The future of retail

Revealed at Next '24

Google Cloud Next

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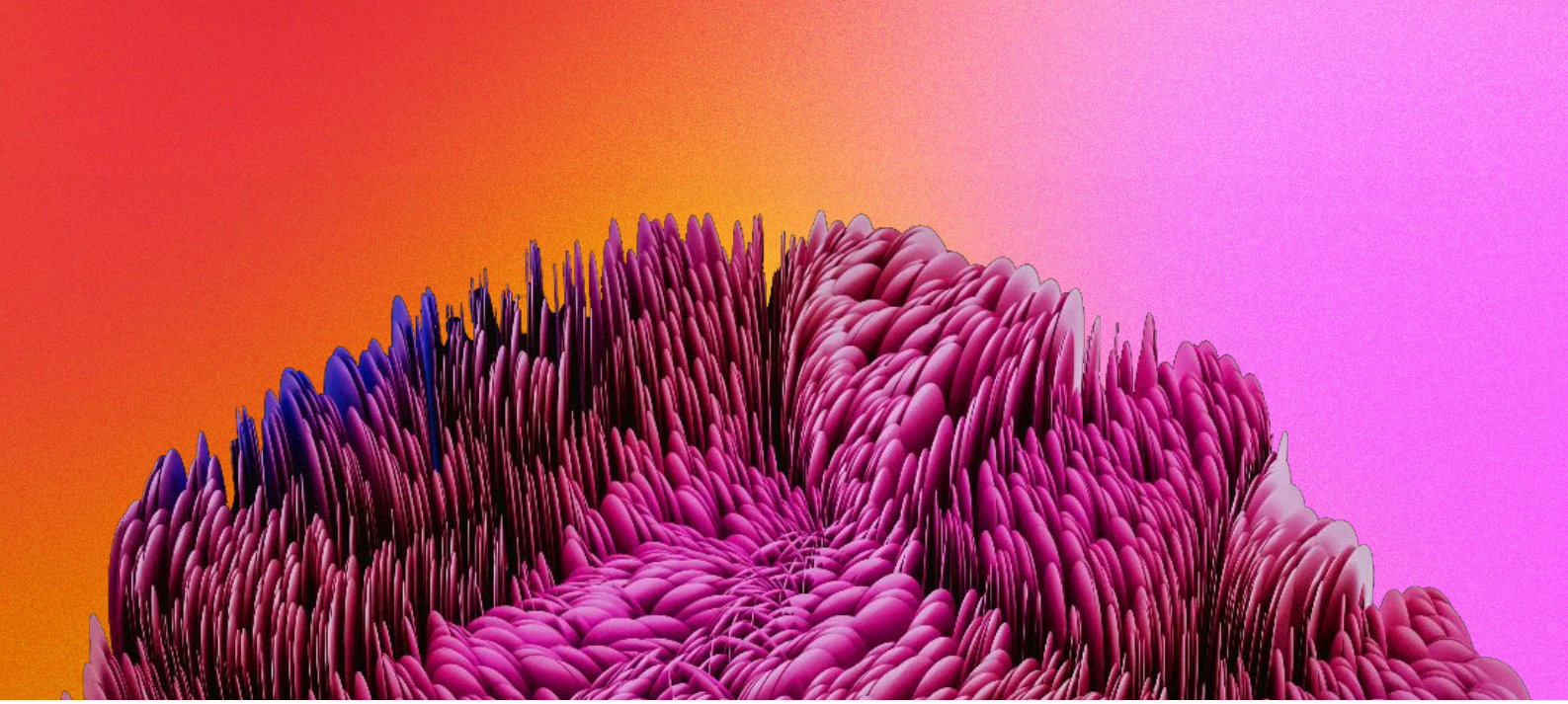
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From AI to Data, Infrastructure and Security: exploring what's next in retail

There's no doubt that AI is revolutionising the retail industry on both the customer experience and the operational sides. Retailers can send real-time, personalised promotions straight to a consumer's device. Virtual agents can assist with personalised product discovery. Generative AI can help create compelling marketing content in just a few clicks. And so much more.

These AI-powered capabilities are no longer just a nice-to-have. They're essential if retailers want to remain in the game in an increasingly competitive environment.

Indeed, as Paul Tepfenhart, Director, Global Grocery Solutions at Google Cloud, said at Next '24, "The world's getting tougher to win in retail. There's much more emphasis on personal experiences, on omnichannel, and on the ability to go between devices. And here's the bad news. If you're not doing it, nine in ten customers say they'll move on."

90%

of consumers will move on from retailers who don't provide personal, omnichannel experiences and the ability to go between devices

Paul Tepfenhart,
'AI for Retail ', Next '24

AI is ready and able to help retailers meet these evolving customer expectations. At Next '24, Google Cloud's yearly flagship event which showcased the latest Cloud and AI innovations, AI was the hottest topic for 800 retailers and their 2,200 delegates, from developers to marketing and HR leaders, to C-suite executives. The fact that nearly 1,000 people attended Paul's 8am session, AI for Retail, showed just how much interest there is in this space.

It is worth remembering that the **core enablers to Cloud transformations remain as important as ever** to drive AI-powered innovation and deliver on the top retail priorities highlighted at Next: from creating the modern store and seamless omnichannel experiences, to driving data-centricity to the heart of the operations and sustainability strategies.

Missed the big event? In this eBook, we summarise the key takeaways from Next '24 for retail leaders looking to drive new value across their business.



Increasing customer expectations

75%

want a seamless omnichannel experience[1]

90%

will continue to switch brands if they don't get what they want[2]



In retail, AI offers formidable opportunities for innovation:

Become a customer-centric, data-driven retailer	Capture digital and omnichannel revenue growth	Create the modern store	Drive sustainable and efficient operations

The AI-empowered retailer

- Real-time recommendations
- Subscription models
- Autonomous stores
- On-demand delivery
- AR/VR experiences
- Seamless omnichannel
- Shopping assistants
- Ultra-personalised marketing at scale
- Order-ahead capability
- Supply chain transparency

1. McKinsey, 2023, The world of 'ands': Consumers set the tone
2. Zendesk, 2024, 51 customer service statistics you need to know

AI agents steal the show at Next ‘24

Google Cloud’s yearly gathering of market-leading organisations is a key moment in the retail calendar. In 2024, 11% of the 30,000 attendees were from the retail industry—with attendees descending on Las Vegas to learn and exchange on the latest Cloud innovations and use cases, and what they mean for retail.

All of the announcements at Next ‘24—from a next-generation AI supercomputing architecture to the advanced reasoning of foundation models—demonstrated how far Google Cloud has come in the past year. Thanks to its accelerated progress in the last eight months alone, with 1,000 product advances and more than one million gen AI training sessions taking place, Forrester ranked Google Cloud the **fastest growing AI provider in the first quarter of 2024**.[3]

There’s one area in which this innovation is delivering huge business value in retail: AI agents.

These agents represent a transformative advancement in technology—enabling brands to serve customers, support employees, and **create business value in fundamentally new ways.**

$190 billion

Potential business value to retailers and consumer goods companies derived from gen AI[4]

> Doing AI efficiently at Google-scale is a feat few other companies in the world are capable of. Google brings that experience and infrastructure to Google Cloud AI infrastructure.
>
> Forrester Research Inc. — The Forrester Wave™: AI Infrastructure Solutions, Q1 2024

Learn why AI unicorns are choosing Google Cloud

3. Forrester Research Inc. — The Forrester Wave™: AI Infrastructure Solutions, Q1 2024
4. McKinsey & Company. (2023). "The economic potential of generative AI: The next productivity frontier"

> Today, realising the full potential of the cloud goes beyond infrastructure, network, and storage. It demands a new way of thinking. It's embracing possibilities to solve problems in boldly creative ways, and reimagining solutions to achieve the previously impossible."
>
> — Thomas Kurian, CEO, Google Cloud

The AI agents opportunity

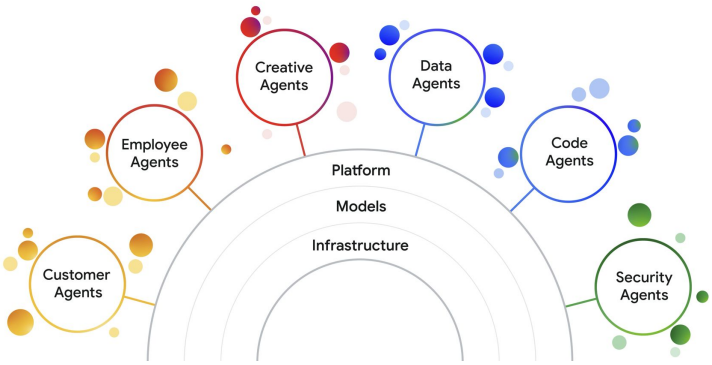
AI agents bring the opportunities of gen AI to life by helping users achieve specific goals—for example, helping a shopper find the perfect outfit for a wedding or enabling the marketing teams to create personalised campaigns at scale. They can understand multi-modal information, processing video, audio, and text together, connecting and rationalising different inputs. And they can learn over time facilitating transactions and business processes.

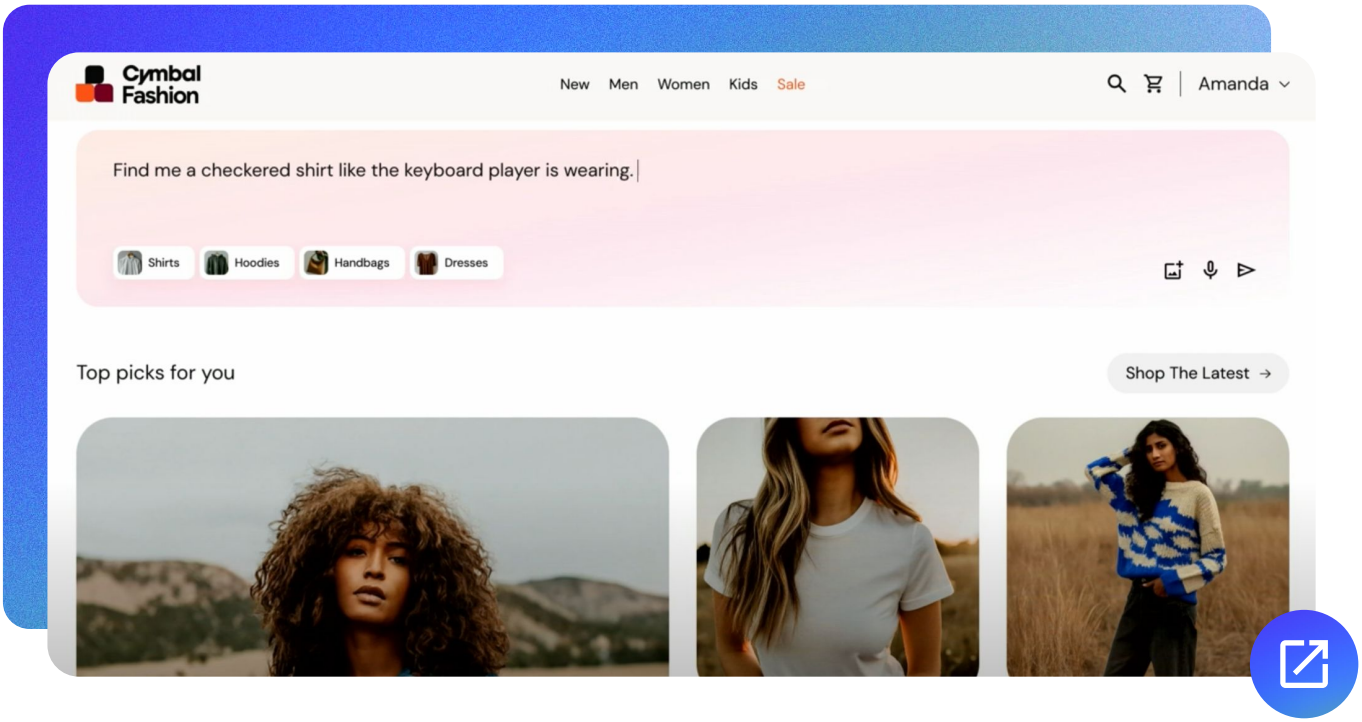
In retail, AI agents are particularly effective at elevating the customer experience, delivering **previously unimaginable levels of personalisation at scale.**

Beyond boosting customer satisfaction and loyalty, brands are also using them to:

- Drive **store productivity**, e.g. automating shelf health checks (stock-out, pricing, planogram compliance)
- Bolster client advisors **service quality**
- Optimise **infrastructure, development** time, and **cybersecurity**
- Improve **workplace efficiency** across functions (HR, Finance etc.)

You can either build your own AI agents using Google Cloud's AI-optimised infrastructure, models, and platforms, or you can utilise pre-built agents in Gemini for Google Cloud and Gemini for Google Workspace.





The AI agents transforming retail

AI agents are a formidable transformative force for retailers touching every facet of operations and customer experience. Spotlight on:

1. Customer agents

Today's leading customer agents understand what you want, know the products and facts, engage conveniently, and ultimately help your customers interact with your business more seamlessly. They work across channels—including web, mobile, call centre, and point of sale—and in multiple modalities, like text, voice, and more.

Here's an example. A person is watching a music video, and loves the shirt the keyboard player is wearing. She wants to buy one, now.

So she heads to the retailer's online store and starts a conversation with the customer agent that appears on the store's homepage. She shares the music video link, along with the prompt: "Find me a chequered shirt like the keyboard player is wearing. I'd like to see prices, where to buy it, and how soon I can be wearing it."

Almost immediately, shirts in that exact style appear. The customer sees that there are only a few shirts left in her size in a nearby store. So she calls the store to get one put aside. The call is answered by a phone-based customer agent, who continues the conversation and manages to upsell a t-shirt and boots, too.

The entire process is carried out by an AI agent —but from the customer's perspective, they've received helpful, personalised service.

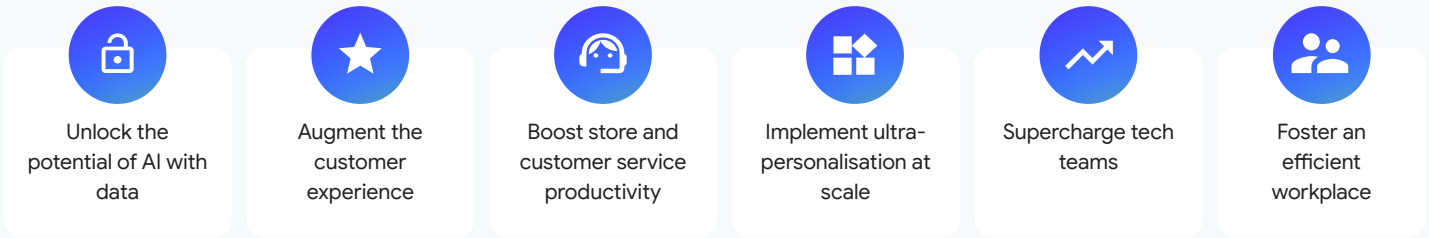
Watch customer agents in action

80%

of organisations expect to compete mainly based on CX[5]

5 Gartner, Realizing the Benefits of Superior Customer Experience

Retailers are using AI agents to supercharge their business, right now:



2. Creative agents

Creative agents can become a core member of your design and production team. All the creative people who could use a hand—marketing teams, audio and video production teams, and so on—can use them to explore concepts, produce beautiful graphics, and write content.

For example, **Carrefour,** a world leading food retailer, is pioneering new ways to use gen AI for marketing. Using Vertex AI from Google Cloud, they deployed Carrefour Marketing Studio in just five weeks. This innovative solution reduced the cost of marketing campaigns by **30%**[6]. It streamlines the process of creating dynamic campaigns across various social networks, empowering marketing teams to efficiently promote products and engage with their target audience. In just a few clicks, they can build ultra-personalised campaigns to deliver advertising to customers about what they really care about.

Learn more about Carrefour's advertising personalisation at scale

3. Data agents

Data agents have the potential to unlock new ways for organisations to find and act on meaningful signals in enterprise data. These agents can deliver rich and highly customised insights in the moments that matter, helping retailers identify new and innovative ways to derive business value from all the data they collect every day.

For example, **Walmart** is using data agents to help improve the e-commerce experience. As the largest retailer in the world, the scale of Walmart's data is unmatched, and it's using AI to unlock insights from this data to personalise experiences, move inventory through the supply chain, automate product listings enrichment, and more.

Walmart is building data agents grounded in customer data. Hear from Suresh Kumar, their EVP and CTO.

> **Using Gemini, we've enriched our data, helping us improve millions of product listings across our site and ultimately, enabling customers to make better decisions when they shop with Walmart."**
>
> — **Suresh Kumar**,
> EVP, Global Chief Technology Officer and Chief Development Officer, Walmart, Inc.

6. Modernizing Marketing with Generative AI, Google Cloud Next '24

More ways that Google Cloud is revolutionising retail

While AI agents were undoubtedly the star of the show at Next '24, Google Cloud unveiled a wave of other innovations that can help retail boost operations, fuel innovation, and craft exceptional customer experiences.

From development to customer service or supply chain, these advancements empower retailers to drive next-level transformations across the organisation.

Here we put the spotlight on additional highlights from Next '24 that are relevant for retail, and span various industries.

Improved AI capabilities

Advanced features like **Gemini 1.5 Pro**'s support for processing audio files and Imagen 2.0's text-to-image technology enable you to analyse customer interactions more comprehensively, enhance product visualisations, and build more robust marketing strategies at scale that return **6X conversions** like United Colors of Benetton. While **Google Distributed Cloud (GDC)** enables AI deployment closer to where data is generated and consumed, delivering higher performance, reduced latency, and a more seamless customer experience.

- Learn more about modernising Marketing with generative AI, including how United Colors of Benetton drove 6X omnichannel conversions
- Learn more about modern experiences at the edge

Cost savings and scalability

Using **pre-trained models and AI infrastructure** from Google Cloud can reduce the costs associated with model development and deployment, with some customers seeing **50% model training cost reductions** [7], while providing scalability to handle fluctuations in demand during peak seasons or promotional events.

- Learn more about Papa John's digital transformation Journey: Commerce platform optimisation
- Learn about our AI optimised platform, and the latest enhancements to AI Hypercomputer

7. Take large scale AI from research to production with Google Cloud's AI Hypercomputer, Google Cloud Next '24



Operational efficiency

ML Ops capabilities like prompt management tools and rapid evaluation streamline model deployment and management processes, allowing your team to **iterate on models faster and deploy them into production more efficiently.** With some customers seeing **2X improvements** in model training and data processing efficiency [8].

Learn how Airbus, BMS, Netflix, and Nubank are reshaping workflows with generative AI

Data security and compliance

Features like **digital watermarking** and the ability to **ground models with your own enterprise data** help ensure data security and compliance with regulations like GDPR and CCPA. In the retail industry, where customer data privacy is paramount, these features are critical.

Learn from leaders at Orange and Ford on how they are leveraging Dataplex to securely manage and govern their data in the AI era.

Code assistance and generation

CodeGemma is a **new, fine-tuned version of Gemma designed for code generation and code assistance**. The easy ability to generate code can streamline software development processes, helping your team create and maintain retail applications more efficiently. Customers like **Wayfair,** who use code assistance from Google Cloud have seen **55% faster environment setup**.

Hear more on how Wayfair is using Gemini CodeAssist to increase developer productivity from their CTO, Fiona Tan

Enhanced model selection

Google Cloud now provides access to a **wide range of models, including those tailored for retail-specific tasks** like customer sentiment analysis, demand forecasting, and product recommendations. It means you can choose the best-fit models for your business needs without investing heavily in model development.

Learn how Estée Lauder uncovers new consumer insights with generative AI

Learn more about our latest enterprise-ready models enhancements

8. Take large scale AI from research to production with Google Cloud's AI Hypercomputer, Google Cloud Next '24

Customer Spotlight

Best Buy creates a better customer support experience with gen AI.

Best Buy creates a better customer support experience with gen AI.

Working in partnership with Google Cloud and Accenture, Best Buy is creating new and more convenient ways for customers to get the solutions they need.

Their solution, currently in build, will enable customers to connect with a gen AI-powered virtual assistant for self-service support to:

- Troubleshoot product issues
- Reschedule or combine order deliveries
- Manage software, Geek Squad subscriptions, and My Best Buy Memberships

Read the full story here

> These new gen AI-powered capabilities further enhance our commitment to deliver better, more personalised experiences to our customers by unlocking the power of people."
>
> — Brian Tilzer, Chief Digital Analytics and Technology Officer, Best Buy

Watch the AI for retail session

In this panel discussion from Next '24, Best Buy and Quantum Metric share how they're personalising shopping and optimising operations.

Customer Spotlight

Google Distributed Cloud to be deployed to thousands of McDonald's restaurants

McDonald's and Google Cloud announced a strategic partnership to leverage cloud technology and generative AI solutions across its global restaurant network.

Google Distributed Cloud is planned to be deployed to thousands of McDonald's restaurants so they can leverage both cloud-based software applications and their own software and AI solutions locally on-site, as needed. They aim to:

- Draw new insights into how equipment is performing
- Enact solutions that reduce business disruptions,
- Diminish complexity for crew so restaurant teams can focus on delivering amazing hospitality to customers.

> Connecting our restaurants worldwide to millions of data points across our digital ecosystem means tools get sharper, models get smarter, restaurants become easier to operate, and most importantly, the overall experience for our customers and crew gets even better"
>
> — Brian Rice, McDonald's Executive Vice President and Global Chief Information Officer McDonald's

Read the full story here

Gen AI can transform the experience of your customers and your employees:

Increase your relevance with your customers with Customer Agents

Supercharge your sales associates or client service advisors like Best Buy

Empower your employees to be more productive with AI agents

Decide better and faster like Walmart with Data Agents

Deploy hyper personalization at scale like Carrefour, with Creative Agents

Elevate your retail business with edge computing like McDonald's

Transform your IT function with gen AI-powered security, legacy apps migration, and coding

Take the next steps on your AI-powered Retail transformation:

Contact us

Learn more about how Google Cloud can help your retail business at:

cloud.google.com/solutions/retail

