



The Future of AI in Retail and eCommerce

An Analysis of the Current Capabilities, Challenges,
and Opportunities of AI in the Industry

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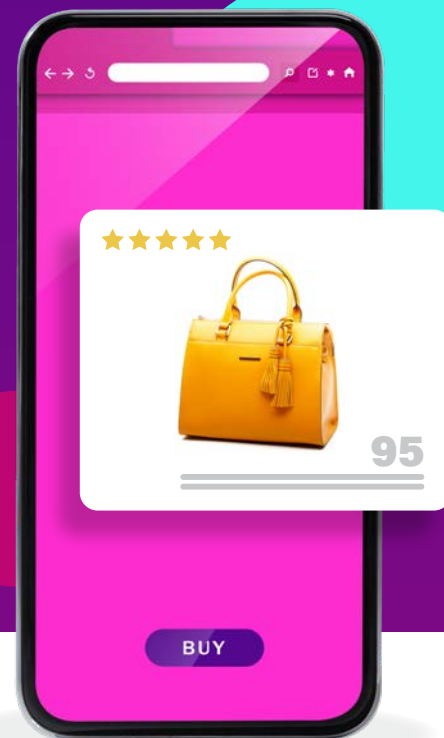
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Executive Summary

In the rapidly evolving landscape of retail and eCommerce, artificial intelligence (AI) is poised to become a pivotal force in reshaping industry standards for customer engagement, operational efficiency, and market competitiveness.

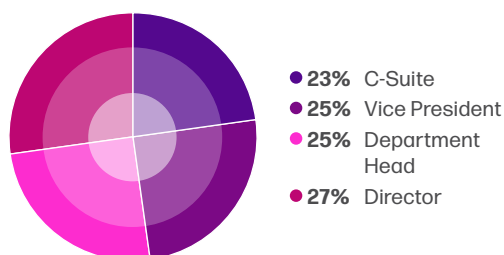
This report underscores the critical role of AI-driven insights, automation, and personalization, as facilitated through the integration of Customer Data Platforms (CDPs) with unified data systems. It highlights an understanding among industry leaders that the future of retail and eCommerce will be significantly influenced by technology's ability to offer nuanced, personalized experiences.

However, the report also brings to light a glaring challenge: Although the potential of AI in transforming the retail experience is widely recognized, a mere 14% of respondents are very confident in their ability to utilize unified data to drive AI-powered insights and decision-making.

About the Respondents

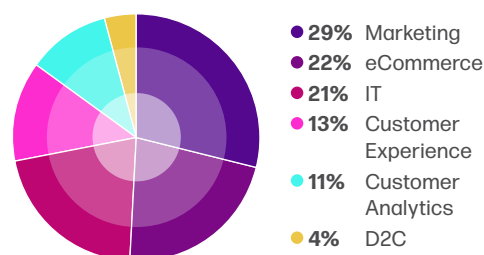
The WBR Insights research team surveyed 100 leaders from retailers and brand manufacturers across the U.S. and Canada to generate the results featured in this report.

What is your seniority?



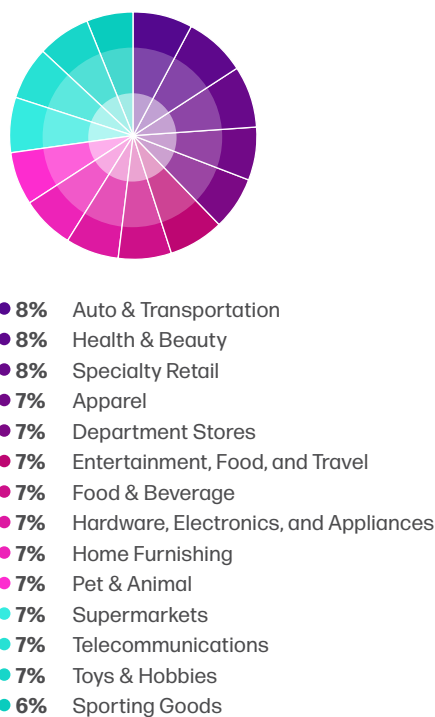
The respondents are directors (27%), department heads (25%), vice presidents (25%), and C-level executives (23%).

What is your role?

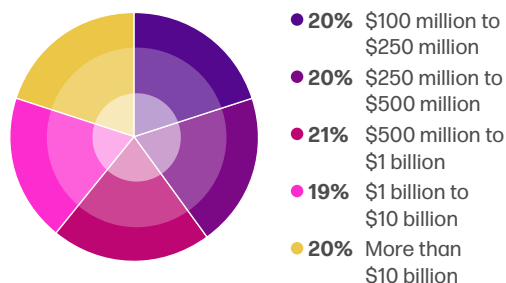


The respondents occupy roles in marketing (29%), eCommerce (22%), IT (21%), customer experience (13%), customer analytics (11%), and direct-to-consumer sales (4%).

What type of retailer do you represent?



What is your annual revenue?

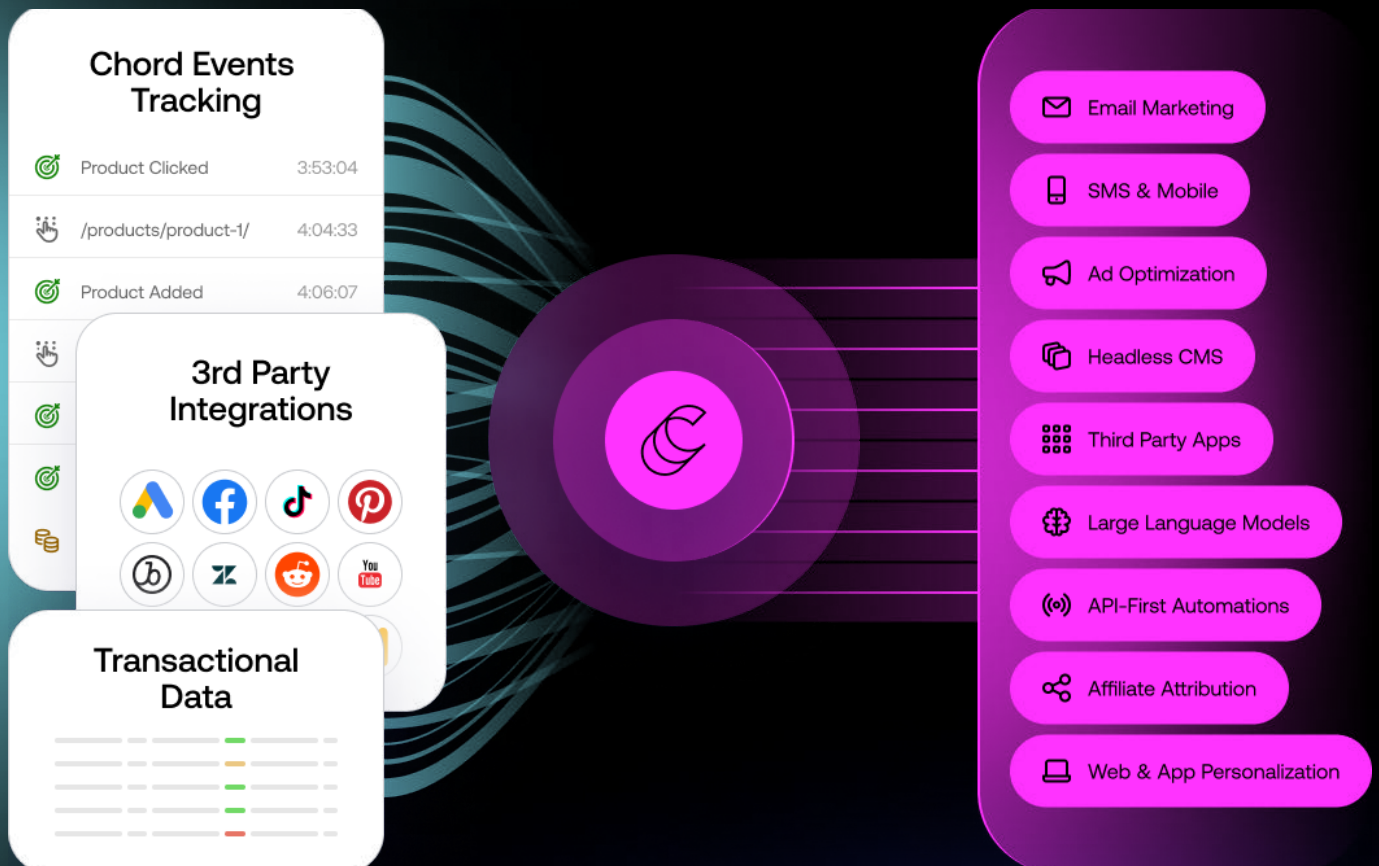


A variety of retailer types are represented in the report, including auto and transportation retailers (8%), health and beauty retailers (8%), specialty retailers (8%), apparel retailers (7%), and department stores (7%), among others..

The sizes of the companies represented in the report vary, as measured by annual revenue. However, 39% make \$1 billion or more in annual revenue.



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Key Insights

Among the respondents:

51%

say their AI implementations are somewhat mature, but 31% say they are not very mature.

85%

will increase their AI investments over the next 12 months.

72%

have witnessed better content thanks to their use of AI, while 71% have witnessed improved efficiency through automation.

66%

say their adoption and use of AI have resulted in more data-driven decision-making.

54%

currently use a CDP.

- Among these respondents, 69% say their CDP provides AI-powered personal insights, while 61% say it provides data governance and data cleansing.

92%

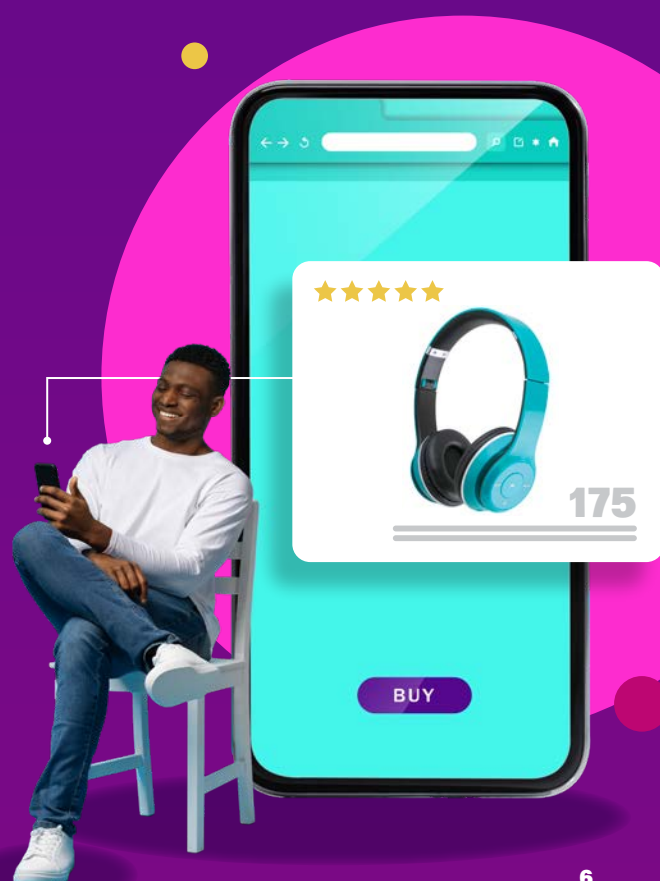
believe integrating CDPs with unified data will be important in enhancing AI-driven personalization over the next five years.

Most are leveraging AI for the following capabilities:

- Inventory management (**80%**)
- Personalized customer communications (**61%**)
- Content generation (**58%**)
- Predictive analytics (**56%**)
- Supply chain optimization (**55%**)
- Customer data analysis and segmentation (**53%**)

The two most significant challenges to AI implementation are:

- Integrating AI with existing systems (**66%**)
- Data privacy and security (**66%**)



Retailers Are Investing in the Growing Value of Artificial Intelligence

Artificial Intelligence (AI) has revolutionized the retail industry, dramatically altering traditional approaches to marketing, inventory management, and customer engagement.

By leveraging AI technologies, retailers and brand manufacturers can now predict consumer behavior with unprecedented accuracy and efficiency. This technological shift not only enhances operational capabilities but also offers a more personalized shopping experience to customers.

Nonetheless, implementations of AI vary in maturity and sophistication across the industry. While some retailers are still relying only on standard chatbots for customer engagement, others are enjoying the full benefits of current AI technology through deep customer analysis and automated personalization.

Most of the respondents to the study indicate a moderate level of maturity in integrating artificial intelligence (AI) into their retail operations, with over half (51%) describing their implementation as somewhat mature. A significant portion (31%), however, views their AI maturity as not very advanced.

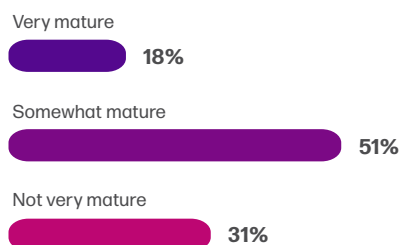
This suggests that while there is a growing recognition of AI's potential value in the retail sector, many businesses are still in the early stages of adopting and adapting this technology to fully leverage its capabilities.

However, AI implementation is likely to increase substantially. A significant 85% of respondents foresee an uptick in their AI investments, with 55% expecting a moderate rise and 30% projecting a substantial increase over the coming year.

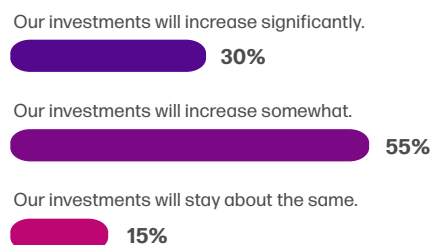
Retail and eCommerce companies plan to use AI to revolutionize operations, from enhancing customer experience to optimizing supply chain efficiencies. By harnessing AI's capabilities, brands can position themselves at the forefront of innovation, delivering more personalized and efficient shopping experiences.

This movement signals a transformative period in the retail industry, where leveraging advanced technology is becoming a key differentiator in a highly competitive market.

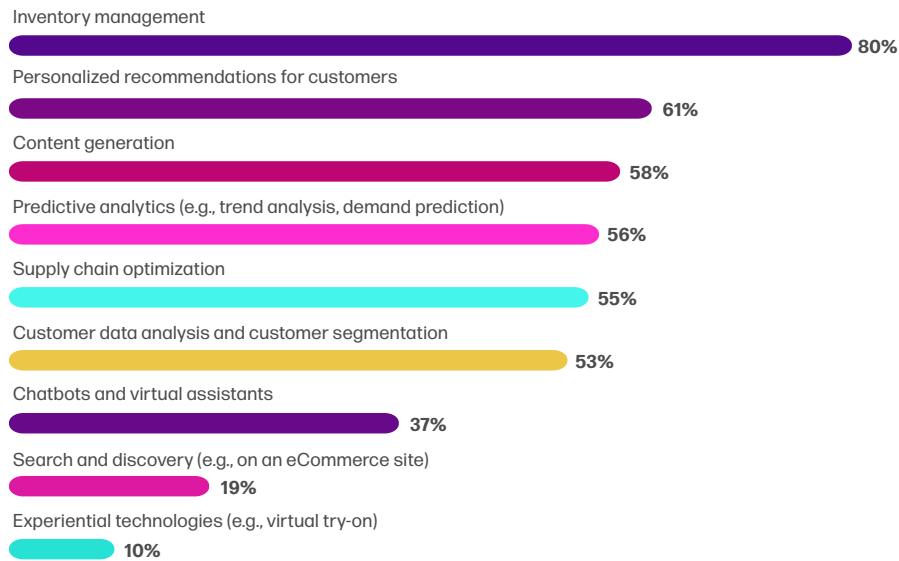
In your view, how mature is your current implementation of artificial intelligence in your business?



How will your investments in AI technology change over the next 12 months?



For which of the following capabilities do you currently leverage artificial intelligence?



The retail industry will continue to harness the power of AI across various dimensions of its operations. The technology will result in a significant transformation in how companies approach business efficiency and customer engagement.

Notably, 80% of respondents are deploying AI for inventory management. This highlights the move towards more efficient, error-free stock handling and distribution methods.

Personalization has also become a focal point, with 61% of respondents utilizing AI for tailoring customer recommendations. The industry has recently witnessed a significant push towards enhancing the customer experience and maximizing sales through customized engagement.

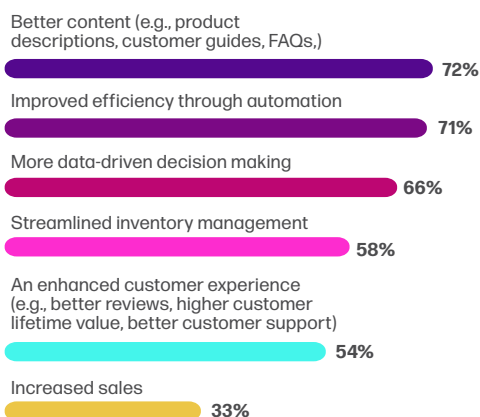
Furthermore, the application of AI in predictive analytics and supply chain optimizations, with 56% and 55% respectively, illustrates an industry-wide pivot towards data-driven decision-making. Retailers aim to predict market trends and streamline their supply strategies in anticipation of future demands.

Overall, these uses of AI will set a new benchmarks for innovation, efficiency, and customer-centricity within the industry. Companies that can't keep up with the AI revolution will risk falling behind their competitors and losing relevance in the market.

AI Has Delivered Stronger Content, Higher Efficiency, and Better Decision Making Despite Challenges

Retailers have signaled that they are increasing their investments in AI, likely because they've already witnessed significant results from their previous investments.

What positive impacts have you witnessed thanks to your adoption and use of AI in your business?



For example, an overwhelming majority of respondents reported enhancements in content creation and operational efficiency since their implementations of AI technology.

Specifically, 72% of businesses observed a significant improvement in the quality of their content, including product descriptions, customer guides, and FAQs. Furthermore, 71% testified to the benefits of AI-powered automation, streamlining processes that previously demanded extensive manual effort.

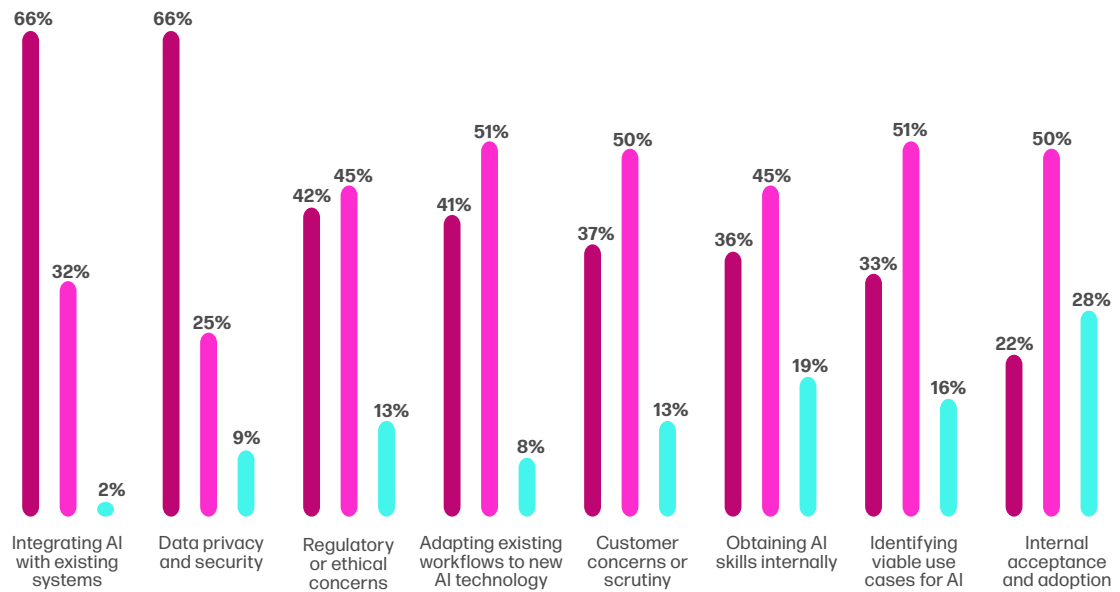
AI-generated content is quickly becoming a critical factor in improving customer engagement and driving sales. By implementing intelligent content-generation systems, retailers can create personalized product recommendations, tailored emails, and targeted advertisements that are more likely to resonate with consumers.

AI-enhanced automation can increase the speed and accuracy of inventory management, supply chain optimization, and pricing strategies. As a result, businesses can reduce human error and make more informed decisions based on data-driven insights.

Indeed, 66% of the respondents also say they've witnessed more data-driven decision-making thanks to their adoption of AI. This result is significant, as it demonstrates that AI is not only improving operational efficiency but also enabling retailers to empower themselves with critical intelligence before approaching new challenges.

Used correctly, AI can analyze large quantities of data, and even anecdotal information, to produce insightful recommendations for retail leaders. These recommendations can be taken under advisement when it comes time to execute new business strategies.

How significant have the following challenges been during your implementation of AI technology?



● This has been a very significant challenge. ● This has been a somewhat significant challenge. ● This has not been a significant challenge.

Nonetheless, AI adoption in the retail industry comes with challenges. A significant portion of retailers report that integrating AI technology with existing infrastructures and ensuring data privacy and security are major hurdles, both cited by 66% of respondents.

Retailers and eCommerce brands must invest in robust systems that can seamlessly merge with AI technologies while safeguarding sensitive consumer information. For the broader retail industry, addressing these issues is crucial for unlocking the full potential of AI. To leverage AI safely and successfully, companies will need adaptable platforms and stringent data protection measures.

Multiple analyses have shown that consumers are concerned about what AI could mean for the security of their information. This was also evidenced by the fact that 42% of the respondents consider regulatory or ethical concerns a very significant challenge.

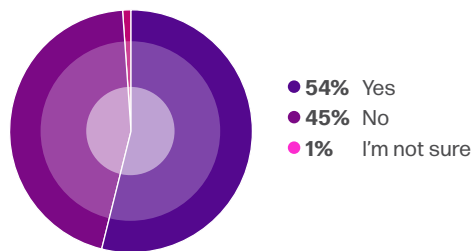
In a time when data breaches are all too common, retailers must take extra steps to safeguard their AI implementations as well as the data they depend on. They will need to provide customers with transparency and evidence-based assurance that their information is safe.

Companies have faced other internal challenges in their adoption of AI. For example, 41% consider adapting existing workflows to new AI technologies a very significant challenge. Internal change can be difficult, especially when new technology implementations are disruptive to established workflows. Technology and operations leaders must work closely with users to ensure a seamless transition to AI usage—this may take time, but it is necessary to ensure the technology is implemented and used effectively.

Retailers and eCommerce Leaders Need Unified Data to Drive AI-Powered Insights

Artificial intelligence depends on data to perform, whether that data comes from written user inputs or datasets that have been procured through the company's internal systems and customer touchpoints. Unifying data across the enterprise is critical, especially when that data is needed for AI-driven decision-making.

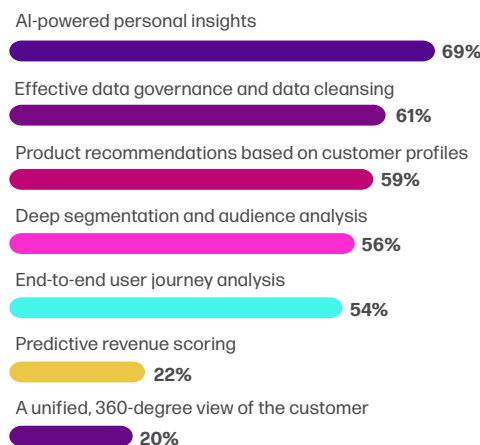
Do you currently use a customer data platform for data collection, integration, and/or analysis?



One way to unify customer data from various touchpoints is to use a customer data platform (CDP). A CDP is a software platform that draws data from multiple sources to create a single, unified database, which is accessible by all the company's systems.

Most respondents (54%) currently use a customer data platform (CDP) for data collection, integration, and analysis. Although these respondents are in the majority, that majority is relatively slim. More retailers and eCommerce companies need a comprehensive data solution to unify their data, especially if they plan to leverage that data in their AI implementations.

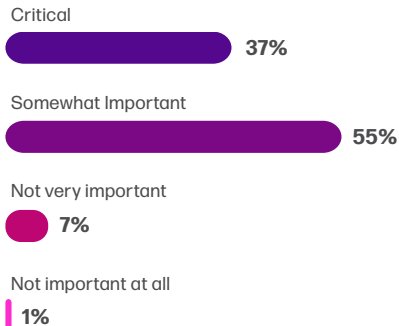
Since you said, "Yes," does your current customer data platform provide any of the following capabilities?



Among only the respondents who use CDPs, most claim their current customer data platform provides AI-powered personal insights (69%), effective data governance and data cleansing (61%), product recommendations based on customer profiles (59%), deep segmentation and audience analysis (56%), and end-to-end user journey analysis (54%).

This means that a significant portion of companies have already integrated AI tools with their customer data technologies, or they are leveraging AI-powered features provided by their data solutions. They are enjoying at least some of the benefits of AI in their marketing and decision-making processes.

In your opinion, how important will integrating Customer Data Platforms (CDPs) and unified data be among retailers in enhancing AI-driven personalization and customer experiences in the next 5 years?



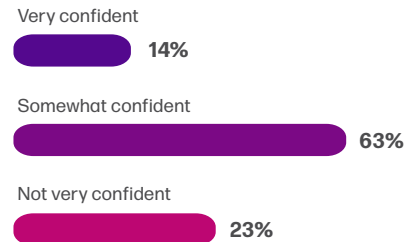
Almost all the respondents (92%) agree that the integration of CDPs and unified data to enhance AI-driven personalization will be important in the next five years. This includes more than one-third of the respondents (37%) who say this capability will be critical.

The significance of this finding lies in the evolving landscape of consumer expectations and the competitive advantage that advanced personalization offers. Consumers not only desire but expect interactions with brands to be highly personalized, seamless, and intuitive.

Unifying the company's data with a CDP allows for a more sophisticated analysis of consumer behavior, enabling companies to tailor their services and communications in real time.

This capability is not just a trend but a strategic imperative that can dramatically improve customer engagement and loyalty, and ultimately, drive revenue growth. Businesses that prioritize and invest in this area are likely to outperform their competitors by delivering superior customer experiences.

How confident are you that your organization is effectively utilizing unified data to drive AI-powered insights and decision-making for improved retail operations and customer engagement?



Nonetheless, only 14% of the respondents are very confident that their organizations are effectively utilizing unified data to drive AI-powered insights for improved retail operations and customer engagement.

The disparity between recognizing this approach to data optimization and putting it into practice underscores a pivotal challenge for many organizations. Although there is widespread recognition of the potential that advanced personalization holds in transforming customer experiences, operationalization is a significant hurdle.

Organizations that successfully bridge this gap, not merely by investing in the technology but also by nurturing the necessary expertise and processes to leverage it, stand to gain a considerable competitive edge. They can anticipate and meet customer needs with unprecedented precision, fostering deeper customer engagement, enhancing satisfaction, and encouraging loyalty, all of which are essential for long-term success in the rapidly evolving digital marketplace.

Conclusion: How AI Will Change Retail and eCommerce

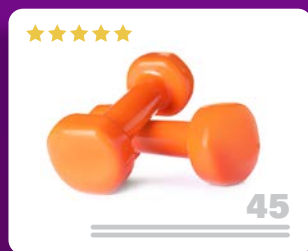
To gain a better understanding of where AI is headed in the retail sector, researchers asked the respondents to describe how they see the technology changing retail and eCommerce over the next five years.

Retail and eCommerce leaders anticipate AI will play a significant role in streamlining both customer-facing and operational processes. AI is expected to drastically reduce manual tasks in stores and back-office operations, enabling businesses to cut operating costs significantly. This technological pivot is viewed not just as a means to enhance operational efficiency but also as a strategic move to increase market share by offering superior customer experiences.

Another key area of AI-based transformation lies in the enhanced personalization of products, services, and marketing initiatives. Retailers and eCommerce companies aim to utilize AI to offer more nuanced and relevant product recommendations, thereby elevating the shopping experience. The goal is to make customers feel valued and understood without the need for time-consuming or intrusive data collection tasks.

Furthermore, AI's application in inventory and logistics management is expected to improve accuracy and efficiency, enabling businesses to respond more effectively to consumer demands and market trends.

The consensus among these leaders is that AI will significantly alter how they manage their operations and engage with customers. The next wave of AI advancements promise not only to improve the bottom line for businesses but also to enrich the shopping experience, both online and in-store. AI will create a future where technology and human insight combine to meet consumer needs with unprecedented precision and care.



Key Suggestions

- **Prioritize the integration of AI into your customer data solution to enhance personalization efforts.**

Combined with AI, customer data tools allow for more precise targeting and personalization, directly addressing consumer expectations for tailored experiences.

- **Use unified data to drive AI-powered insights.**

This bridges the gap between recognizing the potential of AI in retail and eCommerce and capitalizing on it for improved customer engagement and operational efficiency.

- **Balance AI-driven personalization with consumer privacy to maintain trust and loyalty.**

Respecting privacy while offering personalized experiences is key to building long-term customer relationships in a digital age where data security is a significant concern.

- **Leverage AI for inventory and logistics management to improve response to consumer demands and market trends.**

Enhanced accuracy and efficiency in these areas can lead to reduced operating costs and more effective fulfillment strategies, crucial for staying competitive in a rapidly evolving market.



About the Authors



WBR Insights is the custom research division of Worldwide Business Research (WBR), the world leader in industry-driven thought-leadership conferences. Our mission is to help inform and educate key stakeholders with research-based whitepapers, webinars, digital summits, and other thought-leadership assets while achieving our clients' strategic goals.

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