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Class Notes March 20th 2025

Retail Industry and AI Applications

Impact of COVID-19

- The pandemic accelerated the shift to online shopping, increasing its prevalence and importance in retail.

AI-Powered Customer Assistance

- Product Discovery and Recommendations: AI helps customers find products and offers personalized suggestions.

    o *Example*: Lululemon's ABC pants became a trend, and AI can recommend similar items based on user preferences or popular styles.

- **Visual Search:** Enables users to search for products by uploading images or screenshots instead of text.

    o *Examples*: Google Lens; many online retailers are adopting this (e.g., identifying a shirt from a photo).

    o AI tailors recommendations to what users are seeking, enhancing the shopping experience.

Dynamic Pricing and Demand Prediction

- Price Manipulation: AI agents adjust prices dynamically to encourage purchases.

    o *Possible Example*: "Cube business" (needs clarification—perhaps a specific retailer or strategy?).

- Demand Forecasting: AI predicts seasonal demand trends, helping retailers stock inventory efficiently.

    o *Tip*: Avoid buying on the first day of browsing online—prices may drop later as AI tracks your interest.

Fraud Detection and Usage Patterns

- AI analyzes customer usage patterns to identify anomalies and detect fraud in online retail systems, improving security and trust.

Sentiment Analysis (Opinion Mining)

- Definition: A natural language processing (NLP) technique that evaluates the emotional tone (positive, negative, or neutral) in text.

- Applications:

    o Monitors public opinion, brand reputation, and social media trends.

    o *Example*: Liking a product on social media signals interest; AI may later offer discounts on that item to drive sales.

- Impact: Helps businesses manipulate purchasing behavior and refine strategies, expanding their reach.

Virtual Try-On Technology

- Definition: Uses AI, cameras, and digital tools to let customers "try" products virtually (e.g., clothes, makeup, eyewear).

    o Eliminates the need for in-store visits, enhancing convenience.

- Examples:

    o Warby Parker (eyewear)

    o Sephora (makeup)

    o Walmart (clothing and makeup)

- How It Works: When you activate your camera, AI overlays products onto your image, showing how they'd look on you.

Store Layout Optimization (Physical and Digital)

- Definition: Strategically designing retail spaces—physical or online—to improve customer experience, boost sales, and streamline operations.

- Elements:

    o Product placement

    o Aisle or webpage navigation