

How AI is driving global commerce this holiday retail season

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AI is rapidly becoming a lifeline for businesses around the world, helping them to streamline operations and serve their customers better.

Small businesses, many with limited staff, experience and funds, are likely to see some of the greatest benefits, and they're already taking steps to harness its opportunities. According to Shopify's global 2024 Merchant Survey, 49% of British retailers plan to use AI to help them generate content like product descriptions or social media. A third (30%) also said they're using it to enhance the product imagery on their websites, and the same are deploying it within their marketing efforts.

It's clear AI has the power to revolutionize how businesses large and small operate. Yet there's still room for improvement, notably making the shopping experience better for customers. For brands to thrive as consumer expectations grow, they need to implement AI strategies across every aspect of their business.

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Consumer expectation vs AI reality

Our new 2024 Holiday Retail research report found that consumers see the benefits of AI and want more, highlighting how it can make the shopping experience better, elevate the service they receive from brands, and specifically improve the in-store experience (36%).

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However, while merchants have obviously noted some of the ways AI can help them, the customer experience is sadly lacking. Only 20% of retailers plan to use it specifically to improve that area of their business this year. With so much consumer interest in AI, now is the time for brands to differentiate themselves by delivering AI-enhanced customer experiences.

Personalization through innovation

AI is going to be critical to helping merchants achieve the balance of running their business and establishing meaningful relationships with their customers. To elevate it beyond making imagery and marketing campaigns more interesting to consumers, businesses should also think about how they can incorporate AI to help drive greater personalization at scale.

Providing a personalized service to many customers at once – each who expects a service that aligns with their unique preferences – is rapidly becoming a differentiator for retailers. Thankfully AI can step in to lighten the load on these businesses. Much like Netflix recommends shows based on past viewing habits, retailers can use the data they have from customers to drive engagement.

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AI can also be a useful tool to help businesses expand into new markets faster. By using AI functionalities to create product descriptions in local languages and apply sensitivity to different cultures, it can accelerate relevance and credibility for brands with local audiences.

AI and personalization isn't limited to online though. With the rise of unified commerce – which connects all the dots across sales channels into one view of the customer – retailers can offer the same experience to shoppers in-store too.

Combined, the insights that AI solutions create could even help to lower customer acquisition costs, by enabling marketing and sales teams to focus on serving the right product to the right customers.

Maintaining the human touch

While AI has the potential to supercharge businesses, it cannot be a replacement for human interaction and creativity. A theme that consistently comes up when speaking to consumers is that, while they want fast, efficient and personalized experiences from the brands they interact with, they don't want to feel like they are just interacting with a robot.

For businesses there is a balance to be struck. Incorporate AI into the tasks that teams either don't have the skills or time to work on, so they can focus on delivering a best-in-class, and most importantly, human service to customers.

The AI-driven future of retail

Operations, such as product imagery enhancements and descriptions, marketing campaigns and more will all benefit from AI-based optimization. Such solutions, alongside real human interactions, are already having a material impact on what the customer experience looks like.

As expectations grow as to what customer experience should look like and a seamless online and in-store experience becomes the must-have, AI's importance will grow further. While retailers can source and collate that data, it's only with AI and digital tools that they can identify and act on the insights it provides to give consumers the unified and personalized service that they are looking for.

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