

Lab: Generative AI for Business Transformation

Estimated time: 25 minutes

Learning objectives

After completing this lab, you will be able to:

- Utilize generative AI to accelerate innovation by analyzing market and technology trends
- Leverage generative AI to enhance various aspects of e-commerce operations, such as dynamic pricing strategies
- Support strategic decision-making by providing data-driven insights

Welcome to the lab on Generative AI for Business Transformation!

Introduction

In today's highly competitive e-commerce landscape, leveraging artificial intelligence (AI) is no longer a luxury but a necessity for companies seeking to stay ahead. It demands a proactive approach to innovation and market analysis. AI plays a transformative role in this field, offering powerful tools to analyze market and technology trends and accelerate research and development.

AI technologies offer transformative opportunities to enhance various aspects of e-commerce operations, such as dynamic pricing strategies and subscription services.

By integrating AI into your business, you can find new growth opportunities, drive technological advancements, and secure a competitive edge.

In this lab, we will demonstrate the use of generative AI through the Microsoft Copilot chatbot, which can be useful for writing, summarizing, and translating. Copilot can search the content on the Internet to analyze recent articles, blogs, and social media updates and analyze and summarize the latest developments and trends.

Exercise 1: Marketing and technology trends

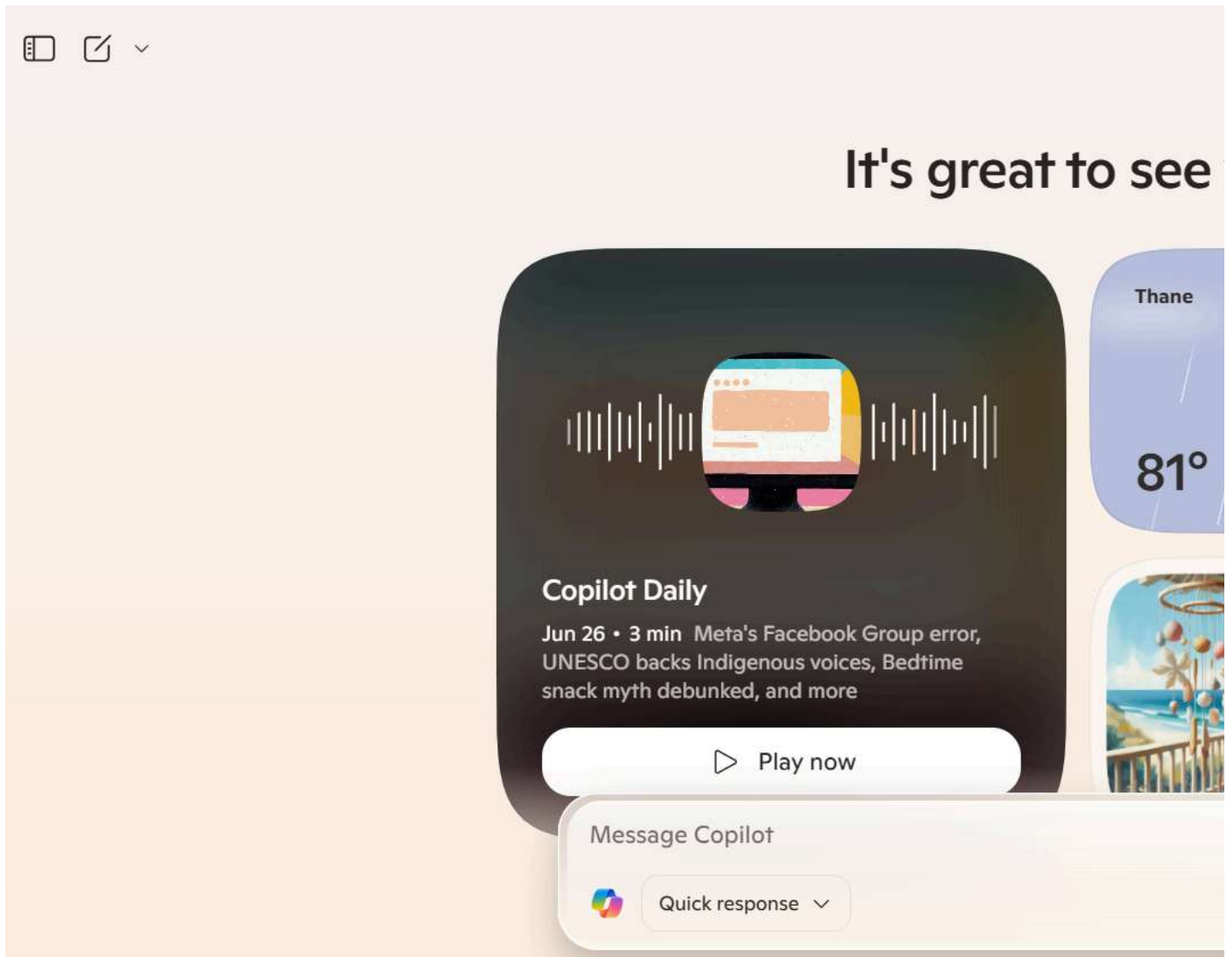
The capabilities of generative AI to process and analyze vast amounts of data enable e-commerce companies to gain deep insights into market trends. This enables businesses to adapt and seize new opportunities swiftly.

In this exercise, we'll consider a scenario of an e-commerce company, FlexKart, to understand how a generative AI tool can be used to analyze and summarize market and technology trends.

1. Open a link to [Copilot \(microsoft.com\)](https://copilot.microsoft.com/) in your browser and select **Sign in** or **Log In** at the top-right corner of the screen.

Note: If you cannot access Microsoft Copilot by clicking on the link, copy the following URL and paste it into a browser.

<https://copilot.microsoft.com/>



Note: If you are a first-time user, set up Microsoft's Copilot account to Sign up using the steps given here [Getting Started with Microsoft's Copilot](#).

2. FlexKart's Marketing Head strives to understand the latest trends in the e-commerce industry. Think of the context and write your prompt or statement in the **Type your message** field at the bottom of the screen.

I'm interested in understanding the latest trends in the e-commerce industry. Please provide a summary of recent trends based on recent news art



Hi, how can I help you?

I'm interested in understanding the latest trends in the e-commerce industry. Can you provide recent trends based on recent news articles and industry reports.



Note: You can copy the example using the copy icon on the right side of the box.

3. Click the **Submit** icon to generate the response. Here is the sample response. Note that in the response, the Copilot chatbot provides notable trends and links to reports and articles to explore more about this.

Latest Trends in the E-Commerce Industry (Mid-2025)

Based on recent insights from **Forbes**, **McKinsey**, and **Statista**:

1. Live Shopping is Booming

Live commerce—selling products via livestreams—is rapidly transforming online shopping:

- **Real-time engagement:** Shoppers can interact with hosts, ask questions, and buy instantly.
- **Higher conversion rates:** The urgency and entertainment factor drive faster decisions.
- **Social proof:** Seeing others engage and purchase builds trust and credibility.

2. Generative AI is Reshaping E-Commerce

According to McKinsey, generative AI is now central to e-commerce strategy:

- **Personalized experiences:** AI tailors product recommendations, content, and customer service.
- **Operational efficiency:** AI is optimizing logistics, inventory, and marketing.
- **In-house innovation:** Leading companies are building internal AI capabilities rather than outsourcing.

3. Integrated Tech Ecosystems

Next-gen e-commerce is about deep tech integration across the value chain:

- **Unified platforms:** From R&D to warehousing and marketing, systems are becoming more interconnected.
- **Agility and speed:** Companies with strong tech foundations can innovate and scale faster.

4. Mobile-First and Omnichannel Strategies

Consumers expect seamless experiences across devices and platforms:

- **Mobile commerce** continues to grow, especially in emerging markets.
- **Omnichannel presence** is key—brands are blending online and offline touchpoints for consistency.

5. Sustainability and Ethical Commerce

Shoppers are increasingly prioritizing:

- Eco-friendly packaging
- Transparent sourcing
- Carbon-neutral delivery options

Brands that align with these values are gaining loyalty and market share.

6. Data-Driven Decision Making

Companies are leveraging **real-time analytics** to understand customer behavior and optimize:

- Pricing
- Inventory
- Marketing strategies

4. Further, the CTO wants to understand the latest technological innovations in the e-commerce industry. Design a prompt regarding this and enter in the **Type your message**.

What are the latest technological innovations driving the e-commerce industry forward? Please provide examples of how these technologies ar

5. Click the **Submit** icon to generate the response. In the response generated at our end, the chatbot highlights a few major technological innovations occurring in the e-commerce industry, including chatbots, recommendation engines, e-wallets, and augmented and virtual reality (AR/VR).

Certainly! Here are some recent technological innovations shaping the e-commerce industry:

1. Chatbots and Intelligent Virtual Assistants (IVAs):

- **How they work:** Chatbots use natural language processing (NLP) to provide automated responses via text or voice interactions. IVAs incorporate advanced AI capabilities.
- **Examples:**
 - **Haptik:** An IVA that offers 24/7 customer service and product recommendations, resulting in cost savings and improved customer experience.
 - **Starbucks:** Their IVA led to a 34% boost in app engagement.

2. Recommendation Engines:

- **How they work:** These engines analyze user behavior and preferences to suggest personalized products.
- **Examples:**
 - **Amazon:** Its recommendation engine drives upselling and cross-selling by suggesting related items.
 - **Netflix:** Personalized content recommendations keep users engaged and improve retention.

3. Mobile Dominance:

- **Impact:** Mobile devices drive online sales.
- **Example:** Mobile apps for shopping, payment, and browsing are essential for e-commerce success.

4. eWallet Technology:

- **Importance:** Secure digital wallets facilitate seamless payments.
- **Example:** Apple Pay, Google Pay, and PayPal.

5. Augmented and Virtual Reality (AR/VR):

- **Application:** Enhancing the online shopping experience.
- **Example:*** IKEA's AR app lets users visualize furniture in their homes before purchasing

6. Omnichannel Presence:

- **Strategy:** Integrating online and offline channels for a seamless customer journey.
- **Example:** Buy online, pick up in-store (BOPIS) services.

Remember, staying updated on these trends can help e-commerce businesses thrive in a competitive market!

6. To stay ahead and improve customers' shopping experiences, the CTO is interested in implementing AR/VR on their platform and wants to learn about the steps for implementing AR/VR features on their e-commerce platform. Design a prompt regarding this and enter it in the **Type your message** field.

We're considering implementing AR/VR features on our e-commerce platform. Can you provide detailed steps and best practices for integrating

We're considering implementing AR/VR features on our e-commerce platform. Can you provide detailed steps and best practices for integrating AR/VR technology, including technical requirements and potential challenges?



7. Click the **Submit** button to generate the response. Here is the sample response.

Copilot

Executing Task:

integrate AR/VR features on an e-commerce platform

Sent by Copilot:

Certainly! Integrating AR/VR features into an e-commerce platform involves several steps and considerations. Here's a high-level guide:

1. Define Your Goals:

- Understand why you want to implement AR/VR. Is it for product visualization, enhancing user experience, or increasing sales?

2. Choose the Right Technology:

- **AR:** Overlay digital content (e.g., 3D models) onto the real world.
- **VR:** Create immersive experiences in a virtual environment.
- Consider the use case and user preferences.

3. Technical Requirements:

- **Hardware:** Ensure compatibility with devices (smartphones, VR headsets, etc.).
- **Software:** Develop or choose an AR/VR platform (e.g., ARCore, ARKit, Unity, Unreal Engine).
- **3D Models:** Create or source 3D models of your products.
- **Backend Infrastructure:** Support real-time rendering and data exchange.

4. Implementing AR/VR Features:

▪ Product Visualization:

1. Allow users to view products in their real environment (AR) or a virtual showroom (VR).
2. Use 3D models and markers for AR.

▪ Try-On Experiences:

1. For fashion or cosmetics, enable virtual try-ons.
2. Use face tracking and realistic rendering.

▪ Interactive Product Demos:

1. Showcase complex products (e.g., furniture assembly) through step-by-step AR guides.

▪ Virtual Showrooms:

1. Create immersive environments where users can explore products.
2. Use VR headsets or web-based VR.

5. User Experience (UX) Best Practices:

- **Simplicity:** Keep interactions intuitive.
- **Performance:** Optimize loading times and rendering quality.
- **Realism:** Ensure 3D models look realistic.
- **Mobile Optimization:** Prioritize mobile AR experiences.
- **Feedback:** Provide visual cues (e.g., highlighting clickable areas).

6. Challenges and Considerations:

- **Device Fragmentation:** AR/VR works differently on various devices.
- **Privacy:** AR may access users' camera and location.
- **Content Creation:** 3D modeling and animation can be time-consuming.
- **Cost:** Developing AR/VR features can be expensive.
- **Testing:** Rigorous testing across devices and scenarios is crucial.

7. Testing and Iteration:

- Test thoroughly on different devices and environments.
- Gather user feedback and iterate based on insights.

Remember, successful AR/VR integration requires a balance between technology, user experience, and business goals. Consider hiring experts or partnering with AR/VR development agencies if needed. Good luck! 😊

Try yourself!

You can further converse with the prompt to gain more information about implementing AR/VR technology on an online portal. Some of the follow-up questions that you can consider are:

1. What are some successful examples or case studies of AR/VR in e-commerce?
2. What should be the privacy considerations for AR applications?

Exercise 2: AI-Driven Dynamic Pricing

Dynamic pricing is a strategy in which prices are adjusted in real time based on various factors, such as market demand, competitor pricing, and customer behavior.

As part of FlexKart's transformation through AI, the CEO plans to implement dynamic pricing to optimize sales of its best-selling electronics and home appliances during the holiday season. The company plans to adjust prices based on real-time demand, competitor pricing, and customer segments.

1. Create a new chat in Copilot by clicking on **the New topic** button.
2. Let's start by asking the chatbot to generate a plan for implementing dynamic pricing in an e-commerce organization such as FlexKart.

We are planning to implement dynamic pricing using AI to optimize sales of our best-selling electronics and home appliances during the holiday season.

We are planning to implement dynamic pricing using AI to optimize sales of our best-selling electronics and home appliances during the holiday season. Can you help us create a step-by-step plan to implement dynamic pricing?



3. Click the **Submit** button to generate the output.

Certainly! Implementing dynamic pricing using AI can significantly enhance revenue potential and competitiveness. Here's a step-by-step plan to guide you:

1. Data Collection:

- Gather comprehensive data from various sources, including competitor prices, sales history, market demand, and other relevant factors.

2. Choose the Right AI Tools:

- Explore AI tools and platforms specifically designed for dynamic pricing. Consider factors like scalability, accuracy, and ease of integration.

3. Design and Train the Algorithm:

- Create an AI algorithm that incorporates necessary variables and datasets.
- Utilize advanced technologies like machine learning, deep learning, and neural networks.
- Train the algorithm using historical data to learn patterns and make accurate predictions.

4. Pilot and Test:

- Implement the dynamic pricing strategy on a smaller scale (e.g., specific product categories or regions).
- Monitor its performance and adjust parameters as needed.

5. Full Implementation:

- Roll out the dynamic pricing strategy across all relevant products and markets.
- Continuously monitor and refine the algorithm based on real-time market dynamics.

Remember that dynamic pricing requires a deep understanding of market forces, consumer behavior, and technological capabilities. By leveraging AI effectively, you can achieve optimal pricing and maximize profits. 🚀
For more detailed insights, you can explore resources like this [article on dynamic pricing](#) and this [step-by-step guide from Harvard Business Review](#).

2. Let's start by asking the chatbot to generate a plan for implementing dynamic pricing in an e-commerce organization such as FlexKart.

What data should we consider collecting for dynamic pricing?

What data should we consider collecting for dynamic pricing?



3. Click the **Submit** icon to generate the response. Here is the sample response.

Certainly! When implementing dynamic pricing using AI, collecting relevant data is crucial. Here are the key data sources to consider:

1. Historical Sales Data:

- Analyze past sales patterns to understand demand fluctuations over time.
- Identify seasonal trends, peak sales periods, and slow seasons.

2. Competitor Pricing:

- Monitor competitors' prices for similar products.
- Understand how their pricing strategies impact market dynamics.

3. Market Trends:

- Keep track of industry trends, economic conditions, and consumer preferences.
- Adapt pricing based on market shifts.

4. Customer Demographics and Behavior:

- Segment customers based on demographics (age, location, etc.).
- Analyze buying behavior, preferences, and willingness to pay.

5. Promotions Calendar:

- Consider ongoing promotions, discounts, and special events.
- Adjust pricing to align with promotional activities.

Remember that dynamic pricing algorithms rely on these external data sources to determine optimal price points in real-time. [By leveraging this information, you can adapt quickly to market changes and maximize revenue while staying competitive.](#)

Try Yourself!

You can ask more questions from the chatbot about implementing dynamic pricing, such as:

- How can FlexKart start collecting the necessary data for dynamic pricing?"
- How can FlexKart ensure that its dynamic pricing strategy does not push away customers?

Summary

Congratulations on completing the lab Generative AI for Business Transformation!

In this lab, you explored that by leveraging AI to analyze market trends and emerging technologies, an e-commerce company can identify new growth opportunities and drive innovation.

Author(s)

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