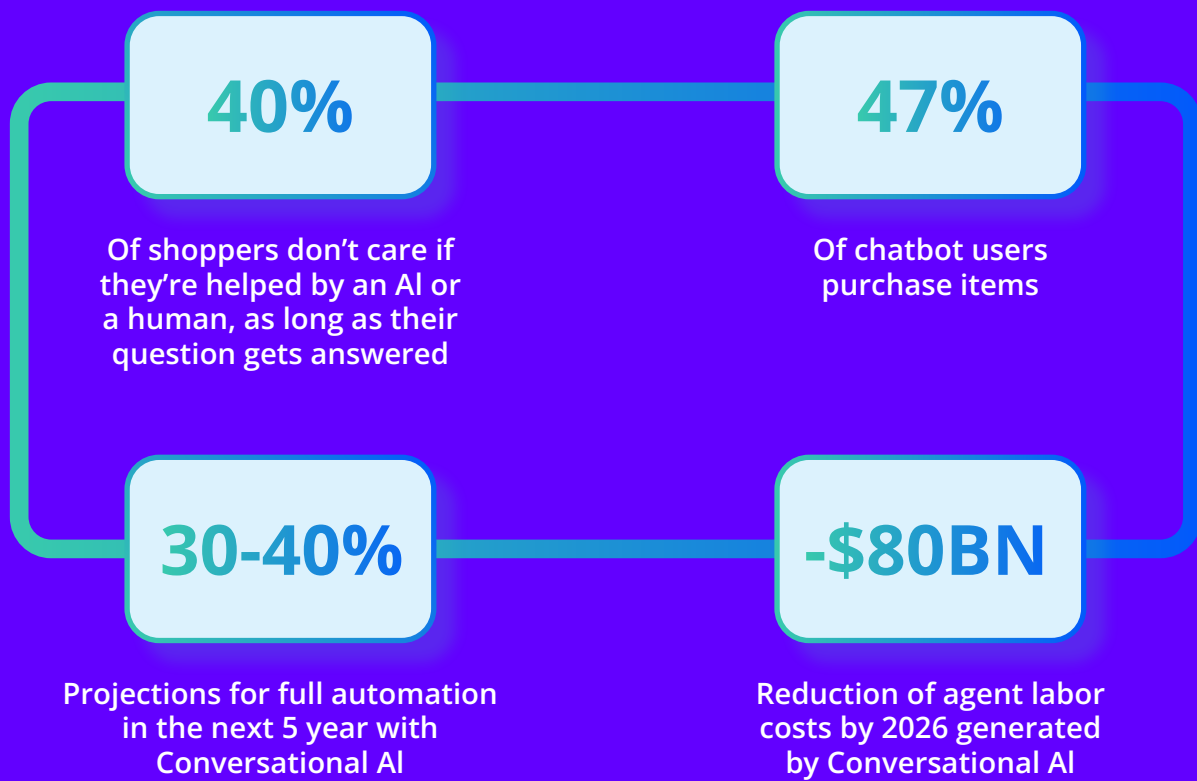free shipping and next day delivery

Labor shortages
in customer service

Low employee satisfaction
which increases attrition, training costs,
understaffing and hurts CX

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The rapid change in retail and e-commerce and accompanying challenges demand new solutions. AI emerges as a pivotal tool, offering retailers the opportunity to enhance their operations significantly. As technology continues to advance, the potential of AI expands, making it even more essential for retailers to leverage its capabilities.

AI can effectively break down silos in analytics, providing a unified view of the customer journey across all channels, including multimodal interactions. This holistic perspective enables you to optimize and personalize CX more effectively, closely tailoring recommendations and service experiences to the customer and making each interaction more relevant and engaging.

40%

Of shoppers don't care if they're helped by an AI or a human, as long as their question gets answered

47%

Of chatbot users purchase items

30-40%

Projections for full automation in the next 5 year with Conversational AI

-$80BN

Reduction of agent labor costs by 2026 generated by Conversational AI

AI Agents can provide immediate, round-the-clock support that can be partially or fully automated. This alleviates the pressure of tier one tasks on human agents while supporting them proactively via Agent Copilot during interactions. AI can make a serious dent in your current challenges while also positioning you to easily expand and scale for future success in a highly competitive market.

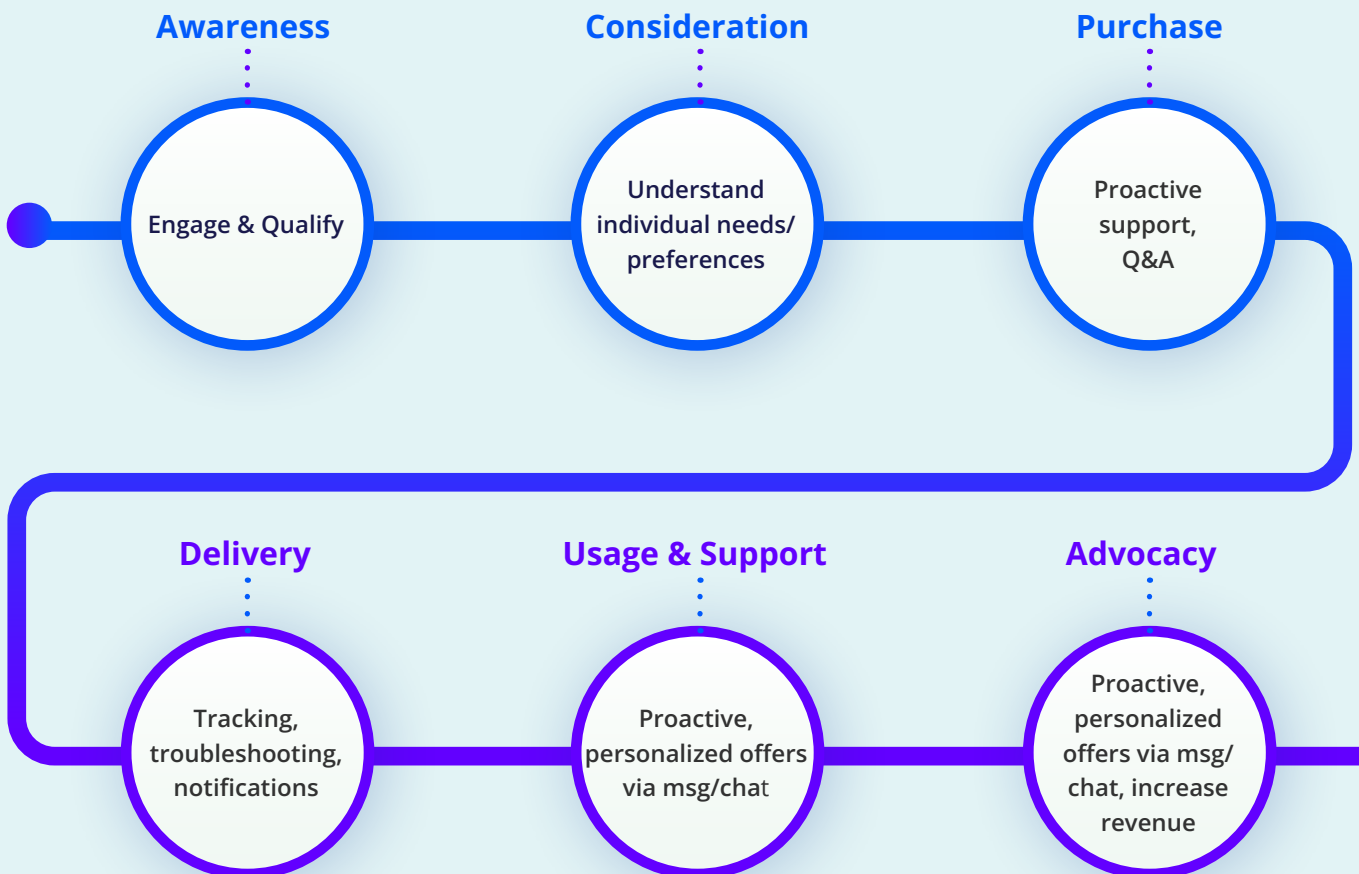Sources: Juniper Research, Facebook Insights, HubSpot, Gartner

Conversational Commerce & The Buyer's Journey

The dominant and most popular form of communication today is messaging, both in the workplace and at home.

From Microsoft Teams or Slack at work to iMessage, FB Messenger and WhatsApp, people strongly prefer messaging platforms because they are real-time, instant, intuitive and in natural language. In other words, they are conversational. That brings us to one of the key benefits of AI in eCommerce and retail, offering conversational commerce and service.

Conversational commerce allows brands to connect with, sell to, and support customers via natural language in chat, messaging, and voice channels. The benefits are not restricted to just customers but extend to enterprises too. You'll reduce your dependency on mobile apps which are expensive to develop and maintain, reduce the cost of self-service, and cover more channels with less effort.

CAI Impacts the Entire Buyer's Journey

Awareness

Consideration

Purchase

Engage & Qualify

Understand individual needs/ preferences

Proactive support, Q&A

Delivery

Usage & Support

Advocacy

Tracking, troubleshooting, notifications

Proactive, personalized offers via msg/chat

Proactive, personalized offers via msg/ chat, increase revenue

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Out-of-the-box AI Agent **Use Cases**

Implementing AI Agents powered by Conversational and Generative AI doesn't need to be a multi-month project. Cognigy's out-of-the-box solutions cover a wide range of standard processes and can be deployed in weeks delivering a very fast time-to-value. The graphic to the right shows several common processes that can quickly be partially or wholly automated.

Importantly, AI Agents come pre-built and ready to deploy based on your requirements. There is no coding, conversation design or development necessary on your end. Think of them as new hires, or digital butts in seats. Thus, you could a simple ID&V bot or Conversational IVR bot in weeks and immediately start experiencing the benefits.

Pretrained eCommerce & Retail Skills

Recommendations

Exchanges & Refunds

Order Tracking

Delivery Options

Route to Queue

Promotions

Reengage Abandoned Carts

In-store Assistance

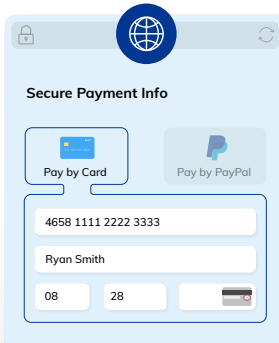Product Search

Agent Copilot

Transcribe Call

Write Call Summary

Available Everywhere

....

Proactive Outreach

Secure Payment with xApps

Multilingual Support

"¿Cuál es el estado de mi pedido?"

"What's my order status?"

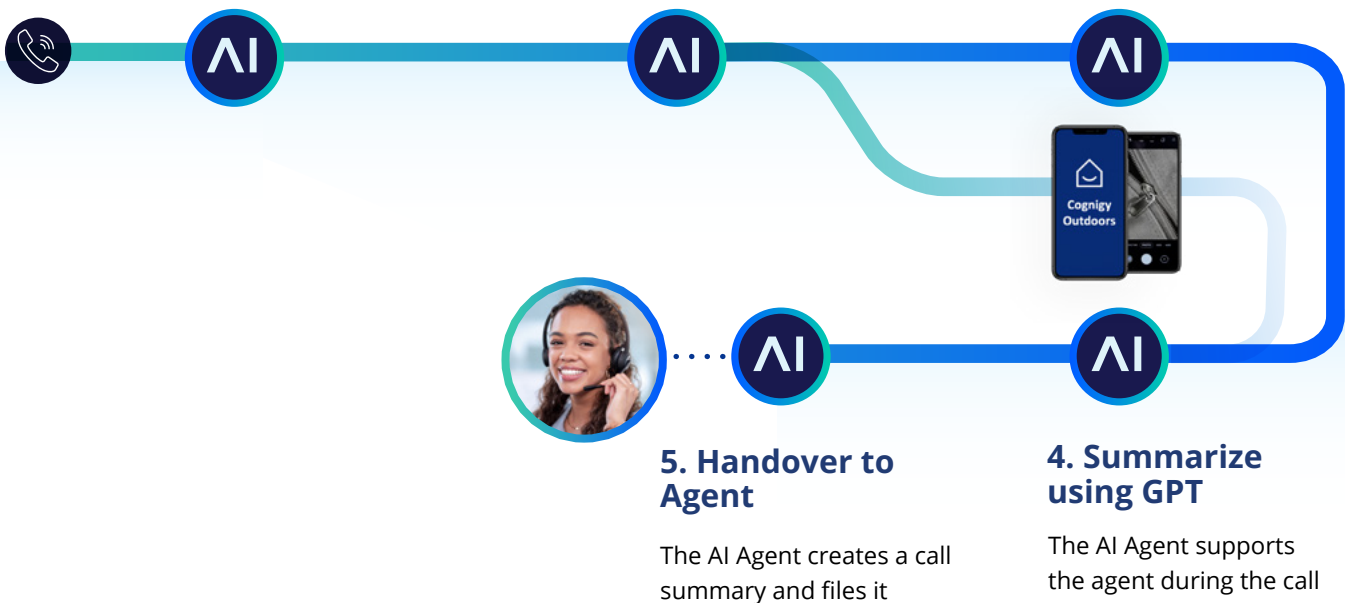# Example AI-Powered Exchange & Handover Process

1. Qualify Incoming Call

The AI Agent qualifies the incoming call

2. Identify Customer

The AI Agent identifies the customer

3. Ask for Picture of the Issue

The AI Agent sends an xApp, and asks the user for a photo.

5. Handover to Agent

The AI Agent creates a call summary and files it

4. Summarize using GPT

The AI Agent supports the agent during the call

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Benefits & Business Impact
of **AI Agents**

Easy to scale

Can handle millions of calls per year

Assist Agents 24/7

Supports every agent on any channel 24/7

Multilingual

Able to understand and speak 100+ languages

Quickly deployed

Task-specific agents can be implemented and go live within weeks, not months

Personalized & Contextual

Can deliver contextual and personalized service using natural language

Reduce AHT

Agent assistance and even the partial automation of requests consistently reduces AHT at scale

Improve AX

AI Agents shoulder the burden of tier 1 requests which human agents hate, and assist agents in every interaction.

Deliver Knowledge

Use Generative AI and vector search to deliver instant, natural answers on any channel

+30%
CSAT improvement

15%
Shorter average handling time (AHT)

99.5%
faster response time

A recent 2023 report on the impact of Conversational AI in the contact center paints an even clearer picture:*
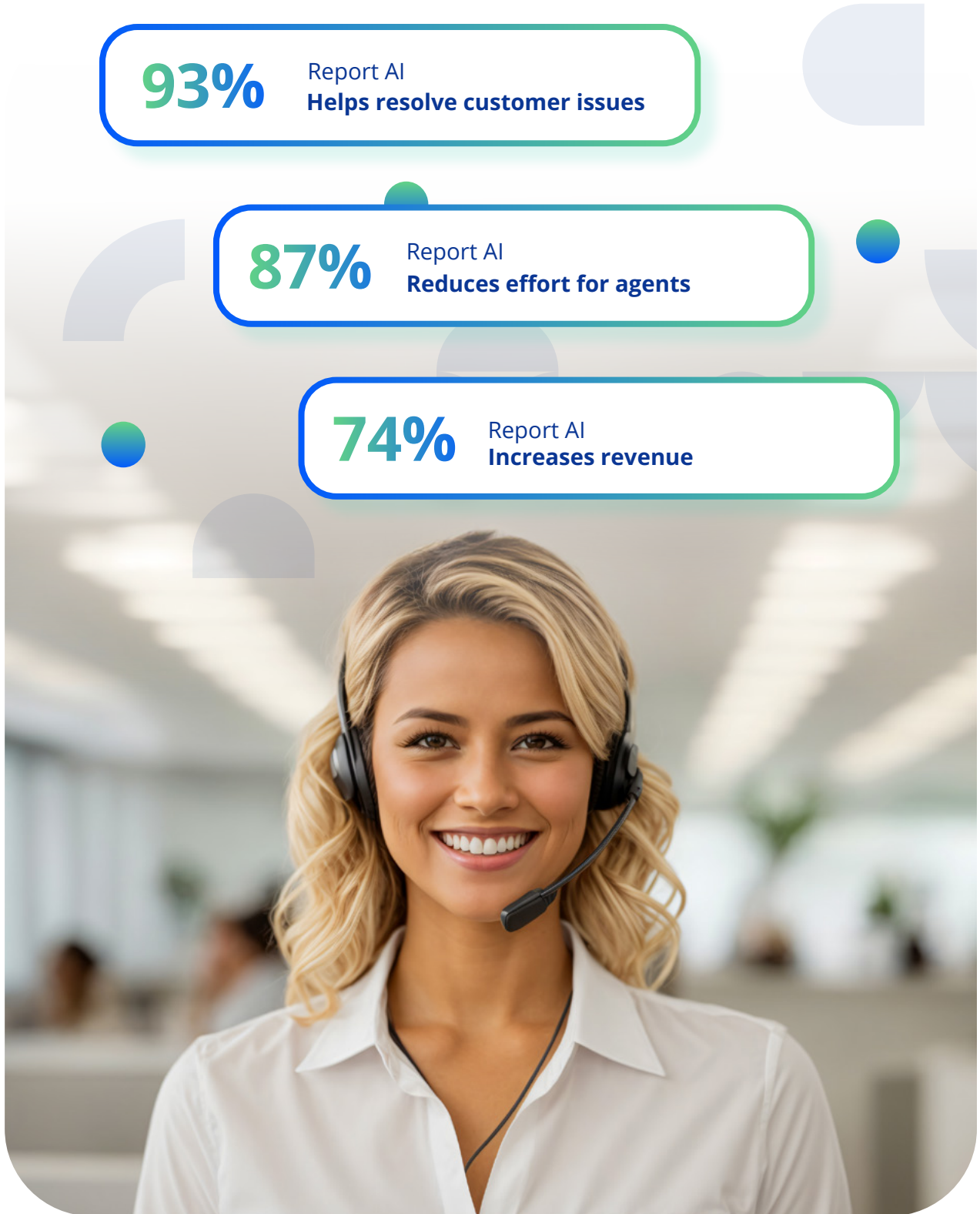
93%   Report AI
Helps resolve customer issues

87%   Report AI
Reduces effort for agents

74%   Report AI
Increases revenue

* Source: 2023 "State of Conversational AI in the Contact Center Report" by 8x8

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Getting Started with AI in **4 Steps**

Assess & Analyze ①

- Identify main contact reasons
- Map processes and integration requirements
- Understand pain points
- Analyze target group
- Identify integration opportunities
- Scenario research and benchmarking
- Identify and define KPIs, what does a successful AI Agent look like?

② **UX & Strategy**

- Define & build your AI Agent's persona and tone of voice
- Design conversations and interactions based on processes and integration needs
- Create channel-specific strategies
- Integrate rich media and multimodal experiences where they deliver customer value

Content ③

- Identify the content required for each use case your AI Agent will cover
- Ensure that content and knowledge is both accurate and current, otherwise garbage in, garbage out
- Integrate your support and product information via Knowledge AI

④ **Monitoring & Optimization**

- Define who is responsible for ongoing monitoring and optimization and their deliverables
- Keep content up to date, which means including maintenance of Knowledge AI data in your existing knowledge management processes and responsibilities
- Monitor NLU performance for intent recognition performance and new intents and use cases that may need to be addressed
- Create qualitative reports with actionable insights, not just numbers
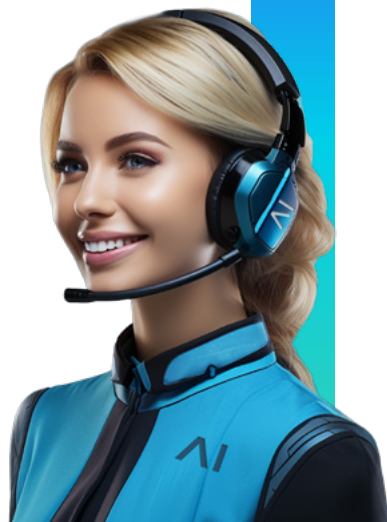
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Customer Stories

Through collaboration with our partner Foundever, a prominent retail client implemented Cognigy's Conversational AI to revolutionize the shopping experience by introducing a personalized virtual shopper. This resulted in a tripling of the conversion rate among bot users. This customer integrated an Automated Image Analysis feature, which is used to to extract data from digital images. This dramatically improved customer support and also slashed resolution time from 10 days to a mere 15 seconds, enhancing the bot containment rate to an impressive 95%.

Moreover, with the implementation of Cognigy's pre-sales flows and strategic sales approaches, another

client witnessed a staggering 200% year-over-year surge in conversion rates. The enhanced user journey not only yielded a higher Average Order Value, with customers spending an additional $10, but also boosted customer satisfaction rates to 94%.

These initiatives underscore the transformative impact of Cognigy's AI Agents on the retail sector, where one client noted a 12% increase in Average Order Value among chatbot users. The chatbot's effectiveness is echoed in its exceptional customer satisfaction score, averaging 94%, highlighting the AI-powered platform's ability to drive both revenue and customer delight.

An award-winning chatbot that goes beyond customer support

Conversion rate of who interacted with the chatbot was

3X higher

Than those that did not interact

From 10 days to

15 seconds

Real Time Resolution with Automated Image Analysis
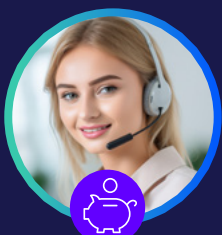
Up to 95%

Bot Containment Rate

Retail chatbot that effortlessly guides the customer journey and boosts sales

+232%

Increase in Conversion Rate in 3 months

+12% / +$10

Average Order Value increase when using the chatbot

Up to 94%

Customer Satisfaction (CSat)

E-commerce chatbot to handle peaks, generating impressive cost savings in less than a year

$3.2M

Estimated savings (USD) with Bot Containment Rate

96%

Chatbot Understanding

2.5k

Simultaneous accesses during promotional day

Conclusion

The value of artificial intelligence isn't simply improving existing processes but enabling entirely new opportunities. With the pace of customer expectations and competition not far behind the pace of technology, it is imperative to treat AI as a pillar of your customer service strategy.

AI Agents offer enterprises the ability to skip complex projects in favor of ready-to-deploy solutions. These enable businesses to quickly tackle narrowly scoped use cases, see ROI faster and sustainably deliver better customer experiences across every channel.

 As competition moves away from cost and towards experience, embracing the transformative effect of AI will redefine what's possible, helping to increase brand loyalty and retention and attracting new customers.

To learn more:
Visit **cognigy.com** and book a free demo today!

Attract Customers

Increase Retention

Faster ROI

Better CX

AI

Redefine What's Possible with AI Agents

Your notes ✏

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