AI Is Reshaping How Fashion Brands Do Business Online

The artificial intelligence (AI) revolution is no longer some far-off piece of science-fiction — it's here. But it doesn't look like Skynet (yet). Instead, AI is helping individuals in countless industries analyze data, create content, adjust pricing, write and send emails…the list goes on and on.

AI is creating new possibilities for businesses across the web. Fashion brands, in particular, are using AI to help optimize their ecommerce experiences for customers and improve internal operations. Let's take a look at how AI is reshaping the fashion industry online.

What is AI?

When you think of AI — if you're a nerd like me — your mind probably turns to Isaac Asimov: stories of robots, sentient metal beings, and science-fiction fantasy. But that's still a few years off. Instead, the AI of today instead deals with autonomous learning systems that can perform tasks that would otherwise require some sort of human operation.

There are a variety of practical uses for AI. You're probably most familiar with generative AI, images or text created after a person asked for, say, a picture of a frog playing the trumpet. This specific use case is having huge impacts across a variety of industries.

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But Generative AI is just a small piece of the larger AI puzzle. While there are a few different types of AI machines, the two most common are reactive and limited memory machines.

Reactive machines.

Reactive machines react to their environment with pre-programmed responses. These machines can be used in anything from smart thermostats to chess-playing computers.

Limited memory machines.

Limited memory machines use information from past experiences to make decisions or create an output. These machines are a bit more advanced than reactive counterparts. Think about the spam filter in your email. The filter has some sort of initial training to identify spam, and it keeps track of things like sender addresses, keywords, and suspicious attachments. It uses this training and short-term memory to send new emails either to the spam folder or to your inbox.

All of the AI systems we know of today are either reactive or limited memory machines. While they might seem simple on paper, they are revolutionizing the way that brands do business online. Let's look at some of the practical implications of these machines, and how they're impacting fashion ecommerce.

How fashion brands are using AI to sell more online

While AI has become a buzzword in the last couple of years, online retailers have actually been leveraging AI for well over a decade. But it's only recently that retailers have seen the true difference that AI can make in their day-to-day operations. While there are a variety of uses for AI online, they're most easily categorized as customer-facing technologies, or tech that has a direct impact on customer experience, and operational technologies, or tech that directly impacts business operations.

Customer-facing AI technologies.

Customer-facing AI technologies have grown vastly over the last few years. These can have an impact on product discovery, customer experience, and even acquisition.

"These tools create a curated experience for customers, sometimes on an individual level," said Heather Nigro, CEO of Moxxii Consulting. "AI can cater to an individual style or preference by analyzing purchase history, browsing data, social media, and even biometrics. Combining all of this data allows brands to create a unified shopping experience that we've never seen before."

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Chatbots

AI chatbots are one of the most popular (and longest running) uses of AI online. Chatbots take specific inputs from a customer, like "I want to return a shirt," and provide them with information on their request.

Tommy Hilfiger was an early innovator in the AI space, launching an AI chatbot on their Facebook page in 2016. The chatbot helped shoppers browse collections and select outfits in addition to suggesting collections based on their style.

"58% of the brands we surveyed found that adding a chatbot into their ecommerce sales funnel made for higher conversions when paired with personalization incentives," Nigro said. "But it's no substitute for the real thing when it comes to customer service. 90% of customers expressed frustration at the lack of a real human being when they needed it most, so don't think you can automate your entire customer support team just yet."

Product discovery and recommendations

Product recommendations are something we're all familiar with, but rather than manually inputting related products onto individual pages, AI can learn which kinds of products customers prefer, both on an individual and group level, then serve a customer with the most relevant product at the most relevant time in the buyer journey.

And that's exactly what shoppers want. Moxxii consulting found that 59% of shoppers prefer product recommendations based on their search history. In other words, implementing these tools can have a big boost to sales.

Personalization

In addition to serving up personalized product recommendations, AI can also help personalize individual shopping experiences throughout the customer journey. Machines can learn from shopping patterns and serve customers an individualized experience, where customers could receive discounts on products or shipping, see specialized imagery, and even find product descriptions that better cater to their needs.

Sizing assistants, AR/VR technology

Returns are one of the biggest challenges when it comes to the fashion ecommerce industry. "Women, on average, returned ecommerce clothing and apparel purchases 33% of the time, which can have a huge impact on a company's bottom line," Nigro explained.

According to AfterShip, 35% of women's returns had to do with sizing. To mitigate sizing woes, brands are turning to AI and augmented reality (AR) technologies to ensure individuals get the exact size and experience they need when shopping online.

While these technologies are mostly focused on improving customer experience online, brands are also using AI to help improve internal operations and logistics.

Operational AI technologies.

Operational AI technologies are those that assist in day-to-day operations of a business. Think of the tasks that individuals might do throughout the day, like purchasing inventory, forecasting future trends, or writing short, punchy copy.

Inventory management

No matter what industry you're in, there's bound to be overage and waste. This is especially true in an industry like fashion where trends change as quickly as the seasons. But AI can analyze data from supply chain attribution sets (sourcing, production, demand forecasting, etc.), identify inefficiencies, and suggest improvements.

"This is an amazing way brands are leveraging AI to streamline processes," Nigro explained. "They can even use predictive analytics to reduce freight or cargo distances and minimize Scope 3 emissions. Some of those things that they might not have direct control over, but can still impact."

Dynamic pricing

While customers benefit from dynamic pricing, businesses can, too. "The key is aligning real-time market conditions, customer insights, and digital marketing efforts. Getting all three of these to work together can be a huge challenge, but with the right tools, brands can see a huge uptick in

sales," Nigro said. "Take the holiday season, for example. AI can adjust prices to capitalize on increased site traffic, or suggest overstock inventory as an upsell.

"The biggest challenge with this is adapting dynamic pricing to an omnichannel environment," she continued. "If a buyer sees a product discounted based on AI-driven dynamic pricing online, but not in-store, how does that impact their overall experience? Brands need to start thinking about their customers' and personas' real-life experiences, not just about numbers in a spreadsheet."

Trend forecasting

AI is especially powerful when it comes to trend forecasting. "AI can gather data in real-time through social media, shopping data, and the like. These data will directly impact future trends," Nigro said. "It can also help forecast life cycles of a trend or product. Where designers, retailers, and marketers have always looked ahead to the next big thing, AI tools allow them to respond to current trends much faster."

Product development

Perhaps one of the most interesting uses of AI in fashion and apparel product development. Brands are taking examples or inspiration from deceased or past designers, feeding it into machines, and creating new designs.

"I think if Karl Lagerfeld was alive, he would've fully embraced AI as part of his workflow," said Nigro. "AI is not a substitute for creativity, but it can certainly help to recognize design elements, characteristics, or patterns that make up a brand's genetic algorithm. The key is for designers to retain control of AI and how it is used in their business.

There are some designers who are fully embracing the AI revolution as part of their brand. "Norma Kamali is teaching an AI system to replicate her design style — "downloading my brain," she calls it — so when the day comes that she steps back from her company, her creative legacy will carry on."

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Google BigQuery.

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Klevu Moi.

Since the ChatGPT boom, expectations for intuitive search experiences are higher than ever. With Klevu Moi, the latest multimodal AI conversational search product for ecommerce, shoppers can have a conversation within the search experience itself, leading to conversion rates of up to 16%.

Bloomreach Loomi.

Bloomreach makes online shopping personal. Their AI-powered solutions include marketing automation, product discovery, content management, and conversational shopping. With Loomi, Bloomreach's powerful AI built for commerce, customers can find exactly what they want at every stage of their journey.

Searchspring AI.

Built exclusively for ecommerce, Searchspring enables brands to get the right product, to the right person, at the right time. With Searchspring, customers can boost AOV and drive conversions, personalizing the shopping experience through AI-powered recommendations and product bundles.

The final word

AI is a powerful tool that is, without a doubt, going to change the way the world works. While AI or machine learning tools have been used for decades (in some cases, even longer), the technological boom we've experienced in recent years has shown retailers, especially in the fashion and apparel space, just how powerful these tools can be — and just what kinds of benefits retailers can expect as they continue to evolve.

Customer-facing AI tools continue to create a better experience for shoppers online, whether that's with pricing, product discovery, or even sizing, while operational AI tools will allow businesses to react to trends more quickly, optimize inventory management, and even develop new products.

No matter where the AI revolution takes us, you can count on BigCommerce to continue partnering with some of the world's leading technology companies to stay on the cutting edge of ecommerce. Learn more about our advances in AI here.

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