

Unlock retail innovation and productivity with **generative AI**

Explore top use cases, value drivers, and overlooked risks.

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Believe the hype: Generative AI gathers momentum

Top consulting firms project major impacts and first-mover advantages

Generative AI has been the focus of intense interest throughout 2024 thanks to the tremendous potential the rapidly advancing technology offers retailers and consumer goods companies. Enthusiasm for generative AI is well-deserved because of its unique ability to create new sources of content based on existing sources of information versus traditional AI and machine learning which excel at analysis and pattern detection.

The ability to create is what some critics find unnerving and why no discussion of generative AI is complete without a look at potential risks. However, unlike some of the perceived risks which have fueled AI alarmism, retailers and consumer goods companies face the added risk of not moving fast enough with a technological innovation poised dramatically affect how retailers operate their businesses and serve shoppers.

Accordingly, the focus of this edition of "Executive Insights: Generative AI" is to share:

- Highlights of recent research from top firms regarding the state of generative AI adoption, expected benefits and investment plans.
- An understanding of key use cases in areas such as category management and supply chain, and the opportunity to improve the speed and accuracy of decision-making.
- An outlook for priorities in 2024 and beyond and key considerations to accelerate generative AI value creation.

The goal is to provide practical information that can help retailers and consumer goods companies understand the opportunities associated with generative AI to chart an optimal path forward or accelerate their existing journey.



Generative AI Deliverables

New realities for the generative AI-enabled enterprise:

- Early adopters secure competitive advantage through process improvement and speed to insights and action.
- Siloed data is eliminated to facilitate the sharing of actionable information and creation of content.
- Retailers achieve a deeper level of intimacy in their shopper relationships to keep pace more effectively with increasing expectations.
- Associate productivity improves along with job satisfaction as new ways of working are made possible.
- Retailers gain an enterprise-wide source of productivity improvement amid increased operational complexity and a challenging competitive environment.

Generative AI and the **hype cycle**

Category management and supply chain top a growing list of areas where retailers can benefit from generative AI

Generative AI has gathered momentum at a pace no one forecasted. For example, in October 2022 generative AI wasn't mentioned on Gartner's list of top technology trends for 2023. But just one month later OpenAI launched ChatGPT and it quickly dominated technology conversations.

By May of 2023, in a poll of 2,500 executives released by Gartner the firm found that ChatGPT had prompted 45% of respondents to increase AI investments and noted that, "the generative AI frenzy shows no signs of abating." Sure enough, when results of another poll were released in October 2023, Gartner found that more than half of 1,400 respondents were either piloting or in production mode with generative AI.

"Organizations are not just talking about generative AI – they're investing time, money and resources to move it forward and drive business outcomes," according to Frances Karamouzis, distinguished VP analyst at Gartner. "In fact, 55% of organizations reported increasing investment in generative AI since it surged into the public domain ten months ago. Generative AI is now on CEOs' and boards' agendas as they seek to take advantage of the transformative potential of this technology."

Indeed, generative AI is now sits atop the list of the [top strategic technology trends for 2024](#) released at the Gartner IT Symposium/Xpo held in Orlando October 16-19. The firm also positioned generative AI on the Peak of Inflated Expectations on the Hype Cycle for Emerging Technologies, 2023, projected to reach transformational benefit within two to five years.

"By 2026, Gartner predicts that over 80% of enterprises will have used GenAI APIs and models and/or deployed GenAI-enabled applications in production environments, up from less than 5% in early 2023," according to a Gartner forecast.

What others are saying

Generative AI and the pace of adoption and experimentation has altered how companies think about moving forward with speed. While recent surveys from top consulting firms show there is a great deal of activity around generative AI, there is also uncertainty about the time frame for value creation, the level of investment needed, and prioritization of use cases. This uncertainty was evident in September at the annual Groceryshop conference in Las Vegas where generative AI was a major focus and numerous [speakers described it as a C-suite priority](#).

The C-suite has a lot of priorities and it's not the first time retailers and consumer goods companies have been subject to bold pronouncements about the next big thing in the technology world. However, this time is different judging from studies and research published by Deloitte, KPMG and McKinsey.

"Generative AI has the potential to unleash innovation, permit new ways of working, amplify other AI systems and technologies, and transform enterprises across every sector," is how Deloitte summarized the situation in its recent [Generative AI Dossier](#).

The firm's [third quarter survey of North American CFOs](#), most with revenues of more than \$1 billion, showed that 53% of respondents in the retail sector are experimenting with generative AI. However, when asked about the greatest barriers their organizations might face in adopting and deploying generative AI, the top three responses were obtaining the necessary talent resources and capabilities (63%), the data and technology resources that might be required (49%), and risk and governance concerns (45%).

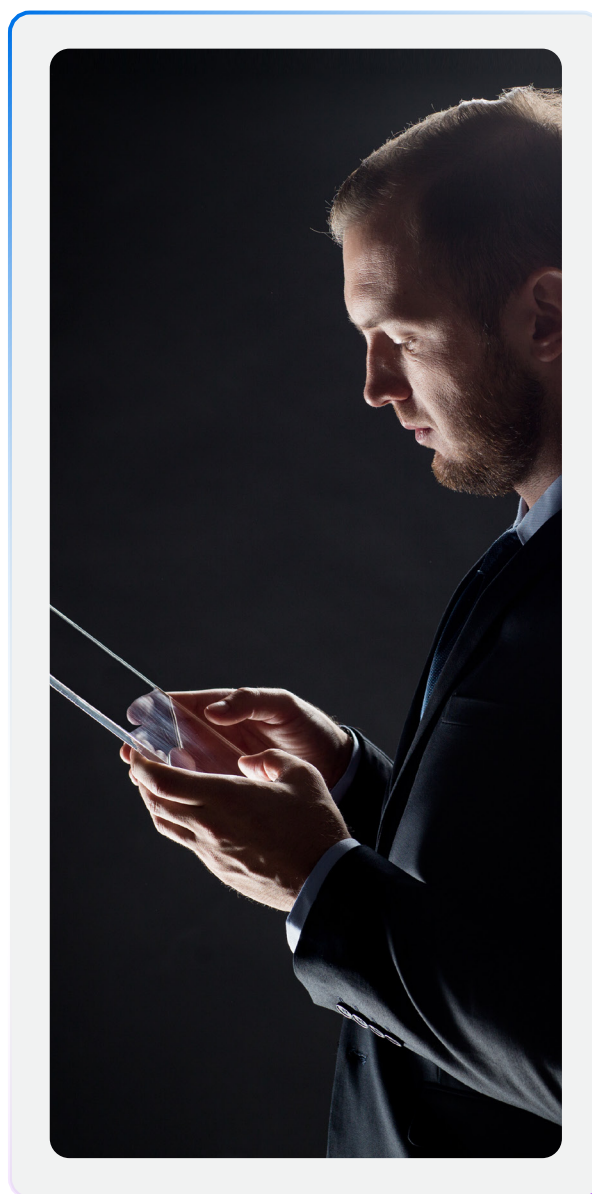
A KPMG survey conducted in March illustrates how quickly generative AI has gathered momentum. At the time, two thirds of the 225 U.S. executives surveyed said [generative AI will have a high or extremely high impact on their organization](#) in the next three to five years. However, a slightly lesser percentage said they are still a year or two away from implementing their first generative AI solution.

The reason, as Deloitte also noted, is that fewer than half of respondents said they have the right technology, talent, and governance in place to successfully implement generative AI. Respondents planned to focus on increasing their understanding of how generative AI works, evaluating internal capabilities, and investing in generative AI tools.

"Generative AI has the potential to be the most disruptive technology we've seen to date," according to Steve Chase, KPMG's U.S. Consulting Leader. "It will fundamentally change business models, providing new opportunities for growth, efficiency, and innovation, while surfacing significant risks and challenges. For leaders to harness the enormous potential of generative AI, they must set a clear strategy that quickly moves their organization from experimentation into industrialization."

Helping to accelerate that movement is the fact that generative AI has been adopted by the C-Suite.

[The McKinsey Global Survey](#) of 1,684 participants in April showed that nearly one-quarter of surveyed C-suite executives say they are personally using generative AI tools for work, and more than one-quarter of respondents from companies using AI say gen AI is already on their boards' agendas. In addition, 40% of those McKinsey surveyed said their organizations planned to increase their investment in AI overall because of advances in generative AI.



Generative AI adoption accelerates thanks to business case clarity

Technology solves real problems in new ways, copilots are key

One of the ways retailers will benefit from generative AI involves the use of copilots, sophisticated AI assistants that streamline and dramatically speed up work and reduce repetitive high effort tasks. A copilot's natural language interface lets users intuitively understand and interact with the underlying predictive and generative AI that shows what's happening and why, so "what if" questions can be asked to uncover specific, actionable opportunities.

The result is copilots assist, greatly accelerate and improve the accuracy of decision-making. Two key areas of immediate opportunity involve category management and supply chain. For example, SymphonyAI Retail CPG, in October 2023 announced [the Category Manager Copilot and the Demand Planner Copilot](#).

"Our copilots are positioned to create an explosion of productivity and growth opportunities in retail and beyond," said Manish Choudhary, president and CEO of SymphonyAI Retail CPG

The Category Manager Copilot explained

The Category Manager Copilot removes the time-consuming element of pulling together reports and insights for weekly category reviews. That means category managers can use their time more effectively and use the information uncovered by the copilot for rapid high-impact decision making.

The beauty of the copilot is it reveals drivers of sales changes and corresponding opportunities quicker and

more deeply, reducing hours of analysis to seconds, allowing teams to pursue more growth-focused actions faster. The copilot also makes internal and external collaboration easier and faster, with automated updates so that findings do not have to be constantly refreshed and re-sent.

The way the Category Manager Copilot works is by using tuned, relevant retail agents and skills, along with predictive models, data, and the SymphonyAI retail LLM (large language model). The net effect is the copilot "thinks" like a category manager, can understand the user's intent and thus navigate complex data to comprehend, diagnose, predict, summarize, and generate recommendations with best-practice next steps.

Details on the Demand Planner Copilot

The Demand Planner Copilot similarly combines generative AI with predictive AI to provide demand planners and forecast analysts with easy-to-use capabilities to better analyze and interrogate underlying data faster and more efficiently. The copilot works alongside SymphonyAI Retail CPG's Demand Forecasting solution, a platform with the unique capability to significantly reduce manual intervention and improve accuracy, thereby driving millions in additional profit from decreased out-of-stocks, inventory, waste, and markdowns.

The Demand Planner Copilot automatically invokes underlying predictive models and synthesizes information across multiple data sets to solve

relevant problems, deliver better forecast accuracy, and provide more time back in the day. This major advancement is accomplished via an easy-to-use, natural language interface that explains key assumptions and enables users to increase reactivity and identify the specific actions that will improve forecast accuracy.

The key problem solved is one of time and accuracy. Demand Planners analyze items, forecasts, and anomalies generated from massive amounts of data, across many different datasets, and multiple systems, many of which cannot be accessed through standard tools. The work is complex and labor intensive to understand the drivers of demand change, analyze inaccuracies, uncover root cause, address new item challenges, and turn insights into action.

With generative AI, users increase efficiency and their existing work become more impactful, but they may also perform analyses that they previously wouldn't have undertaken. That's because due to complexity and time constraints, analyses as conducted today uncover surface-level insights that negatively affect forecast accuracy.

The Generative AI investment outlook

Worldwide investments in generative AI solutions are expected to reach \$143 billion by 2027, up from \$16 billion in 2023, according to a forecast from International Data Corporation released in mid October 2023. That equates to a compound annual growth rate of 73%, more than twice the rate of overall AI spending and 13 times greater than the growth rate for worldwide IT spending over the same period.

"Generative AI is more than a fleeting trend or mere hype. It is a transformative technology with far-reaching implications and business impact," according to Ritu Jyoti, group vice president, Worldwide Artificial Intelligence and Automation Market Research and Advisory Services at IDC. "With ethical and responsible implementation, GenAI is poised to reshape industries, changing the way we work, play, and interact with the world."

IDC said it expects generative AI investments to follow a natural progression over the next several years as organizations transition from early experimentation to aggressive build out with targeted use cases to widespread adoption across business activities with an extension of generative AI use to the edge. By the end of the forecast period in 2027, IDC believes generative AI spending will account for 28% of overall AI spending, compared to 9% this year.

Retailers risk failing faster if action isn't taken

The use of advanced technologies continues to grow in importance as a source of competitive advantage with no better example than generative AI. However, one notable difference between generative AI and prior innovations relates to the accelerating pace of change which puts a premium on acting with urgency or risk falling behind faster than ever.

"There is a true first-mover advantage with the pace of generative AI innovation. Winning organizations will establish their competitive advantage by taking decisive action now, while ensuring they are taking the proper steps toward mitigating risk and implementing responsible AI," according to Deloitte's U.S. technology consulting leader, Todd Lohr.

The good news for retailers who embrace innovation and adopt generative AI quickly is it gives them a way to move even faster. That's because generative AI creates a productivity boosting flywheel by putting the power of AI into the hands of more people as interaction with the technology happens in a more natural way that doesn't require specialized skills.

That means everyone from the CEO to front line employees can engage with the most advanced

technologies the industry has ever seen. Using it in ways that are limited only by the imagination to unlock new sources of sales growth and productivity improvements.

To summarize, retailers and consumer goods companies face a once-in-a-generation opportunity to embrace a technological innovation that can provide a source of competitive advantage for years to come.

Generative AI is a fast-moving space with great potential for disruptive innovation. The experts at SymphonyAI Retail CPG are well-equipped to help companies discover how they can benefit, understand potential risk and the impact of copilots. To learn more, please get in touch.



For additional information on the impact of generative AI we suggest the following:

[Six Things Grocers Must Do to Win with Generative AI](#)

[Improving Retail Supply Chains with Generative AI](#)

About SymphonyAI

SymphonyAI is building the leading enterprise AI SaaS company for digital transformation across the most critical and resilient growth verticals, including retail, consumer packaged goods, finance, manufacturing, media, and IT/enterprise service management. SymphonyAI verticals have many leading enterprises as clients. Since its founding in 2017, SymphonyAI has grown rapidly to 3,000 talented leaders, data scientists, and other professionals. SymphonyAI is an SAIGroup company, backed by a \$1 billion commitment from Dr. Romesh Wadhvani, a successful entrepreneur and philanthropist. More at www.symphonyai.com.

Contact

info@symphonyretailai.com

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