

# Retailer spend on AI to reach \$7.3bn by 2022

As retailers target new avenues to increase personalisation of the customer experience, global retailer spending on AI is predicted to reach \$7.3 billion per annum by 2022, up from an estimated \$2 billion in 2018.



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This is according to a new study by Juniper Research titled *AI in Retail: Disruption, Analysis and Opportunities: 2018-2022*, which found that retailers will heavily invest in AI tools that allow them to differentiate and improve the services they offer customers. These range from automated marketing platforms that generate tailored, timely offers, to chatbots that provide instant customer service.

## Customer service and sentiment analytics to lead spending

Juniper's latest research found that spending will be strongest in customer service and sentiment analytics, where AI can be applied to understand customer reaction to the products purchased and the service received. This will prove to be a key tool for retailers seeking to improve their customer experience.

Retailer spending in 2022 will be shared as below:

1. Customer service and sentiment analytics - 54%
2. AI-based automated marketing – 30%

### 3. Demand forecasting - 16%

Juniper predicted that retailers will use AI insights to design and target new product ranges, as well as to create promotional offers.

Research author Nick Maynard added: "Retailers are looking to replicate the success of Amazon in making AI a core part of their operations, with retailers increasingly turning to solutions such as AI-optimised pricing and discounting, as well as demand forecasting."



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## Demand forecasting crucial element of AI use

The research found that AI-backed demand forecasting is increasingly becoming a key tool for retailers. With the advent of specific days for shopping, such as the Black Friday phenomena, understanding customer demand and correctly planning based on this is more important than ever.

Juniper argued that retailers must invest in this area in order to stay competitive, particularly in low-margin retail segments. It noted that the cost of AI tools, currently uneconomical for many players, will drop by 8% over the next four years, helping realise a 300% increase in software spend.

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