THE ROLE OF CHATBOTS IN BUSINESS COMMUNICATION. CUSTOMER INQUIRIES. CASE STUDY: H&M

Anamaria-Mirabela POP[1], Monica-Ariana SIM[1], Ioana Claudia HOREA[1]

[1]Department of International Business, Faculty of Economic Sciences, University of Oradea, Oradea, Romania
mipop@uoradea.ro
ariana_mona@yahoo.com
ioanahorea@gmail.com

Abstract: *Business communication has changed due to the quick development of artificial intelligence (AI), and chatbots are essential for automating consumer interactions. This paper examines the impact of chatbots on handling business inquiries and correspondence, focusing on H&M as a case study. AI-powered chatbots are used by the international fashion retailer H&M to increase customer service effectiveness, speed up response times, and boost engagement. The study examines the primary roles that chatbots play in business communication, such as answering often requested inquiries, assisting with orders, and making tailored recommendations. The study evaluates the efficacy of H&M's chatbot system by examining its accuracy, speed, and user happiness. It also highlights the drawbacks of chatbot technology, including its inability to comprehend complicated queries, the requirement for human intervention in subtle interactions, and the possibility for customer annoyance from impersonal responses. Through a qualitative and quantitative assessment, the research highlights the advantages of chatbot-driven communication, including scalability, 24/7 availability, and a decrease in operating costs. To guarantee a flawless client experience, it also tackles the difficulties of striking a balance between automation and human engagement. According to the findings, chatbots greatly simplify commercial correspondence, but their effectiveness hinges on ongoing developments in artificial intelligence, advances in natural language processing, and seamless integration with human customer service representatives. By providing insights into the best practices for implementing chatbots, this paper adds to the expanding conversation on AI in business communication. The H&M case study shows how chatbots may improve customer satisfaction, maximize operational efficiency, and revolutionize digital corporate communication when properly developed and maintained. To match changing customer expectations, businesses must, however, overcome current constraints and consistently enhance chatbot skills.*

Keywords: *chatbots, AI, business communication, customer service, H&M, automation, natural language processing.*

JEL Classification: *Z13; Q55; L81.*

1. Introduction

The term "business communication" describes the sharing of information in a business setting, including employee-to-employee and business-to-customer exchanges. It encompasses a range of formats, including emails, reports, meetings, and interaction with customers. Thus, chatbots have become a potent tool for improving communication strategies as companies move more and more toward digital solutions. The integration of chatbots in business communication has revolutionized customer service by providing instant, efficient, and scalable solutions.

Until recently, businesses used conventional techniques to respond to consumer inquiries prior to the emergence of digital communication tools and AI-powered solutions like chatbots. These techniques prioritized human-to-human communication, manual processing, and interpersonal engagement. Prevalent in sectors including retail, hotel, and banking, the techniques mentioned offered a customized experience, but it took a lot of time for both clients and companies. One such technique was *in person presentation.* Even though it was efficient at giving individualized care, it frequently took more time and money. To communicate with company representatives directly, customers went to actual offices, shops, or service facilities. Also, there were restrictions in terms of location and business hours; more personnel and material resources were needed.

Another technique was *help over the phone.* Companies set up separate customer service phone lines so that customers could speak with support representatives in real time. It was used for thorough explanations, complaint resolution, and troubleshooting. Yet, there were challenges: prolonged wait times at busy periods, the need for a sizable staff to provide effective service, and conversations were not fully documented unless they were recorded.

Written communication (faxes and letters) was used for official communications like complaints, court cases, or contracts. Faxes were widely used for the speedy delivery of crucial documents. The problems encountered were related to time (lengthy because of the physical delivery), they required manual document filing and organization, and they were unsuitable for urgent correspondence.

The late 1990s and early 2000s saw the widespread adoption of *email* as a tool which enabled companies to effectively manage internal correspondence, reply to customer inquiries, and deliver updates. This means of communication does not lack disadvantages, though: responses that are delayed outside of regular business hours, handling a lot of emails can be really stressful, and if not worded clearly, there is a chance of miscommunication.

In the same time, larger companies set up *specialized call centers* or *service desks* to handle large numbers of requests, with teams that specialize in answering particular kinds of questions (billing, technical support, etc.). The challenges encountered refer to the need for a lot of personnel and training and if not handled well, it could result in uneven customer service experiences.

Therefore, considering all the aspects mentioned above, the use of chatbots has grown in popularity in today's fast-paced corporate world as organizations look to increase customer happiness, streamline operations, and improve communication effectiveness. Artificial intelligence (AI) and natural language processing (NLP)-

powered chatbots are essential for managing many facets of contemporary business correspondence.

2. Literature Review

Chatbots are now essential instruments for commercial correspondence, helping businesses and their clients communicate. Their function in corporate communications, customer service, and digital company transformation is highlighted in recent literature. The persuasiveness of AI-based chatbots in customer service and their capacity to affect user behavior—specifically, adherence to requests and recommendations—are examined in different studies (Wessel & Benlian, 2021; Brendel & Kolbe, 2022). They look at how anthropomorphism affects user trust and willingness to follow chatbot recommendations through components including visual representation and conversational style, pinpointing important psychological processes that influence user compliance, such as social presence, emotional connection, and perceived legitimacy. Additionally, there is a comparison between chatbots and human customer support agents, finding that in some situations, chatbots can get compliance rates that are comparable to or even higher than those of human representatives. These results have important economic ramifications, emphasizing the necessity of developing chatbots with compelling communication techniques to improve customer pleasure, engagement, and policy compliance. Relevant literature in the field also explores the differences between human-human online conversations and human-chatbot interactions, analyzing communication patterns, engagement levels, and user perceptions. The findings indicate that chatbot conversations are more structured and predictable, with users adapting their language by simplifying sentences and avoiding complex phrasing to accommodate chatbot limitations. Despite advancements in AI, chatbots are perceived as less intelligent and socially present compared to human counterparts, which affects user trust and engagement (Hill et al., 2015; Brandtzaeg & Følstad, 2018; Følstad & Skjuve, 2019).

Also, recent studies highlight the integration of deep learning technologies in business chatbots, which enhances their ability to provide 24/7 services and reduces workforce costs. These chatbots are increasingly used for customer relationship management, financial advising, and online shopping (Zhang et al., 2024). Also, chatbots powered by AI greatly improve user connection by offering prompt, individualized responses. Enhancing the user experience and promoting smooth communication depend on this connection. For example, using chatbots like ChatGPT can improve users' critical thinking skills, according to a study on AI chatbots and critical thinking skills (Fabio et al., 2024). It has been demonstrated that chatbots improve cognitive processes, especially those related to executive functioning, memory, and attention. AI chatbots may help with executive functioning training, lowering cognitive load and enhancing general cognitive performance, according to a comprehensive review (Pergantis et al., 2025). Additionally, users interacting with chatbots reported lower frustration levels and better task performance. The employment of chatbots has important behavioral ramifications as well. By giving dependable and consistent answers, chatbots can affect user

behavior and foster more engagement and trust. According to studies, chatbots can provide prompt support and treatments to help manage stress, anxiety, and other behavioral issues (Fabio et al., 2024).

A comprehensive review of chatbot research in business and information systems reveals key themes such as user interaction, cognition, and behavior. This review also identifies major trends in publication and research agendas, emphasizing the importance of understanding human-chatbot interaction (Li et al., 2025).

In terms of customer service effectiveness, research on AI chatbots for customer service indicates that they significantly improve customer satisfaction by providing instant responses and personalized interactions. These chatbots are effective in handling routine inquiries, thus freeing up human agents for more complex tasks (Vergaray et al., 2023)

For the future, the literature suggests that future research should focus on improving chatbot adaptability and emotional intelligence to better mimic human interactions. Additionally, exploring the ethical implications of chatbot use in business is crucial for developing responsible AI technologies (Zhang et al., 2024; Li et al., 2025).

3. Types of Chatbots Used in Business

A chatbot is a computer program that mimics human communication through text or voice interactions and is driven by artificial intelligence (AI) or pre-programmed rules. Websites, smartphone apps, messaging apps (like Facebook Messenger and WhatsApp), and voice assistants (like Google Assistant or Alexa from Amazon) are just a few of the platforms on which chatbots can function. The following section discusses two types of chatbots: Rule-Based Chatbots and AI-Powered Chatbots.

3.1. Rule-based chatbots (pre-programmed responses)

The simplest type of chatbots are rule-based ones, which are made to provide preprogrammed responses to predetermined inputs. Rule-based chatbots follow a straightforward "if-this-then-that" logic, depending on preset scripts and rules to direct interactions, in contrast to AI-powered chatbots that employ machine learning and natural language processing (NLP) to comprehend context.

- **Predefined Responses:**

Rule-based chatbots are designed to respond in a certain way to a predetermined set of queries or triggers. These reactions are set and do not change in response to unprogrammed or novel inputs.

Only particular words or phrases that the chatbot has been trained to recognize can elicit a response. When a user inquiry about "business hours," for instance, the bot will reply with a pre-written response on store hours.

- **User Input Recognition:**

Rule-based chatbots recognize commands or keywords in user input. The chatbot employs a related rule to initiate the relevant response after detecting a keyword. For example, when a user asks, "What is your return policy?" the chatbot

understands "return policy" and responds with a pre-programmed response from the company.

- **Decision Trees and Flowcharts**:

These chatbots frequently use flowcharts or decision trees, in which each user input generates a new branch with additional possibilities or targeted responses. Based on the chatbot's pre-programmed pathways, the dialogue proceeds in an organized manner. These chatbots work especially well at leading users along pre-planned routes, assisting them in locating the data they require or finishing particular activities.

Industry: Banking and Finance

- **Use Case**: Lloyds Bank's chatbot (https://www.lloydsbank.com/help-guidance/everyday-banking/message-us-online.html) assists customers with basic banking queries, such as checking balances, setting up payments, or understanding account features.
- **How It Works**: The chatbot uses a decision tree to guide users based on their responses. For instance:

Example Flow:
User: "How do I transfer money?"
Bot: "Do you want to transfer to a new account or an existing one?"
User: "Existing account"
Based on the user's answer, the chatbot presents the next step or set of instructions.
Bot: "Please provide the account number and the amount to transfer."
This decision tree ensures that the conversation stays focused on the user's specific needs, avoiding unnecessary or confusing responses.

Industry: Travel and Hospitality

- **Use Case**: TripAdvisor's chatbot (https://www.tripadvisor.com/ShowTopic-g1-i12105-k14552205 Chatgpt_or_other_AI_type_responses_on_Trip_Advisor_policy-Tripadvisor_Support.html) assists users in finding and booking travel accommodations and activities.
- **How It Works**: The chatbot uses decision trees to gather the necessary information about the user's travel preferences. If the user is looking to book a hotel, the bot might ask about location preferences, budget, dates of stay, and room type. Based on the user's answers, the chatbot narrows down options and suggests suitable accommodations.

Example Flow:
User: "I need help booking a hotel."
Bot: "Where would you like to stay?"
User: "In Paris"
Bot: "What is your check-in date?"
User: "April 10th"
Bot: "What is your check-out date?"
User: "April 15th"
Bot: "I found several hotels for your dates. Would you like to filter by price range?"

3.2. AI-Powered Chatbots (Machine Learning and Natural Language Processing)

AI-powered chatbots are sophisticated chatbots that comprehend, analyze, and react to human language more dynamically and intelligently by utilizing technologies like machine learning (ML) and natural language processing (NLP). AI-powered chatbots have the ability to learn from interactions, comprehend context, and respond with tailored, context-aware responses, in contrast to rule-based chatbots that adhere to preset scripts or decision trees. These chatbots are able to have more organic interactions and manage more complicated requests.

Key Technologies Behind AI-Powered Chatbots:

- **Natural Language Processing (NLP)** enables chatbots to comprehend human language, including slang, context, and different query formats. Chatbots can comprehend meaning, sentiment, and intent by dissecting a statement into its grammatical constituents using natural language processing (NLP). With the use of this technology, the chatbot can understand questions that are unclear, lacking, or written in a more conversational style.
- **Machine Learning (ML)** allows chatbots to learn from past encounters and get better over time. AI-powered chatbots get better at deciphering human intent, preferences, and behavior with each exchange. In order to give better answers, they constantly update their models based on fresh data. For example, if a consumer requests a particular product or service again and over again, the bot will learn from these exchanges and give that information priority for subsequent inquiries.

3.3. How AI-Powered Chatbots Work:

- **User Input Understanding**: Using natural language processing (NLP), the chatbot analyzes the user's message to determine the entities (particular information, such as names, dates, and locations) and purpose (what the user wishes to accomplish). After classifying the input, it chooses how to react or what to do.
- **Contextual Responses**: AI-driven chatbots are able to comprehend and retain the conversation's context. When a user inquiry about a product and subsequently requests its price, for instance, the bot recognizes that the price request is connected to the first product question.
- **Continuous Learning**: Over time, the chatbot adjusts and gets better thanks to machine learning. For example, it can detect sentiment (positive, negative, or neutral) in communications and adapt to new lingo and linguistic trends.
- **Personalized Interactions**: Using client information and past exchanges, AI-powered chatbots can offer personalized suggestions, messages, and answers. By providing timely and pertinent ideas, this personalization enhances the consumer experience.

3.4. Drawbacks

Chatbots have several drawbacks despite their efficiency in handling business communication. Some key limitations include: Write in a straightforward style.

- **Inability to Comprehend Complex Queries** – Chatbots often struggle with nuanced or context-heavy questions. They rely on pre-programmed responses and

machine learning models, which may not always interpret user intent accurately. This can lead to incorrect or irrelevant answers, frustrating customers.

- **Need for Human Intervention** – While chatbots can handle routine inquiries, they require escalation to human agents for more complex, emotionally sensitive, or ambiguous interactions. This dependency on human support limits full automation.
- **Impersonal Responses and Customer Frustration** – Chatbots lack emotional intelligence and the ability to engage in deep, meaningful conversations. Customers may feel dissatisfied with generic or robotic responses, leading to decreased trust and engagement.

To address these drawbacks, businesses must continuously refine chatbot capabilities, integrate them with human agents, and leverage advanced AI techniques such as natural language processing (NLP) to improve contextual understanding and response accuracy.

4. Case Study: H&M's Use of Chatbots for Customer Inquiries

The international clothes store H&M is a well-known international fashion retailer for its stylish yet reasonably priced apparel. They have successfully improved their customer support by implementing chatbots driven by AI. These chatbots offer prompt and effective answers to a range of consumer questions, including order monitoring, product details, and style guidance.

Hennes & Mauritz, also known as H&M, has a lengthy history that began in the middle of the 20th century. H&M was founded by Erling Persson in 1947 in Västerås, Sweden. The first store was named "Hennes," which means "Hers" in Swedish, and it exclusively sold women's clothing. In 1968, Persson acquired the hunting apparel retailer Mauritz Widforss, which led to the inclusion of menswear in the product range. The company was then renamed Hennes & Mauritz, or H&M.

H&M began its international expansion in the 1970s, opening stores in Norway, Denmark, the UK, and Switzerland. By the 1980s and 1990s, H&M had established a significant presence in Europe. The 2000s marked H&M's expansion outside Europe, with the opening of its first U.S. store on Fifth Avenue in New York City in 2000. The company continued to grow globally, entering markets in Asia and the Middle East. H&M launched its online shopping platform in 1998, starting in Sweden. The company has also been a pioneer in sustainability, publishing its first Corporate Social Responsibility Report in the early 2000s. Over the years, H&M has expanded its brand portfolio to include COS, Weekday, Monki, & Other Stories, ARKET, and H&M Home, among others. Today, H&M is one of the largest fashion retailers in the world, known for its fast fashion business model and extensive global reach (https://hmgroup.com/about-us/history/).

This case study looks at the advantages and difficulties of implementing chatbots, as well as how H&M employs them and how they affect consumer interactions.

Chatbots with AI capabilities act as virtual assistants, assisting H&M in meeting client needs at multiple touchpoints. These chatbots make customer service more

efficient and accessible by integrating with H&M's digital platforms, such as its website, smartphone app, and even social media outlets.

One of the main ways in which H&M employs chatbots is answering commonly asked queries like product availability, purchase tracking, return policy, and store locations, significantly reducing the workload for human agents and lowering operational costs. Consumers no longer have to wait for a human agent to answer their questions because they can type them in and get prompt answers. Also, based on browsing history and user preferences, the chatbots offer personalized product recommendations. These virtual assistants employ data analysis to recommend clothes based on the user's preferences, size, and previous purchases. In order to make shopping more interesting, they might also provide styling tips. For example, when a consumer searches for "summer dresses," they are given tailored recommendations along with links to items in the size and color they have selected. In order to complete the ensemble, the chatbot can also recommend jewelry or shoes. H&M's chatbot on Kik acts as a digital stylist, suggesting outfits based on user preferences and occasions. This personalized service enhanced customer engagement and satisfaction (Master of Code Global, 2023). The chatbot led to a 30% increase in conversion rates for users who interacted with it (Master of Code Global, 2023), demonstrating its ability to convert browsing into buying. Another way in which the chatbot increased customer's happiness is the facilitation of returns and exchanges. H&M's chatbots generate return labels, give detailed instructions, and assist clients with returning or exchanging items. This reduces the effort for customer support representatives and streamlines the returns procedure. When a consumer contacts the chatbot to initiate a return, it verifies the purchase, provides information about return possibilities, and emails the required shipping label. Additionally, the chatbot can provide options like exchanging for a different color or size. H&M has operations in several nations, and their chatbots can speak a number of languages. This makes the shopping experience more accessible and frictionless by guaranteeing that clients everywhere may get help in the language of their choice. For instance, a client in Spain asks a Spanish chatbot about a product's availability in-store, but a customer in Japan gets the same degree of assistance in Japanese. This worldwide accessibility increases client loyalty and fosters confidence. Moreover, the chatbots at H&M offer proactive involvement rather than just reactive help. Customers are encouraged to finish purchases or take advantage of specials by the bots' notifications of replenished items, impending sales, or suggestions based on abandoned carts. A chatbot message asking customers to complete their purchase and offering a discount code to encourage the transaction is sent to customers who leave things in their cart. In certain areas, H&M uses chatbots in conjunction with smartphone apps to help customers in-store. For information about available sizes, colors, or styling advice from the chatbot, customers can scan product tags. The gap between online and in-store shopping is closed by this connection. Also, the chatbot encourages users to finish purchases or take advantage of sales by reminding them of sales, replenished goods, or abandoned carts. Sales are increased and client retention is fostered by this proactive interaction.

Customer care operations have significantly improved as a result of H&M's adoption of AI-powered chatbots.

Increased Efficiency: The chatbot responds to a large number of consumer questions in real time, cutting down on wait times and increasing response rates. *Customized buying Experience*: AI-powered suggestions produce a customized buying experience that increases client happiness and revenue. *Cost Savings:* By eliminating the need for human customer service, automating answers to frequently asked questions lowers operating expenses. *24/7 Availability:* In contrast to human workers, the chatbot offers round-the-clock assistance, guaranteeing flawless client care.

By offering immediate, individualized service, H&M's chatbot has greatly increased customer engagement and organizational efficiency. Even if AI chatbots improve customer service, companies still need to strike a balance between automation and human interaction to properly handle complicated issues. To maximize customer happiness, future developments might concentrate on improving natural language processing skills and incorporating more human-like interactions.

Here are some examples of dialogues between H&M's chatbots and clients:

Example 1: Order Tracking

Client: "Hi, can you help me track my order?"

H&M Chatbot: "Sure! Please provide your order number."

Client: "It's 123456."

H&M Chatbot: "Thank you! Your order is currently being processed and is expected to be delivered by February 25th."

Example 2: Product Inquiry

Client: "Do you have this dress in size S?"

H&M Chatbot: "Let me check for you. Yes, the dress is available in size S. Would you like to add it to your cart?"

Client: "Yes, please."

Example 3: Fashion Advice

Client: "I need help picking an outfit for a wedding."

H&M Chatbot: "I'd love to help! What style are you looking for? Casual, formal, or something in between?"

Client: "Something formal."

H&M Chatbot: "Great! How about this elegant navy-blue dress paired with silver accessories? You can find it in our formal wear section."

Example 4: Return Process

Client: "How do I return an item?"

H&M Chatbot: "To return an item, please visit our returns page and follow the instructions. Would you like me to send you the link?"

Client: "Yes, please."

H&M Chatbot: "Here is the link to our returns page: [link]. If you need further assistance, feel free to ask!"

These examples illustrate how H&M's chatbots provide efficient and helpful responses to various customer inquiries, enhancing the overall shopping experience.

5. In conclusion

Traditional approaches to answering business questions offered direct communication and individualized attention, but they were frequently more expensive, took longer to respond, and needed a large number of human resources. These restrictions opened the door for digital transformation, as companies started using chatbots and email automation to increase customer satisfaction, speed up response times, and streamline communication.

Chatbots and business communication are related because of their capacity to automate, personalize, and simplify conversations while upholding consistency and professionalism. By offering real-time assistance, tailored suggestions, and round-the-clock accessibility, chatbots have greatly increased consumer satisfaction in customer service. Businesses like H&M have effectively used chatbots to manage customer inquiries, speeding up response times and enhancing the overall buying experience. Chatbots increase operational efficiency by automating repetitive operations so that human agents can concentrate on more complicated customer concerns. Furthermore, by examining consumer preferences, AI-powered chatbots provide tailored interactions that increase customer engagement and revenue. Chatbots are a useful tool to increase customer convenience, expedite support services, and foster brand loyalty, but they cannot completely replace human interaction. Companies that successfully use chatbot technology will keep improving customer happiness and maintaining their competitiveness in the rapidly changing digital market.

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