

Generative AI ushers in a new era for retail

A new survey of 2,400 shoppers and 1,125 retail leaders in 17 countries indicates that the retail industry is again on the precipice of major disruption. After just a few months in the public consciousness, generative artificial intelligence is already making an impact on retail, with 17% of shoppers reporting they've already used generative AI for purchase inspiration.



Photo by Ivan Samkov via www.pexels.com

Even if they're not actively using generative AI, large segments of the respondents have expressed interest in exploring the technology's usefulness for shopping.

In response, retailers are busy evaluating how generative AI will play a role in customer engagement and operations, if not actively implementing it in their workflows. Popular use cases include generating marketing assets and personalised customer service responses.

Shoppers continue to navigate the online and offline divide

Generative AI is hardly the first technology to have an outsized impact on the retail sector. The adoption of digital – whether online or in stores – has completely upended retail models over the past two decades, and that trend is not slowing down.

Shopping in physical stores is in a post-pandemic renaissance. While an estimated 59% of transactions took place digitally in 2021, that figure dropped to 51% this year.



Why 360-degree technology is key to an efficient, tailored retail experience

Peter Ludi 2 Aug 2023



However, the digital pendulum is set to swing again, with digital transactions projected to grow to 56% of the total in 2025 as people traverse digital and physical touch points through their shopping journey. That's driving retailers to invest in unified platforms – 60% are in the strategy or execution phase – to personalise engagement and drive loyalty across channels.

E-commerce sites and apps - be they from a brand, retailer, or online marketplace - are still the most popular digital shopping channels. Yet newer digital channels and delivery apps that may not even be affiliated with a particular brand or retailer – like social media, messaging platforms, and live streaming – are also gaining traction. Case in point: 59% of shoppers now say they've made a purchase on social media - a nearly fourfold increase from the 15% who said so in 2021.

Physical stores continue to evolve

Retailers – and consumers – are also infusing digital commerce into the brick-and-mortar experience. For example, 60% of shoppers say they now use their mobile devices in-store.

Most commonly, store shoppers use their phones to research a product online (36%). But many have also used them to scan QR codes (32%) or complete a purchase through their device - a practice commonly referred to as “scan and go” (18%).



The impact of economic conditions on the retail market and different consumer segments

10 Aug 2023



Retailers are taking a cue from their customers by equipping store associates with mobile devices. An estimated 32% of store associates use mobile devices as part of their jobs today, a figure expected to rise to 41% by 2026.

Associates use their devices for a variety of tasks, with loyalty programme sign ups, customer service, and point-of-sale activities being the most common.

In addition to acting as showrooms where customers can touch and feel merchandise they may otherwise buy online, stores are increasingly being used as ecommerce fulfilment centres. Fifty-seven percent of shoppers have purchased a product online for in-store pick up, for example and 49% have purchased a product online that was shipped to them from a

store.

In response to this shift in shopper behaviour, retailers are ramping up their plans for store fulfilment capabilities. Should planned implementations pan out, the share of retailers offering online returns to stores is expected to increase by 52%, and the share allowing customers to buy online and pick-up in-store (BOPIS) will increase by 66%.

Loyalty programme ROI under scrutiny

Earning and maintaining customer loyalty has become an increasingly difficult - and important - task, and the job isn't getting any easier.

Shoppers now belong to an estimated average of 3.4 loyalty programmes - down from 4.3 in 2021. But as shoppers cull their memberships, retailers are doubling down on loyalty programmes to retain their most loyal customers and increase their engagement with the brand. Today, 75% of retailers offer a loyalty programme, and an additional 22% without a loyalty programme plan to introduce one within 24 months.

New strategies are needed, such as expanding beyond tried-and-true points programmes.



The evolution of remuneration and reward trends in South Africa

Craig Raath and Morag Phillips 7 Aug 2023



Regardless of which types of loyalty programmes they pursue, retailers must contend with a list of challenges that prevent them from realising return on investment, particularly insufficient customer insights and a lack of agility in response to changing marketing opportunities and competition.

“Consumers are traversing a number of physical and digital touchpoints throughout the shopping journey – from browsing in stores to buying on social,” said Rob Garf, VP and general manager, Salesforce Retail. “Generative AI will be a game changer for retailers to increase personalisation and decrease friction – ultimately driving loyalty and increasing share of wallet.”

For more, visit: <https://www.bizcommunity.com>