gupshup

Conversational Commerce for Retail
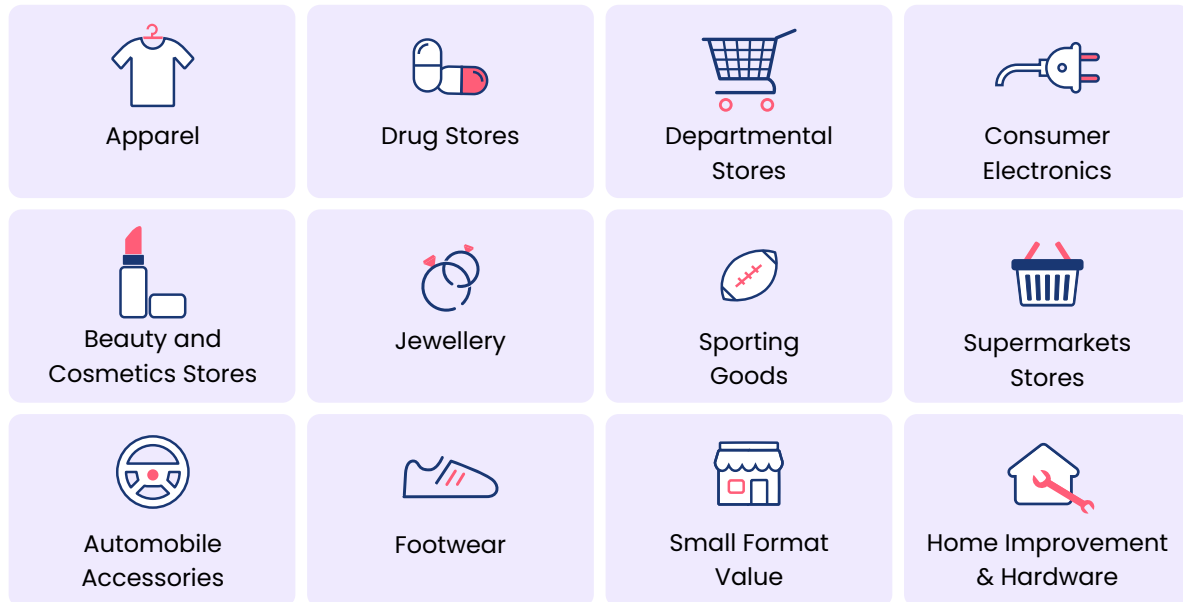
Table of Contents

Introduction

Retailing serves as a bridge between the producers and consumers of goods and services. It is probably the world's largest private sector domain with a myriad of segments ranging from products such as apparel, electronics, luxury goods, and a lot more. Some of the segments commonly identified under the retail sector are:

Apparel	Drug Stores	Departmental Stores	Consumer Electronics
Beauty and Cosmetics Stores	Jewellery	Sporting Goods	Supermarkets Stores
Automobile Accessories	Footwear	Small Format Value	Home Improvement & Hardware

Technocrats love the retail industry for its tendency to respond to market forces by virtue of a 'customer-is-always-right' precept. Accordingly, retailers seldom let go of an opportunity to serve customers better, which makes it the prime mover for most economies by employing a large number of people, accounting for over 10 percent of the GDP in most developed countries. With the world returning to normalcy post Covid (although the threat of Omicron still looms large), retail markets are picking up.

Expert Market Research reports that the global retail market touched USD 23 trillion in 2020 and is estimated to witness a healthy growth in the forecast period between 2022 and 2027.

A Study by Research and Markets predicts the global retail industry to be valued at $29361.95 billion in 2025, with a CAGR of 7 percent.

While studies undertaken by different agencies reveal different figures, they all provide enough reason for markets to be optimistic about growth. However, the path to growth is not without its share of challenges. An aspect worth noting about the retail industry is that it has constantly been challenged by various factors and each time, it emerged victorious.

Challenges Faced by the Retail Industry

› Evolving Technology
Be it the most basic form of computerized billing and barcode scanners, to the use of big data analytics to understand customer preferences—retail has seen it all. Internet was another milestone development that marked the inception of e-commerce that took retailing outside the confines of brick-and-mortar stores. The journey continued with websites and mobile phone apps for both Android and iPhone platforms. Retailers not adopting to any of these trends, always ran the risk of being pushed aside by the competition.

The transition from offline to online shopping impacted the brick-and-mortar stores significantly, as the latter gave customers the freedom to shop from anywhere, anytime at their convenience. The explosive growth of e-commerce did impact the footfalls at brick-and-mortar stores.

› Consumers' Preferences
Online presence of retailers did not render the brick-and-mortar stores completely irrelevant as there was a large section of the customers that wanted to touch and feel the products first-hand that they sought to purchase. It essentially meant that despite having an online presence, retailers could not afford to compromise in terms of delighting the customers and therefore had to invest on it.

› Increased Competition
As multiple brands adopted a hybrid model to serve customers both online and offline, the competition between different stores of the same brand or other brands, heated up immensely. With more options available, winning the customer is more challenging than ever for retailers today.

› Personalization
With a customer having multiple options to choose from, what does it take to win them over? Personalization. Brands ought to make sales personalized to customers' needs. While the traditional customer loyalty programs such as special offers are very much relevant, businesses need to tailor them to suit the niche requirements of customers. These ultimately translate into additional investments for the retail brand.
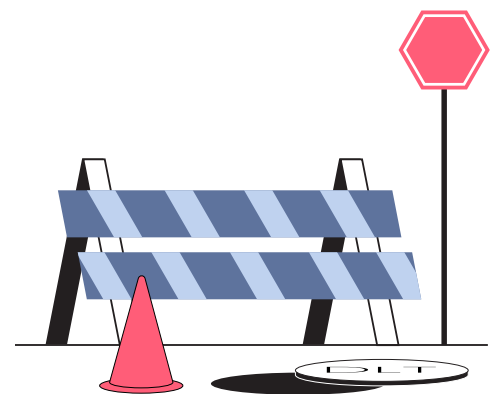
› Impact of Covid-19
The Covid pandemic boosted the demand for online shopping as prolonged periods of lockdown and uncertainty over the reopening of stores, made people wary of visiting stores.

When online purchase is the only (and preferred) option, retailers ought to think beyond just a well-designed website or an app to have a loyal customer; it requires brands to go where the customers are already. And where are the customers "already present" online? Messaging channels.

Of late, customers are opting for messaging as the channel for interacting with brands as it allows them to reach out to enterprises on their own terms. The prospect of leveraging the messaging platforms to provide a seamless shopping experience has gained a lot of traction in recent times.

Essentially, brands of all sizes are building a presence on the messaging channels for e-commerce transactions, which has marked the inception of conversational commerce.

Conversational Commerce

Conversational commerce essentially brings together messaging apps and e-commerce. Brands display their products to a customer on a messaging platform and include corresponding action buttons to select items to be added to a cart, checkout, and make the payment seamlessly. But why is this even needed? Can't we download apps from our favorite retailers onto the phone?

As a matter of fact, customers do not enjoy downloading too many apps, so brands and retailers can't force them into doing that. So why not send them messages on their favorite messaging apps such as WhatsApp, iMessage, Facebook Messenger etc., and create a workflow to facilitate shopping? If it sounds good, then that's precisely what conversational messaging seeks to achieve. Ultimately, it all boils down to what is popularly referred to as the 'Experience Economy.'
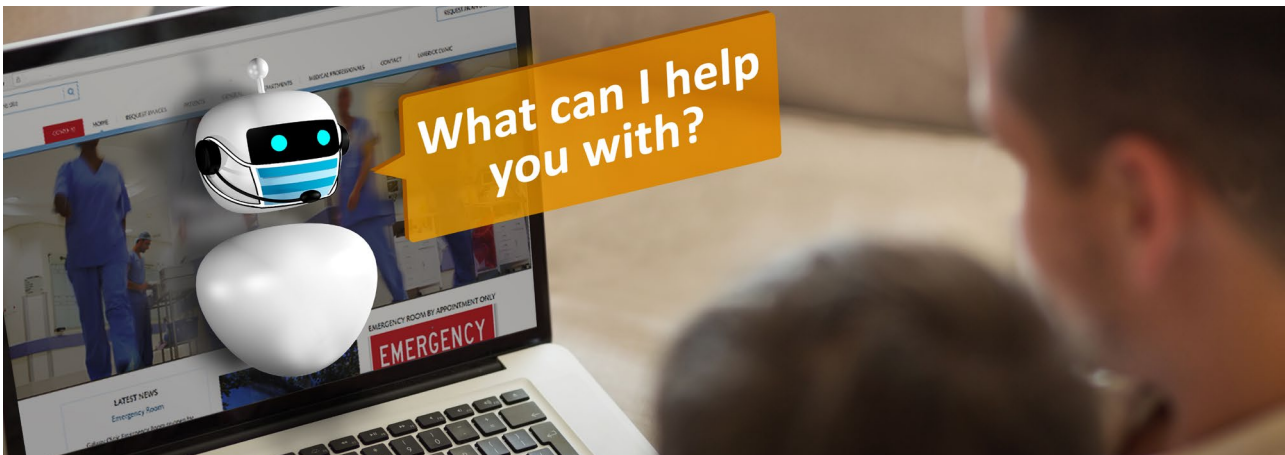
Experience Economy

Gone are the days when businesses sold just commodities and/or services. We live in an era, wherein customers expect businesses to sell experiences. In fact, words such as "Shoppertainment," "entertailing" often used in the context of retailers, have now become a part of the common parlance. They essentially point to the emergence of a new domain called the "experience economy," that B. Joseph Pine II and James H. Gilmore referred to in their Paper for Harvard Business Review, as early as 1998. Much in sync with the predictions of Pine and Gilmore, convenience, weighs above all else for customers in the retail sector.

So, what makes it 'convenient' for customers? A single environment that allows the completion of the entire shopping lifecycle, right from browsing products to completing payments, optimizes the shopping experience and seamless for customers. In a competitive world, the experience that consumers would classify as the most unique, comes out as the winner. Chatbots that are meant to facilitate conversations between consumers and brands, play a big role in tailoring state-of-the-art customer experience.

Role of Chatbots in Experience Economy

The world has transitioned into Retail 3.0, wherein companies leverage cutting edge technologies such as the artificial intelligence (AI), natural language processing (NLP), and machine learning (ML) to drive the experience for customers. Chatbots are extremely handy in automating customer support operations, which allows brands to serve round-the-clock. Some of the advantages of deploying chatbots in retail are:

› Simplified Product Search
Retailers can display a range of products based on a simple response from the customer, in terms of pricing, branding, features, ratings, and a lot more.

› Product Recommendations
Brands can integrate recommendation engines to chatbots that display products based on the customers' purchase history—a significant step towards personalizing the shopping experience.

› Orders Management
Customers can order items of their choice in a few clicks to have them delivered to their locations or even collect them manually at a store, based on their preferences. In case of online deliveries, retailers can even provide the relevant information for customers to track their deliveries.

› Customer Re-engagement
If a customer browses through a product and stops short of making a purchase due to it being out of stock, then stores can immediately restock the product and notify the customer to push for the sale.

› Live Agents
In addition to automated responses, brands can also provide customers the option of engaging with live agents for resolving complex queries. Management of customer complaints can be more effective with chatbots.

› Customer Feedback
Providing feedback on the retailers' products and services is the easiest with chatbots, which helps them improve to meet the customer expectations.

Simply put, messaging is the most preferred form of interaction for customers and therefore chatbots are bound to work. But how can they be rendered effective? It needs to be on platforms where customers are already present. Two such platforms are WhatsApp and Instagram. In the following sections, we shall see how WhatsApp and Instagram help in crafting an effective e-commerce strategy.

WhatsApp

As the [third most used social network](#) in the world today, WhatsApp is known to have over 2 billion users spread across 180 countries using it to communicate with family and friends. Some estimates suggest that over [60 billion messages are sent via WhatsApp](#) every day, which includes the rich data such as images, videos, audio, documents, location and other forms of data.

WhatsApp Business API Features

WhatsApp has niche features built into it to support brands in marketing and promoting the products in their inventory. They are:

❯ Product Display Formats
❯ Add to Cart
❯ Payment Method

❯ **Product Display Formats**

These are basically the patterns in which products in various catalogs are presented on the customers' screens. Basically, WhatsApp has defined two formats and they are:
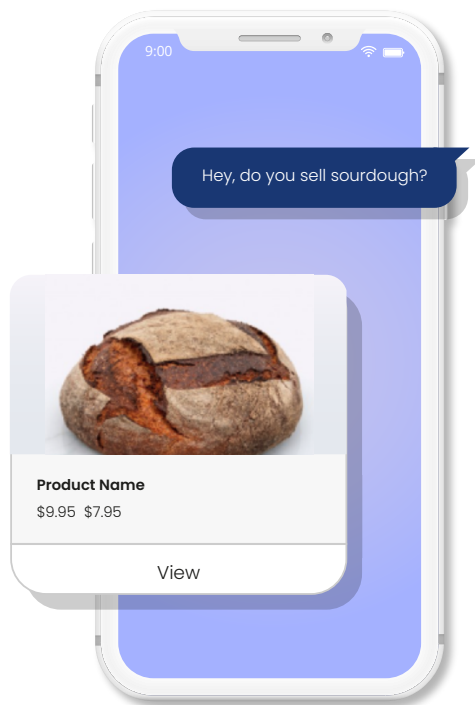- Single Product Messages
- Multi-product Messages

• Single Product Messages

These are messages giving details about a single product in the store's inventory. Each single product message features an action button that the customer can click on to view product information.

Fig 1: Single Product Message (Source)

• Multi-Product Messages:

These are messages containing information about multiple items in the product inventory. They include an action button as well that the customers can click on to view information about multiple products in the store inventory.
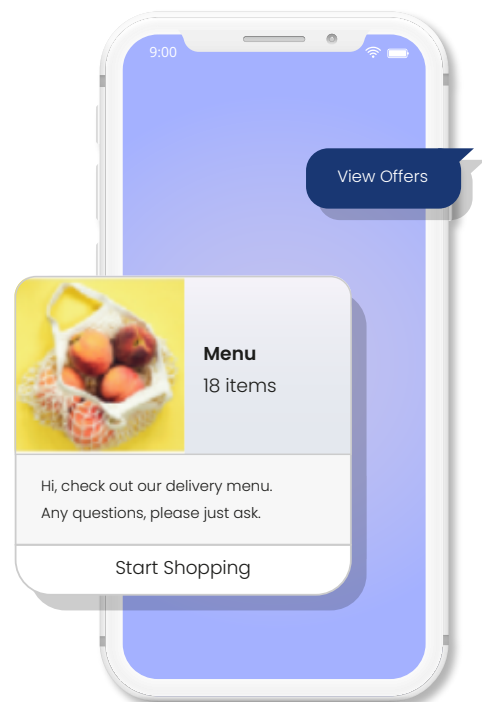
Fig 2: Multiproduct Messages (Source)

The single and multiproduct messages together are instrumental in enabling a digital storefront for brands.

Generally, products in the store are added to a catalog, which is a feature built into WhatsApp. A catalog can contain a total of 30 items for the user to scroll through.
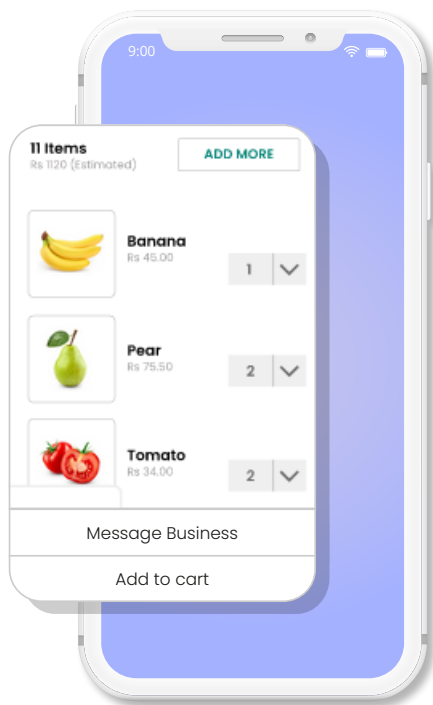
Fig 3: Shopping Cart

› Add to Cart

A customer can browse through a catalog and select multiple products and add them as items selected for the purchase, directly through WhatsApp. Merchants use the list of items in the cart to generate an invoice.

› Payments

WhatsApp can be integrated with several third-party payment options available in the market, some of which have been shown in fig 5. A 1-click payment service can also be integrated with WhatsApp for accelerated payment; we present more information about this in the forthcoming section on how your brand can grow business with Gupshup.
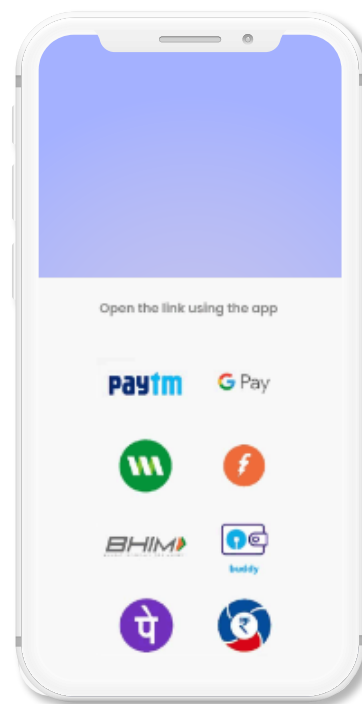

Fig 4: Some of the Payment Gateways that can be Integrated with WhatsApp

For more information on WhatsApp Commerce, do refer to our eBook on Building a Digital Storefront for Customers' WhatsApp Screens.

Instagram

Instagram has truly emerged as one of the most widely used social media platforms, with more than 1 billion active monthly users, who on average spend 29 minutes a day on the app! Not only are millennials part of these statistics, but brands post an average of 27.9 times per month, which is almost once a day! Further, 50 percent of the Instagram users follow at least one company. Hence a bot built on a brand's Instagram profile is a potential e-commerce touchpoint. But how do we go about it?

Instagram Messenger API

Messenger API for Instagram is designed primarily to manage a brand's presence on Instagram. It is available to all business accounts and enables brands to integrate third-party apps with their Instagram Direct Messages (DMs), to automate customer responses at scale. The Instagram API enables two-way conversations between brands and their followers, thereby improving the CSAT scores to boost sales.

Gupshup Instagram Messaging API

Retail brands can now engage with and monetize their follower base with Gupshup's messenger API for Instagram. The direct messaging (DM) feature on Instagram paves way for two-way conversations between brands and their patrons with an array of Gupshup's Instagram Messaging and conversational tools. Brands get to promote their products on Instagram by leveraging text, rich media, quick responses, and more.
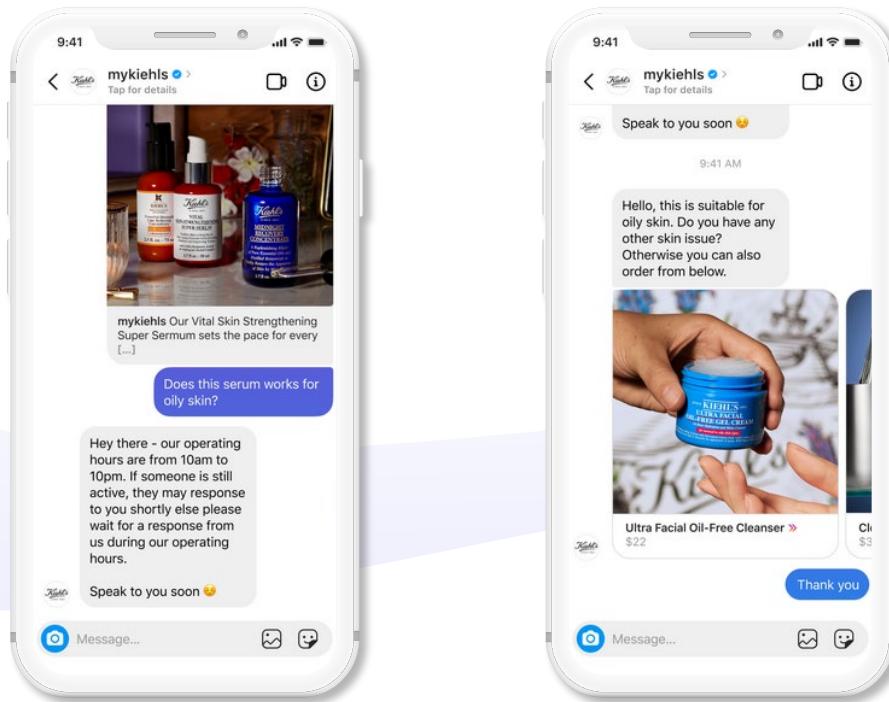
Fig 5: Conversational Messaging Over Instagram

Features of Instagram API

Some of the features of the Gupshup Instagram API that aid conversations for a fruitful engagement between brands and customers are:

> **Messaging**
Allows brands and consumers to send text messages, along with images, automated responses, and a lot more.

> **Webhooks**
Webhooks are automated messages sent from apps to notify the occurrence of an event. The feature notifies users of events such as messages sent, events such as payments made, and so on.

> **Handover**
A communication protocol that governs the functioning of two or more applications sharing data.

> **Conversation Retrieval**
Past conversations can be retrieved from the inbox.

> **Private Responses**
These are responses to the individual comments on post made by the brand.

> **Quick Responses**
A set of buttons that users can use to respond to brand's queries.

> **Ice Breakers**
A list of FAQs that consumers can leverage to initiate a conversation with a brand.

> **Generic Template**
A structured message including text, image, and buttons that a brand can share with customers.

> **Product Template**
A structured message template used to render products uploaded to the Facebook catalog.

The Gupshup Advantage

Gupshup guarantees:

> **Hassle-free Shopping**
Delightful experience to customers all through the shopping lifecycle, starting from browsing products to ordering and payments.

> **Seamless Custom Integrations**
Gupshup handholds brands in performing custom integrations of any tool to support business logic, user management, and more.

> **Enhanced Customer Engagement**
Gupshup helps brands deliver all the relevant notifications to customers to help them make appropriate decisions during purchase, such as product recommendations, marketing promos, and upselling.

> **Instant and Frictionless Payments**
By integrating third-party payment gateways with WhatsApp and Instagram, Gupshup allows consumers to make payments without navigating between multiple apps.

Customers can pay from any one of the payment options available or with UPI-driven smart messaging with One-click bill pay enabling customers to make payments instantly within WhatsApp. The 1-click Bill Payments' AI algorithm fetches the payment information from message content automatically and embeds the payment link in messages. Naturally, there is no need for any additional development on the enterprise side.

Since both WhatsApp and Gupshup have the potential to support your brand in connecting with customers and delivering their expectations, how do you possibly go live with them?

You can write to Gupshup at sales@gupshup.io and we can guide you through the process and help you go live effortlessly with a state-of-the-art solution, in the shortest timelines.

If you are looking to implement a complex use case, then worry not. Discuss your requirements with Gupshup.

Contact Us and we would help you craft the best conversational commerce strategy to support your retail business

References

❯ [How Conversational AI is Revolutionizing the Retail Industry?](#)

❯ [Overview of Retail Industry](#)

❯ [Global Retail Market Outlook](#)

❯ [Global Retail Market Report 2021-2030: Market is Expected to Reach $29361.95 Billion in 2025 at a CAGR of 7%](#)

❯ [Business, Take Note: Your Customers Prefer Texts](#)

❯ [Most popular social networks worldwide as of October 2021, ranked by number of active users](#)

❯ [WhatsApp Marketing in 2022: Ready-to-use Campaign Ideas for Consumer Brands in the U.K.](#)

❯ [Share Products With Customers](#)

❯ [Instagram Demographic Statistics: How Many People Use Instagram in 2022?](#)

❯ [Instagram chatbots, what are they and how to use them?](#)