

Retailers expected to pump \$12bn into AI by 2023

Global spending by retailers on artificial intelligence (AI) services will reach \$12 billion by 2023, up from an estimated \$3.6 billion in 2019, according to a new study Juniper Research. It's expected that more than 325,000 retailers will adopt AI technology over the period.



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According to the new research, *AI in Retail: Segment Analysis, Vendor Positioning & Market Forecasts 2019-2023*, AI use by retailers will unlock efficiencies across back-office operations. Advanced analytics employed in functions such as demand forecasting and automated marketing will make retailers more agile and improve margins.

Juniper forecasts that retailers will face an AI adoption race, where AI-equipped retailers, which have adopted systems as early movers, will displace slower moving retailers, offering superior service at optimised price points.

Demand forecasting crucial

The use of machine learning in demand forecasting will prove to be a key market for AI vendors, with associated service revenues reaching \$3 billion by 2023, up from \$760 million in 2019.

The research claimed that demand forecasting will be essential to enable an effective omnichannel experience and drive higher margins. This will mean the number of retailers using AI-enabled demand forecasting will more than triple between 2019 and 2023.

Research author Nick Maynard explained: “With the rise of collect-in-store and one-off events such as Black Friday, understanding demand and supply chains is more crucial than ever with AI playing the central role.”

Smart checkout technology growth

The research also found that smart checkouts, largely powered by AI technologies such as computer vision, will have a strong future in the convenience area, leading to annual transaction volumes of over 1.4 billion by 2023, compared with just 42 million in 2019.

While Amazon is currently highly visible with its Go model, China will be the biggest driver of future growth. This reflects the rapidly growing Chinese market, as well as the backlash Amazon has had recently due to its cashless model.

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