



RETAIL

REVOLUTION



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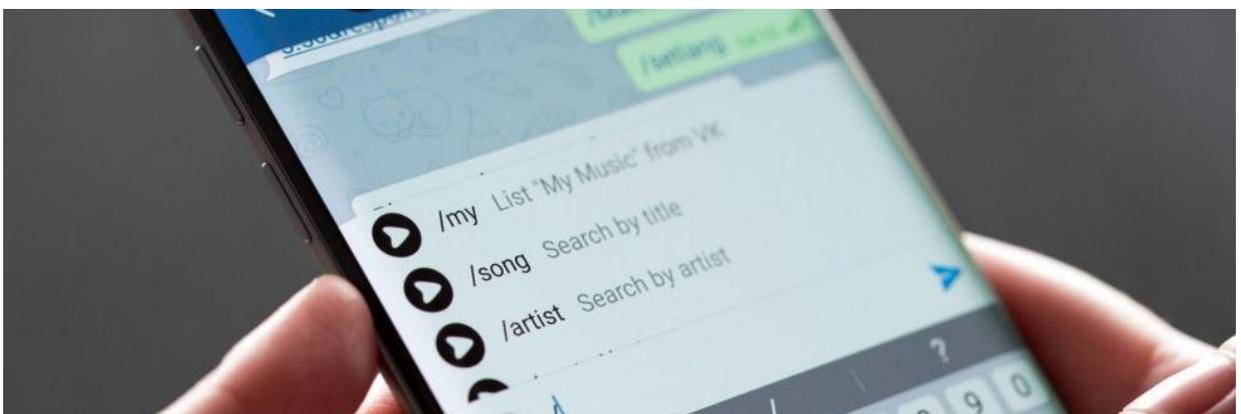
THE AI REVOLUTION IS NOT ABOUT THE ROBOTS, IT'S ABOUT THE CUSTOMERS

If you're not thinking about the coming AI revolution you are already falling behind, twice as many European consumers say they are as familiar with AI as unfamiliar. All of a sudden a promise from Science Fiction has become an everyday reality for the majority of consumers.

Brands such as Amazon and Spotify, personal assistants like Siri and Cortana, technologies including programmatic trading and search; all of these rely on machine learning to deliver a competitive advantage.

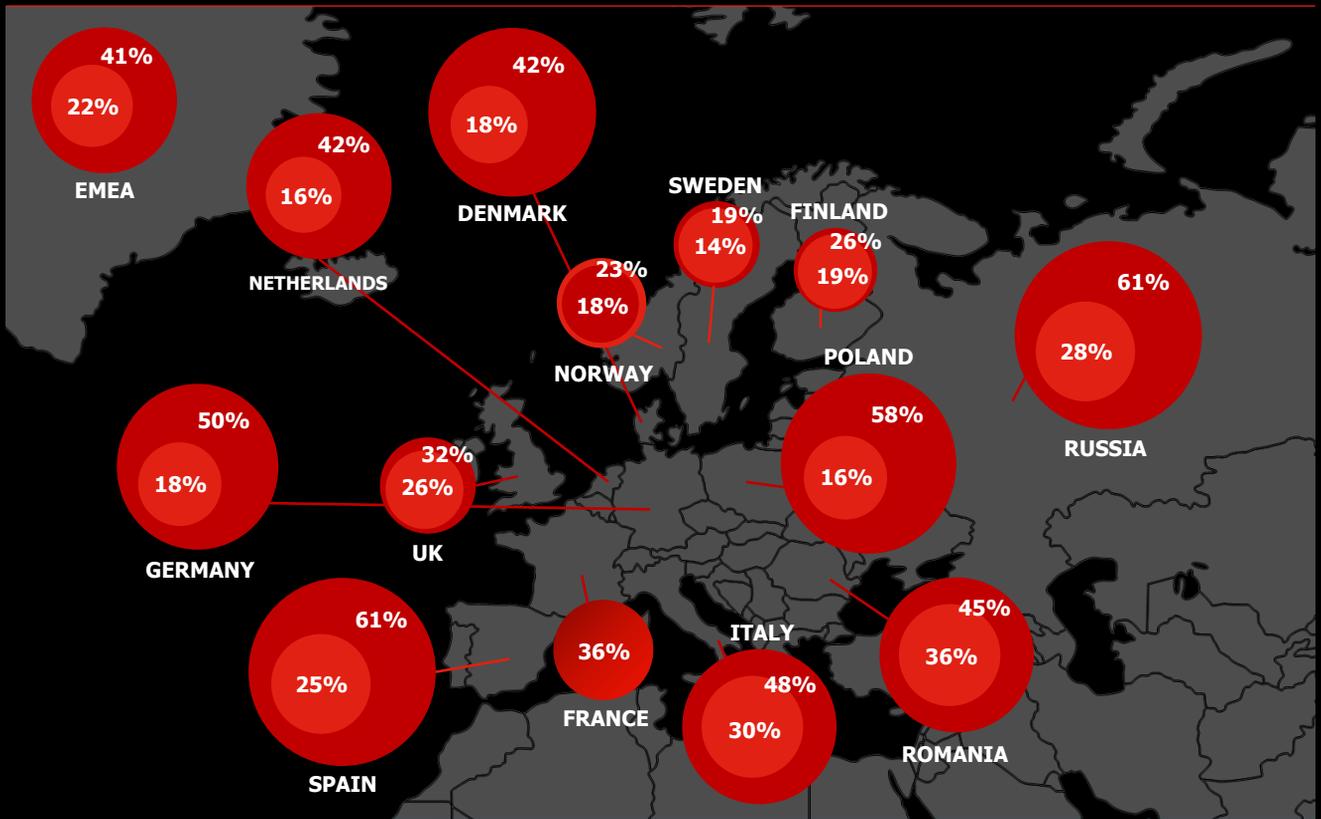
So AI is already delivering on its long term promise, which means consumers are better prepared for the much more dramatic changes to come.

However, it is only with empirical evidence that we can have the confidence to make strategic decisions about how to use the new powerful capabilities of consumer-facing artificial intelligence. Understanding consumer perspectives on how AI will influence their purchase decisions is one of the most critical data sets for any consumer marketer, enabling brands to get a step ahead.



EUROPEAN CONSUMERS ARE OPEN TO AI TECHNOLOGIES

22% OF EUROPEANS ARE ALREADY USING AI AND ANOTHER 41% WOULD LIKE TO GET AN AI DEVICE OR APP



● Yes, I would like to get an AI device/app ● Yes, I am already using an AI device/app

REASONS FOR NOT TRUSTING AI

48%

I DON'T TRUST HOW MY DATA IS BEING USED

30%

IT DEPENDS ON THE TASK

26%

I DON'T TRUST THE BRANDING PROVIDING THE SERVICE

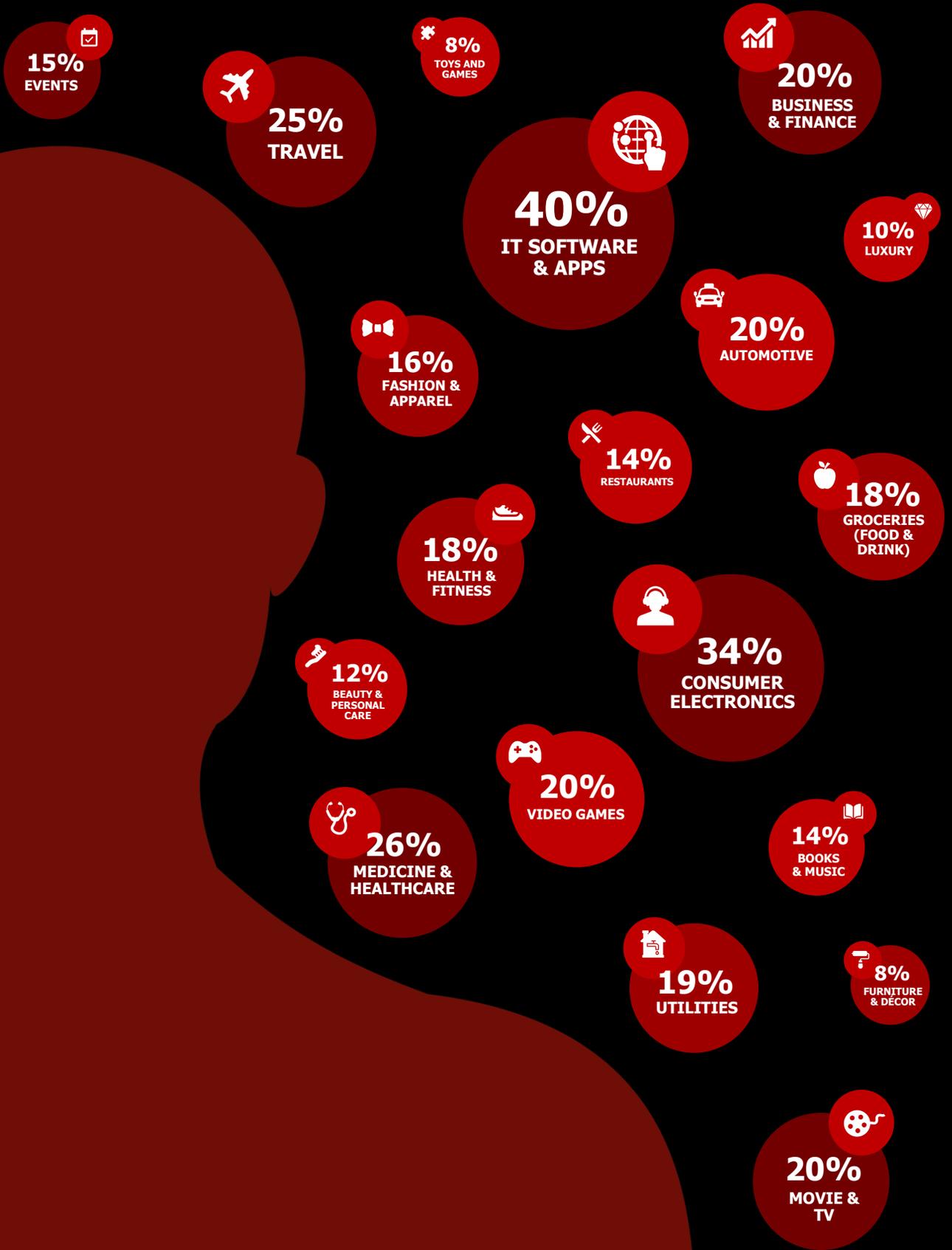
43%

I DON'T HAVE ENOUGH CONTROL OVER THE EXPERIENCE

28%

I DON'T TRUST THE PLATFORM (E.G. FACEBOOK MESSENGER, AMAZON ECHO)

SHOPPING CATEGORIES CONSUMERS THINK WILL BENEFIT THE MOST FROM AI



A 'SO WHAT' PROBLEM

Consumers have trouble imagining use cases, but easily judge when exposed

36%

of European consumers claim they "don't need AI,"

WHILE

19%

say they don't understand the benefit.



I shouldn't have to deal with what amounts to an inferior search function with a text to voice gimmick, as I can go through and process far more information myself in less time.

Steven (18-34, London)



ASSURANCE

56%

Not knowing the quality or fit of products online

CONVENIENCE

52%

Queuing at the till

RELEVANCE

50%

Not being able to get relevant assistance in time

AI TO REDUCE SHOPPER FRUSTRATIONS

Brands should inspire people about the benefits and current capabilities of AI in very practical ways

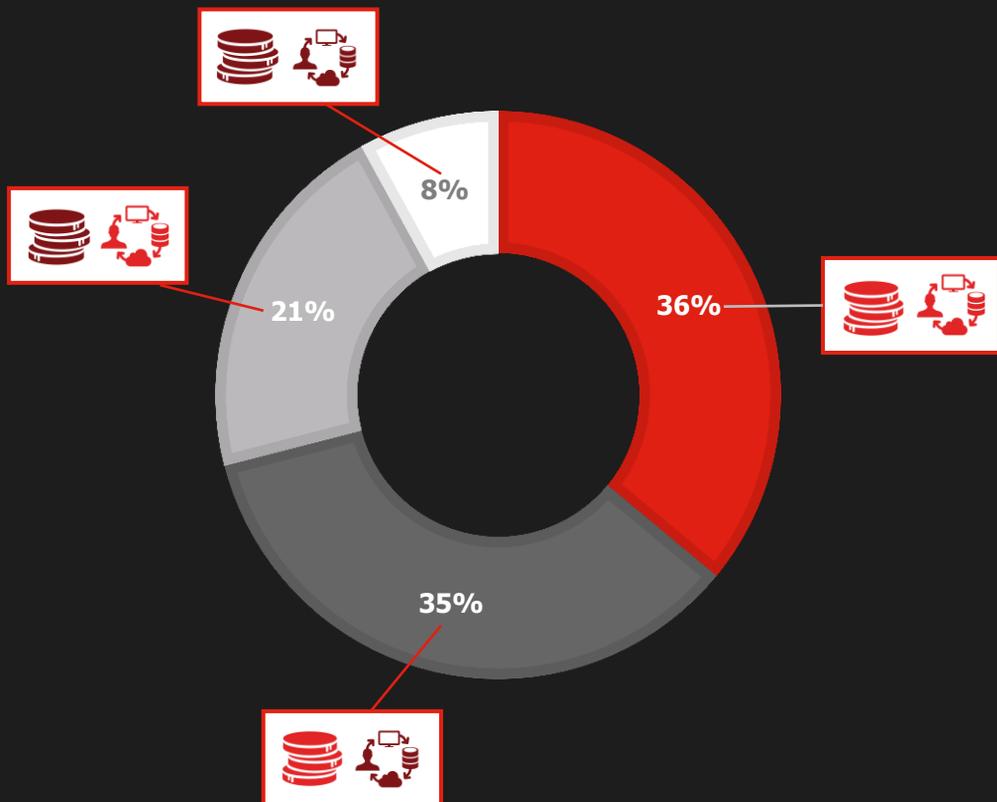
HIGH MISTRUST AND SAFETY WORRIES ARE SOME OF AI'S GREATEST CHALLENGES

A science fiction hangover and broader digital trust

THE VALUE EXCHANGE ECONOMY TRUMPS PRIVACY IN THE AI VALUE CHAIN

Consumers understand AI requires access to (sometimes) personal data

43% of Europeans are already willing to share their data to get a better service



- 

Willingness to pay for a better AI service
- 

Unwillingness to pay for a better AI service
- 

Willingness to share data for a better AI service
- 

Unwillingness to share data for a better AI service

AI FITS DIFFERENT NEEDS PER CATEGORY

Consumers understand AI is no panacea,
requires focus on their specific challenges

Beauty & personal care, fashion & apparel, health & fitness are the top sector for options based on characteristics (i.e. skin tone, height, etc.)



Consumer electronics, utilities, medicine & healthcare are the top sectors for quicker customer service



Travel, consumer electronics, movies & TV are the top sector for new opportunity and discovery surprises



Groceries, health & fitness, medicine & healthcare are the top sector for assistance on making more informed decisions about purchases (i.e. ethical products, nutritional information, etc.)



**THIS IS JUST
THE BEGINNING**

Perceptions are changing fast and many scenarios still possible

**THE RETAIL
REVOLUTION.**

HOW WILL AI MAKE SHOPPING A BETTER EXPERIENCE?

QUICK, EASY AND RELEVANT - ARE NOW JUST HYGIENE FACTORS FOR CUSTOMERS WHO INCREASINGLY EXPECT RETAILERS TO RECOGNISE THEM AND TAILOR THEIR OFFERING ACCORDINGLY

People want to know whether AI will make their shopping cheaper, faster or in some other way 'better'.

Consumers recognise the benefits of different types of help in different sectors. So people shopping in a wide range of categories - including groceries, beauty & personal care, books & music and furniture & decor - would welcome assistance in making more informed decisions. In other categories - such as travel, events and movies & TV - they want to be surprised by new opportunities and ideas. And when shopping for beauty & personal care products, health & fitness, or groceries, they'd be open to personalised suggestions.

However, AI is still in the early days of proving itself to mass audiences and needs to be more than a novelty option for most purposes. Given that there's still something of an AI sales job to be done, it would be wise for brands to use AI in very practical ways and demonstrate functional utility; not just as a frivolous gimmick.

The most important aspects of a shopping experience



61%

Easy Payments
Method



57%

Quick
Delivery



47%

Customer
Service

AI WILL DRIVE A HEIGHTENED ROLE FOR RETAILERS WHO COMMIT TO TRANSPARENCY AND SHARED POWERS WITH THEIR CONSUMERS

Brands need to think about where to put AI in the communication process, where humans have to take over while making the whole process as seamless as possible.

Shoppers are open to getting 'expert' advice via AI. That can mean personalised recommendations, but it could also simply be a matter of automating basic operations in order to free the humans in the team for more complex customer interactions.

The way retailers use AI also has to align with their brand personality. As well as a brand strategy, they need a conversation strategy that informs not only what their human employees say but what their robot employees say too. Additionally, they also need to be transparent about what they're doing and how they're doing it, in order to build customer trust. While it's true that shoppers are open to interacting with AIs, their major concerns are around who's collecting data about them and how that data will be used.

Reasons for not trusting Ai



of which don't trust how their data is being used,



feel they don't have enough control over the experience and



don't trust the platform (i.e. Facebook Messenger, Amazon Echo, etc.)

BRANDS SHOULD INSPIRE PEOPLE AROUND THEIR EVERYDAY NEEDS

Consumers want AI services to help them do the things they already do in a more efficient and streamlined way rather than to replace and therefore automate their activities. This also highlights one of the key points where AI projects can fail; the moment that the AI becomes more difficult or slower to use than their previous approach is the moment customers will abandon it.

Over a third of survey respondents who wouldn't consider an AI said they "didn't need AI", while a fifth said they didn't understand the benefits of AI.

What's surprising is that this "So what?" problem is particularly pronounced among younger audiences. 46% of 18-34 year-olds said they didn't need AI, while 37% said it was easier to use their default option.

Reasons for not trusting Ai



62%

Feeling pressure from a sales consultant



56%

Not knowing the quality or fit of products bought online



54%

waiting times



53%

The hassle of delivery and/or returns



52%

Not having more seamless payment options

RETAILERS NEED TO THINK ABOUT HOW THEY CAN USE DIFFERENT INTERFACES AND DIFFERENT APPROACHES TO ATTRACT DIFFERENT CUSTOMER DEMOGRAPHICS.

The risk, as with so many earlier technologies, is that companies will focus on what the machines are capable of, rather than what customers want. Going forward the key is augmentation rather than just automation. Machine learning, natural language and other AI services are poised to help retailers offer better interactions, solve problems and achieve common goals. Humans and machines both play a part, and this is where we get the best of the technological potential.

The over-riding drivers will be delivering value for customers, winning their trust by being transparent about who is collecting their data and how it is being used, and making them feel like they're in control of their interactions.

Tech-savvy: Those who use apps to pay and are willing to share data

01

Already using AI

Tech-Savvy: 37%
European Average*: 21%

02

Want AI as part of their lives

Tech-Savvy: 54%
European Average*: 38%

03

They want to be taught how to use AI technologies

(26%, Index 150)

04

Main retail frustrations

Feeling pressured by a sales consultant: 41%
A lack of basic business information online: 21%
Not being able to get relevant assistance in time: 24%

05

Want AI assistance that provides relevant financial based on their habits

(26%, Index 140)

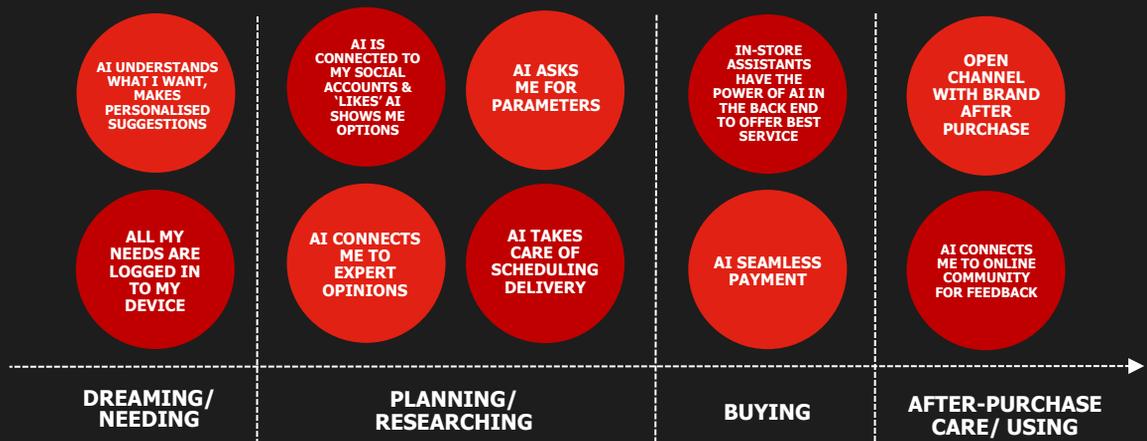
06

Open to AI assistance that gives them quicker customer service

(37%, Index 131)

APPLYING AI IN MARKETING

As with all new and exciting technologies, there is a tendency to jump straight in and start ideating or even building. In conducting this research, we advocate a consumer-centric approach – putting the needs, desires, expectations and attitudes of your audience at the heart of the process. We have compiled a list of some of the key learnings from our projects in this area, predominantly in chatbots and voice. These rules will help you succeed in applying AI and creating systems that benefits you and your customers alike.



RULE ONE: BRING THE RIGHT SKILLS TO THE TABLE

Involving a wide range of stakeholders from your organisation and giving everyone clear roles in the process will ensure that you have a balanced and rounded view. This multi-disciplined team will help pose a range of considerations and potential, as well as help you foresee and troubleshoot problems. It is paramount that the activation is in line with current brand perceptions and experiences. The role of the marketer is very much about owning the brand voice, the engagement with consumers and the packaging and promotion of such efforts.

RULE TWO: THINK ABOUT WHAT YOUR CUSTOMERS WILL INTERACT WITH, WHEN AND HOW MUCH

Embracing a consumer focused planning approach ensures that you will consider the lives and routines of one or several of your target audiences, and importantly the rights and role of the brand in these moments. In early phases of AI application, many brands are finding consumers do not necessarily work through experiences in ways that they expected. It is important to incorporate and test branded AI with questions such as 'tell me a joke' (one of the most likely questions to a branded chatbot), ensuring that responses deliver a good brand experience. Marketers must be the guardians of the frequency of communications and the moments at which they feel the brands can add value to consumers' lives.

RULE THREE: BE CLEAR AND TRANSPARENT WITH YOUR CONSUMERS

Signposting and setting the expectation in consumer-friendly language and being honest from the outset about what technology is being employed is key. Our research found that respondents have different levels of comfort across methods of delivery and platforms, which vary significantly by age group. With this objective in mind, you should consider the type of data and processes required to deliver your desired experience which are in line with your audience's comfort levels. For example, saved multiple choice answers can be used to tailor future communication and rescue users from re-inputting information. Different platforms also allow you to easily access consumer information, such as using Facebook Messenger to glean location data which can be used to promote nearby sites in a way that feels natural and seamless.

RULE FOUR: DON'T LIMIT YOUR IMAGINATION

Planning subsequent stages of development is key to ensure improved functionality and new experiences for your consumers. Whether it's choosing your technology partners or sourcing a number of best-in-class APIs to power your experience, it is crucial that you are building in flexibility to continuously optimise and evolve. It is worth paying keen attention to the developments of both established players, such as Google, Amazon and Facebook, as well as start-ups in the marketplace – try to think like a start-up that is challenging you. This understanding will help ensure that you can slipstream their efforts, spot emerging opportunities, as well as learn from their attempts to cater to and direct consumer behaviour.

RULE FIVE: THINK ABOUT AI AS A BRAND BUILDING TOOL

Our research gives insight into what type of interactions may be most appropriate, taking into account different consumer groups, sectors and behaviours. This information can help you decide what the best methods of distribution are, from developing a beta test to trialling a specific audience soft-launch or creating a targeted paid promotional campaign. You should also think about how implementing AI will affect your staff, suppliers and partners. The right AI solution for one brand, may be the wrong solution for another.

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ABOUT THE RETAIL REVOLUTION

OMD, in partnership with Goldsmiths, University of London, embarked on a dedicated research project investigating the possibilities, potentials, and pitfalls of implementing bots in a retail environment. Through qualitative explorative techniques, expert interviews, a retail focused hackathon and a quantitative online survey across 14 European countries with over 16,000 nationally representative respondents, the Retail Revolution gives insight into how consumers accept, understand and trust AI, exposing how brands can implement AI services that deliver meaningful human impact.

European countries covered to date include: United Kingdom, Germany, Italy, Spain, France, Poland, Russia, Romania, Netherlands, Finland, Sweden, Norway, Belgium and Denmark.

ABOUT OMD EMEA

OMD EMEA, part of OMD Worldwide, is the largest and most awarded marketing performance company in the world.

Recognised for its global footprint, strategic integration and creative innovation, OMD EMEA provides a range of services globally including communications strategy, media planning and buying, digital execution, content creation, entertainment marketing, sponsorship and brand analytics.

Investing over \$19bn across 80+ offices in 63 markets, OMD EMEA works with world-class companies including: Renault, PepsiCo, Liberty Global and The Walt Disney Company.

OMD EMEA has won several Agency of the Year accolades, including Cannes Lions 2017 Media Network of the Year and coming top of the Gunn Report for Media eleven years in a row, which measures marketing innovation and winning Agency Network of the Year at the Festival of Media Global Awards 2015 & 2016.

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