

Real-world Applications of LLMs for eCommerce

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Who I am

Since 2022: VP of Engineering at Crossing Minds

Previously: Director of ML Engineering at Spotify

Experience: Recommender systems, information retrieval, machine learning, signal processing, computer vision

Organizer:

- Spotify Million Playlist Dataset Challenge / RecSys
 Challenge 2018
- PodRecs @ RecSys 2020, 2021: Workshop on Podcast Recommendations





Who is Crossing Minds?

- An AI Personalization Platform founded in 2017 by Alexandre Robicquet, Emile Contal, and Sebastian Thrun
- We provide a highly scalable Recommendations API, along with AI-based Data Enrichment and Conversational Search.
- We serve over 30 customers in the media, financial, education, and **eCommerce** industries.
- Within eCommerce, we work with a number of brands, retailers, and marketplaces.



Bonhams





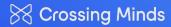




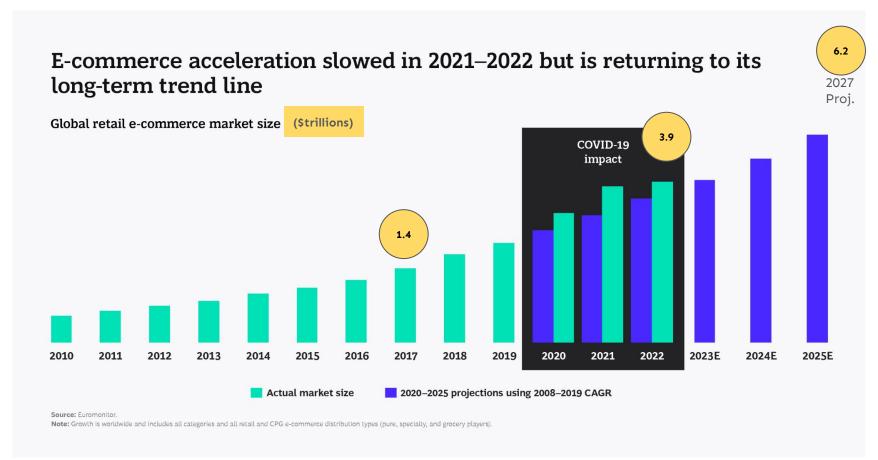








Trends in eCommerce





E-commerce to lead global retail sales growth by 2027



Sources: BCG's Worldwide E-Commerce Survey 2023; Foxintelligence; Edge by Ascential.

Note: E-commerce includes both retail and CPG companies.



Mobile Commerce

 In 2023, Mobile Commerce accounted for 42% of all eCommerce sales

Retail Mcommerce Sales in the US, 2019-2025

billions, % change, and % of total retail ecommerce sales



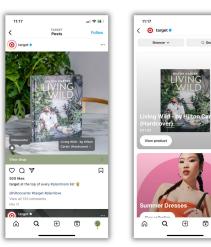
Note: includes products or services ordered using the internet via mobile devices, regardless of the method of payment or fulfillment; includes sales on tablets; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, food services and drinking place sales, gambling, and other vice goods sales

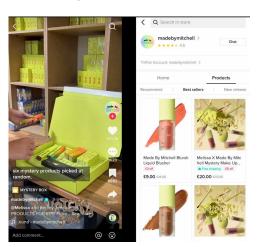
Source: eMarketer, May 2021



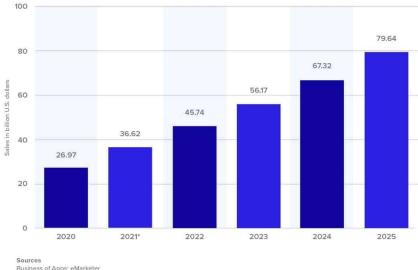
Social Commerce

- Social Commerce in the US accounted for \$56.2B in 2023, and is projected to grow to \$79.6B by 2025.
- Social commerce is **much larger** in China.





Social commerce sales in the United States from 2020 to 2025 (in billion U.S. dollars)



Business of Apps; eMarketer ©Statista 2021

Source: Statista



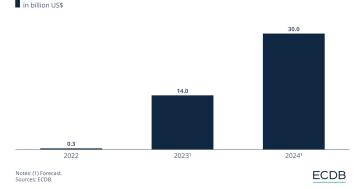
Shifts in distribution

- Shopify and other integrated eCommerce
 platforms have enabled sellers of all sizes to enjoy
 the same tech stack enjoyed by only the larger
 online stores decades ago. The number of
 merchants on Shopify has grown from 1M in 2019,
 to over 2.3M in 2024.
- Temu, Shein, Aliexpress and other
 manufacturer-to-consumer (M2C) marketplaces
 have had a meteoric rise in the last few years,
 capitalizing on budget-conscious shoppers in a
 high-inflation financial climate.

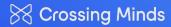


Source: <u>Store Leads</u>

GROSS MERCHANDISE VOLUME (GMV) ON TEMU.COM, 2022-2024



Source: **ECDB**



Challenges in eCommerce



Challenges faced by eCommerce businesses

Content

Rich product
metadata is crucial for
discoverability both on
site and off, but
metadata is costly to
manually create, and
quality and coverage
can vary wildly.



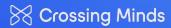
Challenges faced by eCommerce businesses

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Rich product metadata is **crucial** for discoverability both on site and off, but metadata is costly to manually create, and quality and coverage can vary wildly.

UX

Modern shoppers are beginning to shift from "search engine" mindsets to personalized feeds, and conversational interfaces.



Enter the LLM

Crossing Minds



- Large Language Models, or LLMs were built upon prior research in Deep Learning, particularly the Transformer architecture.
- ChatGPT by OpenAI was the most successful application of LLMs that ushered in the current era of Generative
 AI in mainstream culture.
- So what exactly can LLMs do?



LLMs can talk

FL

\$

Hi, I'm writing an article about you and all of the cool things you can do. Could you say hello to my readers and give us a quick self-introduction? I'd like it to be friendly and casual, include a silly joke, and end with a note about how great the rest of my article is.



[9

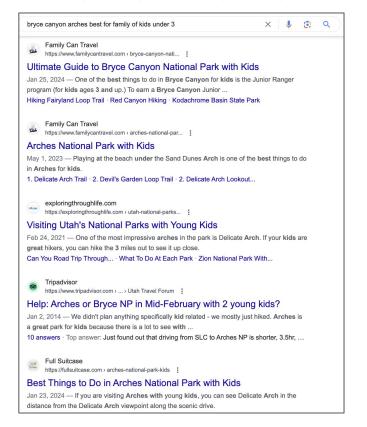


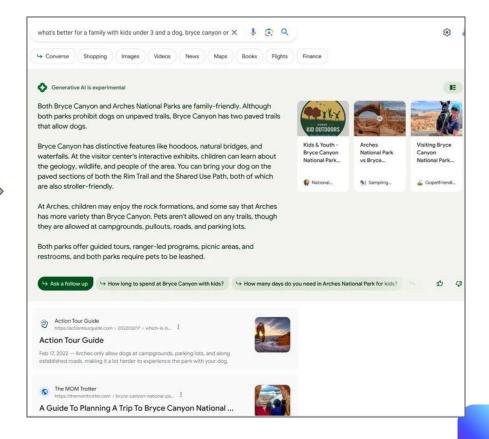
Hello readers! My name is Assistant, and I'm a large language model trained by OpenAI. I'm here to help answer your questions and provide you with information on a wide variety of topics. I'm a bit of a jokester, so here's a quick one for you: Why was the math book sad? Because it had too many problems! But seriously, I'm excited to be featured in your article and I hope you enjoy learning more about me and all the cool things I can do. And trust me, the rest of the article is going to be great!

Source: Springboard



LLMs can **summarize**







They have **common sense**

- LLMs have been trained on massive datasets of all types of human knowledge available on the Internet, effectively giving them some sense of cultural awareness.
- In the context of eCommerce, they perform well at cultural associations between objects and concepts, such as knowing that you should wear shorts and flip-flops to the beach, or that you should have an umbrella when it's raining.

You

Briefly state 3 essential items one should bring on a trip to Mexico

ChatGPT

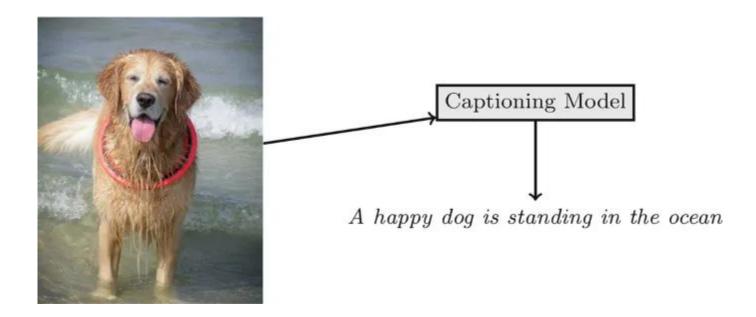
When traveling to Mexico, considering its diverse climates, cultural attractions, and activities, three essential items you should bring are:

- 1. **Valid Passport and Copies**: Mexico requires a valid passport for entry. It's also wise to bring photocopies of your passport and other important documents in case of loss or theft.
- 2. **Sun Protection**: Given Mexico's generally sunny and warm climate, sun protection is crucial. This includes high-SPF sunscreen, sunglasses, and a wide-brimmed hat to protect against sunburn and heatstroke, especially if you plan to spend a lot of time outdoors.
- 3. Comfortable Footwear: Whether you're exploring ancient ruins, wandering through colonial cities, or walking on the beach, comfortable and durable footwear is a must. Consider the activities you plan to do and pack accordingly—this might mean hiking boots, sandals, or water shoes.

These items help ensure your safety, comfort, and ability to fully enjoy the wide range of experiences Mexico has to offer.



LLMs can see





BUT... LLMs can hallucinate

- LLMs cannot reliably recall precise information from the training corpus.
- They often "hallucinate" and generate outputs that seem plausible, but are factually incorrect.

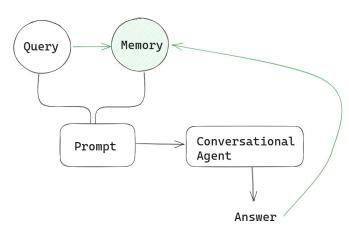




And they can't **remember** very well

- Context, such as the previous chat message and response, or private knowledge such as a product catalog, must be explicitly passed into each prompt.
- Prompt windows are getting larger (Gemini Pro 1.5 has a 1M token context size), but most common LLMs are limited to thousands of tokens, limiting their use for certain applications.



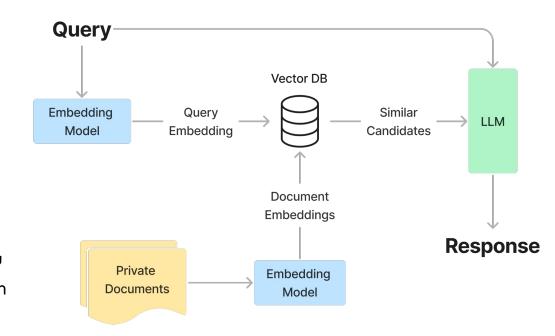


Source: Haystack



Making LLMs better at knowledge-intensive tasks

- Retrieval Augmented Generation
 (RAG) is a technique that combines
 the general knowledge of LLMs with specific knowledge from a private dataset.
- By using a retrieval stage before the LLM to get a smaller set of candidates relevant to the query, you reduce the amount of space needed in the context window.





Applications of LLMs in eCommerce



Solving eCommerce's problems with LLMs

Content

- Data normalization
- Image tagging
- SEO
- Translation
- Content generation

UX

- Semantic search
- Conversational discovery
- Product research and comparison
- Customer support



Content



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Data Normalization

 Product metadata comes in all formats and completeness.
 Here the LLM takes the available metadata, and uses its summarization and Q&A capabilities to extract consistent metadata properties.

Spanning by the industrial style of the classic barn light, the Factory Light 6 Cord LED Pendant is pared down to sleek curves in handspun heavy gauge steel. A Schoolhouse take on the utilitarian, our meticulous attention to detail is apparent in the clean, deliberate lines and carefully hand-painted finishes. Suspended in space from a sleek vinyl cord, this pendant works in any space, whether its used to illuminate the whole room or a

Assembled in our Portland, Ore. factory using ethically-sourced domestic and global components. A Schoolhouse Original.

Factory.

countertop. Each shade is handspun from steel and hand-painted in the Schoolhouse

Tags

artisan-picks,best-of-both,blog-home-tour-sara-p arsons,damp_porch_patio,ETA18,ETA_18,F17,f actory,factory_pendants_chandeliers,findify-new, fuelmade,functional-artistry,Integrated LED Fixture,L-Nav18,LED_pendants_chandeliers,leng th_shade,Lighting,lighting-hardware,No_Return, Pendant,Pendant

Fixtures,pendants_chandeliers,PFA23,PFA23-Li ghting,promo-010322-22,promo-051923,promo-052622-15,promo-052622-outdoorlighting,promo-080222-20,Schoolhouse

Signature,schoolhouse-wanders,Sept20LightPro mo,stories/the-beauty-of-schoolhouse-led-lightin g,traditional-industrial,Utilitarian

"How would you describe the {COLUMN} of this product?"

| Туре | Lighting | Style | Cord | Assembled |
|---------|--------------------|----------------------------|---------------|-----------|
| Pendant | Integrated, LED | Industrial, Barn, Sleek | Yes, Vinyl | Portland |



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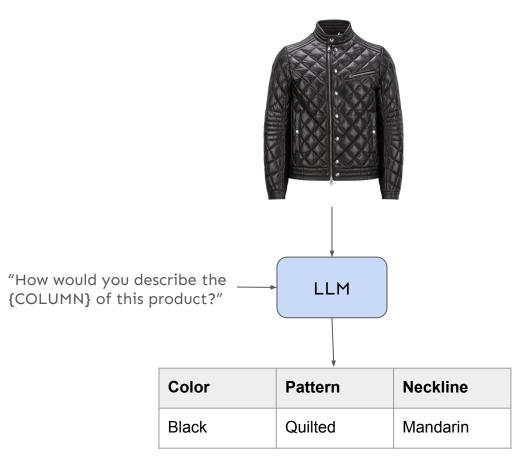
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Image Tagging

- In many cases, rich product metadata is unavailable, however images are usually available.
- An LLM's multimodal input capability can be used to describe an image using specific tags in the prompt.





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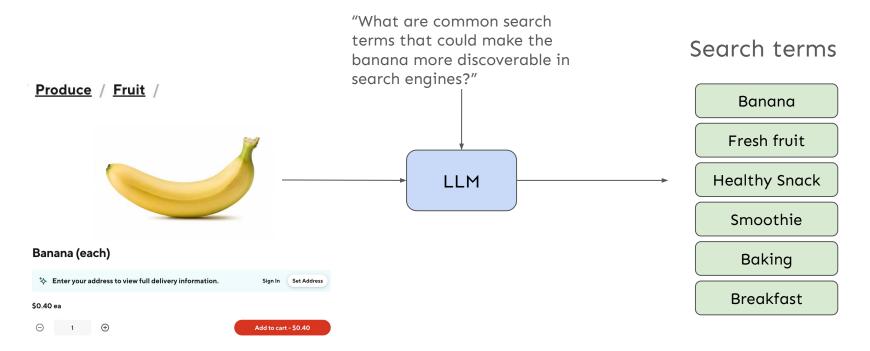


Search Engine Optimization (SEO)

- SEO can help products be discovered by search engines.
- We can again leverage LLM's **summarization** and **generative descriptiveness** capabilities to help us find tags that will likely match with the terms shoppers use to search for specific products.
- These tags can be used to enrich an on-site search engine, or used in HTML meta tags to aid in external search engine optimization.



Search Engine Optimization (SEO)





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Translation

- With the growth of **global** eCommerce, stores have more to gain from selling to customers from other countries.
- Many LLM's like ChatGPT are **multilingual**, and can be used to easily translate entire product catalogs from one language to another.

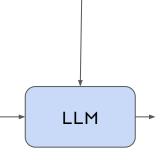


Translation



グッドスマイルカンパニーから、『バンブレイブ バンブレイバーン』のDXブレイバーンの素晴らしいアクションフィギュアが登場!アニメのアクション満載の瞬間を捉えるために完全可動式で、パーツの交換なしにブレイバーン形態からブレイブサンダー形態への変形が可能です!4種類の顔パーツが含まれており、バーンブレードとバーンアックスを装備しています。バーンブレードのブレイズアップエフェクトパーツも付属しており、交換可能な手もあります。豊かな色彩を実現するために、透明パーツも使用されています。今すぐ注文してください!

"Translate this product description into English"



Good Smile Company brings us an awesome action figure of DX Bravern from "Bang Brave Bang Bravern"! He's fully posable to capture action-packed moments from the anime, and he can transform from his Bravern form to the Brave Thunder form without parts replacement! Four face plates are included, and he's armed with the Burn Blade and Burn Axe; a Burn Blade Blaze Up effect part is included, as are interchangeable hands. Translucent parts are used for a richly colorful appearance, too. Order yours today!



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Content generation

- Building upon the previous two applications, we can leverage the multimodal and multilingual generative capabilities of LLMs to generate new or enhance existing product descriptions and even images.
- Prompt changes can allow for variations in **voice**, **style**, and **expressiveness** to match the store's brand and marketing goals.
- Social commerce marketing calls for a large volume of original content to post, which can be automated by LLMs.



Content generation



Name: Two piece chaise patio love seat set

Description: This outdoor patio set is perfect for all seasons and waterproof for rainy weather. It's perfect for hosting outdoor bbqs, reading a nice book on a sunny day, or watching the kids play in the back yard. It's very durable, affordable, and comes with fast shipping. Dimensions:74" W x 26.38" H x 48.43"

"Rewrite the product description to optimize for SEO, and also convey the values of quality, style, and value"

Planning a party, or just want some extra seating for the summer? This is the perfect outdoor chaise set. The durable wicker weave construction of the seating area has been designed for all seasons, giving you a comfortable spot for entertaining guests during spring and summer months, then a cozy place to relax in the falling temperatures during fall and winter. Enjoy BBQs, a good book, or watching your kids play from your new favorite spot.



Content generation

- LLMs can also be used to edit and generate images. By incorporating real product imagery with AI generated backgrounds and settings, LLMs can enhance the shopping experience by providing more engaging imagery.
- The imagery can also be tailored for different seasons, trends, and even personalized to the preferences of individual shoppers.



(a)





(b) (c)



Content generation

- In the new mobile and social eCommerce world, content is what gets people engaged with your brand, and ultimately brings shoppers into your store.
- LLMs can be used to generate everything from blog posts to short videos, with interesting topics (best of lists, recipes, reviews, how-to guides) that can get potential shoppers to engage and lead to conversion.



Source: One Ingredient Chef







Content

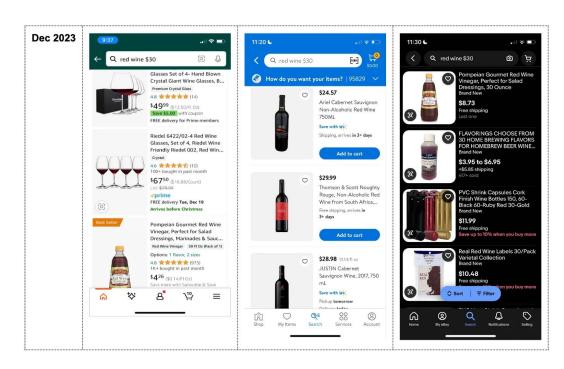
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Semantic Search

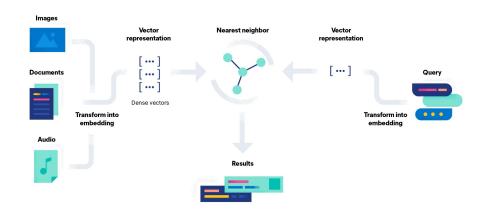
 By using LLM's and embeddings of natural language queries, we can search for products not just by keywords, but by the semantic relatedness of products to what's expressed by the query.





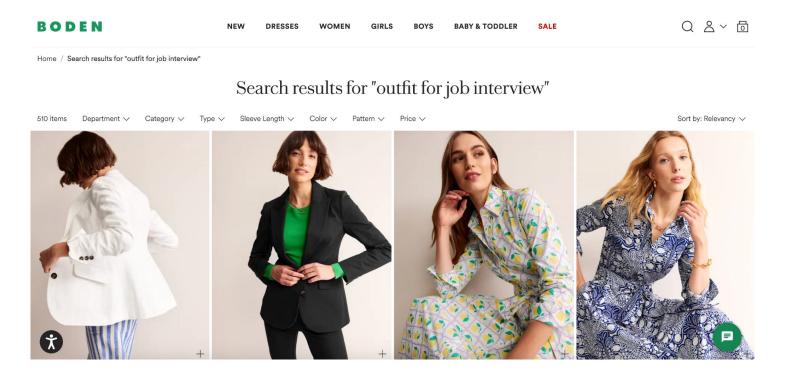
Semantic Search

- A number of Vector DB platforms have emerged that offer search capabilities for vector embeddings.
- Many keyword-based search engines like ElasticSearch, Vespa, and Algolia now offer vector and hybrid search.
- Embeddings can come from a number of open-source and commercial models, like OpenAI, Huggingface, and so on.





Semantic Search



Source: **Boden**



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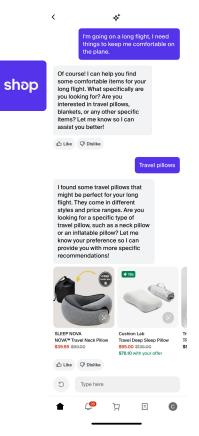


Conversational discovery

- Since ChatGPT, conversational "chatbot" interfaces have been hyped as the next big thing in eCommerce discovery. Many major retailers have launched a conversational shopping assistant feature, but we are still in the early stages.
- LLMs offer not just semantic search, but also **multi-turn**, **interactive** product discovery, with a UX that is familiar to mobile text messaging app users.
- Challenges:
 - Balancing the accuracy of search with the inspiration of generative AI.
 - Safely handling non product-related queries (customer support, discounts, spam/abuse).
 - Shift in user behavior will take time



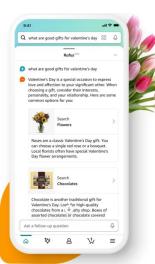
Conversational discovery

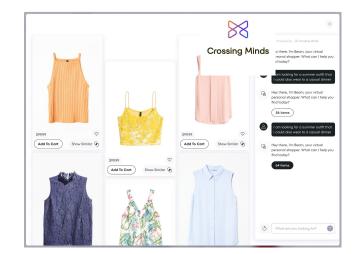
















Content

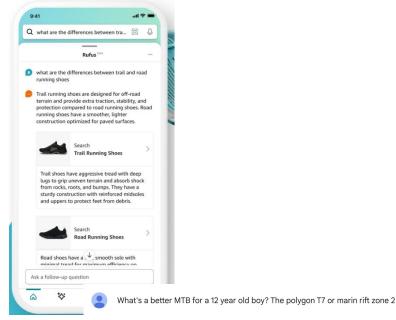
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Product research and comparison

- An important part of the shopping process is doing research and comparisons.
- An LLM can help customers make buying decisions by summarizing and **comparing** the important qualities of products.









Choosing between the Polygon T7 and Marin Rift Zone 2 for a 12 year old boy depends on a few factors:

- Wheel size: The T7 has 29er wheels, which might be too big for a 12 year old. The Rift Zone 2 comes with 27.5in wheels, a better fit for most 12 year olds.
- . Brand reputation: Both are good brands, but Marin might have slightly better brand recognition.
- Components: Look into the specific components, like shifters, derailleurs, brakes, and suspension forks. While the T7 might have a slight edge with a dropper post (useful for descents), see if the Rift Zone 2 has components from reputable brands like Shimano or SRAM.



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Customer support

- Customer support is a costly, labor-intensive feature that is hard to offer 24/7.
- LLM-based Customer Support can reliably offer assistance for common requests around the clock, giving a better customer experience.
- Klarna recently <u>announced</u> that their AI Assistant is handling two-thirds of their customer service chats, resolving issues 5x faster, and will drive \$40M in profits in 2024.



0 0 0

Today at 10:33 AM

0 0 0

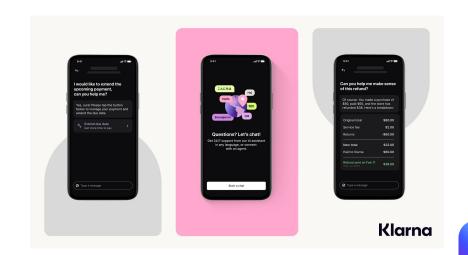
Any idea when my bike seat will be here? I ordered it last week.



Do you use eggs or whey in your bread? I'm vegan



☐ gorgias





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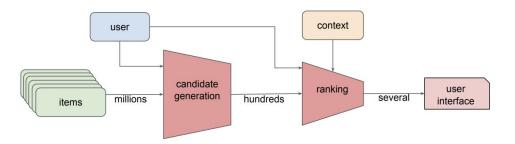


What about recommendations?



What are recommendations?

- "Recommendation" is generally defined as the prediction of items relevant to a given user and/or seed item, with no explicit context (i.e. queryless).
- Typical recommender systems (RecSys)
 utilize a two-stage architecture of
 candidate generation then ranking to
 return the best results.





Can LLMs do recommendations?

- LLMs' out-of-the-box ability to make cultural associations allow them to generate good recommendations, with some big caveats:
 - The user representation must be fed into the prompt directly
 - They cannot constrain results to a specific catalog of recommendable items
 - There may be blind spots in lesser-known or more recently released products



You

I loved watching Poor Things, what are other movies I should watch on Netflix?

ChatGPT

If you enjoyed "Poor Things," you might like to explore a range of similar movies that blend elements of dark comedy, fantasy, and unique narrative styles. Some recommendations include "Pity" (2018) for its exploration of a man addicted to sympathy in bizarre circumstances, "Voyagers" (2021) for its thematic elements of dystopian future and genetic manipulation, "Attenberg" (2010) for its focus on human relationships and societal norms, and "Coraline" (2009), which delves into alternate realities and the exploration of unconventional worlds. Each of these films shares thematic or stylistic similarities with "Poor Things," offering unique and thought-provoking cinematic experiences [17].



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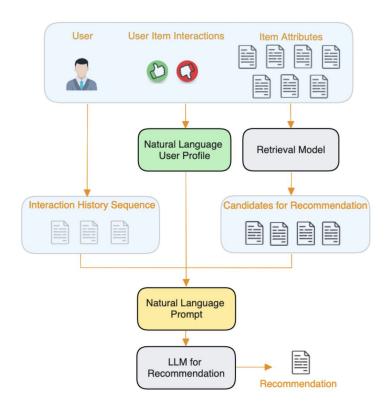
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Building a better LLM recommender for eCommerce

- Using RAG can help address the catalog constraints.
- Significant prompt engineering is still needed to encode the user interaction history and profile into the prompt.
- But this then becomes almost a classical two-stage recommender system, with RAG as the candidate generation, and LLM assuming the ranking role.





Using LLMs to augment RecSys, and not replace them

• The benefits of LLMs are much more obvious as **surrounding components** to **enhance** a standard RecSys than they are as a straight replacement.





Summary - Many applications of LLMs for eCommerce

Content UX

- Data normalization
- Image tagging
- SEO
- Translation
- Content generation

RecSys

- Semantic search
- Conversational discovery
- Product research and comparison
- Customer support



Thank You!