



ZALORA LEADS THE WAY IN AI-DRIVEN FASHION E-COMMERCE IN SOUTHEAST ASIA

Ushering a new era of tech innovation for e-commerce to stay ahead of the curve

SINGAPORE, 15 August 2023 – **ZALORA**, Asia’s fashion expert, and part of Global Fashion Group (GFG) is spearheading the adoption in SEA of emerging generative AI technologies by launching its proprietary Platform-as-a-Service integration of OpenAI, **TITAN**. As leaders of the fashion e-commerce space, ZALORA is using TITAN to drive new efficiencies in operations, improve online fashion customer experiences, and unlock growth opportunities.

The introduction of **TITAN** comes alongside a series of new tech advancements slated to roll out this year. This represents ZALORA’s continued commitment to being a leader in Fashion e-commerce and the importance of integrating the latest technologies such as generative AI across its retail and back-end functions. The first set of areas being powered by TITAN include:

- **Smart Search Discovery:** Small but powerful improvements to our existing search experience that will allow customers to find what they are looking for more quickly and easily which leads to a better customer experience
- **Conversational Shopping Assistant:** The future of e-commerce experiences, reimagining how customers browse and shop with smart prompts and improved real-time interactive features as you shop on ZALORA
- **Production Automation:** Emerging technology unlocking automation across different functions and improving employee productivity gains
- **Internal Chatbots:** Improved employee experience and productivity by providing Business Intelligence chatbots and knowledge bases, and allowing basic system actions to be taken through conversational UI

Gunjan Soni, ZALORA CEO and Global Fashion Group COO said: “With a history of innovations under our belt we are excited to embrace the future with Generative AI and leverage it to deliver the best ‘tailored for fashion’ e-commerce experience for our customers both during and post-purchase. With TITAN, we will once again be the first in the region to offer these innovations to our growing loyal base.”

TITAN will also serve as a gateway for ZALORA and its parent company, Global Fashion Group, to scale new heights in Southeast Asia and replicate this technology across the Group’s different regions, in Latin America, Australia and New Zealand.

Reimagining the Online Shopping Experience with Generative AI

Harnessing the power of OpenAI via TITAN, ZALORA is enhancing its existing **Search & Discovery** experience for more intuitive and precise results for customers. The newly-optimised Search is able to handle a wider array of spelling variations and errors to better identify, present, and sort customers’ results. This reduces customers experiencing zero search results and improves the experience when they do. We have observed a **4-6%** increase in Conversion Rates since its launch.

With early experiments already launched and benefiting shoppers, ZALORA has also set its sights on what the company believes to be the future of e-commerce— **Conversational Shopping**. Pulling on the team's deep understanding of the region, our 55+ million customer base, and emerging technologies, **ZALORA is in the early phases of development for our Conversational Shopping Assistant planned to launch in late 2023**. In doing this, we will reimagine how customers browse, become inspired, and how they shop online.

Driving Operational Excellence through Tech Innovation

To further boost its operational efficiency, ZALORA is using OpenAI not only for customer experience innovation but to solve real business challenges. Notably in the automation of production services with tagging of product attributes –such as colour, pattern, or sleeve length—and SKUs automatically generated with comprehensive product descriptions, which substantially improves search accuracy, reduces hundreds of hours of manual entry, our dependency on third parties, and results in improved customer experience.

ZALORA is also in the initial planning stages of integrating advanced OpenAI into its in-house **Warehouse Management System (WMS)** for planning, forecasting, and picking algorithms. Early experiments have seen an **improvement of 30-50%** in our forecasting accuracy, allowing us to continue with the exceptional delivery experience we're known for in a more efficient and profitable manner. Enhancements planned will revolutionise ZALORA's whole fulfilment process and ZALORA's updated WMS will also be adopted by other e-commerce platforms within GFG, such as ANZ-based The Iconic, to provide significant efficiencies at a group level.

Furthermore, using generative AI ZALORA can develop and improve a **smarter customer service**, where the platform will be able to answer customer questions and resolve issues automatically, as it understands customer needs and provides personalised responses. This will free up human customer service agents to focus on more complex tasks, and it will also improve the customer experience.

A Culture of Creative Innovation

ZALORA is known for its culture of innovation, especially within its Technology team. This culture was recently on display at a 32-hour hackathon, where over 70 participants from 13 teams came together to solve real business and customer challenges with AI technologies. The hackathon produced working prototypes and ideas for virtual shopping assistants, internal business intelligence chatbots, automated returns defect detection, and much more. All of these are planned into our H2 2023 Technology roadmap.

ZALORA's drive to innovate is paired with the responsibility to safeguard the millions of customers we serve and their personal data. The company is committed to using AI and Titan in a responsible way, having developed a series of principles to guide responsible innovation, and has implemented several measures to protect customers' data. In fact, ZALORA is consistently listed as best in class in the Cyber Security Agency of Singapore's quarterly ranking of internet hygiene rating indicating that ZALORA adopted the highest level of adoption of internet security best practices.

Sumit Jain, Chief Technology Officer, ZALORA said: "ZALORA is excited to leverage the potential of OpenAI via TITAN, our AI platform, to reimagine eCommerce and create a truly 'wow' customer experience.

The future of retail will be driven by technology innovation and the extent to which we prioritise ensuring a safe and seamless experience for customers. By building on OpenAI technology through our proprietary platform, TITAN, we intend to lead Fashion E-commerce innovation in maintaining a safe and seamless experience for customers and taking the online shopping experience to the next level."

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About ZALORA

ZALORA is Asia's Online Fashion and Lifestyle Destination. Founded in 2012, the company has a presence in Singapore, Indonesia, Malaysia, the Philippines, Hong Kong and Taiwan. ZALORA is part of the Global Fashion Group, the world's leader in online fashion for emerging markets. ZALORA offers an extensive collection of top international and local brands and products across apparel, shoes, accessories, and beauty categories for men and women. Offering up to 30-day free returns, speedy deliveries as fast as 3 hours, free delivery over certain spend, and multiple payment methods, and a loyalty subscription program Znow offering unlimited free and fast delivery. ZALORA is the online shopping destination with endless fashion and lifestyle possibilities.

About Global Fashion Group

Global Fashion Group is the leading fashion and lifestyle destination in growth markets across LATAM, SEA and ANZ. From our people to our customers and partners, we exist to empower everyone to express their true selves through fashion. Our three e-commerce platforms: Dafiti, ZALORA and THE ICONIC connect an assortment of international, local and own brands to over 800 million consumers from diverse cultures and lifestyles. GFG's platforms provide seamless and inspiring customer experiences from discovery to delivery, powered by art & science that is infused with unparalleled local knowledge. As part of the Group's vision to be the #1 online destination for fashion & lifestyle in our markets, we are committed to doing this responsibly by being people and planet positive across everything we do.

(ISIN: LU2010095458.) For more information visit: www.global-fashion-group.com