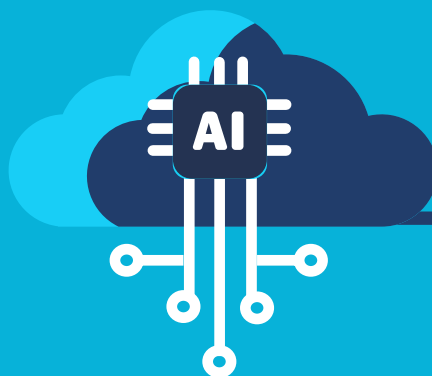




E-COMMERCE CUSTOMER EXPERIENCE EVOLUTION

FROM CHATBOTS TO AI-DRIVEN
CONSULTANTS



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INTRO

Over the past decade, retail e-commerce Customer Experience (CX) has continuously evolved, with technology playing a significant role and empowering transformation. These enhancements have elevated the quality of CX within the industry to another level, allowing online businesses to provide customer-tailored solutions and improved convenience and usability, leading to higher buyer satisfaction. This dynamic progression has also driven significant revenue growth, increased operational efficiencies, and reduced labour costs.

The CX evolution has been leveraged through different tech innovations, primarily mobile solutions, automation tools, and Artificial Intelligence algorithms. The capabilities of technology are continually expanding and improving, resulting in permanent changes that alter the game while also being impacted by them. New opportunities are frequently appearing on the horizon. An illustrative example of this cyclic transformation is the metaverse, the ensemble of immersive digital spaces that provide e-retailers with promising prospects to enhance their CX strategies.

This white paper explores the key milestones and trends in the evolution of Customer Experience in e-commerce, highlighting the key technological enablers and their impact on CX in the digital trading world.

Additionally, the document discusses the directions and scenarios that may shape the future of e-commerce CX and how technology can drive growth, increase competitiveness, and ensure long-term success.

HOW DID TECHNOLOGY ALLOW BUSINESSES TO SCALE RETAIL E-COMMERCE CX WITHOUT LOSING QUALITY?

Online retail has grown in the last few years, driven by the increasing accessibility and availability of developing technologies, such as mobility, automation, digitalisation, and Artificial Intelligence (AI). In addition, pandemic restrictions and global economic turmoil prompted new habits and buyer behaviour shifts, further increasing online sales and accelerating industry growth.

Operating in the digital world has allowed businesses to overcome the limitations brick-and-mortar retail sales have faced for many years. E-commerce has increased geographical reach, provided greater flexibility, and introduced a more comprehensive offering, resulting in sales expansion. It has also enabled consumers to shop without boundaries, saving time and granting them access to previously unavailable brands. With the convenience of shopping from home, consumers can enjoy recommendations from other shoppers and benefit from the efforts of brands to improve CX.

According to Statista, "In 2022, retail e-commerce sales were estimated to exceed 5.7 trillion US dollars worldwide". "It is predicted to grow by 56 per cent over the next years, reaching about 8.1 trillion US dollars by 2026. By comparison, before the pandemic, retail e-commerce sales were much lower and achieved 4.2 trillion US dollars in 2020, which is around 36 per cent less than in 2022".



This expansion encompasses all types of organisations, including emerging e-retailers, well-established e-commerce brands, and traditional brick-and-mortar stores transitioning to and adding online marketplaces to enhance the shopping experience. As per another Statista forecast, the gap between physical and online retail is expected to decrease as "in 2021, the online segment accounted for nearly 19 per cent and in 2026, it will make up close to a quarter of total global retail sales".

Morgan Stanley also offers valuable insights into the evolution of the e-commerce market, suggesting that further growth will be driven by "improvements in digital payments, supply chain, and fulfilment capabilities, significantly enhancing the Customer Experience. The industry will continue gaining popularity even in countries with prevalent online shopping. For instance, the US market could see e-commerce sales reach 31 per cent by 2026, up from 23 per cent in 2022, as brick-and-mortar stores close and consumers prioritise convenience".

However, as many organisations increasingly operate online and serve a growing number of customers through virtual orders and requests, a key question arises: can this expansion negatively impact Customer Experience?



PREVENTING CX QUALITY LOSSES

The unprecedented role of technology in the growth of the retail e-commerce industry over the last decade has raised concerns about the ability to provide high-quality customer support and positive experiences on a large scale. Fortunately, the same technology has also facilitated exceptional consumer interactions across multiple touchpoints, despite the increasing number of online buyers. Leveraging Artificial Intelligence, automation, digital touchpoints, and advanced analytics has streamlined e-commerce operations, reduced costs, and provided bespoke and effortless customer experiences to broader markets without compromising the quality of services.

However, technology alone does not accomplish success. A constantly evolving market requires a CX strategy, innovative solutions and adjusted processes. When these prerequisites are met, scalability and outstanding CX can work together, increasing customer trust and loyalty and growing the bottom line and brand equity.

THE EVOLUTION OF E-COMMERCE CUSTOMER EXPERIENCE STRATEGY:



TECH'S INFLUENCE ON THE SHAPING OF A NEW RETAIL E-COMMERCE CUSTOMER EXPERIENCE

Viewing the evolution of the retail e-commerce CX through a technological lens provides insight into how the customer journey has changed in response to the scale the industry achieved. Given the interaction between consumers and a brand, organisations adopt a holistic omnichannel approach to Customer Experience. All touchpoints are leveraged to interact and monitor efficiency, providing data and insights that are used to improve and maintain high-quality experiences.

E-retailers now have access to unique tech stacks that allow them to redesign their CX strategies to support scale and quality assurance in alignment with overall company goals and policies.

The table below presents a selection of elements which can be shuffled and combined. They are grouped according to the customer journey's operational, monitoring, and reporting aspects. On the one hand, operational components encompass the systems, processes, and technologies utilised to uphold CX. On the other hand, the monitoring and reporting elements encompass the reflective characteristics of interactions, such as CX emotional and psychological elements that provide insight into the brand image, customer satisfaction, and loyalty.

Product and Service Experience	Digital Experience	Customer Support Experience	Security and Privacy Experience
Operational components	Reflective elements		
<ul style="list-style-type: none"> • Quality of products and services • Purchasing • Shipping and delivery • Returns and exchanges • Loyalty programmes 	<ul style="list-style-type: none"> • User-friendly website and mobile apps • Data-driven customised communication • Social media, forums, and recommendations • Personalised e-mail marketing • Live chat support • Metaverse 	<ul style="list-style-type: none"> • Customer service and care (phone, chat, e-mail, text, or voice messengers) • Customer measures and insights • Loyalty Programmes 	<ul style="list-style-type: none"> • Data privacy and security

THE WINNING TECHNOLOGIES THAT TRANSFORMED RETAIL E-COMMERCE CX

Several technologies significantly impacted the evolution of the retail e-commerce Customer Experience, fundamentally changing how consumers and brands interact and how businesses perceive their customers. While these technologies have presented challenges, such as managing multiple channels and processing substantial amounts of orders and /or data, they have also created a significant opportunity for companies to grow productivity, increase client databases, and enhance customer retention.

Mobile access from anywhere at anytime

Mobile access to retail e-stores has provided consumers with greater convenience in interacting with the brand, increasing frequency and engagement. E-retailers harnessed this potential to shape communication in new ways. They can send personalised real-time notifications and text messages to individuals, tailored to their recognition and rating, using data gathered from mobile applications.

In addition, online businesses can enhance their customer relationships by introducing a mobile-friendly support system that enables users to conveniently seek assistance on their mobile devices. This includes various forms of mobile communication such as phone calls, live chat, messenger apps, etc.

Referring to Statista again, “In 2021, 72.9 per cent of all retail e-commerce is expected to be generated via the mobile channel, up from 58.9 per cent in 2017”.¹ According to Insider Intelligence, “Consumers’ increased use of mobile devices to shop underscores the imperative for retailers and online marketplaces to create well-designed, easy-to-use experiences for their mobile websites and apps. Mobile will inch closer to becoming consumers’ preferred channel for online shopping within the next five years. They expect retail ‘m-commerce’ sales to account for 43.4% of total retail e-commerce sales in 2023, up from 41.8% in 2022”.

It is also worth mentioning J.P. Morgan’s report on global e-commerce trends, which places China and the United Kingdom as the mobile leaders in e-retailing mobility.

China

China prefers to shop via smartphone, with 64% of e-commerce completed on a mobile device. (J.P. Morgan)

United Kingdom

63% of transactions occur on a mobile device, and just under half of these purchases (48 per cent) are made via an app. (J.P. Morgan)

Groundbreaking automation opportunities boost quality and scale CX effort

Automation technologies positively impact quality and the expansion and scalability of Customer Experience in retail e-commerce. By automating aspects of CX, companies reduce workloads, eliminate time-consuming, repetitive tasks, and provide a more effective CX. These services are delivered with greater agility, speed, and cost-effectiveness and at a larger scale, with faster response times resulting in higher customer satisfaction.

Conversely, automation plays a role in minimising human errors, resulting in less frustration for agents and buyers who would otherwise have to wait or perform tasks. By streamlining operational CX, automation can meet the demands and expectations of modern consumers who are well-versed in digital technology.

The leading technologies in retail e-commerce Customer Experience automation are as follows:



Robotic Process Automation (RPA) for routine tasks

RPA technology allows companies to automate repetitive and time-consuming tasks, including data entry, order processing, and customer service inquiries. The tool uses software robots or bots to capture data and manipulate applications quickly and error-free without breaking or resting. As a result, RPA boosts productivity, reduces costs, enhances compliance, and positively affects CX. This enables support teams to provide prompt and precise responses and offer customised services rather than struggling with routine technological tasks.



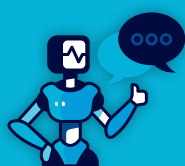
The ticketing system facilitating a nimble response

A ticketing system is a powerful tool that simplifies the customer support process, enables quick responses, and increases issue resolution. It boosts speed by automatically categorising support tickets based on urgency, subject, and customer status, allowing for efficient prioritisation and assignment of tasks.



Omnichannel Customer Relation Management solution

Omni- or multi-channel CRM integrates various CX channels into a platform to streamline, manage and measure buyers' interactions across all touchpoints. These include, for instance, phone calls, e-mails, SMS, instant messaging apps or chats and in-person relations. A robust CRM solution automates the collection and analysis of customer data, yielding valuable insights into buyers' preferences and behaviours and identifying any shortcomings in the CX strategy. As a result, companies can deliver more personalised and targeted experiences via automated marketing campaigns and improve their digital CX efficiently.



Chatbots

In retail e-commerce CX strategy, an AI-powered chatbot is critical in first-line support while providing customers with a faster and more efficient support experience. Integrated into messaging applications and designed to simulate human conversation, chatbots can provide e-customers instant support, resolve basic inquiries, and collect initial information before routing more complex issues to a human agent. Chatbots handle many questions simultaneously, enhancing efficiency and reducing customer waiting times.

Key winning technologies for providing a more immersive shopping experience in retail e-commerce with AI

Over time, businesses operating in the retail e-commerce space have come to recognise the critical importance of Customer Experience as a differentiator. While mobility has helped ensure digital experiences on a larger scale, and automation has allowed companies to increase efficiency, AI-driven technologies are the key to unlocking the full potential of outstanding experiences.

AI's strengths in the direct CX strategy are primarily sentiment analysis and conversational AI, which use Machine Learning, Deep Learning, and Natural Language Processing to enable the machine to understand the human intention, imitate behaviour, and engage in human-like dialogue providing personalised responses in real-time.

Overall, there are various top AI-driven technologies that, when implemented in different contexts, can guarantee a more immersive shopping experience. They are changing the game and improving customer satisfaction and loyalty, regardless of the scale or type of operation. They include:

HYPER-PERSONALISATION

AI-driven hyper-personalisation allows for deeply personalised and tailored online consumer interactions, proactive support, targeted communication and recommendations according to buyers' preferences. This approach treats every consumer interaction as a customer data source that generates insights into buyers' unique needs, behaviours and expectations. This comprehensive data collection offers insights that can improve the quality of CX processes, making them more engaging and enjoyable.

Chatbots empowered with conversational AI understand a human conversation and provide customers with timely and accurate responses 24/7, unlike more traditional chatbots, which rely on pre-programmed responses and limited decision-making capabilities.

As chatbots evolve, technology will continue revolutionising how companies communicate with their customers. According to the Juniper Research Report on the chatbots market, "the total number of chatbot messaging apps accessed globally will increase from 3.5 billion in 2022 to 9.5 billion by 2026. This growth of 169 per cent will be driven by the increasing adoption of omnichannel retail strategies by e-commerce players and the rising integration of chatbots within messaging platforms".

A NEW GENERATION OF CHATBOTS

INSIGHTFUL VOC AND OTHER METRICS COMBINED WITH AI-DRIVEN INSIGHTS

CX metrics, so-called Voice of Customers (VoC), help businesses gather customer feedback concerning satisfaction and loyalty, dissatisfaction, brand perception, retention, churn, attrition, behaviour, and more. Continuously monitoring CX performance over time using VoC metrics and specific KPIs makes it possible to promptly pinpoint any flaws or seasonal concerns and continually enhance processes, skills, or technologies to augment the overall Customer Experience.

Adhering to data protection regulations helps to inspire a positive experience and helps to facilitate how consumers perceive companies and brands. Therefore, E-businesses must implement specific security measures to mitigate the risk of security breaches and financial loss. These include tools like encryption algorithms, multi-factor authentication, or secure data storage protocols. When consumers are confident that their confidential information is being safeguarded, they are more likely to trust brands, make repeat purchases, and develop loyalty.

SECURITY MEASURES

AUGMENTED REALITY/ INTERACTIVE REALITY

Virtual experience supported by Augmented Reality (AR) or Interactive Reality (IR) allows e-retailers to ensure a more engaging and immersive shopping experience, including, for example, the virtual testing or fitting of products. The approach has vast potential as the industry grows and consumer needs evolve. One example is the Insight Partners report which states that “by the end of 2021, nearly two years into the pandemic, the US augmented, virtual, and mixed reality market was worth 28 billion US dollars and was projected to reach more than 250 billion US dollars by 2028”.

Understanding that AI-driven technology will only partially replace humans within the next few years is crucial. Companies should enable a seamless transition between AI-empowered tools such as chatbots and human agents. Customers can quickly escalate their inquiries to a human representative when needed or preferred. It potentially offers an even more individualised, empathic support that AI cannot yet provide.



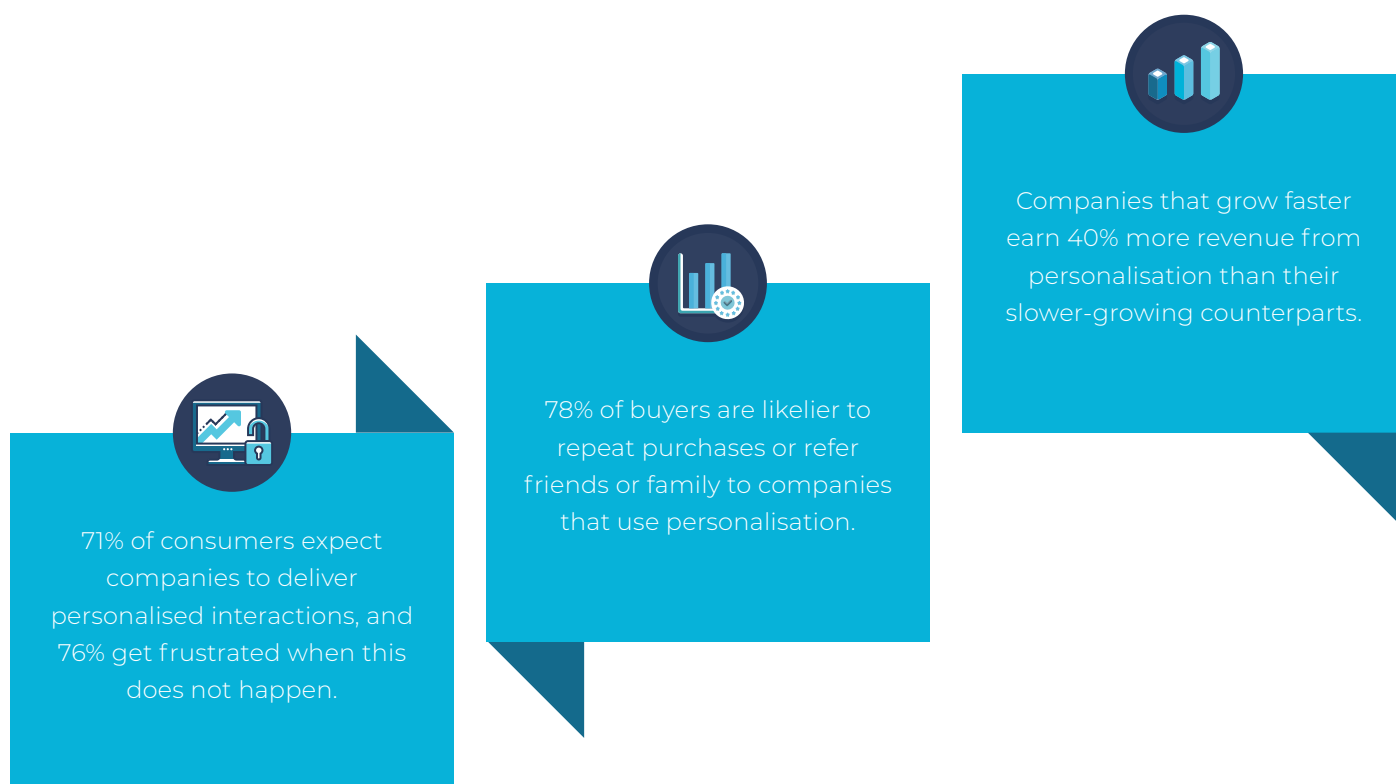
THE FUTURE TRENDS OF RETAIL E-COMMERCE CX

Retail e-commerce continues in terms of its expansion, revenue growth, and greater consumer interest, and companies increasingly compete on Customer Experience strategies to attract and retain buyers. As in the last decade, technology will continue to be a critical disrupting force in the future. Retail e-commerce CX will be even more influenced by Artificial Intelligence, personalisation, the metaverse, and next-level interaction features yet to be born, focusing on integrating AI with human intelligence and creativity.

Three future trends are particularly critical for CX's evolution, as they bring additional efficiencies, revenue streams, and empowerment. These three trends are already shaping the future of the industry and will continue to do so:

Omnichannel hyper-personalisation

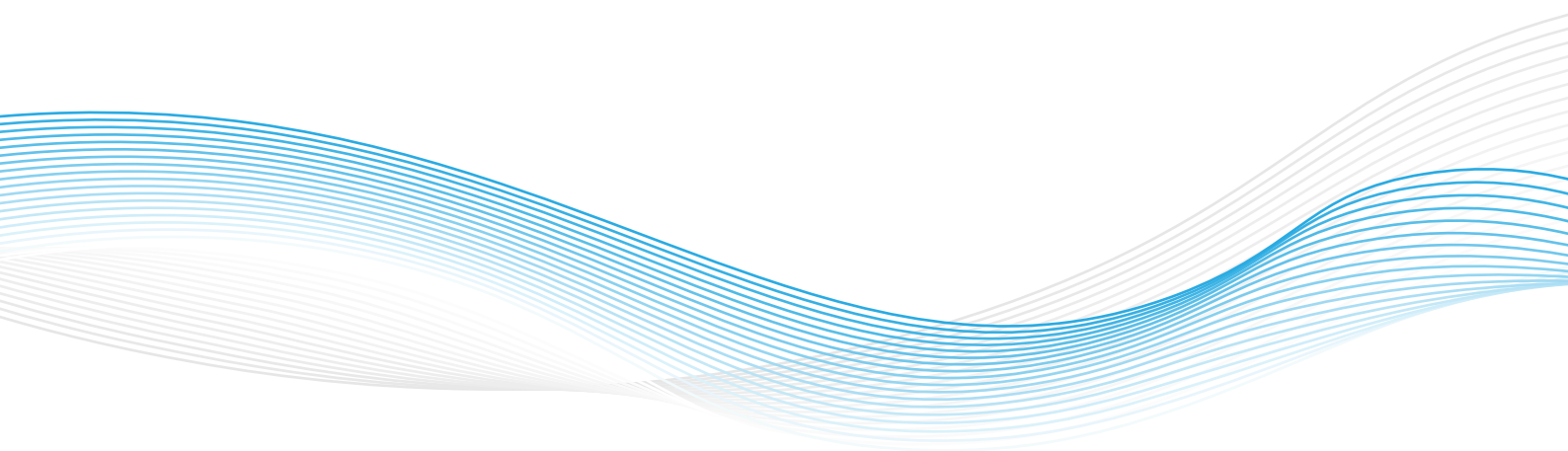
The future of hyper-personalisation in retail e-commerce looks bright. This trend is driven by the shift in consumer behaviour, new demands, and expectations towards prioritising customisation that the business community should not ignore. The positive impact on revenue growth and customer satisfaction is evident to businesses McKinsey & Company's report provides a good reflection of these:



Growing technological advancements will enable the scale of personalisation even more. Machine Learning, AI, and Big Data will allow for more common data collection, deeper analysis, and relevant interpretation to create more personalised experiences across multiple channels. Hyper-personalisation will also be increasingly integrated into customer services, providing buyers with the convenience of real-time customised interactions. Implementation will be done through the diverse use of conversational AI, chatbots, and voice assistants. Additionally, virtual and augmented reality will play a key role in simulating realistic, interactive, and customised environments, further enhancing the Customer Experience.

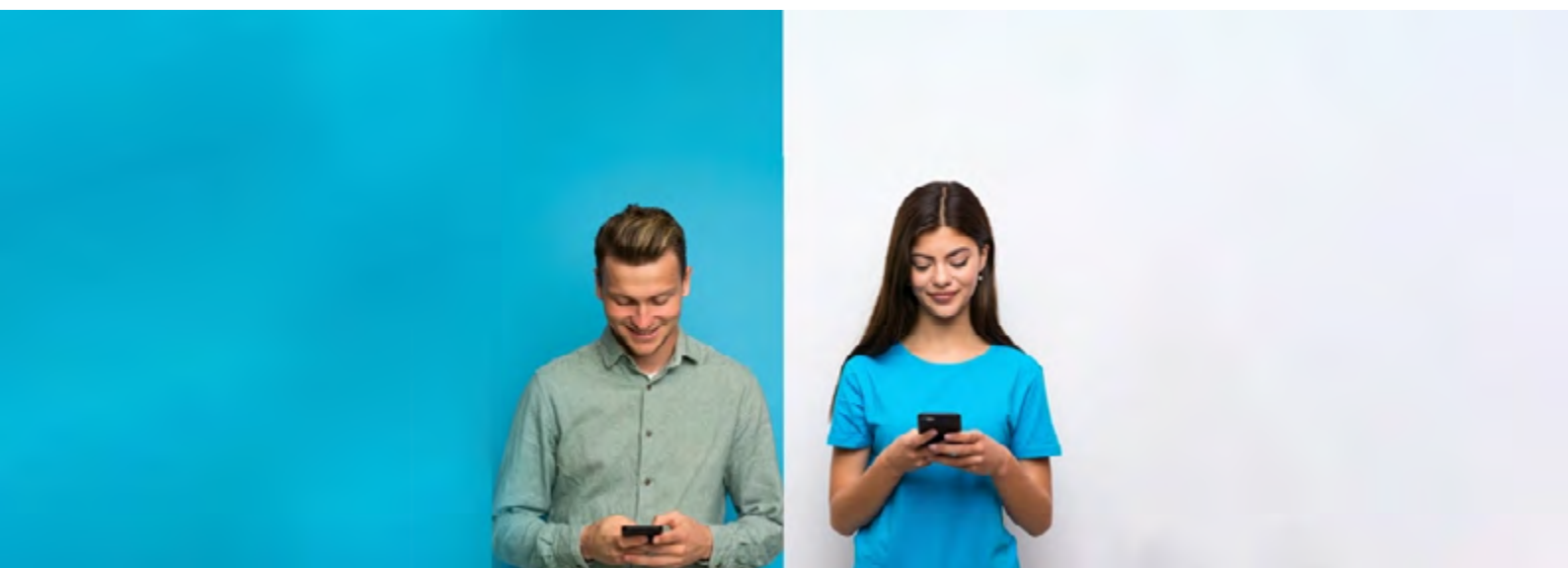
Metaverse

As virtual activities and retail e-commerce grow, the metaverse represents a new generation of the marketplace for goods and services. Statista states, “Revenue in the metaverse e-commerce segment is projected to reach 22.72 billion US dollars in 2023. The increasing demand for digital goods will contribute to this growth and is predicted to become the largest component of the metaverse market by 2030, as the segment revenue is expected to achieve an annual growth rate (CAGR 2023-2030) of 36.62 per cent, resulting in a projected market volume of 201.80 billion US dollars by 2030”. The metaverse’s strength lies in its immersive and seamless experience, realistic and interactive representation of physical products and spaces, and the ability for greater personalisation, engagement, and socialisation, which traditional e-commerce cannot replicate.



Growing potential of Conversational AI and NLP-based chatbots

Integrating ChatGPT and similar technology, chatbots based on Artificial Intelligence and Natural Language Processing are becoming increasingly popular in retail e-commerce customer support. This is due to their ability to provide highly customised and human-like responses to inquiries more efficiently and effectively. Referring to the Juniper Research report, “ChatGPT and other turbo-charged AI models and bots are expected to influence more and more customer interactions in the coming years. The report also predicts that AI-powered chatbots will handle up to 70% of customer conversations by the end of 2023”.

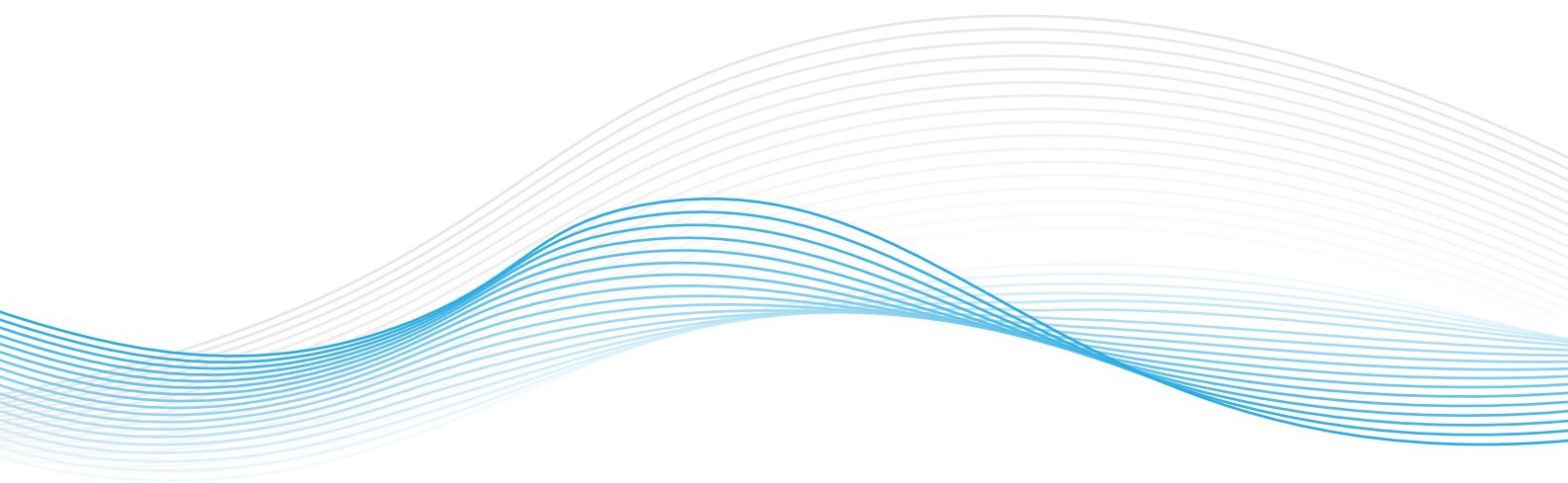


SUMMARY

E-commerce started in the mid-1990s with the first online transaction, and has grown massively due to advanced solutions, changes in consumer behaviour, and global economic shifts. Today, billions of dollars are exchanged online across various industries and markets. The rapid growth of e-commerce, coupled with the uncertainty surrounding the technologies and models that will prevail, has generated concerns and fears about the potential negative impact of digital disruption on the quality of Customer Experience.

Fortunately, by leveraging innovative technology for mobility, automation, and AI, e-retailers have maintained and even improved the quality of Customer Experience while acquiring the capability to serve many more consumers in new markets efficiently.

This demonstrates the importance of delivering exceptional CX in retail e-commerce to drive customer satisfaction, loyalty, and retention. By continuously improving their CX strategy and technology, e-retailers can stay ahead of the competition and achieve business success.



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A FEW WORDS ABOUT CONECTYS

Conectys is a digital-first, Customer Experience and Trust & Safety specialist firm that delivers cost efficiencies and increases the speed of implementation for companies facing challenges like hypergrowth, market disruption and globalisation. Unlike traditional punch-in, punch-out service providers, Conectys co-creates flexible, strategic and digitally inclusive approaches that overcome our clients' extraordinary challenges.

Key Conectys' services are:



Trust and Safety: hybrid content moderation across online platforms, social media, gaming, and the metaverse according to brand and social safety guidelines and regulatory requirements.



Multilingual Customer Experience: 24/7/365 customer service and tech support across 35+ languages.



Digital Transformation services: RPA, NLP, Chatbots, automatic translation chatbots, sentiment analysis, voice-to-text, etc.



BlueTweak– a BPaaS agnostic platform that powers your CRM.

Globally disseminated in top BPO locations and with 18+ years in the industry, Conectys is large enough to be a safe partner and experienced enough to be a specialist yet of the right size to be flexible, dynamic and entrepreneurial.

CONTACT US

Would love to connect with you to discuss how our team at Conectys can help enhance your Trust & Safety and Customer Experience services.

LET'S TALK

sales@conectys.com

info@conectys.com

rfp@conectys.com



US - 1469 532 0215

UK - 44 203 318 1593

EU - 32 929 8011

HK - 852 800 930 130