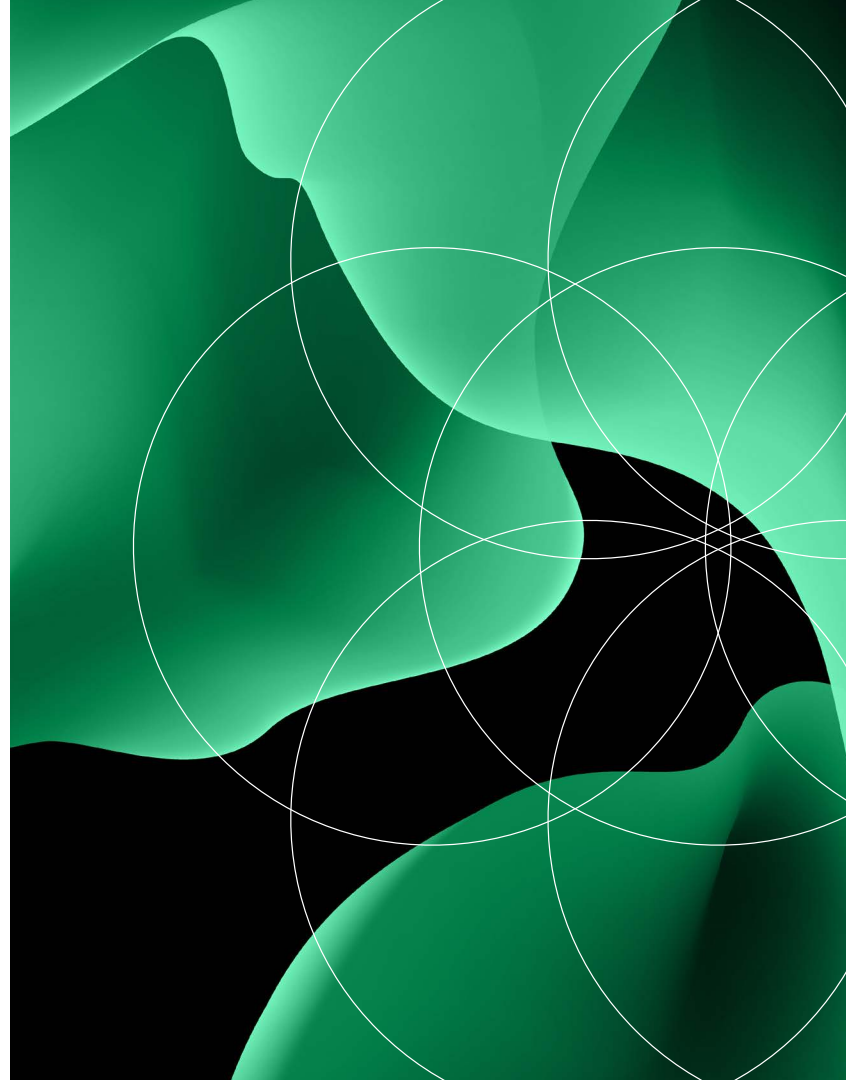


AI Will Transform Retail – But Success Hinges On Tech, Data, And Process

Get started →



An AI-Powered Retail Management System Is A Top Technology Want

With all of today's buzz around artificial intelligence (AI), many retailers are eager to get their AI journey started and for good reason. AI can help retailers improve operational processes, deliver a better customer experience, and even increase revenue. However, retailers' enthusiasm isn't matched by their readiness. Many are faced with data quality issues and want more education around new AI technologies before taking the leap. Despite the challenges, one thing retailers agree on is the importance of a retail management system that leverages AI — and many are willing to pay more for those solutions.

In October of 2023, Epicor commissioned Forrester Consulting to explore the current state of AI for retail. To do so, Forrester surveyed 205 North American retail business and IT decision-makers with responsibility for technology decisions at their company.

Key Findings



Adoption of AI is early. Despite retailers understanding that AI can help them achieve their goals, many are still at the beginning of their AI implementation journeys.



Data is the first and hardest step of AI implementation. The biggest hurdle preventing retailers from implementing AI to gain actionable insights is overcoming data quality and collection issues.



Retailers want a retail management system that leverages AI. Retailers can glean all the benefits of AI with an AI-powered retail management system, and our study showed 65% are willing to pay more for it.

Retail Organizations Invest In AI To Deliver On Top Business Priorities

AI is more than just a buzzword — it can bring about real organizational change and propel businesses forward. For retailers, it can drive significant improvements for the business and deliver top business priorities. Over the next 12 months, surveyed retail decision-makers are most focused on innovation, improving customer experience, and growing revenue, which is reflected in some of the top drivers for investing in AI.

Another main reason for investing in AI: process improvements and forecasting. Respondents at retail organizations see the value AI can bring to improving operational efficiency and effectiveness, and the subsequent increases to employee productivity and reductions in operating costs. AI also provides more accurate demand forecasting, allowing retailers to transform data into actionable insights.

Top Drivers For Investing In AI

41%

Improve customer experience (CX)



40%

Increase revenue



33%

Improve operational efficiency and effectiveness



32%

Improve employee productivity



30%

Improve the accuracy of demand forecasting



30%

Reduce operating costs



Widespread Adoption Of AI Is Early

Although responding retailers understand that investing in AI helps them achieve their goals, widespread adoption is early. Business processes are still mostly manual for many retail organizations.

Among the most manual activities are sales operations and planning, spend management, receiving, and special orders. Even the most automated processes, like customer processes and supply chain management, are still only fully automated for about 30% of respondents.

Given how low automation is for most retail organizations and how early they are in the adoption cycle, it's not surprising that more advanced forms of AI are also underutilized. The process with the highest levels of advanced AI usage is spend management, yet only 34% of respondents state they use advanced AI for it. Processes like receiving and sales and operation planning see the lowest levels, with less than 20% of respondents noting they use advanced AI for these processes.

“For which of the following processes do you use advanced AI (beyond rules-based automation)?”



Lack Of Data Integrity And Poor Data Management Inhibits AI Implementation

Collecting quality data is the first and arguably most important step in AI implementation, but it's also one of the most difficult to tackle. Many retailers today find that they have a lot of data but don't use it to its fullest extent or they struggle to collect data altogether. Specifically, 77% of respondents noted that their organization struggles to gain actionable insights from the data it collects and 67% found they're unable to collect any usable data to help gain better business insights. Furthermore, respondents said data quality issues and overcoming data silos were the top challenges for AI implementation.

Data is a foundational piece of AI implementation, and it is also where many organizations struggle. This shows that many retailers are still at the beginning stages of their journey.

Data Is The Biggest Barrier For Retailers Looking To Implement AI

77%

My organization struggles to gain actionable insights from the data it collects.

67%

My organization struggles to collect usable data to gain better business insights.

Decision-Makers Want More Education Around AI

While the biggest technical challenge of AI implementation is data quality, many respondents also feel that education around it is a significant obstacle. Specifically, 70% said their organization needs more education around AI retail solutions and 65% found they struggle to keep up with new AI technologies.

Nearly 60% of respondents noted that investing in these new technologies is simply just too complicated due to issues like training for new AI technology offerings, managing opposition from the workforce, and overcoming organizational resistance to change.

Keeping Up With Education Around Changing AI Technologies Is A Challenge



“

My organization needs more education around AI retail solutions.

“

We struggle to keep up with new AI technologies.



“

It's too complicated to invest in new AI technologies.

AI Technologies Deliver On Anticipated Value

Retailers want to use AI technologies to extract actionable insights for their business and AI delivers. The top benefits found in our study from leveraging these technologies are improved ability to forecast demand and better supply chain management. Retailers also note the value AI brings to improving operations, as many find time savings on operational processes to be another significant benefit of these technologies.

Retailers also stated that increasing revenue over the next year is a priority. AI technologies help retailers deliver on this goal by enhancing the customer experience and increasing customer satisfaction ratings.

Top Benefits Of Adoption AI Technologies

-  Improved ability to forecast demand
-  Improved supply chain management
-  Better customer experience
-  Improved operations
-  Improved customer satisfaction rating
-  Time savings
-  Increased revenue

An AI-Powered Retail Management System Is A Top Want For Retailers

With so many AI technologies suddenly available, it can be difficult for decision-makers to select the right tech for their organization. All retailers agree, however, that a retail management system that leverages AI is crucial. Respondents saw at least some value in having a retail management system that leverages AI, and nearly 70% said it was important or critical.

Nearly two-thirds of respondents said they would be willing to pay more for a tool that leverages AI. This was especially true if their organization could use it for customer processes, to forecast demand, for accounting management, and for inventory management.

Interest In A Retail Management System That Leverages AI Is High

69%

of respondents said a retail management system that leverages AI is important or critical.

65%

of respondents said they would pay more for a retail management system that leverages AI.

The Right Tech Empowers Retailers With All AI Has To Offer

AI-powered retail management systems empower retail organizations with unique benefits. Solutions that leverage AI provide access to actionable insights, operational effectiveness, and the positive business impacts that retailers seek.

According to our study, respondents anticipate that a retail management solution that leverages AI will have a positive impact on a number of various business processes. Seventy-six percent of respondents expect these solutions to have a positive impact on customer processes and supply chain management, 69% said there would be positive impacts to demand forecasting, and 67% said the same for inventory management.

“How much of an impact do you anticipate an AI-powered retail management system to have on the following business processes?”

(Showing “Slight positive impact” and “Significant positive impact”)



Conclusion

From automation and operational improvements to gathering actionable insights for demand forecasting, reordering, and inventory, retailers understand the tremendous value AI can offer. Despite this, many of them are still at the start of their AI journey. The first hurdle for these organizations will be to gain a better understanding of the available landscape and begin to tackle any underlying data quality and collection issues.

Retailers that overcome these obstacles can enjoy the insights, process improvements, and positive business impacts that come with AI. For retailers, many of these benefits can be enjoyed through an AI-powered retail management system. Our study showed that respondents understand the value of such a solution, with all respondents noting the importance of a retail management solution that leverages AI.

Resources

Related Forrester Research:

[“The Technology Architects Essential ERP Research,”](#) Forrester Research, Inc., September 11, 2023.

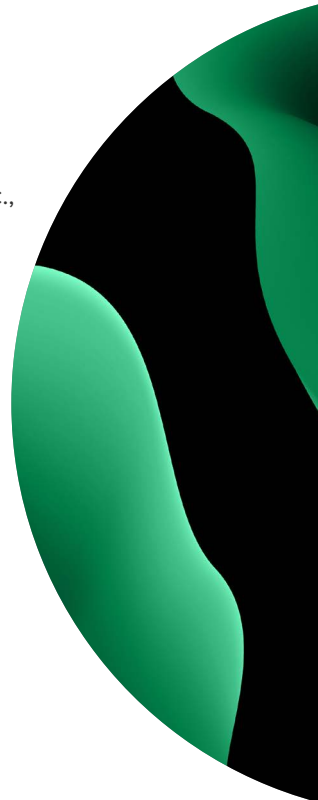
Project Team:

Kate Pesa,
Market Impact Consultant

[Ana Brzezinska,](#)
Senior Market Impact Consultant

Contributing Research:

Forrester’s [Technology Architecture & Delivery](#) research group



Methodology

This Opportunity Snapshot was commissioned by Epicor. To create this profile, Forrester Consulting supplemented this research with custom survey questions asked of business and IT decision-makers with knowledge of and responsibility for technology decisions at their company. The custom survey began and was completed in August 2023.

ABOUT FORRESTER CONSULTING

Forrester provides independent and objective [research-based consulting](#) to help leaders deliver key outcomes. Fueled by our [customer-obsessed research](#), Forrester's seasoned consultants partner with leaders to execute their specific priorities using a unique engagement model that ensures lasting impact. For more information, visit forrester.com/consulting.

© Forrester Research, Inc. All rights reserved. Unauthorized reproduction is strictly prohibited. Information is based on best available resources. Opinions reflect judgment at the time and are subject to change. Forrester®, Technographics®, Forrester Wave, and Total Economic Impact are trademarks of Forrester Research, Inc. All other trademarks are the property of their respective companies. [E-57977]

Demographics

| COUNTRY | |
|---------------|------------|
| United States | 60% |
| Canada | 40% |

| ORGANIZATION'S REVENUE | |
|--------------------------------|------------|
| \$50 million to \$99 million | 24% |
| \$100 million to \$199 million | 3% |
| \$200M to \$299M | 10% |
| \$300 million to \$399 million | 6% |
| \$400 million to \$499 million | 13% |
| \$500 million to \$999 million | 44% |

| INDUSTRY | |
|----------|-------------|
| Retail | 100% |

| LARGEST STORE REVENUE | |
|-------------------------------|------------|
| <\$1 million | 7% |
| \$1 million to \$5.9 million | 19% |
| \$6 million to \$10.9 million | 20% |
| \$11 million to \$49 million | 25% |
| \$50 million to \$99 million | 29% |

The image features the Forrester logo centered on a dark green background. The background is composed of several overlapping, semi-transparent, organic shapes in various shades of green, creating a layered, abstract effect. The logo itself is the word "FORRESTER" in a white, serif, all-caps font, with a registered trademark symbol (®) to its upper right.

FORRESTER®