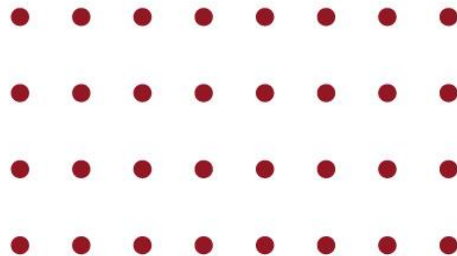


Consumer Experience
in the Digital
Environment

Future of e-Commerce Unit 20





Contents

- Digital customer behaviour and artificial intelligence
- Machine learning and the development of e-Commerce



Digital Customer Behavior and AI

Several areas of the e-Commerce industry, including customer experience, marketing, and product recommendations, are already being impacted by AI.

Machine learning has advanced, making AI more complex than ever. It can now be used to examine data and forecast upcoming events.

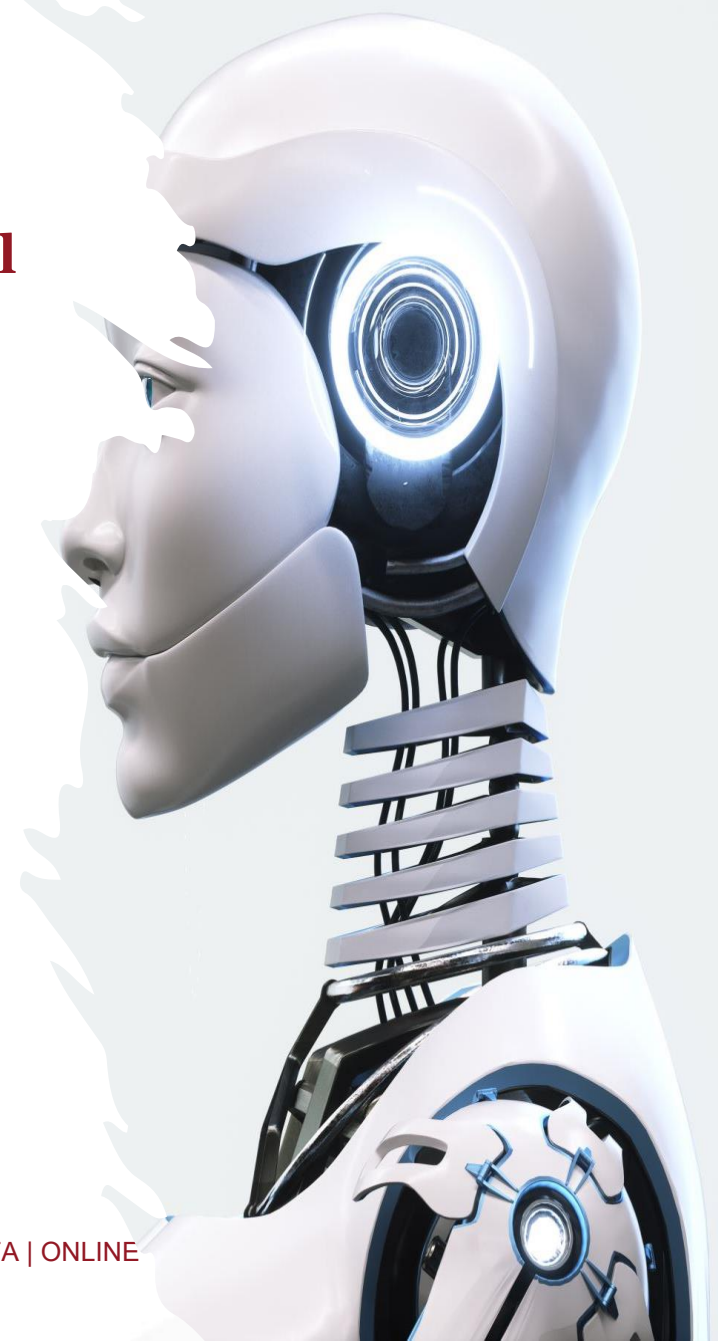
AI is anticipated to increase the sector's level of personalization, interactivity, and virtuality.



Digital Customer Behavior and Artificial Intelligence

Due to the size of its data set, AI will be better equipped to anticipate client wants. As a result, your campaigns will be more effective.

As AI develops, human mistakes will become less prevalent and our strategic marketing decisions will be more well-informed. Here, we'll look at some of its features and prospective applications.

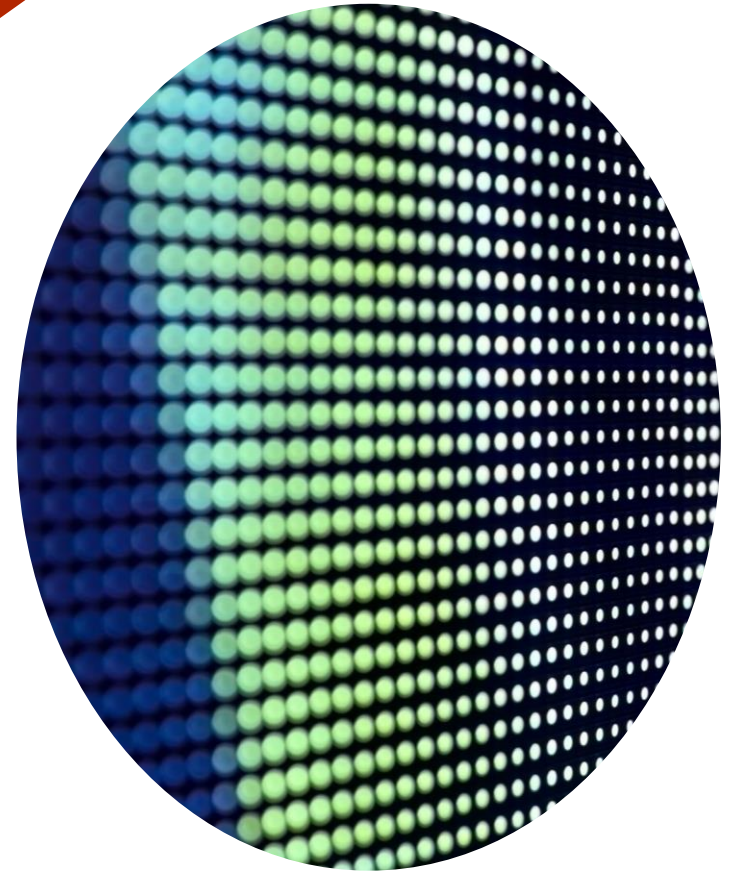


Deep Learning: A Branch of AI

Deep learning, a branch of AI, has the potential to change marketing in the future by assisting companies in anticipating consumer behaviour.

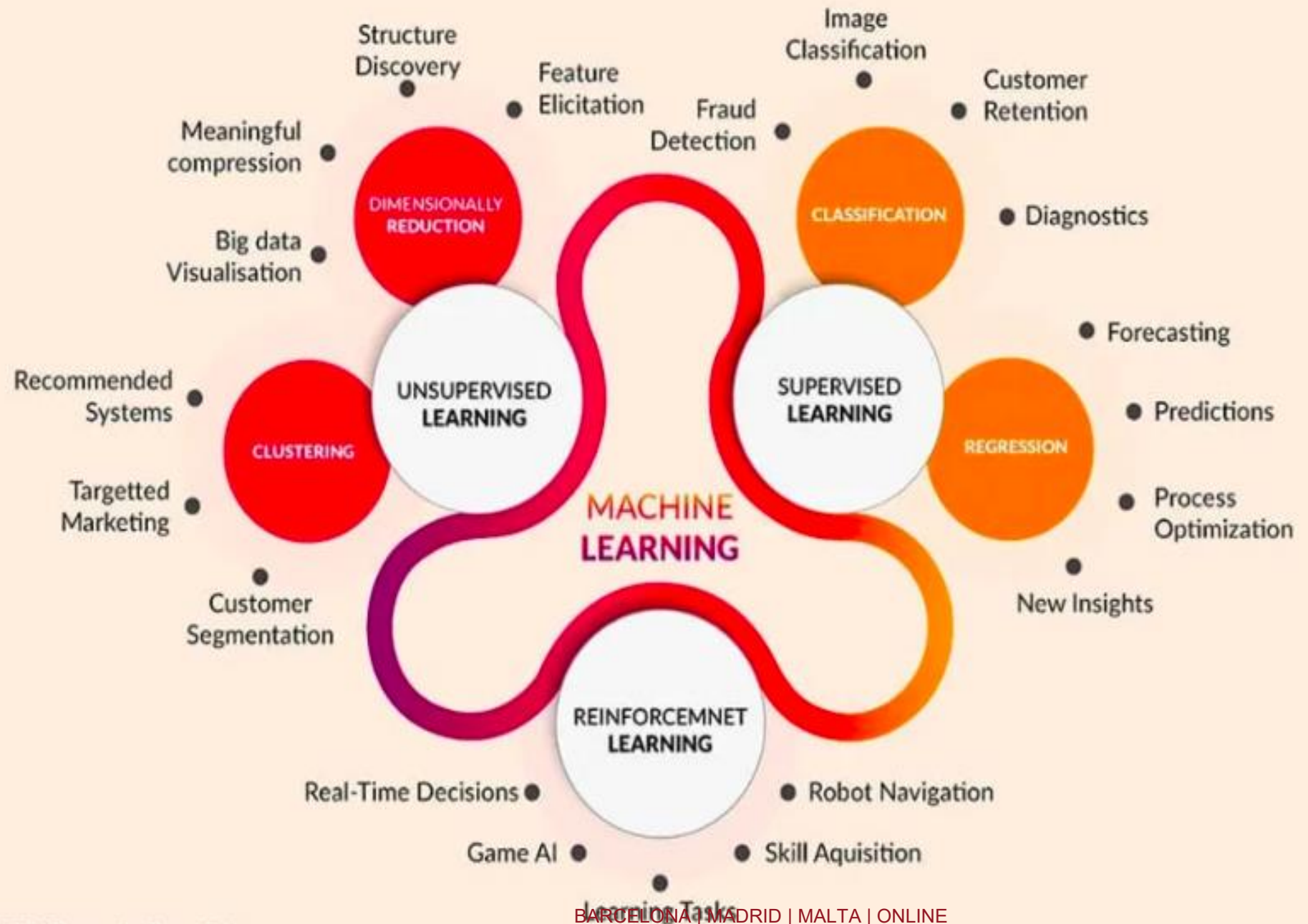
It is a technique for machine learning that uses "deep" neural networks that are layered, much like those in biological brains, to learn skills and solve complicated problems more quickly than humans can.

It facilitates the handling of "human" tasks by computers (or robots), including object perception, speech recognition, and language translation.





Machine Learning and the Development of e-Commerce



Machine Learning and the Development of e-Commerce

The three categories of machine learning algorithms are as follows:

- Supervised learning
- Unsupervised
- Reinforcement





Supervised Learning

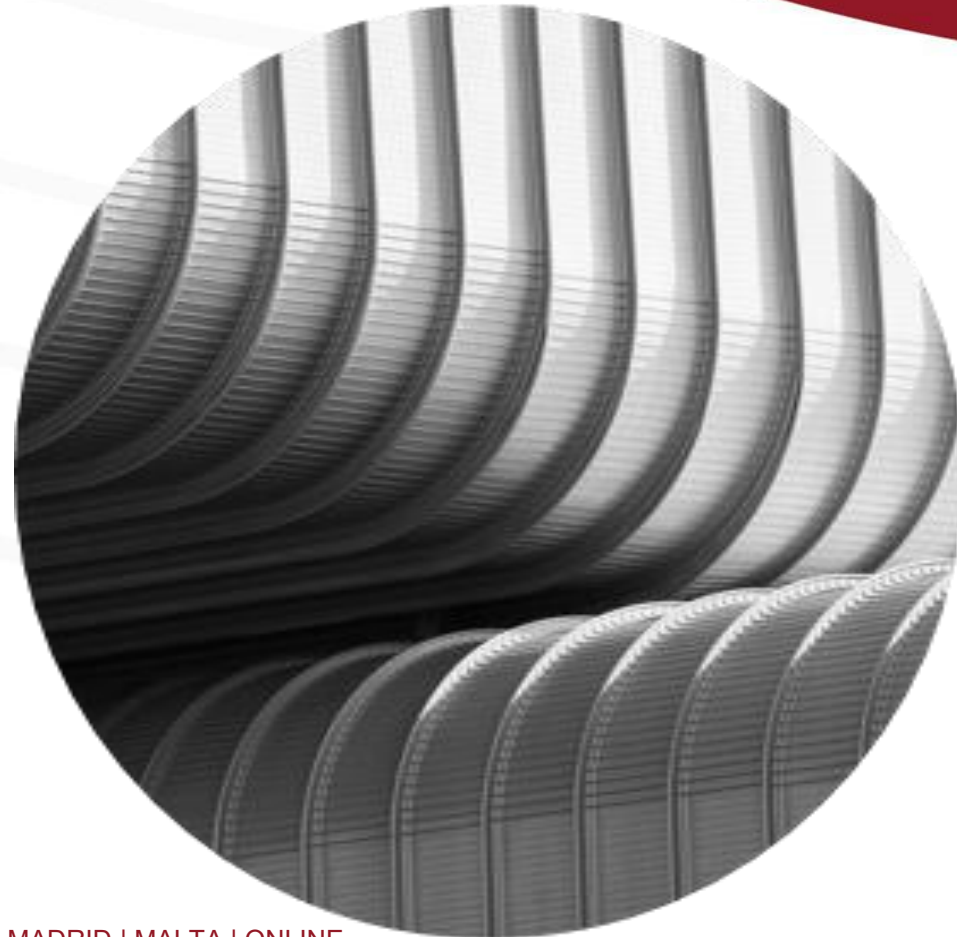
The use of specific annotated data under supervision is necessary to apply prior knowledge to new information.

Machine learning is able to predict future events and evaluate how well their outcomes match expected outcomes. The algorithms get better and better through this "practice".



Unsupervised Algorithms

- Unsupervised algorithms deal with data that has not been labelled or categorized.
- It is not possible to make predictions based on individual cases.
- These algorithms draw conclusions and detect underlying patterns or structures in the data.



Reinforcement Algorithms

- Reinforcement algorithms test the results of their algorithms on their environment.
- Through trial and error, the programs discover the correct behavior.
- In the future, the reinforcement algorithms then change their responses accordingly.

e-Commerce and the Consumer of the Future: What to Look Forward to?

1 Instant gratification will mean more than a quick fix

- Customers are starting to expect more from e-Commerce, such as the ability to find unusual things they can't find in large retail chains. These core desires will still be there in 2026, but customer expectations of e-Commerce and retail will have changed significantly by then.
- Consumers, especially Millennials (born between 1980 and 1995) and Generation Z, will demand 24/7 access to information and fast turnaround.

e-Commerce and the Consumer of the Future: What to Look Forward to?

2 The desire for shopping experiences will intensify

- Many customers would expect stores to offer a setting where shopping is an event experience in and of itself by 2026.
- This will convert into highly engaging, interactive augmented reality (AR)-based online and physical shopping environments.
- A significant strategy for enhancing and differentiating a brand's value offer will be the provision of distinctive and tangible shopping experiences, both online and offline.

e-Commerce and the Consumer of the Future: What to Look Forward to?

3 Internet stores spread to offline settings

- Most newcomers to the retail industry will begin with an online-only strategy before moving on to pop-up stores, networks of collection/showcase stores, and finally physical retail space.
- This is already true in the furniture industry, where new entrants have largely reduced the amount of physical display space while building brands and a design style online.
- For many customers, a single visit will be sufficient to establish the confidence needed to make further purchases without the need to actually see and handle each new product.

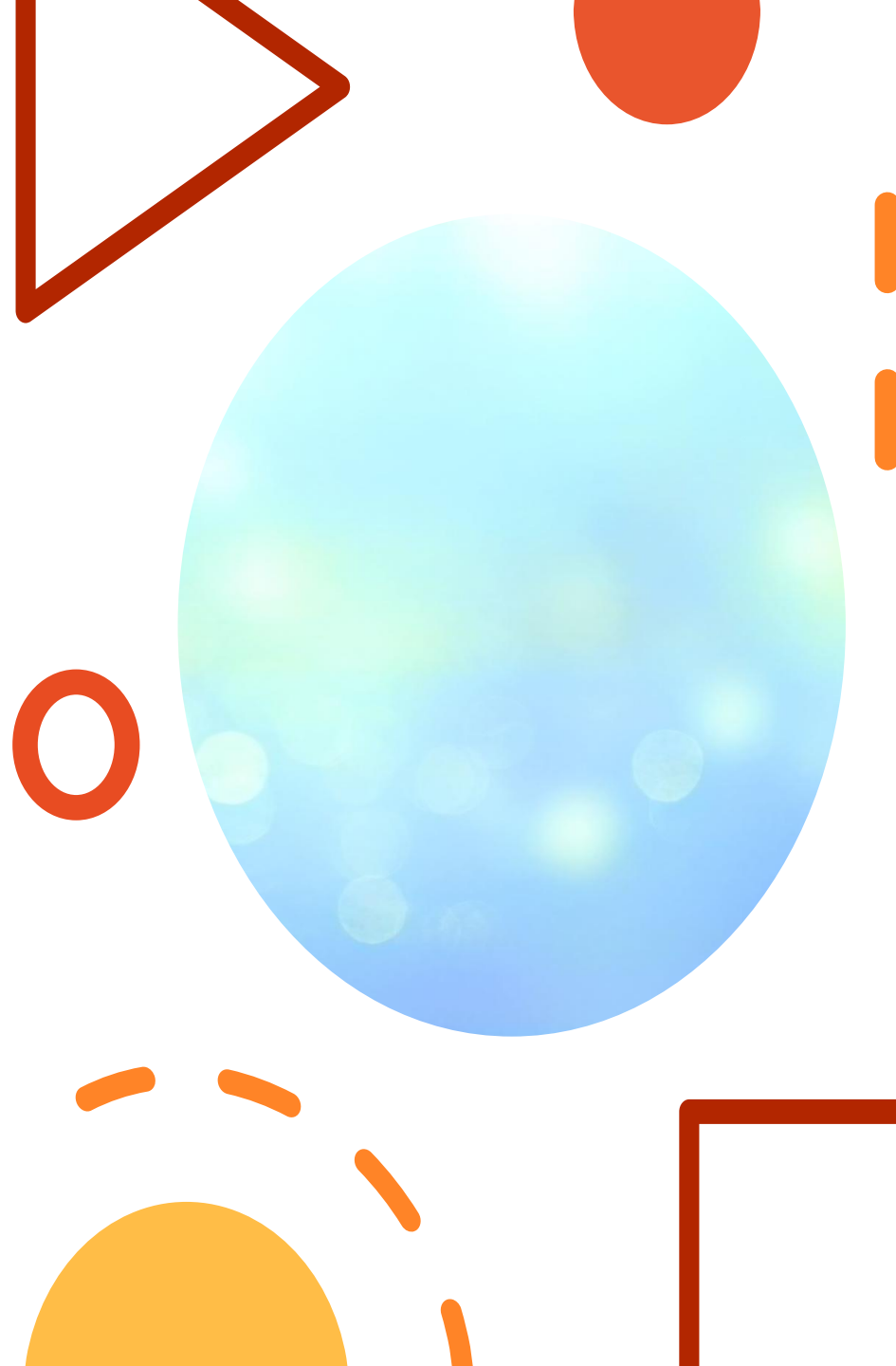
Product Quizzes

4 The search for new shipping delivery methods

- The cost of fulfilment has made it difficult for even the biggest firms to make a profit, despite the fact that operating online has lower operational costs.
- The retailers who can deliver things to consumers quickly and cheaply will be the ones who succeed in 2026. As Amazon has already done, the biggest players will invest in their own delivery methods to gain distinctiveness.
- But, due to security and safety concerns, the usage of drones and driverless automobiles for delivery won't be commonplace by 2026.

Key Technologies That Will Shape Retail

1. Hyperconnectivity will create new dynamics in retail
2. Wearables will become a platform for m-commerce, albeit with limitations
3. Online and offline shopping will benefit greatly from augmented reality (AR)
4. 3-D Printing won't have much of an impact on the retail industry





How to Face the Future of e-Commerce?

To face the future of e-Commerce it is important to keep in mind the following points.

- Develop flexibility and ongoing learning
- Reconsider segmentation
- Be aware of the restrictions on customization
- Understanding the customer journey will become essential

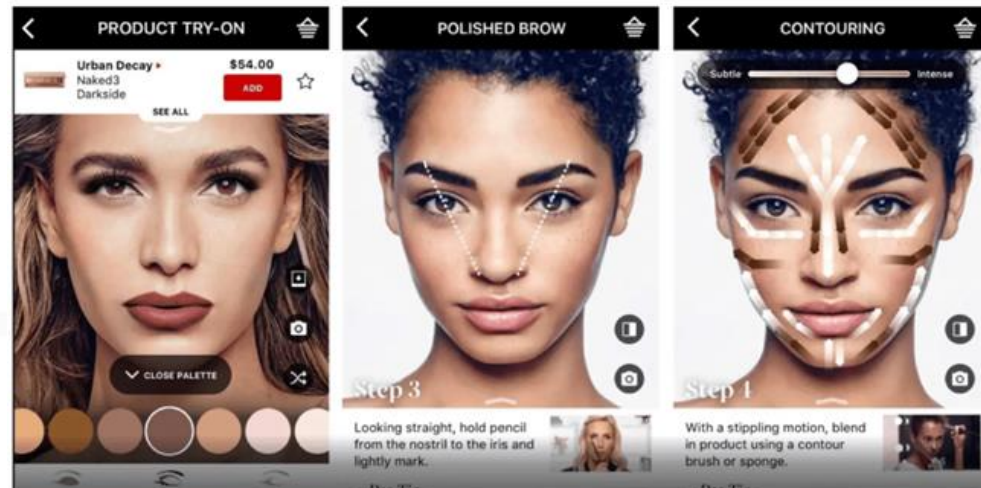
Case Study Sephora

- Digital and Mobile channels for E-Commerce
 - Mobile app offers personalized recommendations
 - Integrated with Beauty Insider loyalty program
- Augmented Reality (AR) for Virtual Try-Ons
 - Sephora Virtual Artist tool using smartphone or desktop camera
- AI-driven Personalization
 - Using machine learning and advanced algorithms for tailored recommendations and personalized skincare
 - Color IQ
 - Skincare IQ



Case Study Sephora: In-Store vs. Online

- Both channels are important for its success, play **complementary roles**
- Investment in technology, including AI, AR, and mobile platforms, allows Sephora to offer personalized and convenient shopping experiences that meet the evolving expectations of younger, digital-first shoppers
- Technological leadership positions Sephora as an innovator in the beauty industry, helping it differentiate itself from competitors and create deeper customer engagement
- Sephora must **balance** its digital innovation with maintaining the unique value of its physical stores and use both channels for rich customer engagement.



Thank You