‘Tis the Season for AI

Holiday shopping is both a hopeful and frustrating time for consumers. The celebratory spirit is high, but the pressure to buy perfect gifts is equally present. It’s also a crucial revenue generating time for retailers. One that has become complicated by rapidly shifting consumer expectations.

Leading brands have turned to artificial intelligence (AI) to deliver unprecedented inspiration and exceptional experiences that capitalize on the season and leave shoppers coming back for more.

Wow first time visitors with exceptional experiences

A study conducted by Monetate across millions of online shopping sessions during the 2016 holiday season confirms retailers’ worst fears; first-time holiday shoppers aren’t coming back for more. In fact, only 1% of customers acquired during the Q4 2015 holiday season were present on the same site in December 2016. When you consider that almost 90% of holiday shoppers were first time visitors, that’s a lot of missed opportunity.

The key to bucking this trend is to create incredible experiences that bring shoppers back each holiday season. This year, Target is bringing digital interaction in-store with playful holiday-themed photo booths that can show shoppers sliding down the chimney delivering presents. It’s a great example of how retailers must rethink holiday shopping.

The Mall of America, the largest retail space in the U.S., put AI technology to work during last year’s busy holiday season by conversing with consumers in a new way. Home to more than 500 stores, visitors to the mall may find themselves overwhelmed by holiday shopping. The Experiential List Formulator (E.L.F.), powered by IBM Watson, acted as a “personal mall guide,” answering questions and offering guidance via Facebook Messenger and online at elf.mallofamerica.com.

Gift selection is a priority

First time shoppers and returning guests share a common bond: the desire to find the perfect gift. Starting in October, holiday shoppers change the dynamics of in-store and online visits as they seek purchases to give to others.

The NRF 2017 Holiday Planning Playbook shares encouraging news. In 2016, 54% of holiday shoppers utilized recommendations from retailers and 47% report browsing physical stores to find gift ideas. It doesn’t stop there. 63% of shoppers surveyed said they want to make even more use of wish lists and gift registries.

The key to providing gift registries that consumers value is to provide insights that are relevant. Forward looking brands turned to to AI as far back as 2015 to stop the guesswork, and optimize recommendations that would impress. Advanced engines, such as IBM Watson Trends, used artificial intelligence to understand tone, context and natural language across thousands of sources including blogs, product reviews, ecommerce sites and even social media to surface recommendations that resonated with gift givers and receivers.

Truly integrated consumer experiences

There are no longer in-store experiences and online experiences. Today’s consumer expects truly integrated interactions with a brand. Traditional approaches to personalizing the shopping experience struggle when it comes to first time shoppers because little is known about the visitor. AI-based applications help fill the gap combining digital research with in-store browsing for consumers.

Shoppers will be interacting with AI more this holiday shopping experience then they realize. Everything from online chats, to virtually trying on clothes, interactive searches and even placing an order via Amazon Echo or Google Home relies on AI. Each of these touchpoints offers tremendous opportunity for brands to build personalized experiences that cater to the individual shopper.

Consumers aren’t the only ones benefiting from AI this holiday season.

Retailers have entirely new and exciting audience targeting capabilities at their fingertips. New AI-powered advertising technologies have the ability to target shoppers based on a wide range of context clues. When combined with deep analysis of past purchase behavior, ad dollars can efficiently align the right offer to the right person in real time.

Happy Holidays! May your shopping carts be full and your insights actionable.