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AI in Retail - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

Market Report | 2024-02-17 | 120 pages | Mordor Intelligence

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Report description:

The AI in Retail Market size is estimated at USD 9.65 billion in 2024, and is expected to reach USD 38.92 billion by 2029, growing at a CAGR of 32.17% during the forecast period (2024-2029).

The sector is changing due to the introduction of artificial intelligence in retail. Businesses are now tracking their operations to support corporate plans, deliver better results, and communicate with customers online. A growing number of smart devices and internet users, rising awareness of AI and big data and analytics, and government initiatives toward digitalization are fueling the expansion of global artificial intelligence in the retail market.

Key Highlights
-Digital transformation in retail is about more than just connecting things.It involves turning data into insights that guide decisions and lead to improved business results. AI largely produces these insights in retail, specifically machine learning and deep learning. For retailers, this results in fantastic customer experiences, chances to increase revenue, rapid innovation, and intelligent operations-all of which help set you apart from your rivals.
-The most commonly used AI technologies are machine learning and deep learning.Organizations in the retail industry use machine learning and deep learning technology to offer a more personalized experience to end-users and provide an interactive environment for them. Brick-and-mortar stores are embracing computer vision, a subset of deep learning in artificial intelligence used in retail. Computer vision "sees" and decodes visual information, giving you eyes in the right places. New retail use cases in customer experience, demand forecasting, inventory management, and other areas are becoming possible.
-Further, businesses can discern client intent thanks to new varieties of AI at the retail edge and tailor the shopper's journey accordingly. Heat mapping in the store is one illustration. Cameras and computer vision work together to reveal which items are taken, which are returned, and where customers go after leaving the shelf. Retailers can utilize this information to develop

experiences that encourage product engagement and aid in product education.
-Additionally, for retailers, keeping an accurate inventory is a huge concern. Retailers may improve inventory management by understanding their stores, customers, and items by linking more aspects of their operations and implementing AI.
-According to a study by IBM Corporation, the adoption of AI in retail and consumer products is expected to leap from 40% of companies currently to more than 80% in three years. Additionally, the retail industry's investment in artificial intelligence (AI) technology is growing. Investments in AI-powered predictive and prescriptive analytics would double in that time frame.
-The COVID-19 outbreak accelerated the significance of online shopping channels, as consumers considered online platforms their primary shopping channel. This had given retailers and consumer goods organizations a great opportunity to adopt sustainability initiatives that were integrated with their digital presence. Therefore, retailers used the e-commerce platform and online marketplaces to capitalize on this changing trend.

AI in Retail Market Trends

Product Optimization Segment is Expected to Hold Significant Share

- AI in the retail industry will increasingly focus on planning and product recommendations. A growing number of industrial sectors and verticals will employ artificially intelligent products and services due to developments in big data analytics. Machine learning, deep learning, natural language processing, and other technologies are used in AI and big data to enable automated, machine-driven decision-making.
- Augmented reality (AR) is the most critical AI advancement in retail and online business. The full salinization of physical establishments is aided by customers' capacity to study items in 3D rather than merely viewing photos. This approach is expected to become more popular, especially during and after the outbreak.
- Predictive analytics can benefit significantly from AI, potentially transforming the sector entirely. AI-driven analytics integrated into operational processes can significantly improve forecast accuracy and resource utilization concerning customer engagement, inventory management, and capacity planning, leading to cheaper costs and higher margins.
- According to the Consumer Technology Association, AI has different benefits in the retail industry, including cost-saving, increased productivity, faster resolution of business problems, faster delivery of new products and services, and an increase in innovation, which is rapidly making its way into many advanced solutions, including autonomous vehicles, smart bots, and advanced predictive analytics, in the retail space. This factor is expected to improve customer analytics and behavior, making product optimization more important.
- For instance, in September this year, BASES Creative Product AI enabled a breakthrough in how products are evaluated, screened, and optimized, according to Nielsen IQ BASES, the world leader in new product development and innovation creation. BASES Creative Product AI was developed using more than 100 models and algorithms to create an artificial intelligence engine that can forecast performance and find fresh approaches to product optimization.

North America Accounts for the Largest Share

- North America is expected to dominate the market with the largest market share, mainly because of the presence of several developed economies, such as the United States and Canada, focusing on enhancing the existing solutions in the retail space. North America hosts the primary AI solution providers and is an early adopter of AI technology.
- Many retailers in this region have deployed AI-based solutions to optimize their supply chain operations and inventory. AI is helping retailers manage and maintain their customers and understand the consumers' buying patterns. Also, AI technologies are being adopted by both online and offline retail businesses to engage customers and improve sales turnover.

- US-based companies like NVIDIA Corporation, Intel Corporation, Salesforce, Sentient Technologies, Microsoft Corporation, Google Inc., IBM Corporation, and Amazon Web Services work a lot on product innovation and optimization.
- In January of this year, to enable fast payment of supplier bills, Mastercard announced the launch of Mastercard TrackTM Instant Pay, a next-generation virtual card solution that leverages machine learning and straight-through processing. The unique, first-of-its-kind virtual card solution offers increased choice, efficiency, and automation for buyers and suppliers to help streamline and speed up business payments. It is integrated with Mastercard Track Business Payment Service, Mastercard's open-loop B2B network.
- In January of this year, to produce volume estimates with over 90% accuracy, Kenco Logistics, one of North America's top third-party logistics (3PL) providers, introduced the most recent software upgrade to DaVinci AI, the premier prescriptive analytics system in the market. By improving labor planning and usage in the face of supply chain disruptions and labor shortages, the upgrade responds to customer input. Several warehouse locations across the country have already adopted the revised system.

AI in Retail Industry Overview

Artificial intelligence in the retail market is fragmented. The growing adoption of IoT, big data analytics, and e-commerce marketing provides lucrative opportunities for artificial intelligence in the retail market. Overall, the competitive rivalry among existing competitors is high. Furthermore, large companies are expected to make acquisitions and collaborate with startups focused on innovation.Some of the key developments in the area include:

In September 2022, Hanshow will join Microsoft and Intel to speed up industry innovation. A whitepaper titled "Hanshow Works with Intel and Microsoft to Accelerate Smart Retail Innovation" was written collaboratively by Hanshow, Intel, and Microsoft and made official by Hanshow, a professional digital retail solution provider (SP). The best practices in the retail and AI sectors are outlined, along with changes to the global retail market. The whitepaper also describes AI technology's future development and application trends in the retail business. It demonstrates how smart retail technology in the AI era works for global merchants by looking at Hanshow's partners in China, Japan, and Europe.

In October 2022, Oracle and NVIDIA announced a partnership to support customers using accelerated computing and AI to address business challenges. The goal of the partnership is to give Oracle Cloud Infrastructure the full NVIDIA accelerated computing stack (OCI), which includes GPUs, systems, and software.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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