

Successful retail chatbot interactions to grow eightfold by 2023

The global number of successful retail chatbot interactions will reach 22 billion by 2023, up from an estimated 2.6 billion in 2019, as AI offers compelling new engagement solutions. This is according to a new report from Juniper Research titled *AI in Retail: Segment Analysis, Vendor Positioning & Market Forecasts 2019-2023*.



According to the research, chatbot use by retailers will enable effective automated customer interactions for retailers. This can deliver high-quality user experiences in a low-resource way, boosting customer retention and satisfaction whilst also reducing operating costs.

A crucial enabler of this will be improvements in NLP (Natural Language Processing), which will dramatically reduce the failure rate of chatbot interactions, by making them more natural and valuable for customers.

Juniper anticipates that retailers who do not adopt chatbots will face strong challenges from more technologically-adept disruptors, who will use chatbots as an extension to the crucial omnichannel retail experience.

Chatbot use to drive early cost savings

The research also found that chatbots leveraged for customer service have a strong potential to reduce costs, with deployments realising annual savings for retailers of \$439 million globally by 2023, up from just \$7 million in 2019.

These potential savings will act as a key 'pull' factor, given the margin pressure that many retailers are presently feeling.

Research author Nick Maynard explained: "By embracing automated customer service with chatbots, retailers can act in a more flexible and efficient way. The wider retail market means that chatbots are no longer a luxury, they are essential."



Retailers expected to pump \$12bn into AI by 2023

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Chatbot-derived revenues to soar

Meanwhile, retail sales resulting from chatbot-based interactions will reach \$112 billion by 2023, up from \$7.3 billion in 2019; representing an annual growth rate of 98%.

However, the research found these sales will largely be a result of migration from other channels, rather than a new revenue stream. Accordingly, the research emphasised that while retailers must adopt chatbots for ease of use (and to reduce consumer churn), their return on investment will come from efficiencies, rather than new income.

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