



CPG & RETAIL

AIQRATE
A Bespoke AI Advisory & Consulting Firm

**GLOBAL AI ADOPTION
REPORT 2021**

Accelerate | Accentuate | Augment

Volume 3



The AI in the CPG & Retail Market is expected to reach USD 30.90 billion by 2025, at a CAGR of 35% over the forecast period 2020 – 2025.

CONTENTS

1. Overview - [Page 2](#)
2. Business Value chain: AI Adoption Areas - [Page 4](#)
3. Spending on AI - [Page 8](#)
4. AI Adoption across Regions - [Page 10](#)
5. Impact on Revenue and Costs - [Page 15](#)
6. Challenges - [Page 17](#)
7. The Way Forward - [Page 19](#)

Overview

Consumer products organizations and Retail are entering a new phase of innovation with AI at its core. The results are profound, offering a host of previously unimaginable capabilities – from automatically rerouting shipments to bypass bad weather, to personalizing in-store services based on analysis of a customer’s facial expressions.

COVID-19 has not only accelerated the pace of digital transformation but has also presented a compelling scenario for CPGs to invest in AI and a data-driven strategy to offset uncertainties and build resilience for the future. Intelligent technologies such as AI and machine learning are providing companies with new capabilities to harness the power of data-led insights to make timely and informed decisions – both strategic and tactical.

Consumer products organizations and Retail are entering a new phase of technological innovation with intelligent automation at its core. The ramifications are profound, offering a host of previously unimaginable capabilities – from automatically rerouting shipments to bypass bad weather, to personalizing in-store services based on analysis of a customer’s facial expressions.

A research by IBM shows that two in five retailers and brands are already using intelligent automation, and that number is on track to double within the next three years.

Future AI-driven applications look to be far more extensive than many consumer products and retail companies currently realize.

In the 1990s, the ecommerce revolution initiated a fundamental change in consumer shopping behaviour, which has continued to gain momentum in the mobile and social media era. In the process, customer demands have reshaped the retail and consumer products industries. To meet these changes, retailers and brands have leveraged technologies over the past decade that enable them to stay close to local market trends, understand consumer preferences and shopping behaviours, design products, provide value-added services and engage consumers in contextual ways.

Global AI Adoption Report 2021

CPG & Retail

The changing customer preference and growing competition among retailers to hold significant market share have increased the deployment of AI in the retail industry. The growing digitalization coupled with rising internet penetration and proliferation of smart devices across the globe is rapidly increasing the use of AI by retailers.

The competitive landscape is shifting and it's no longer about just pursuing AI—it's about being among the first to adopt AI at scale to reach unprecedented levels of personalization, precision and profitability. The good news is retailers now have access to the necessary innovation, compute power, skill sets and solutions required to fully embrace AI responsibly across the enterprise to create value and fuel profitability.

Business Value Chain: AI Adoption Areas

1. Product categorization
2. Customer Support
3. Product Search
4. In-store Assistance
5. Virtual fitting rooms & mirrors
6. Tracking Customer Satisfaction
7. Predicting & Influencing customer behavior
8. Cashier-free Stores
9. Trade Promotion Optimization (TPO)
10. Adjusting prices
11. Eliminating Over stocks & Out-of-stocks

1. Product categorization

Artificial intelligence is a smart way to classify products.

- **LovetheSales.com** employs machine learning to categorize more than a million commodities from numerous retailers.
- **Lalafo** has made a step forward by sorting merchandise and services via AI-powered image recognition. When sellers want to market goods on Lalafo, they can just upload an image of these goods with no need to add a description. Artificial intelligence has helped Lalafo increase content relevance and improve sales.

2. Customer Support

Chatbots are one more popular application of AI in the CPG & Retail industry. Chatbots help retailers to provide great customer service, help customers find items on the site, notify them about new collections, and offer them apparel similar to things they've already chosen.

- **Burberry and Tommy Hilfiger** have already launched AI-driven bots on Facebook Messenger that guide customers through their latest collections and answer their inquiries.
- **1-800 Flowers** has also launched an AI-powered concierge named Gwyn (Gifts When You Need). Gwyn emulates messaging platforms like WhatsApp and can successfully reply to customer questions, help customers find the best gifts, and assist them through the entire shopping experience.

3. Product Search

• Voice Product Search

Artificial intelligence has made possible voice search for products. Many prominent brands such as Costco, Kohl's, Target, Tesco, and Walmart use either Google or Amazon AI technology and smart devices to serve customers with easy and fast search. Customers don't need to type in queries on small devices anymore; they can just ask Alexa to add carrots or new glitter shadows by MAC to their shopping bag.

- **Visual product search**

Artificial intelligence has opened visual search to retailers as well, allowing customers to upload images and find identical or similar products. AI-powered technology scrutinizes an image and analyzes colors, shapes, and patterns to identify an item. John Lewis has added this technology to their iPad app. The Find Similar feature has gotten 90 percent positive feedback from customers. American Eagle Outfitters also offers visual search in its mobile app. American Eagle image recognition technology lets customers not only find the exact or similar clothing but also get recommendations on what goes well with it.

4. In-store assistance

Many retailers invest in AI-driven technologies that can both assist customers while shopping in their physical stores and help their staff handle customer inquiries.

- **John Lewis** spent £4 million in 2017 on a shop floor app for its personnel. This app equips employees with information about products and stock availability so they can answer shoppers' questions right on the spot.
- **Kroger** has decided to help their staff as well. Kroger Edge technology will replace paper price tags with instantly changing digital tags. In addition to prices, smart shelf tags will display nutritional information, current promotions, and video ads.

5. Virtual fitting rooms and mirrors

The virtual fitting room is a great helper for busy shoppers as they can try out manifold apparel, find the right outfit and an accessory that perfectly matches it, and do all this in a matter of minutes.

- **Moda Polso** lets its clients create their own avatars. These virtual avatars let Moda Polso shoppers try on an unlimited number of outfit options and make a purchasing decision quickly and easily.
- **Me-Ality**, a Canada-based tech startup, has developed a virtual fitting kiosk that can scan a shopper's whole body. A scan takes about 20 seconds and measures 200,000 different points on the body. Gap, Levi's, J.Crew, Old Navy, American Eagle, and Brooks Brothers set these scanners in their stores and saw a dramatic increase in sales.
- **Specsavers** was one of the first retailers to offer a Virtual Try On feature. With Specsavers, a customer can scan their face with the camera on their desktop, tablet, or mobile and virtually try on glasses in one click.

6. Tracking Customer Satisfaction

Apart from scrolling through social media and gathering feedback left by customers, artificial intelligence can detect the actual mood of your customers in the store.

- **Walmart** is rolling out facial recognition cameras that can define a customer's level of satisfaction at the checkout. If a customer is frustrated, a company representative will talk to them to soften the annoyance and revive their relationship with the store.
- Multi-brand online retailer **Shop Direct** is working with IBM to develop an AI-driven chatbot that can determine customers' moods as well. The chatbot goes through the words and tone that customers use in their text messages. Once the chatbot has detected an annoyed or disappointed customer, it directs them to a representative for help via chat or a telephone customer service line.

7. Predicting and Influencing Customer Behaviour

Artificial intelligence platforms like Personalai allow retailers to leverage behavioural economics and reach customers with an individual approach. Personalai's Intelligent Incentive platform analyzes customer psychology and emotions to encourage purchases.

8. Cashier-free Stores

The robotization of stores helps diminish lines, reduce the number of employees needed, and dramatically save operational costs for a company.

Amazon artificial intelligence has enabled checkout-free stores. The Amazon Go app along with Just Walk Out Shopping technology automatically react to a customer's taking from and returning products to the shelf.

9. Trade Promotion Optimization (TPO)

- **Genpact** offers a software called Contract Assistant, which is a sub-product of Genpact Cora. Genpact claims Contract Assistant can help CPG companies stop overpaying retailers for carrying out promotions such as sales or in-store displays. The software uses natural language processing to match trade promotion contracts to invoices.
- **Wipro** offers Promax Optimize, which it claims can help CPG companies optimize future trade promotions using predictive analytics.

10. Adjusting prices

Intelligence can show retailers likely outcomes of different pricing strategies so they can come up with the best promotional offers, acquire more customers, and increase sales.

- **eBay** uses AI-powered pricing and inventory algorithms to define the most appropriate prices for goods and notify sellers.
- **Kroger** applies artificial intelligence for price optimization as well. Analytics data helps the company stay flexible and change prices and promotions instantly based on shopper insights.

11. Eliminating Over stocks and Out-of-stocks

An excess or short supply of products can affect a company's profitability and costs retailers worldwide \$1.1 trillion each year. Leftover stock is often marked down and leads to low sales turnover. Out-of-stock situations, on the other hand, make for lost sales and dissatisfied customers who can easily switch to your competitors. AI helps retailers replenish supplies by identifying demand for a particular product based on sales history, location, weather, promotions, trends and so on. This way companies can prevent underperforming products from building up, stock what customers are likely to buy, achieve faster deliveries, reduce returns, and save lots of money.

- **H&M** uses AI to analyze store returns, receipts, and loyalty cards to predict future demand for apparel and accessories and manage inventory.
- **Morrisons** has partnered with BlueYonder, a leading AI solutions provider for retailers, to optimize stock forecasting and replenishment across its 491 stores. Use of artificial intelligence has helped the company to reduce shelf gaps in-store by up to 30 percent.

Spending on AI

Global spending on AI by retailers is estimated to reach \$12 billion by 2023, all because AI offers new ways to improve the customer experience and to optimise operational efficiency and productivity.

More than 70 percent of retail and consumer products executives expect their companies to be engaging in intelligent automation across the value chain by 2021.

Retailers continue to lead the way in AI Investments, as personalization becomes a more important driver of e-commerce sales and consumers demand better customer experiences, including those delivered by automated agents like chatbots and business messengers.

A few examples of spending & application of AI by Retail & CPG companies on AI are given as follows: -

- **McDonald's Drive - Through Smart Voice Assistant**

One of the world's favourite restaurants moved quickly to transition into the AI era. The top folks at McDonald's have done impressively well to stay on top of the latest trends over the last few decades and their recent move indicates they are not relenting any time soon. McDonalds installed a voice-based platform for complex, multilingual, multi-accent and multi-item conversational ordering. It also acquired an artificial intelligence company called Apprente, which has built this platform for them. This has made the process of ordering faster and it is cost-efficient as well.

- **H&M's Assortment Planning using Artificial Intelligence**

Big brands like H&M have realized the importance of using AI in their assortment planning. H&M aims to forecast trends months in advance. The retail giant is employing over 200 data scientists, analysts and engineers to use AI to review purchasing patterns of every item in each store. The data incorporates all the information from over five billion footfalls from last year to its stores and traction on its websites. It also considers data from external sources.

- **Pepper Robot – Nestlé's Solution to sell coffee Machines**

Nestlé Japan is using a humanoid robot to sell its coffee machines built by SoftBank Robotics. It's one of the first robots in the world that can sense and respond by feeling human emotions. It is equipped with the latest voice and emotion recognition technology. And the best part is that it can respond by understanding human facial expressions.

- **Boch Automotive's Artificial Intelligence – Powered Sales Assistant**

Boch Automotive, an England based car dealership company, has adopted a unique AI software that streamlines its sales funnel and establishes an automated sales assistant to increase service revenue via engagements.

- **Mango and Vodafone's Smart Digital Dressing Room**

The concept of a digital fitting room involves using an Internet of Things (IoT) digital mirror that was designed by Mango and developed by Vodafone in collaboration with Jogotech. These new fitting rooms are another step in the digital transformation of retail stores to create a whole new experience for the customers.

- **53 Degrees North – Automated AI for Customer Segmentation**

Data science and AI have transformed this landscape as well. Using techniques like market basket analysis, association rules, clustering and so on, businesses are able to create granular segments to enhance their marketing efforts. 53 Degrees North (53DN), an Irish lifestyle retail chain, partnered with Brandyfloss for using their automated customer segmentation software. This solution will solve the segmentation problem and propel its marketing campaigns to the corrected targeted population.

- **Domino's Pizza – Delivery by a Robot**

Domino's launched its Domino's Robotic Unit (DRU). They have built an artificial intelligence-based robot that will deliver hot piping pizza at your doorstep. This innovation marvel is like a self-driving car with a mini oven and a fridge on wheels. The vehicle itself is a collaboration between Domino's Pizza and a Sydney-based robotic company Marathon Targets.

- **Walmart Deploys Robots to Scan Shelves**

Walmart in Tampa Bay (Florida) has introduced a robot on wheels that is doing this task very effectively. The robot travels along the aisle, stretches its arm till the top of the shelves and automatically captures the required data. It takes in prices and the number of items available. That's quite a lot of time and effort saved and the company will also cut down on operational costs with this adoption. The company aims to increase its customer interaction rather than spending its customer's time on shelf alignment.

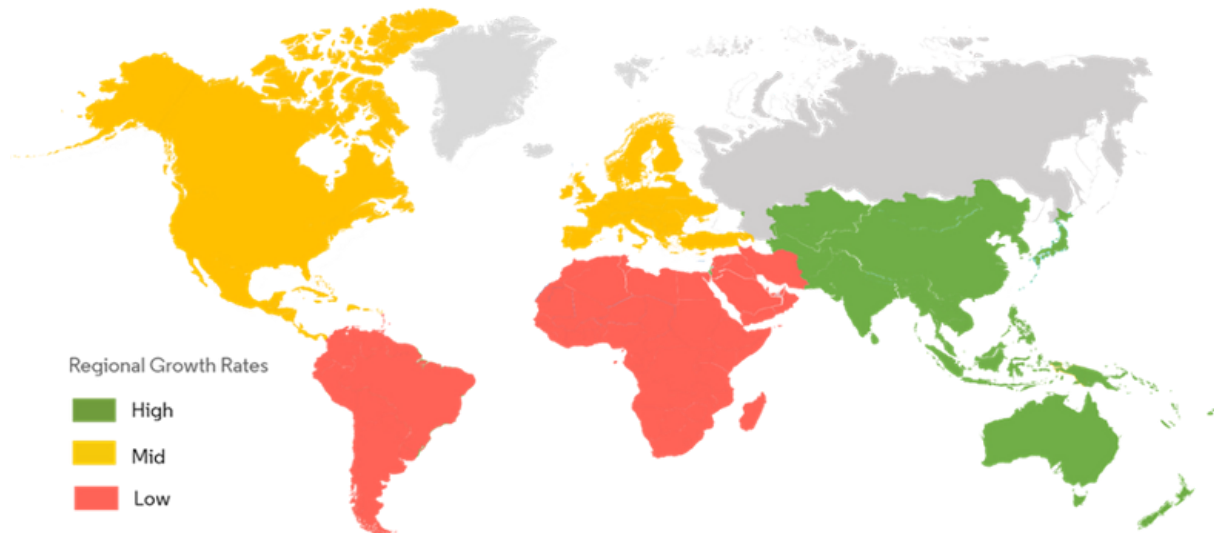
- **Olay – Using AI to Personalize Skincare**

Olay's AI-powered skin advisor, an online service that relies on artificial intelligence and proprietary deep learning, is analyzing a user's skincare needs at a very granular level.

CPG & Retail has one of the leading global spend on AI systems, with the category projected to invest on solutions like automated customer service agents, shopping advisers and product recommendation platforms. More than 325,000 retailers are expected to adopt AI technology by 2023.

AI Adoption across Regions

Artificial Intelligence in Retail Market - Growth Rate by Region (2019 - 2024)



Source: Mordor Intelligence

- Geographically, the global artificial intelligence in the CPG & Retail market is segmented into five major regions, namely, North America, Europe, Asia Pacific, Latin America, and the Middle East and Africa.
- At present, North America holds a dominating position in the global AI in retail market. The region has high technology adoption rate, presence of key players & start-ups, and high penetration of internet.
- The APAC region is expected to grow at the highest CAGR owing to the growing adoption of AI-based solutions and services among retailers.
- Analysis of AI Adoption in CPG & Retail market for major countries across the regions of US, Europe & Asia Pacific (APAC) is given as follows: -

AI Adoption across US

1. Warby Parker

In April 2019, Warby Parker, a US-based company started practicing innovative ways. By the use of artificial intelligence, it is providing its customer to try the virtual Try-On that allows them to try on virtual frames through augmented reality, a technology that overlays computer-generated images onto real-world images (your face).

2. Anki

Founded in 2010, this robotics and AI start-up made a huge impact by outdoing their own overdrive racetrack to release Cozmo.

Cozmo is an adorable robot toy that makes a healthy profit for Anki in sales.

3. Blue Yonder

Blue Yonder is focused on using AI to automate the process of tech industry retail. They aid retailers and pinpoint the keys to higher revenues, increased margins and fast and efficient reactions to a constantly changing market. Blue Yonder has taken a pretty scientific approach to be the leading provider of cloud-based predictive applications for retailers.

3. Infinite Analytics

Another company focused on the optimisation and growth of other companies through the power of AI, Infinite Analytics is set on maximising sales and engagement by discovering rich insights, identifying the right customers and expanding their clients' exposure across all channels.

4. Signifyd

Signifyd is the most well-funded AI start-up in the fraud detection industry for retail and eCommerce, having raised \$180 million. They specialize in fraud detection for retail and eCommerce companies. Their most prominent offering is called "guaranteed fraud detection," and it likely uses anomaly detection technology to recognize fraudulent transactions and prevent chargebacks.

5. Lowe's

LoweBot, an autonomous in-store robot from Lowe's, helps customers find what they need in the store in different languages. At the same time, it helps with inventory management thanks to real-time monitoring capabilities.

6. Microsoft

Microsoft has carved its way into niche space for providing AI solution for the retail market by delivering the Cortana Intelligence Suite. The suite is instrumental in offering cost-effective tools and services to the retailers which are looking to gain insights from the data generated from various applications deployed in their systems. The suite utilizes advanced analytical algorithms, such as predictive analytics, to offer real-time insights into the data generated by applications, POS, IoT devices, and social media.

7. Google

Google showcases strong AI product portfolio that can cater to various demands of the retail industry. AI offerings are clubbed under Google.ai that includes applied AI, tools, and research. Google offers Google Cloud Platform to recognize trends in large datasets from diverse sources, effective and secure consumption models, and archive a large amount of sensitive data. Google launched Allo smart messaging app for eCommerce application. The Allo functions uses deep learning technology for various applications such as NLP and voice recognition.

AI Adoption across Europe

1. Panther Solutions

As a prominent retail AI solution provider in Europe, this company brings to the table the price optimisation silver bullet, Panther Pricing, made by retailers for retailers. Panther Solutions leverages the prowess of AI and the cloud to generate automated price recommendations that enable retailers to reduce price markdowns significantly.

2. MySales Labs

MySales Labs empowers retailers with insights that boost business growth, increase both profitability and revenue, optimise inventories without sales losses, and give a head start in tightening competition on the global markets. The company utilises data analytics, machine learning (ML), and artificial intelligence (AI), to offer retail management solutions for demand forecasting, price optimisation, stock replenishment, and promotion modelling.

3. PricingHUB

PricingHUB leverages data at scale and machine learning to help retailers implement multiple pricing strategies and action their daily trading. As one of the top retail AI companies in Europe, PricingHUB offers a dynamic pricing SaaS platform to manage P&L by utilizing solid pricing algorithms and a transparent performance measurement methodology. Governed by the mission to bring dynamic pricing to physical retail stores by leveraging a blend of real-time customer data and machine learning algorithms, PricingHUB helps retailers understand price elasticity and drive better pricing decisions.

4. Nextail

Nextail is a Spanish company that offers an automated inventory management tool, which the company claims can help retail fashion businesses balance inventory among its stores to optimize sales using predictive analytics and machine learning. Nextail claims that the application is accessible throughout the retail organization to digitize most aspects of the physical retail business.

5. Cortexica

Cortexica is a UK-based company that offers AI-driven image and video applications, which the company claims can help retail businesses offer online shoppers visual search tools of products they want to purchase using computer vision. Cortexica claims that shoppers, from their device, can upload a photo of the item they are looking for to the application. The algorithms compare the pixels in the uploaded image to images in the eCommerce database. It will then identify images that are similar or a match to the uploaded image. Once it recognizes similar items, the system returns with the recommended results in the form of curated photos of the items.

2. Metail

Metail is a UK-based company that offers MeModel, an application for eCommerce sites and smartphones, which the company claims can help retail shoppers try on clothes virtually using machine learning.

The company claims that the application could increase sales, enhance customer experience and loyalty, reduce product returns, and deepen the retailer's knowledge about shoppers, among other benefits.

AI Adoption across Asia

1. ViSenze

ViSenze is a Singapore-based company that offers a namesake software that the company claims is capable of allowing customers to search by image. Once the software is integrated into a retailer's website, customers could upload a photo to the website's search bar. The search software would then return a visually-similar item for the customer.

2. Trax

Trax is a Singapore-based company that offers a software called Trax Technology Stack, which it claims can give consumer packaged goods businesses a view of how their products compete with other brands on the retail shelf using computer vision. The company claims that this can help businesses develop strategies for where to display their products on shelves and inventory management.

3. Zenatrix

Zenatrix is an Indian company that offers software called Wattman and Wattman Lite, which the company claims can help retail chain businesses reduce their establishment's energy consumption and conducts predictive and preventive maintenance on air conditioning systems using machine learning.

4. Megvii Technologies

Megvii Technologies is a Chinese company that offers an open facial recognition software called Face++. Face++ has some retail applications. For example, Ant Financial is currently using Face++ behind their Alipay software, which the company claims allows customers at a particular KFC-offshoot store, known as KPro, to pay for their meals by smiling.

Rapid growth in consumer spending, presence of young population, government initiatives towards digitization, developing internet and connectivity infrastructure, and growing adoption of AI-based solutions and services among retailers are helping Asia Pacific region to register the fastest growth in the global artificial intelligence in CPG & Retail market.

Supportive government initiatives in the region to propel e-commerce and retail sector are proliferating the deployment of AI to increase customer engagement, improve customer experience, and enhance business-related decision making.

Impact on Revenue and Cost

The Artificial Intelligence in the CPG & Retail Market was valued at USD 11.80 billion in 2019 and is expected to reach USD 30.90 billion by 2025, at a CAGR of 35% over the forecast period 2020 – 2025.



Consumer products and Retail executives project that intelligent automation capabilities could help increase annual revenue growth by up to 10%. Retailers can save as much as \$340 billion by taking AI to scale across the value chain, including operations, supply chain, planning, product development, distribution, and more.

The number of retailers using machine learning in demand forecasting is projected to more than triple between now and 2023, with associated service revenue reaching \$3 billion by 2023. Also, smart checkouts, mostly powered by AI technologies such as computer vision, will grow in the convenience store segment, leading to annual transaction volumes of more than 1.4 billion by 2023.

Advanced analytics in functions such as demand forecasting and automated marketing will help retailer improve margins and become more agile. AI-equipped retailers where systems were adopted early are expected to displace slower moving retailers.

The ongoing shift by retailers from traditional retail experience to AI-driven business solutions is one of the crucial factors enabling the growth of the AI in retail market.

The growing awareness about the advantages of AI in retail operations such as quality improvement, paced up decision making, strong operational agility and enhanced customer experience will boost the AI in retail market growth in the forthcoming years.

In addition, exceptional benefits of AI-powered data analytics will further spur demand for AI in retail market in the foreseeable future.

The factors contributing to the growth of the CPG & Retail market in terms of revenue due to AI are given as follows: -

- The increasing investments in AI by retail companies and expanding e-retail industry.
- With AI, retailers have been able to automate their work processes, study consumer behaviour, and capture relevant data through the adoption of numerous advanced technologies, such as machine learning, natural language processing (NLP), and computer vision.
- The growing need among retail enterprises to provide enhanced customer experience, maintain their inventory accuracy, and improve productivity is proliferating the use of AI in retail market.
- AI is used by retailers to automate their business operations and decision-making processes to propel their transactional business.
- Additionally, AI deploys trend analysis on historical data to expedite the business process, reduce the time from ideation to sale, and improve trading decisions.
- Major retailers are investing heavily on advanced technology, such as machine learning, big data automation, and predictive analysis, to improve ROI and enhance supply chain optimization.

Changing customer preferences related to real-time engagement, differentiated personalization, relevant recommendations, and value-oriented shopping are propelling the use of AI in retail market.

Additionally, retailers are rapidly deploying AI to increase customer engagement and ease financial transactions for their customers. This will reduce the operating cost and increase revenue generation for retailers.

Challenges

Challenges in AI Adoption in the CPG & Retail Industry are given as follows: -

1. Lack of Vision

The organization makes only a limited effort to evaluate the impact of AI and advanced analytics, along with the associated size of the prize, and to educate senior management accordingly, which limits the willingness to invest.

2. Insufficient Prioritization

This leads to a “PoC explosion,” which dilutes efforts. The organization launches multiple small tests with various vendors but performs no follow-through. It also fails to put the necessary effort into industrializing, scaling up, and rolling out the application.

3. Talent Gap

Difficulty identifying, recruiting, and retaining the right talent (data scientists, engineers, analysts) leads to an overreliance on outside vendors, which makes it hard to control the execution. Meanwhile, the organization makes multiple attempts to develop local expertise, but it often lacks critical mass.

4. Limited Data Governance

The organization has no processes in place for data management, quality, or ownership, nor does it have common (cross-division, cross-country) data taxonomies to facilitate scaling up.

5. Underestimated Impact

The organization misjudges the level of investment required in change management and in shoring up any related skills. It fails to fully anticipate the impact that AI and advanced analytics will have on existing business processes, decision-making processes, and managerial routines, as well as on employees' daily jobs and required skills.

6. Inadequate Market Specificity

The organization doesn't consider how digital ecosystems, data availability, channel dynamics, and vendor capabilities vary across markets. It also fails to recognize the differences in requirements, priorities, and constraints among different markets.

7. Fear and trust

AI done right has the potential to reduce or eliminate various roles across the retail environment. But will executives trust when the data steers them towards counter-intuitive decisions, such as identifying the best locations to open stores or which stores should be closed? Algorithms are only as good as the people who write them and the data that inform them. Teams looking at AI-generated recommendations should ensure they keep a balance between relying on technology and the inherent nuances of working with people.

8. Cost and Confidence

The biggest challenge to AI is cost and confidence. With some small steps there are a number of retailers both on and offline who have reported huge improvements in sales, but change is not something the retail sector is known for, even if a competitor is gaining ground.

The Way Forward

Over the past few years, AI is being embedded into core value-generation processes in society and businesses by creating innovation. The growing number of millennials with their inclination towards AI-first approaches is putting organizations under constant pressure to innovate; thus, making artificial intelligence (AI) a top priority for CPG & Retail businesses.

Implementing artificial intelligence in retail creates new opportunities and capabilities for retailers by leveraging new possibilities, fastening processes, and making organizations adaptable to changes in the future. Realizing the fact, retail companies are investing heavily to reap benefits of AI and improve profitability of their businesses.

Various well-established retailers are struggling with increasing cost, dissatisfied customers, declining sales and upstart competition.

Going forward, CPG & Retail companies need to consider the following aspects for AI adoption: -

1. Narrow Down the Choices

CPGs need to focus on just a handful of applications. Launching 10 to 15 initiatives - simultaneously makes it more likely that those initiatives will get stuck at the PoC stage—in part because the attention of the senior managers overseeing them will be spread too thin. Companies that focus on a handful of opportunities have a better chance of delivering them at scale.

2. Get High-Level Buy-In

Before launching any application, companies need to ensure that it will get traction. Top executives should be willing to sponsor and pilot an application in their division or geography, and a senior business leader should be able to dedicate 20% to 30% of his or her time to steering its development. Brands should also work to ensure that there is significant interest among the local team members who will help launch the applications.

3. Assess Build-Versus-Buy Choices

Multiple vendors offer ways to address specific issues with off-the-shelf AI and advanced analytics software. While an off-the-shelf solution offers the advantage of speed, it comes at the expense of intellectual property ownership. It will also lack the functionality of a custom--built solution, as well as any internal understanding that would come from building it in-house. CPGs should determine early on the areas best served by existing software and those for which it would be best to build their own solutions.

4. Address Market-Specific Needs

Consumer behaviours, digital ecosystems, and access to data assets have evolved in significantly different ways across major markets. Any market-specific constraints or requirements need to be tackled early on, or the organization risks encountering showstoppers late in the design or implementation phase.

5. Prepare for Impact

Deploying AI and advanced analytics solutions at scale typically requires building new technology environments, adapting to the current ecosystem and standardizing efforts around data structure and taxonomy. Such actions don't need to be taken during the prototype phase, but they should be prepared for if a company wants to avoid having to scrap everything and begin anew after a first pilot has proved successful.

6. Manage the Change

Introducing AI and advanced analytics solutions systematically challenges any existing decision-making processes and, in some cases, drastically reduces or even eliminates the time it takes to complete certain tasks. For example, a luxury goods company found that an effective demand forecasting engine led to a 60% to 80% reduction in the time its supply chain department spent on daily demand planning. To avoid organizational resistance, companies need to effectively communicate to their staff the impact of AI and advanced analytics ahead of time and give teams perspective on how these applications will affect their jobs and ways of working.

Strong participation of industry players in leveraging AI is reshaping the technology landscape of the retail industry. The overall artificial intelligence in the retail market is witnessing a consistent penetration of smartphones & connected devices, advancements in ML for retail sector, rapid adoption of advancement in technology across the retail chain, and increasing adoption of the multi-channel or omnichannel retailing strategy.

Furthermore, the efforts from retailers to gain access to more customers, enhance business visibility, and build customer loyalty are also playing a vital role in driving adoption of AI technology in the retail industry. The increasing adoption of AI-powered voice enabled devices owing to their benefits in the form of enhanced user experience and improved productivity are also contributing to the market growth.

AIQRATE Advisory & Consulting

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AIQRATE works closely with Boards, CXOs and Senior leaders advising them on navigating their Analytics to AI journey with the art of possible or making them jumpstart to AI culture with AI@scale approach followed by consulting them on embedding AI as core to business strategy within business functions and augmenting the decision-making process with AI. We have proven bespoke AI advisory services to enable CXO's and Senior Leaders to curate & design building blocks of AI strategy, embed AI@scale interventions and create AI powered organizations.

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