CONVERSATIONAL COMMERCE ON INSTANT MESSAGING APPS

WHITEPAPER

Table of Content

Abstract

Today consumers are spending most of their time on instant messaging apps such as WhatsApp, Facebook Messenger, WeChat, etc. These apps provide a great opportunity for brands to connect intimately with consumers and establish it as an alternate channel for shopping. By facilitating AI-powered chatbots on messaging apps helps brands resolve customer queries and enable purchasing & sales requests. Also, it can be a key source for personalized shopping. Chatbots automates customer conversations and helps in building a strong relationship with them.

Key takeaways.

1 Conversational commerce current trends and future scope

2 Instant Messaging Apps – Overview, platforms, geography-wise usage, customer journey, and brand interaction

3 Scope for Retail and CG Industry, Industry examples, consumer preferences

4 Popular use cases that can be implemented on instant messaging platforms – Conversational Ordering, customer support, and personalized selling

5 Tech Mahindra capabilities and partner ecosystem - integrated commerce solution on instant messaging apps.

What is Conversational Commerce?

Conversational commerce is the intersection of messaging apps (Facebook Messenger, WhatsApp, Instagram, WeChat) or voice-assisted apps (Alexa, Google Home, Amazon Echo) with shopping. It uses AI-based chatbots in interacting with customers and making their shopping experience smooth. AI-based chatbots help brands in reducing human efforts by automating major portions of the customer journey such as order placement, personalized recommendations, resolving queries, mobile payment, etc.

Chatbots have become an important part of the marketing strategy for businesses. They have been deployed on social media pages, brand websites, online marketplaces as a means to establish a communication channel with customers, respond to their queries and analyze feedbacks in the form of ratings and reviews. With the NLP and deep learning models enabled, these chatbots guide customers in their shopping journey by helping them understand products, offer discounts and fulfill their orders.

Rise of Instant Messaging Apps

Instant messaging apps are the preferred means of communication worldwide, there are over 2 billion users on WhatsApp, 900 million active users on Facebook Messenger, and 700 million users on WeChat worldwide. However, platform adoption varies globally like Messenger is preferred in US, WeChat in China, and WhatsApp in most parts of Europe and Asia.

According to a Facebook study, 53% of consumers more likely to shop with a business they can message and 56% prefer using a messaging channel over calling customer care. Businesses can adopt these messaging apps as a means to develop a more personal touch with the customers which is missing in a traditional e-commerce channel. Direct Conversations with end consumers help brands understand their needs and pain points, provide more personalized offerings and simplify their shopping experience without the need for downloading the app or visiting an external website. Instant messaging apps can help brands build a strong relationship with their customers which in turn will boost customer loyalty.

Conversational commerce offers a close to real store shopping experience to customers with chatbots resolving their queries with fast and quick services, provides them one-to-one attention, enabling easy decision making and seamless payment options. Conversational commerce also reduces the operational time for customers from selecting a product to placing and paying for the order. WhatsApp already launched a beta version of the UPI payment option on the app – WhatsApp Pay which is planned to be rolled out in several counties this year. This will further simplify the buying process for customers in the coming time.

Industry Landscape

Based on our research, conversational commerce could be the dominant trend in coming years. Retail & CG companies are riding heavily on this trend, the reason behind this is a combination of factors such as fast access to the internet globally, high penetration of mobility & payments, rise in shopping from online platforms post covid-19, and advancements in technology particularly in AI and advanced analytics.

Research from McKinsey Global Institute shows that in coming years the global retail industry can derive $400 billion to $800 billion worth of benefits from AI. Many Retail & CG companies are exploring opportunities in conversational commerce globally, they are investing in this area and launching pilot projects on instant messaging apps. For example - Unilever created a chatbot named MadameBot on WhatsApp for Comfort brand in São Paulo as a means of interacting with customers. MadameBot would recommend them how to take care of their clothes and introduce new products via rich media such as audio and memes. The seven-day campaign was hugely successful with 12 thousand unique customers engaged with the brand, with over 290,000 exchanged messages.

Deploying a Chatbot alone will not be enough to drive engagement and growth, brands need to fully adapt to conversational commerce.

They need to align business processes with instant messaging apps, like adding products in the cart or integrating payments with them for better results. For instance, Subway and MasterCard partnered to let customers pre-order and pay for subway sandwiches on Facebook Messenger. Chatbot on FB messenger provided response buttons to create their customized order and information on calories with Facebook's payment system integrated. This led to an increase in conversation rates because making customers to go to another app or website for placing the order resulted in lost sales.

Conversational commerce on instant messaging apps is in the early stage of adoption, for shopping customers are still used to mobile apps. Also with some concerns about the privacy policies of WhatsApp/FB messenger, user adoption may take some more time. But with the kind of reach provided by these platforms and ease of customer shopping, it offers a lot of value to both brands and consumers. Brands can create unique value propositions by experimenting with chatbots to stand out among competitors.

Solution & Benefits

Tech Mahindra along with its partner network provides a one-click solution to design, deploy AI-enabled chatbots and analyze conversations across all instant messaging platforms. Chatbots deployed automates the buying process on instant messaging platforms and integrates it with backend systems such as CRM, order and inventory management, payments gateways, etc. to drive efficiency. The solution builds automated conversation flow; it provides a single place to manage every conversation. Conversational analytics helps in understanding the customer intent and with proactive messaging, chatbots generate leads, improve sales and build loyalty.

Our experience in delivering conversational commerce use cases for a global food & beverage major has helped them engage with customers more intimately by understand customer preferences through WhatsApp Business API.

Currently there are over 2 billion users on WhatsApp, 900 million active users on Facebook Messenger, and 700 million users on WeChat worldwide

According to a Facebook study, 53% of consumers more likely to shop with a business they can message and 56% prefer using a messaging channel over calling customer care

Research from McKinsey Global Institute shows that in coming years the global retail industry can derive $400 billion to $800 billion worth of benefits from AI

Use Cases Delivered

1

Conversational Ordering

Chatbots can help the user in product search, upsell, add products to cart, order placements, track order status, and offers discounts. Interaction with customers starts by sending a menu-based order on WhatsApp, user can respond via texting the number/code assigned for each item in the menu. Items in the menu will include options such as product catalogs, checking order status, repeat order, and give feedback. External payment API, inventory API, order API can also be integrated with WhatsApp Business API to automate the online operations

2

Personalized Selling

AI-powered Chatbot can recommend items to consumers based on historical purchase patterns. As and when customers interact more and more with the bot, it will be able to recommend products more accurately. Alerts based on new products, previously out-of-stock products, and pending orders /abandoned carts can increase conversions for the retailers.

3

Customer Support

Customer grievances related to order, items purchased, quality, delivery, returns, etc. can be resolved seamlessly and in quick time without even calling customer service. Customers can easily track their orders on these messaging apps.

Conclusion

Conversational commerce can truly help businesses understand their customers and provide them amazing customer experience. The opportunity is for both retailers and consumers to interact directly on WhatsApp/Facebook messenger, adding human touch with the convince of online shopping. With personalization as the key determinant in the future, businesses can seize this opportunity to stay ahead of the curve.

Reference

Forbes

Entrepreneur

Food Navigator

Retailwire

Campaignlive

Author

Rishabh Neema
Senior Business Analyst

Tech Mahindra

www.youtube.com/user/techmahindra09
www.facebook.com/techmahindra
www.twitter.com/tech_mahindra
www.linkedin.com/company/tech-mahindra
www.techmahindra.com