

Artificial Intelligence in Retail: The Future is Closer Than You Think



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Find out how top retailers like Wayfair, Ikea, Walmart, John Lewis and Ocado are using AI to disrupt the retail industry, and what could be preventing other retailers from adopting this game-changing technology.

Artificial intelligence (AI) is now a prime driver of retail revenue growth and it's a technology that is predicted to become far more widespread, at a CAGR of 35% by 2026. More and more retailers are using AI technology to boost efficiencies and power up their operations.

From inventory management and R&D - to creating data-driven, valuable shopping experiences, companies utilising AI technology are sealing their position as market leaders.

What is Artificial Intelligence (AI)?

AI refers to a number of technologies, primarily machine learning, deep learning and predictive analytics. AI can collect, process and analyse huge amounts of data in order to create forecasts and inform business decisions.

What Does AI in Retail Look Like?

AI is reshaping the retail industry especially in terms of using behavioural data and customer intelligence to improve the customer experience at all touchpoints.

According to Mediatel News:

"the most appealing benefits of AI in 2021 have been the ones that make consumer lives easier and eradicate friction"

AI is equally valuable when it comes to backend processes, from logistics and pricing, to supply chain and inventory management.

Here's a quick look at some of the ways AI is currently being used in retail.

Inventory Management

AI can mine insights from numerous places and use this data to help retailers make proactive decisions around their supply chains, prices and promotions. IKEA, for example, uses AI for smarter demand forecasting, allowing them to predict how much the company will sell in future with 98% accuracy.

Ocado uses an AI-powered air traffic control system to pick grocery items, enabling them to pick 50 item orders in just five minutes, compared to over an hour in a physical store.

Personalised shopping experiences

Using AI, retailers can adapt their websites to customise each individual customer's experience based on their previous shopping behaviours.

Wayfair uses AI to show customers product images of past purchases and items browsed. Their machine learning (ML) technology can also work out which products are complementary to one another, and recommend them to customers.

Walmart uses AI technology to ensure customers get the most appropriate substitutions in their grocery orders, if the products they wanted are out of stock. Their deep learning AI considers hundreds of variables, including consumer preferences, in real-time, to determine the next best items.

AI can provide an optimised experience for customers in-store too. John Lewis was one of the first companies to provide shop floor staff with an app containing information about products and availability - so they could answer shoppers' questions on the spot.

The Benefits of AI Include

While there are a host of benefits to adopting AI some key advantages are:

- Higher conversion rates and increased basket sizes
- Greater customer loyalty

- Increased productivity
- Improved cost efficiencies
- Faster resolution of business problems
- Faster delivery to market of new services and products
- Improvements in customer analytics and product optimisations

The Lack of Technical Skills is Slowing Down Adoption of AI

A reluctance by some retailers to adopt new technologies, and a lack of a skilled workforce is hindering the market growth of AI.

Nearly 60% of retailers in a recent RetailEconomics report, felt that a “lack of specialised skills” was the chief challenge they faced when rolling out AI in their organisation. Nearly 40% said they intended to develop their in-house capabilities, acknowledging that they’ll need to find a way to plug this skills gap.

Firebrand provides certified training courses in AI and Machine Learning (ML) to quickly accelerate your team’s capabilities and create the right environment for innovation. To find out more, or book your places, call us on 0844 888 1600, or drop us a line at info@firebrandtraining.co.uk.