



# Retail's AI Inflection Point

How to think about readiness, relevance and next steps

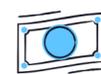
# AI is reshaping retail and redefining the customer relationship.

AI is already influencing how people discover, evaluate and purchase products. For many consumers, AI tools now sit at the start of the shopping journey, shaping decisions long before a retailer's website or store comes into view.

This shift raises difficult questions for retailers. As AI platforms and agents increasingly mediate search and discovery, the direct connection between brand and customer becomes easier to lose. The concern is not just efficiency or cost pressure, but visibility, differentiation and long-term relevance.

Retailers are moving away from a store-first model toward experience-led journeys that span digital and physical touchpoints. To make that transition work, they need digital and data foundations that allow AI to strengthen customer relationships rather than erode them.

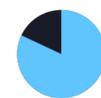
AI has become unavoidable. The challenge is how to engage with it deliberately, without losing control of the customer experience or your brand.



**\$3trn-5trn**

of shopping worldwide will be conducted through AI 'agents' in the near future<sup>1</sup>

McKinsey



**82%**

of retail leaders have pilots for reinventing customer service<sup>2</sup>

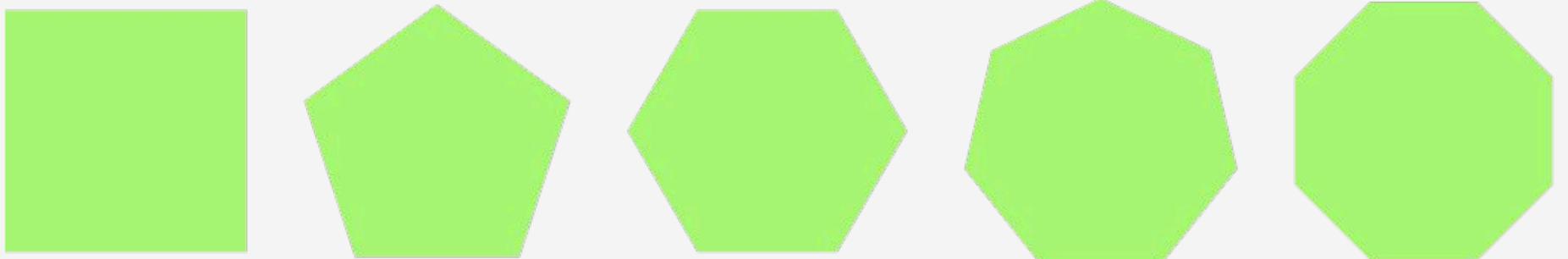
McKinsey



**20%**

of global retail orders are already influenced by AI<sup>3</sup>

Salesforce



<sup>1</sup>McKinsey: The agentic commerce opportunity: How AI agents are ushering in a new era for consumers and merchants

<sup>2</sup>McKinsey: LLM to ROI: How to scale gen AI in retail

<sup>3</sup>Salesforce: AI and Agents Propel Cyber Week to Record \$336.6B in Global Spend

# Why many retail AI initiatives struggle to scale

Most retailers are not short of AI ideas. What they often lack is a consistent way to decide which ideas deserve investment and which should wait.



## Most retail AI pilots never scale

because data, platforms and teams are not aligned.

Under pressure to demonstrate progress, teams launch pilots across personalisation, customer service, forecasting or automation. These efforts are frequently isolated from one another and from the underlying data and platforms that support core retail operations.

Over time, familiar patterns emerge:

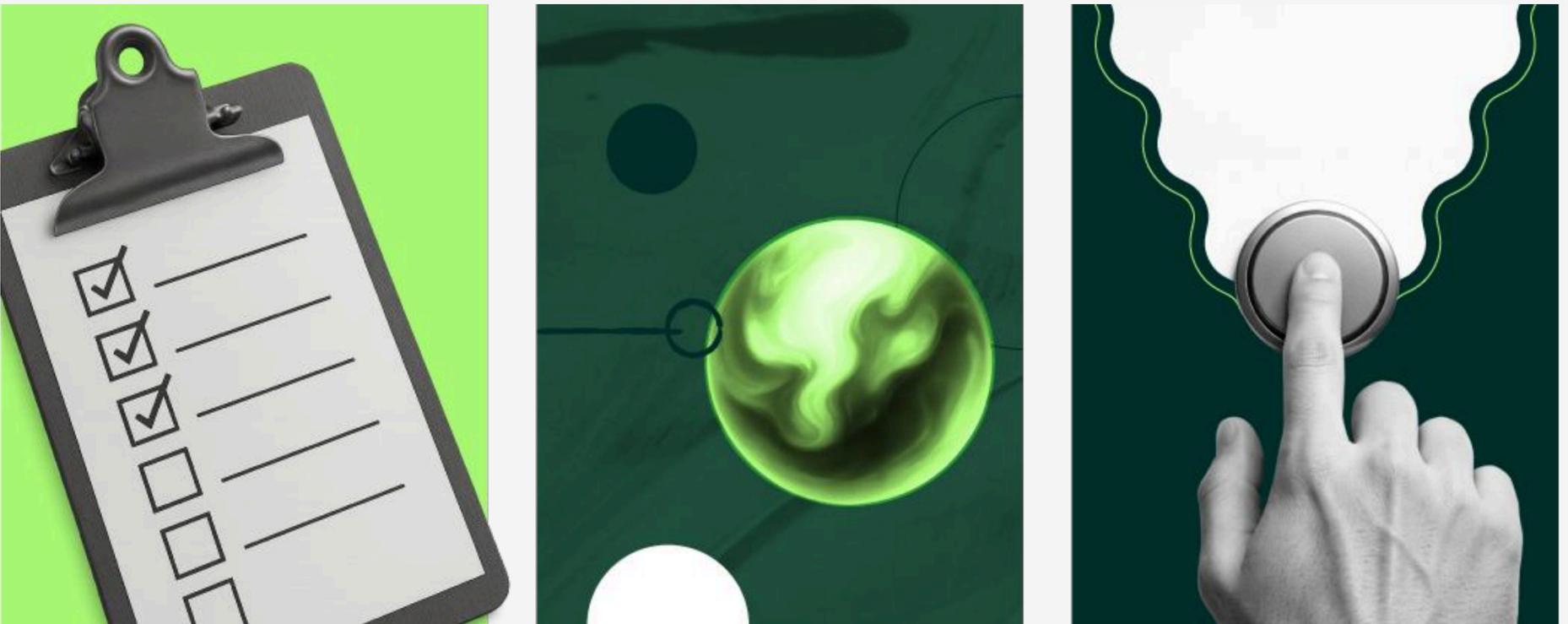
-  **Pilots that show promise but stall before scaling**
-  **Data fragmented across stores, e-commerce, supply chain and marketing**
-  **Rising complexity with limited commercial return**
-  **Teams that grow cautious as results fail to materialise**

Some retailers have already deployed AI successfully, but often at significant cost. Early wins are frequently driven by bespoke integrations and manual effort, which can be difficult to sustain at scale.

In many cases, this reflects the same underlying issue: AI initiatives move faster than the organisation's ability to consistently evaluate value, readiness, and feasibility across use cases.

The issue is rarely intent or ambition. It is the absence of a shared approach for evaluating value, readiness and feasibility before AI is introduced into live operations.





# A structured approach to deciding where AI belongs

Retail organisations that succeed with AI tend to follow a clear sequence. They start by understanding their readiness across data, platforms, teams and governance. From there, they identify use cases that fit their context and constraints. Only then do they prioritise initiatives based on expected impact and feasibility.

This approach helps concentrate investment where it can deliver meaningful results. It also reduces risk by ensuring that AI capabilities are supported by the right foundations from the outset.

Many retailers recognise the need for this kind of structure. Fewer have access to a practical framework that helps them apply it consistently across teams and initiatives. Without that, AI efforts remain fragmented and difficult to sustain.

# Where retailers are applying AI today

Across the retail sector, AI is already being used to reshape how customers discover products, interact with brands, and move through the buying journey. The most effective initiatives tend to focus on experience, relevance and operational clarity rather than isolated automation.

Common areas of focus include:



## Personalised discovery and engagement

Using AI to tailor product recommendations, content and journeys across channels in ways that reflect real customer behaviour rather than static segments.



## Demand forecasting and trend intelligence

Applying AI to improve demand forecasting, inventory planning and trend detection across channels. These capabilities help retailers reduce waste, improve availability and support more consistent customer experiences end-to-end.



## AI-assisted service and support

Supporting customer service teams with AI tools that improve responsiveness and consistency while preserving human judgement at key moments.



## Agentic shopping journeys

Exploring AI-driven agents that can guide, assist or automate parts of the shopping experience, particularly in areas such as discovery, comparison and service. While still emerging, these approaches point to how future shopping journeys may be shaped.

Some of these use cases are already delivering value for retailers today, while others are still emerging. The challenge is understanding which of them make sense for your organisation, given your data, platforms and operating model.

# The questions this guide does not answer

Knowing where AI is being applied in retail is only the starting point. Making the right decisions requires a deeper level of assessment and prioritisation.

Retail leaders still need to answer questions such as:

- ❓ **How ready are we across data, platforms, governance and teams?**
- ❓ **Which AI use cases are feasible for us now, rather than desirable in theory?**
- ❓ **Where will investment deliver meaningful business impact?**
- ❓ **How do we move from pilots to a coherent AI roadmap?**

This guide is designed to frame the challenge and highlight what matters. It stops short of answering these questions in full.

That work is covered in **A Better Way to AI**, CID's practical toolkit for assessing readiness, evaluating AI opportunities, and prioritising initiatives by impact and feasibility. It includes structured assessment criteria, hands-on prioritisation frameworks, and guidance drawn from real client work across industries.

**Download A Better Way to AI to take the next step from insight to execution.**

[Download the workbook →](#)

