

**RETAIL**   
**AND CPG** 

**HUMAN AMPLIFICATION  
IN THE ENTERPRISE**



# THE DIGITAL TRANSFORMATION JOURNEY

A majority of enterprises in the Retail and CPG sector (53%) are undergoing full-cycle digital transformation. 38% are transforming partially or in pockets and 9% are not currently transforming but will do so in the near future. The respondents who say their organizations are transforming indicate that the following AI-supported activities play a significant role in their digital transformation:

Machine learning	45%
Automation of decision making	42%
Automated predictive analytics	35%
Cognitive AI-led processes or tasks	35%
Institutionalization of enterprise knowledge using AI	32%
Building AI-based applications to amplify and improve products and services	30%

According to the respondents, the top three digital transformation goals of the organizations are to deliver great customer and employee experiences (54%), become more agile and customer-centric (43%), and build a mobile enterprise (38%).

*“Retailers are deploying various AI technologies to automate a number of operations to enhance both efficiency and experience. Apparel brand Under Armour has an intelligent app to monitor customers’ health, fitness and nutrition and offers guidance based on individual data. During the 2016 holiday season, Estee Lauder employed a chatbot on Facebook Messenger which allowed customers to check out various products, choose a delivery option, and pay through PayPal without opening another website. Online retailer Ocado has a contact center where machine learning has been used to ‘teach’ software about various issues and resolutions so that it can classify and respond to customers’ emails pretty much like a human agent. Brick and mortar retailers can also leverage AI to advise them on how to micro-merchandise their shelves or offer micro-services in-store to super-personalize the shopping experience. A simple but significant application could be as obvious as using AI to man the long queues at the exchange counters so that the sales staff can actually focus on the cross-sell and up-sell opportunities tied to the exchanges.”*

# TRANSFORMATION PRIORITIES



38% of the respondents indicate that their organizations' first priority for automation initiatives is to automate processes. The main reasons for this are to increase productivity (76%), save time (65%), minimize manual errors (63%), reduce costs (57%), and refocus people's efforts on other non-repetitive tasks that benefit from human intervention (51%).

Of the various applications of AI that Retail and CPG sector senior level employees want to adopt in the next 12 months, the respondents indicate:

- 60%** want AI to provide human-like recommendations for automated customer support/advice
- 41%** want AI to process complex structured and unstructured data and to automate insights-led decisions
- 39%** want to use AI to create a simulated experience that then helps a decision-making process
- 35%** want to use AI to create a decision-making system in which machine learning allows the system to learn from humans and improve itself
- 20%** want to use AI to institutionalize enterprise knowledge

To become more innovative, 69% of the respondents indicate that they need freedom from having to perform mundane tasks while 58% ask for exposure to new, breakthrough technology, 51% say they need opportunities to learn new skills, and 47% state the importance of more avenues for experimentation in their organizations.

*58% of the respondents from Retail and CPG enterprises say that employee lifelong learning programs are extremely important to their organizations. Of the reasons for why lifelong learning programs are important, 44% say it improves their ability to fit into new roles and jobs, 37% say it improves productivity, and 13% say it prevents the impact of skills loss when employees with highly specialized skills retire or switch jobs.*

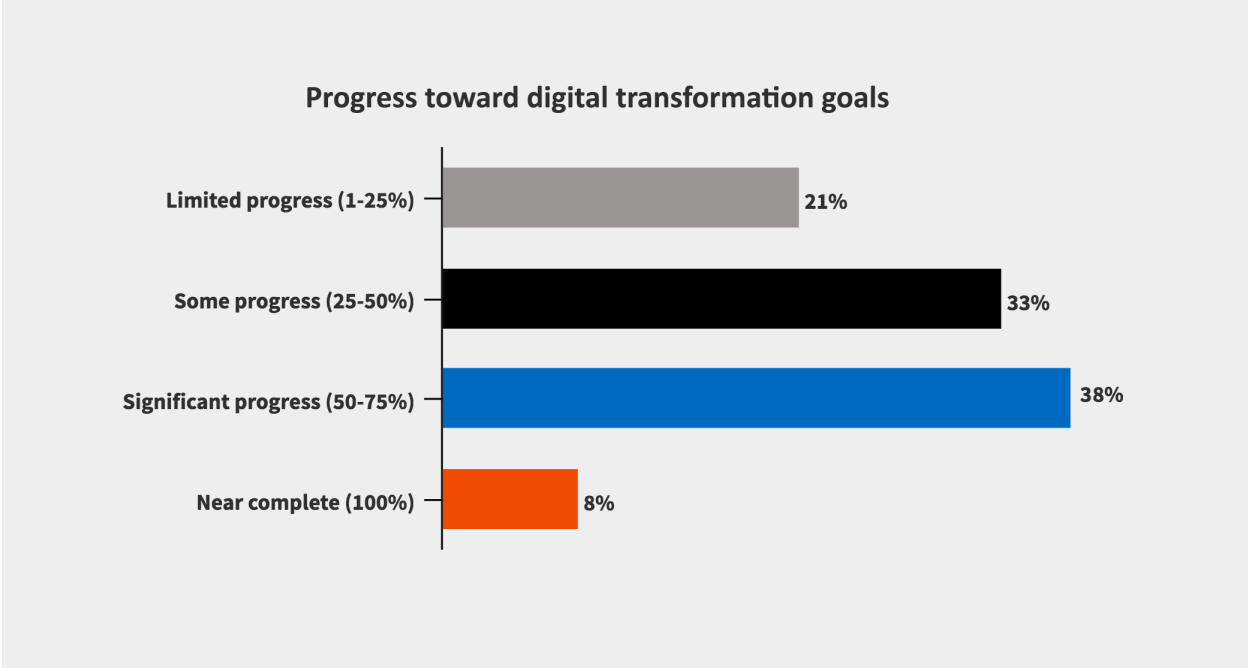
# TRANSFORMATION CHALLENGES

Even though a majority of enterprises in the Retail and CPG sector are undergoing digital transformation, few have fully accomplished their stated goals. The respondents indicate that only 8% of enterprises have accomplished their digital transformation goals, 38% have made significant progress, 33% have made some progress and 21% have made limited progress.

The main reasons for why these digital transformation goals are difficult to achieve are lack of collaboration amongst teams (44%), lack of time (43%) and lack of data-led insights on demand (40%). When IT

professionals were specifically asked about difficulties in achieving their enterprises' full-cycle digital transformation, they highlight time constraints (60%) and IT misalignment (59%).

When asked about the challenges of adopting more AI-supported activities as a component of their digital transformation initiative, 61% of the respondents point to lack of in-house knowledge and skills around the technology while 52% say there's lack of financial resources and 47% say they lack a clear implementation plan.



# ABOUT INFOSYS



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## SCOPE OF RESEARCH/METHODOLOGY

Infosys commissioned LEWIS Research to undertake the research upon which this report is based. 1,070 IT and business decision-makers were interviewed between 27th March and 18th April 2017. All are from organizations of more than 1,000 employees, with \$500 million or more annual revenue and from a range of sectors, in the United States. The majority of interviews were conducted using online interviewing with a small number of follow-up telephone in-depth interviews. All were undertaken using a rigorous multilevel screening process to ensure that only suitable candidates were given the opportunity to participate. Unless otherwise indicated, the results discussed are based on the total sample. The overall margin of error is +/- 2.91% at a 95% confidence interval.



For more information, contact [askus@infosys.com](mailto:askus@infosys.com)



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