Five ways generative AI will transform retail

In retail, transformation is more than a requirement. It's a race.

Customer expectations are higher than ever. They want real-time recommendations, subscription models, autonomous stores, shopping assistants, on-demand delivery, seamless omnichannel shopping, customized offers, and more.

Delivering all this — while keeping pace with the competition — requires rethinking how you operate. The good news? Generative AI is poised to help you meet your customers' evolving expectations, while also realizing internal benefits like productivity gains and a better employee experience.

Insight

82%

of organizations considering or currently using gen AI believe it will either significantly change or transform their industry[1]

Reaping the value of gen AI

According to McKinsey, gen AI will deliver $190 billion in business value to retailers and consumer goods companies.[2] Leaders are leveraging it to enable and enhance a range of use cases — reshaping experiences for employees and customers, and unlocking new points of difference to help them get ahead.

In this ebook, we explore five powerful applications of gen AI for the retail industry.

Explore them all or jump straight to your area of interest:

(1)	Creative assistance	→
(2)	Conversational commerce	→
(3)	Product catalog management	→
(4)	New product development	→
(5)	Customer service automation	→

2. McKinsey & Company. (2023).
The economic potential of generative AI: The next productivity frontier.

1

Creative assistance

Insight

Up to

$40bn

in business value from gen AI's ability to rapidly personalize content[2]

Gen AI is helping retailers deliver highly engaging, personalized, and creative content in more cost-effective and timely ways.

Retail marketers, sales, and channel teams can leverage it to quickly prototype and create content — which not only saves time and lowers costs, but also unlocks new levels of creativity and innovation.

With Google Cloud, you can harness gen AI to create highly personalized and relevant content for specific audiences, helping drive better engagement and conversion. You can also test and refine new ideas rapidly, focus on strategy development, and improve customer engagement.

73%

of retail customers expect brands to understand their unique needs and expectations[3]

Discover how to deliver personalized marketing content to target audiences fast, and at low cost.

▶ **Watch demo**

3. Insider Intelligence. (2022). *"Attitude of Consumers Worldwide Toward Personalization and Customer Experience Provided by a Company 2020 & 2022"*.

Conversational commerce

You

I need a dress for my friend's wedding coming up in Miami

AIKO

Here are some dresses in your size and style you may like, and images of influencers for style inspiration

• • •

To drive more sales, retail organizations are turning to gen AI to chat with customers and help them find what they're looking for.

Gen AI-powered virtual stylists can interactively address queries, provide personalized product recommendations, and engage with customers in real time. They can also influence shopping decisions.

It's a great way to solve issues like search abandonment. Retailers globally report combined losses of over $2 trillion each year due to this problem, with only 1 in 10 consumers saying they find exactly what they're looking for when they use a retail website's search function.[4]

33%

of fashion industry leaders list the move to direct-to-consumer sales and marketing as one of their top three challenges for 2023[5]

See how retailers use gen AI to create personal stylists that give shoppers personalized product recommendations.

▶ **Watch demo**

4. Google Cloud. (2023). "New research: Search abandonment continues to vex retailers worldwide".
5. McKinsey & Company. (2022). The State of Fashion 2023: Holding onto growth as global clouds gather.

3

Product catalog management

92%

of consumers are more likely to buy a product when they can easily find it[5]

Gen AI is transforming how retailers build and maintain product catalogs with its ability to easily create studio-grade imagery from simple text prompts, accelerate categorization, and generate great customer-centric marketing copy.

It's an ideal solution for some of the common problems relating to catalog management — such as getting images from vendors, sorting and categorizing products, and writing product copy. All these things previously took up a lot of time and effort, and compromised the searchability of retail websites.

Yet, with over 9 in 10 consumers more likely to buy a product when they can easily find it,[5] it's critical to ensure your products are easily searchable through up-to-date catalogs.

See how retailers are using gen AI to accelerate product catalog management and improve the shopping and search experience.

▶ **Watch demo**

4

New product development

20%

reduction in preliminary product development costs with gen AI[2]

Insight

Up to
$30bn
in business value from gen AI's ability to aid in new product development[2]

Product development and innovation can be faster and more cost-effective with gen AI.

You can use it for everything from engineering documentation to market analysis and trend forecasting, helping to accelerate research by surfacing insights across multiple data sources, reduce product R&D costs, and zero in on successful product concepts faster. Plus, you can quickly and easily create copy concepts and claims for further testing, and visual concepts for product and packaging designs.

See how retailers are accelerating product innovation through data-led insights with the help of gen AI.

▶ **Watch demo**

5

Customer service automation

An invaluable addition to your customer service strategy, gen AI not only supports your customer service reps in real time with helpful answers to customer enquiries, but it can help you scale and optimize other areas of your operations, too.

For example, virtual agents can take the load off your contact center. Or, you could use gen AI to summarize conversations and customer service data, and then generate new FAQ content to publish on your website.

Gen AI can enable instant, humanized customer service across all touchpoints — from digital self-service channels to agent-supported options in branches, call centers, and social media platforms — to help your customers easily and quickly find the answers they need.

82%

of retailers believe gen AI will be extremely or fairly valuable in customer service automation[2]

75%

of customers use multiple channels in their ongoing experience[6]

6. McKinsey & Company. (2023). "The next frontier of customer engagement: AI-enabled customer service".

Real-world example

Wendy's® revolutionizes the drive-thru experience

Wendy's is automating its drive-through service using an artificial intelligence chatbot powered by natural-language software developed by Google and trained to understand the myriad ways customers order off the menu.

With 75 to 80% of Wendy's customers choosing the drive-thru as their preferred ordering channel, delivering a smooth ordering experience using AI automation can be difficult due to the complexities of menu options, special requests, and ambient noise. For example, because customers can fully customize their orders and food is prepared when ordered at Wendy's, this presents billions of possible order combinations available on the Wendy's menu, leaving room for miscommunication or incorrect orders.

Google Cloud's generative AI capabilities can now bring a new automated ordering experience to the drive-thru that is intended to enhance the experience that customers, employees, and franchisees expect from Wendy's.

Wendy's is beta-testing Google Cloud's AI technology in a Columbus, OH-area, company-operated restaurant, and will use the learnings to inform future expansions to more Wendy's drive-thrus. The test will include new generative AI offerings, such as Vertex AI Search and Conversation and more, to have conversations with customers, the ability to understand made-to-order requests and generate responses to frequently asked questions.

This will all be powered by Google's foundational LLMs that have the data from Wendy's menu, established business rules and logic for conversation guardrails, and integration with restaurant hardware and the Point of Sale system. By leveraging generative AI, Wendy's seeks to take the complexity out of the ordering process so employees can focus on serving up fast, fresh-made, quality food and providing exceptional service.

📖 **Read the full story**

"Wendy's introduced the first modern pick-up window in the industry more than 50 years ago, and we're thrilled to continue our work with Google Cloud to bring a new wave of innovation to the drive-thru experience."

Todd Penegor

President and CEO, The Wendy's Company

"Google Cloud's generative AI technology creates a huge opportunity for us to deliver a truly differentiated, faster, and frictionless experience for our customers, and allows our employees to continue focusing on making great food and building relationships with fans that keep them coming back time and again."

Todd Penegor

President and CEO, The Wendy's Company

Retailers, remember this.

No technology ever takes away the fundamentals of your value proposition or the core value chain of retail.

What can change, though, is how you use gen AI to empower your teams to work more productively and meaningfully — to improve core offerings, solve fundamental problems that get in the way of delivering them, and unlock new opportunities for your retail business.

Hit the ground running with generative AI.

When a new technology moves as fast as gen AI, it can be hard to keep up. As a strategic partner to the retail industry, Google Cloud helps chart your path forward with the appropriate frameworks, tools, and governance structures — while ingraining a responsible approach to AI organization-wide.

With gen AI, your retail organization can simplify everything from product onboarding to personalized marketing and content creation. All in the name of driving conversions and growing your business.

Ready to go?

Use our interactive Gen AI Navigator for personalized recommendations on how to get started.

→ https://genainavigator.withgoogle.com/

Google Cloud