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Artificial Intelligence In Retail - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

Market Report | 2026-02-09 | 136 pages | Mordor Intelligence

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Report description:

Artificial Intelligence In Retail Market Analysis

The Artificial Intelligence In Retail Industry was valued at USD 14.24 billion in 2025 and estimated to grow from USD 20.63 billion in 2026 to reach USD 131.66 billion by 2031, at a CAGR of 44.90% during the forecast period (2026-2031).

This steep trajectory is propelled by retailers that embed advanced analytics and generative models into pricing, merchandising, and customer-engagement workflows. Demand forecasting engines that lift accuracy by 15% and cut overstocks by 10% are delivering immediate working-capital improvements, while edge-based computer-vision systems accelerate autonomous checkout adoption and drive basket-value gains of up to 35%. Cloud cost curves continue to fall, expanding access to enterprise-grade AI stacks for mid-tier retailers. At the same time, regional regulation around data privacy and algorithmic fairness is prompting investment in local inference and privacy-preserving architectures. Competitive intensity is rising as hyperscalers package retail-specific AI toolkits and seal multi-year deals with global chains.

Global Artificial Intelligence In Retail Market Trends and Insights

Rapid adoption of omnichannel AI for personalization

Omnichannel AI now maps full customer journeys and adjusts in real time across mobile, web, and store touchpoints. Target's Store Companion AI, rolled out to nearly 2,000 locations, illustrates how generative models can serve staff questions while tailoring offers to shoppers. FairPrice Group's Store of Tomorrow, built on Google Cloud, unifies cart data, in-store sensors, and e-commerce profiles to create a single view of each customer. Such deployments bind physical and digital channels, yet a perception gap persists: while 96% of retailers report project success, only 45% of consumers feel understood, revealing execution shortfalls.

Declining cost and accessibility of cloud-based AI stacks

Unit costs for inference are falling as chip efficiency rises and hyperscalers invest heavily. Amazon earmarked USD 100 billion in AI and AWS infrastructure to keep latency low and capacity high. Microsoft's Cloud for Retail bundles pre-configured AI modules, slashing deployment cycles for mid-market chains. Partnerships such as Currys with Accenture and Microsoft highlight how retailers bypass talent constraints by renting turnkey stacks. The access shift pressures incumbents who still operate legacy data centers.

Data-privacy regulations limiting data harvesting

The EU AI Act elevates retail algorithms to "high-risk," obliging mandatory transparency, human oversight, and impact assessment. Retailers must now run Data Protection Impact Assessments and embed privacy-by-design from code commit through model retraining. Localized LLMs that never leave company firewalls are emerging as a compliance hedge, yet smaller chains struggle with cost and governance overhead.

Other drivers and restraints analyzed in the detailed report include:

E-commerce expansion demands real-time analyticsGenerative-AI-powered vision checkoutShortage of retail-specific AI talent

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

Omnichannel approaches held a dominant 45.12% artificial intelligence in retail market share in 2025, emphasizing the strategic value of unified data flows across store, web, and mobile. Pure-play online models, though smaller, are scaling fastest at a 19.35% CAGR as cloud-native architectures let them launch AI pilots without ripping out legacy POS layers. Brick-and-mortar chains are leveraging in-store IoT sensors to feed behavioral data back into recommendation engines, improving cross-sell accuracy and raising conversion.

Investment momentum underscores the shift: leading UK apparel chain Matalan applied generative AI to product descriptions and quadrupled copy throughput, trimming content cost while preserving brand tone. Conversely, specialty chains that silo e-commerce from store teams report inconsistent recommendations and cart-abandon spikes. Looking ahead, mixed-reality fitting rooms and mobile checkout promise to blur any remaining distinction between channels.

Software platforms still contributed 60.85% of artificial intelligence in retail market size during 2025, covering predictive-analytics engines, LLM-powered chatbots, and vision-recognition APIs. Yet managed services are rising at 20.80% CAGR as retailers outsource model tuning, MLOps, and compliance. For cash-constrained banners, opex-style AI is easier to defend than multimillion-dollar licenses.

Service specialists bundle domain know-how, shelf-allocation heuristics, markdown timing, and labor scheduling into pre-trained models. This shrink-wrapped expertise eases adoption for chains lacking data-science benches. Professional services growth is steadier, focused on advisory projects such as AI readiness audits and ethical-risk mapping.

Artificial Intelligence AI in Retail Industry Report is Segmented by Channel (Omnichannel, & More), Component (Software, & Services), Deployment (On-Premise, & Cloud), Application (Supply-Chain and Logistics, Product Optimization and Merchandising, & More), Technology (Machine Learning and Predictive Analytics, Natural Language Processing, & More), and Geography. The Market Forecasts are Provided in Terms of Value (USD).

Geography Analysis

North America controlled 37.05% of artificial intelligence in retail market size in 2025, buoyed by robust cloud infrastructure, venture capital, and retailers willing to pilot bleeding-edge models. Walmart's 4.8% revenue uplift from generative-AI-driven merchandising underscores tangible returns. Regulatory scrutiny around bias and pricing discrimination is intensifying, yet transparent model governance practices are helping majors keep deployment on track. Investments continue in proprietary stacks such as Walmart Element and Target Store Companion to maintain competitive moats.

Asia-Pacific is the growth engine, expanding at 18.40% CAGR through 2031. Mobile-first consumers, government funding, and aggressive digital-native entrants create fertile ground. In India, 80% of retailers intend to scale AI in 2025, with expectations that generative models will raise frontline productivity by as much as 37%. China's social-commerce titans combine live video, conversational AI, and integrated payments to optimize impulse purchasing. ASEAN markets leapfrog traditional POS with cloud-only solutions, though uneven broadband and skills gaps temper rollout speed in secondary cities.

Europe balances innovation and regulation. GDPR and the upcoming AI Act demand rigorous privacy-impact audits, pushing chains toward federated learning and edge encryption. Sainsbury's five-year pact with Microsoft exemplifies partnerships that blend compliance with state-of-the-art tools. Intermarche's smart-cart pilot and IKI Lithuania's age-estimation checkout illustrate practical, privacy-aligned use cases. The region's patient, ethics-first approach is generating templates for responsible AI that could export globally.

List of Companies Covered in this Report:

Accenture plc Amazon Web Services, Inc. BloomReach, Inc. Cognizant Technology Solutions Corporation Conversica, Inc. Daisy Intelligence Corporation Google LLC IBM Corporation Infosys Limited Intel Corporation International Business Machines Corporation Microsoft Corporation NVIDIA Corporation Oracle Corporation Salesforce, Inc. SAP SE SAS Institute Inc. SymphonyAI LLC Tencent Holdings Ltd. ViSenze Pte. Ltd.

Additional Benefits:

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

Table of Contents:

4 MARKET LANDSCAPE
4.1 Market Overview
4.2 Market Drivers
4.2.1 Rapid adoption of omnichannel AI for personalization
4.2.2 Declining cost and accessibility of cloud-based AI stacks
4.2.3 E-commerce expansion demanding real-time analytics
4.2.4 Generative-AI-powered vision checkout
4.2.5 Retail media networks monetizing first-party data
4.2.6 ESG-driven AI inventory carbon optimization
4.3 Market Restraints
4.3.1 Data-privacy regulations limiting data harvesting
4.3.2 Shortage of retail-specific AI talent
4.3.3 Algorithmic bias risk in dynamic pricing
4.3.4 Edge-compute energy cost in micro-fulfillment
4.4 Evaluation of Critical Regulatory Framework
4.5 Value Chain Analysis
4.6 Technological Outlook
4.7 Porter's Five Forces
4.7.1 Bargaining Power of Suppliers
4.7.2 Bargaining Power of Buyers
4.7.3 Threat of New Entrants
4.7.4 Threat of Substitutes
4.7.5 Competitive Rivalry
4.8 Impact Assessment of Key Stakeholders
4.9 Key Use Cases and Case Studies
4.10 Impact on Macroeconomic Factors of the Market
4.11 Investment Analysis

5 MARKET SEGMENTATION
5.1 By Channel
5.1.1 Omnichannel
5.1.2 Brick-and-Mortar
5.1.3 Pure-play Online Retailers
5.2 By Component
5.2.1 Software
5.2.2 Services
5.3 By Deployment
5.3.1 Cloud
5.3.2 On-premise
5.4 By Application
5.4.1 Supply-Chain and Logistics
5.4.2 Product Optimization and Merchandising
5.4.3 In-Store Navigation and Experience
5.4.4 Payment, Pricing and Checkout Analytics
5.4.5 Inventory and Demand Forecasting
5.4.6 Customer Relationship Management
5.4.7 Fraud and Loss Prevention

6.2 Strategic Moves
6.3 Market Share Analysis
6.4 Company Profiles (includes Global level Overview, Market level overview, Core Segments, Financials as available, Strategic Information, Market Rank/Share for key companies, Products and Services, and Recent Developments)
6.4.1 Accenture plc
6.4.2 Amazon Web Services, Inc.
6.4.3 BloomReach, Inc.
6.4.4 Cognizant Technology Solutions Corporation
6.4.5 Conversica, Inc.
6.4.6 Daisy Intelligence Corporation
6.4.7 Google LLC
6.4.8 IBM Corporation
6.4.9 Infosys Limited
6.4.10 Intel Corporation
6.4.11 International Business Machines Corporation
6.4.12 Microsoft Corporation
6.4.13 NVIDIA Corporation
6.4.14 Oracle Corporation
6.4.15 Salesforce, Inc.
6.4.16 SAP SE
6.4.17 SAS Institute Inc.
6.4.18 SymphonyAI LLC
6.4.19 Tencent Holdings Ltd.
6.4.20 ViSenze Pte. Ltd.

7 MARKET OPPORTUNITIES AND FUTURE OUTLOOK
7.1 White-space and Unmet-need Assessment

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