

Chatbot - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Chatbot Market size is estimated at USD 7.01 billion in 2024, and is expected to reach USD 20.81 billion by 2029, growing at a CAGR of 24.32% during the forecast period (2024-2029).

The chatbot market is witnessing growth due to increasing demand for messenger applications and the growing adoption of consumer analytics by various businesses globally. Vendors globally are making significant product innovations by integrating technologies such as AI and NLP to cater to customer needs and market requirements.

Key Highlights

- Chatbots are software applications that utilize artificial intelligence and natural language processing to understand human needs and guide them to the desired outcome with as minimal work by the end user as possible. They act as virtual assistants for customer experience touchpoints. Bots not only interpret the user intent but also process their requests and give prompt relevant answers.
- The market is primarily driven by the rising domination of messenger applications and increasing demand for customer analytics.
- Due to the increasing use of messenger applications, integration of chatbots with messengers yield a higher return on investment as approaching the customers on their preferred application improves user experience. Moreover, messenger applications allow chatbots to save the user's chat history for future purposes to personalize the user experience and gain actionable insights.
- The messaging app usage statistics of January 2022 released by Hootsuite show that WhatsApp has 2,000 million active monthly users, followed by WeChat with 1,263 million monthly active users, followed by Facebook Messenger with 998 million Monthly active users. Chatbots with the ability to reasonably mimic humans allow brands to engage consumers more efficiently on these growing messaging platforms.
- With the outbreak of COVID-19, chatbots have been increasingly deployed by various organizations to respond to customer

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queries and other related information. As different organizations adopted remote working due to the lockdowns imposed, companies became heavily dependent on chatbots to reduce the burden of customer queries due to the minimal availability of customer service employees.

-Marketing and sales teams are often under pressure to gain sales and constantly improve the customer experience. In contrast to traditional customer service, chatbots are available around the clock, even when sales personnel fail to attend to customer queries. Chatbots help support customers without interruption of working hour limitations. Moreover, bots can easily handle a high number of requests and process them all simultaneously without ever being overworked. Thus, the availability of correct information without waiting helps enterprises boost consumer experience using chatbots.

Chatbot Market Trends

Retail to Have Significant Growth

- The applications of chatbots in the retail industry mainly include generating leads, supporting in-store purchases, sending mobile alerts and updates, and providing instant service.
- During an online shopping interaction, the chatbot can present a variety of product selections based on the customer's preferences, such as price range, features, and other users' rankings and comments. Retailers may enhance income by integrating recommendation algorithms into chatbots, and users can discover products that match their preferences.
- Customers may wish to see or try on a product they saw on the website. The user can use the chatbot to find nearby stores and learn about their opening hours. Customers can also use the chatbot to select their desired product, provide their address and contact information, and place orders. Additionally, the chatbot can provide information on upcoming products related to the customer's intent, allowing them to place pre-orders for such products before they go on sale.
- North American countries like the United States are witnessing significant adoption of chatbots in retail. For instance, in March 2023, a US-based retail firm that operates grocery delivery and pick-up services, Instacart, added OpenAI's ChatGPT technology to its grocery delivery app. Instacart has become the latest of a growing list of companies, including Facebook and Snapchat, that choose the AI language tool to boost customer services, improve customer experience, and fasten their marketing and automated tasks.

Asia-Pacific is Expected to Witness Significant Growth Rates

- Asia-Pacific is witnessing a significant increase in industrialization, increasing the need for chatbots in the market. The increasing retail and e-commerce business in emerging economies, such as China, India, Indonesia, Vietnam, Malaysia, the Philippines, and Thailand, accelerated the high demand and significant adoption of chatbots by retailers and e-commerce business owners.
- The Asia-Pacific chatbot market experienced high growth during the COVID-19 pandemic. Due to the increased number of COVID-19-infected patients in the region and the lockdown announced by the government of significant economies in the region, the deployments of chatbots increased by various organizations to handle patients' queries related to their medication and consultation with doctors online from remote locations.
- Chatbots are being transformed with conversational experiences that deliver immediate, personalized experiences using automated and manual solutions across various messaging channels. The region is witnessing investments in the market studied to provide seamless solutions to its customers.
- There is a significant growth in the usage of messaging services, which is further anticipated to exceed social networking sites in terms of the number of users. A significant development in natural language processing simplifies the interactions between computer and human languages. Factors such as these are likely to drive the market during the forecast period.

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Chatbot Industry Overview

The chatbot market is highly competitive, owing to the presence of many small and large players. This fragmentation is due to the relative ease of developing chatbot applications using open-source frameworks, APIs, and development platforms. As a result, numerous small-scale vendors have entered the market, contributing to its fragmentation. Some prominent players in the market are IBM Corporation, eGain Corporation, Nuance Communications, Creative Virtual Ltd, and Avaamo Inc.

- April 2023 - Zendesk partnered with OpenAI, a prominent America-based AI research laboratory. The firm would provide its users with AI-supported solutions to simplify ticket-generating activities for CX and customer service employees. Zendesk and OpenAI are working together to improve the capabilities of Zendesk's foundation models, which are proprietary, by integrating them with OpenAI's.

- January 2023 - Kore.ai declared that the firm would introduce RetailAssist, a conversational sales assistant solution for the retail sector, at the National Federation of Retailers exhibition (NRF 2023) in New York City. RetailAssist helps retail and e-commerce businesses modernize, scale, and transform operations by developing expertise in self-service automation, customization, omnichannel fulfillment, and 24/7 pre-/post-sales service and support.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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