Embracing the Machines:
AI’s Collision With Commerce

Part 3: AI by Retailer
March 2018
Artificial Intelligence, or AI, is a hot topic. Whether people realize it or not, AI is changing the way we consume information, make choices, navigate the world, and shop. AI has already embedded itself in multiple facets of shoppers’ everyday lives and is becoming crucial to brands and retailers as a predictor for both market and shopper behaviors.

Finding a lack of preexisting consumer or shopper research, The Integer Group® undertook an extensive study in the U.S. to understand how shoppers feel about using AI today and how willing shoppers are to have machines shop for them (see appendix for project methodology).

Through a multi-staged research approach including ethnographies, expert interviews, and a large quantitative study, we aimed to understand the following:

- How do shoppers define AI today?
- What is the potential for using AI to shop?
- How do shoppers want to use AI in the future?
- What retailers are winning in making AI mainstream?
- How do socioeconomics influence AI adoption?
- And, ultimately, where will shoppers draw the line when it comes to using AI?

The result is a four-part series that examines Artificial Intelligence adoption today, what to expect in the future, and what it all means for brands and retailers.

**Part One: AI Today**
Establishes a benchmark of where shoppers are in their relationships with AI: their perceptions, attitudes, and current adoption of AI in shopping and what it all means for brands and retailers.

**Part Two: AI Tomorrow**
Examines how shoppers expect AI to change within the next five years and even further into the future, how they want to interact with it, what they want it to do for them, how much they’ll let AI do for them, and the implications for brands and retailers.

**Part Three: AI by Retailer**
This installment gives insight into which retailers are paving the way to make AI mainstream in shopping. It explores the differences in shoppers’ behaviors and attitudes toward AI by which primary retailer they shop.

**Part Four: The Economics of AI**
Our final issue looks at socioeconomic factors that come into play with AI with regard to attitudes, adoption, concerns, and what could happen once AI becomes mainstream.

UP NEXT
**Introduction: A Retailer Call to Action**

Artificial Intelligence (AI) is not just changing the game for today’s consumers, it’s also pushing retailers and brands to evolve, re-strategize, and look toward the future more than ever. With more and more shoppers expected to incorporate AI into their shopping practices, it will be critical for companies to not only understand who these shoppers are and how they are using AI but also how AI affects their business and its impact on their strategies and innovations.

While AI is intimately embedded in retailers like Amazon and brands like Google, AI is just one piece of the ever-evolving commerce and retail landscape for many. When shopping can happen anywhere and anytime, retailers and brands need to consider the whole picture and see how and where AI fits in. With so many variables to consider, it’s sometimes easiest to start with your shopper.

Given the complexities and vastness of retail today, this part of our study focuses on understanding how and if AI-receptive shoppers are different based on where they do their everyday shopping. Is the AI Walmart shopper any different than the Target shopper? How technologically advanced is the Amazon shopper compared to other shoppers? How are they using AI for shopping? And what do retailers and brands need to know?

**Sample Size: Examining AI Habits by Everyday Retailers/Channels**

**Walmart**
- n = 1,256

**Target**
- n = 388

**Grocery Channel**
- n = 896

**Amazon**
- n = 433

Grocery Channel includes: Kroger, King Soopers, City Market, Ralph’s, Safeway, Albertsons, Publix, and Meijer

Q: Where do you do most of your everyday shopping? n = 2,973
Section One: Get to Know Your Audience
AI-Receptive Shopper Variations by Retailer

Whether you are a retailer or a brand, it's important that you have a firm understanding of your shopper, their touchpoints along the shopping journey, and their moments of receptivity. Today, AI is becoming a key touchpoint of receptivity for shoppers who are beginning to embrace it in a more physical way, literally. While they've been accustomed to interacting with it (often unknowingly) for years via things like search suggestions and targeted media ads, shoppers are starting to incorporate tech into their lives more consciously via things like personal assistants and smart home devices.

While most shoppers are adopting AI at a similar rate, Amazon shoppers are slightly more progressive—being more likely to use AI in their daily lives. While Amazon shoppers are inherently digital, Walmart and Target shoppers are not far behind in adoption, because these retailers continue to make advancements in their own digital ecosystems with shoppers. The grocery channel is the one everyday retailer whose shoppers appear to lag in adoption overall even though they are open to AI in many forms.

### AI Usage and Receptivity by Retailer Primarily Shopped for Everyday Household Goods

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Walmart</th>
<th>Target</th>
<th>Grocery Channel</th>
<th>Amazon</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Voice Assistant</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;I own and use it today&quot;</td>
<td>40%</td>
<td>42%</td>
<td>47%</td>
<td>34%</td>
<td>57%</td>
</tr>
<tr>
<td>&quot;I do not own it but am open to using it&quot;</td>
<td>54%</td>
<td>55%</td>
<td>48%</td>
<td>59%</td>
<td>40%</td>
</tr>
<tr>
<td>&quot;I am not interested in using it&quot;</td>
<td>6%</td>
<td>3%</td>
<td>5%</td>
<td>7%</td>
<td>4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Walmart</th>
<th>Target</th>
<th>Grocery Channel</th>
<th>Amazon</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chatbot</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;I own and use it today&quot;</td>
<td>46%</td>
<td>46%</td>
<td>48%</td>
<td>40%</td>
<td>59%</td>
</tr>
<tr>
<td>&quot;I do not own it but am open to using it&quot;</td>
<td>46%</td>
<td>50%</td>
<td>42%</td>
<td>50%</td>
<td>34%</td>
</tr>
<tr>
<td>&quot;I am not interested in using it&quot;</td>
<td>8%</td>
<td>4%</td>
<td>10%</td>
<td>10%</td>
<td>7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Walmart</th>
<th>Target</th>
<th>Grocery Channel</th>
<th>Amazon</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Smart Home Device</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;I own and use it today&quot;</td>
<td>21%</td>
<td>23%</td>
<td>20%</td>
<td>18%</td>
<td>39%</td>
</tr>
<tr>
<td>&quot;I do not own it but am open to using it&quot;</td>
<td>71%</td>
<td>71%</td>
<td>76%</td>
<td>75%</td>
<td>56%</td>
</tr>
<tr>
<td>&quot;I am not interested in using it&quot;</td>
<td>8%</td>
<td>6%</td>
<td>4%</td>
<td>7%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Q: Do you use, or are you open to, any of the following?  
Total: n = 3,615; Walmart n = 1,256; Target n = 388; Grocery Channel n = 896; Amazon n = 433  
Retailer identified as place where they do most of their everyday shopping  
Grocery Channel includes: Kroger, King Soopers, City Market, Ralph’s, Safeway, Albertsons, Publix, and Meijer
But who are the shoppers adopting AI? It’s unlikely that all Walmart shoppers or all grocery shoppers are going to adopt AI in the short-term. So let’s examine who these shoppers are so that retailers and brands can more accurately understand them.

Given that AI is at a tipping point in its evolution—stepping out into the spotlight, creating user-friendly devices, and more seamlessly integrating into shoppers’ daily lives—it’s no longer confined to the early adopters, the techies, or the young. The reach and impact of AI is large and growing exponentially.

This is evident in the demographics of the AI-receptive shoppers. While AI-receptive Amazon and Target shoppers are younger, more educated, and wealthier, the Target shoppers skew more female; Amazon is more evenly split along gender lines. Given these differences, AI in these environments may differ, as you might tailor things to a female audience at Target while you might go more family-centric or gender-agnostic to reach Amazon shoppers.

But AI is not just something of interest for the wealthy or young. Walmart’s AI-receptive shopper tends to be Gen-X, have less income, and be less educated. Thus, their needs are likely to be different than Amazon shoppers who skew more Millennial and different from grocery shoppers who skew more Boomer.

While AI-receptive shoppers span ages, education levels, and income ranges across retailers, their affinity for online shopping and digital shopping tools is a common thread among them. They tend to be tech-forward and on-board with the high-speed pace of commerce today.

“This week I ordered Prime Pantry for the first time because I just wanted to try it, so I was like, I need some things from the store, and so I went online and I picked it and now it knows that I like Tide.”
–Rachel, 30

Walmart n = 1,256; Target n = 388; Grocery Channel n = 896; Amazon n = 433
Retailer identified as place where they do most of their everyday shopping
Grocery Channel includes: Kroger, King Soopers, City Market, Ralph’s, Safeway, Albertsons, Publix, and Meijer
When it comes to online shopping, Amazon shoppers have (naturally) become more conditioned to shop online frequently with 45% reporting that they shop online weekly compared to just 17% of Walmart shoppers, 19% of Target shoppers, and 17% of grocery shoppers. While not a weekly event, 37% of Walmart shoppers, 42% of Target shoppers, and 30% of grocery shoppers shop online several times a month. As retailers like Walmart, Target, and the grocery channel expand their e-commerce and click-and-collect models, we can expect to see more digital shopping habits among these shoppers—which will carve out room for AI to help.

**Nearly half of shoppers are frequently using digital touchpoints that utilize AI to help the shopping experience**

These shoppers are also more apt to use an array of digital shopping tools including digital coupons, search, list making, and retailer apps, though each has their own preferences. While Amazon shoppers prefer search (56%) and ratings and reviews (49%), grocery channel shoppers prefer digital coupons/savings apps (58%); Walmart shoppers prefer search (47%) and retailer websites (42%), and Target shoppers prefer retailer apps/websites (54%). These digital touchpoints are ripe for tailored communication and are already primed for AI integration (if it’s not happening already).

**Takeaways and Implications:**

1. **AI is part of culture today.** So, the question is how your target audience is using or is open to using the technology along the path to purchase. Considering the needs and mindset of your shopper will expose how and if AI can play a role in the shopping process—but, sometimes, it might not be the answer. Jerry Golub, Vice Chairman of the Board at Price Chopper Supermarkets, explains that, “AI for purposes of AI is not particularly useful. AI is only useful if it allows a retailer to get to an answer that the retailer wanted to get to, and it was the only way to get them there.” For example, shoppers are seeking convenience. Delivery and “click and collect” are exploding to meet this need, but this is a solution not entirely centered on AI.

2. **Consider digital as a gateway into AI for shoppers, brands, and retailers.** Each is at a different stage of adoption (and development), but fundamental digital habits need to be in place before AI can enhance the experience. One respondent acknowledges that her mother “is negative five when it comes to tech savvy...I think it would just be, like, such a huge thing to understand how this technology even came to be.” In this scenario, it would be important for retailers and brands to understand this shopper’s ability to integrate digital first before ideating how AI could play a role.
Section Two: You Are Where You Shop
Attitudinal and Habit Variations by Retailer

Each retailer has a certain type of shopper that is gravitating to AI, and we see differences continue to unfold regarding how they feel and interact with AI today and their hopes for it in the future.

Shoppers are generally curious about AI. However, there is more excitement and optimism among Walmart and Amazon shoppers today and more uncertainty and cautiousness among Target and grocery shoppers. This is likely due to the shopping context they are familiar with, as Walmart and Amazon are more digital forward. But as AI takes hold in the future, the mainstream dissemination of it means greater excitement for AI from all types of shoppers.

**AI-Receptive Shopper Feelings Toward AI Today**

<table>
<thead>
<tr>
<th>Office</th>
<th>Curious</th>
<th>Cautious</th>
<th>Uncertain</th>
<th>Optimistic</th>
<th>Excited</th>
<th>Fearful</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walmart</td>
<td>52%</td>
<td>47%</td>
<td>36%</td>
<td>37%</td>
<td>25%</td>
<td>8%</td>
</tr>
<tr>
<td>Target</td>
<td>52%</td>
<td>49%</td>
<td>37%</td>
<td>31%</td>
<td>20%</td>
<td>6%</td>
</tr>
<tr>
<td>Grocery Channel</td>
<td>43%</td>
<td>34%</td>
<td>25%</td>
<td>38%</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Amazon</td>
<td>53%</td>
<td>42%</td>
<td>38%</td>
<td>47%</td>
<td>34%</td>
<td>9%</td>
</tr>
</tbody>
</table>

**AI-Receptive Shopper Feelings Toward AI in 5 Years**

<table>
<thead>
<tr>
<th>Office</th>
<th>Curious</th>
<th>Cautious</th>
<th>Uncertain</th>
<th>Optimistic</th>
<th>Excited</th>
<th>Fearful</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walmart</td>
<td>50%</td>
<td>43%</td>
<td>26%</td>
<td>21%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Target</td>
<td>53%</td>
<td>41%</td>
<td>20%</td>
<td>26%</td>
<td>14%</td>
<td>8%</td>
</tr>
<tr>
<td>Grocery Channel</td>
<td>49%</td>
<td>37%</td>
<td>25%</td>
<td>37%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Amazon</td>
<td>52%</td>
<td>46%</td>
<td>24%</td>
<td>21%</td>
<td>6%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Q: In the last couple weeks, which of the following, if any, did you use or refer to when shopping?

Walmart n = 1,256; Target n = 388; Grocery n = 896; Amazon n = 433
Retailer identified as place where they do most of their everyday shopping
Grocery Channel includes: Kroger, King Soopers, City Market, Ralph's, Safeway, Albertsons, Publix, and Meijer
This excitement is also manifesting itself into more precise hopes for AI today. While finding deals is universally desired, Walmart, Target, and grocery shoppers are far more focused on AI’s ability to complete tasks on their behalf—like finding deals or making purchases. Conversely, Amazon shoppers appear to crave more advice from AI, seeing it as something they would consult with rather than shift shopping decisions toward.

The same sentiment is reflected in the role Amazon shoppers see AI playing in the coming five years. While, today, it is mostly seen as a personal assistant, and that is expected to persist, they hope that AI expands into more personal and customized roles like personal chef or stylist.

“*I feel like the future, maybe, of online shopping is eventually teaching an Alexa or something to basically be like your personal stylist. So then she could learn what to suggest to me.*”

—Tyne, 26
And while non-Amazon shoppers may still have their eyes on AI as a deal-hunting assistant, they are eager for it to offer specialties as well. Five years from now, AI will be expected to be a coach by Target shoppers; a personal chef by Walmart shoppers, grocery, and Amazon shoppers; and a personal stylist for all shoppers.

This shift in roles not only reflects the preferences and profiles of these specific shoppers, but it is also a reflection of these retailers. As Target doubles down on lifestyle and more premium food products, it will attract shoppers that have an affinity for health, design, and style. Similarly, as Walmart, Amazon, and Kroger expand their food and fashion capabilities and offerings, their shoppers will expect the corresponding support that comes with it.

If Artificial Intelligence were a person, what role will you expect it to play for you 5 years from now?

<table>
<thead>
<tr>
<th>Role</th>
<th>Walmart Today</th>
<th>Walmart In 5 Years</th>
<th>Target Today</th>
<th>Target In 5 Years</th>
<th>Grocery Channel Today</th>
<th>Grocery Channel In 5 Years</th>
<th>Amazon Today</th>
<th>Amazon In 5 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Assistant</td>
<td>56%</td>
<td>64%</td>
<td>60%</td>
<td>64%</td>
<td>56%</td>
<td>66%</td>
<td>62%</td>
<td>59%</td>
</tr>
<tr>
<td>Concierge</td>
<td>34%</td>
<td>48%</td>
<td>36%</td>
<td>55%</td>
<td>34%</td>
<td>50%</td>
<td>40%</td>
<td>51%</td>
</tr>
<tr>
<td>Coach</td>
<td>29%</td>
<td>39%</td>
<td>22%</td>
<td>40%</td>
<td>24%</td>
<td>38%</td>
<td>30%</td>
<td>44%</td>
</tr>
<tr>
<td>Foodie/Personal Chef</td>
<td>26%</td>
<td>46%</td>
<td>23%</td>
<td>41%</td>
<td>22%</td>
<td>43%</td>
<td>29%</td>
<td>47%</td>
</tr>
<tr>
<td>Friend/Family</td>
<td>27%</td>
<td>39%</td>
<td>19%</td>
<td>30%</td>
<td>23%</td>
<td>30%</td>
<td>30%</td>
<td>36%</td>
</tr>
<tr>
<td>Personal Stylist</td>
<td>22%</td>
<td>42%</td>
<td>20%</td>
<td>41%</td>
<td>17%</td>
<td>35%</td>
<td>24%</td>
<td>42%</td>
</tr>
</tbody>
</table>

Q: If Artificial Intelligence were a person, what role will you expect it to play for you 5 years from now?
Walmart n = 1,256; Target n = 388; Grocery Channel n = 896; Amazon n = 433
Retailer identified as place where they do most of their everyday shopping
Grocery Channel includes: Kroger, King Soopers, City Market, Ralph’s, Safeway, Albertsons, Publix, and Meijer

Takeaways and Implications:

1. As AI’s roles become more specific and tailored to the individual, retailers and brands will need to have a more intimate knowledge of the user’s preferences and tastes. Knowing how the shopper is using AI and the role of the retailer or brand will expose meaningful integration between the two. BYU Associate Marketing Professor, Jeff Dotson reaffirms that end-consumer benefit is critical when it comes to AI. He states, “[Consumers think to themselves] ‘If I’m not getting much benefit, then I’m just going to do my own thing; so AI has to live up to the promises of AI, which is to provide some measurable benefit to the consumer.”

2. Consider not just what role AI can fill, but how it can differentiate a brand or retailer from the competition. As shoppers seek similar outputs, it will be important for brands and retailers to determine how to deliver against the common need in a way that gives it an edge. For example, Patron leaned into shoppers’ desire for mixology expertise and created a skill that not only allows shoppers to explore Patron recipes via Alexa, but also showcases their brand experience and culture. Meanwhile, Walmart is making big moves by integrating with Google AI devices to make everyday shopping more seamless and easier for its core of busy, family shoppers. By being the first to integrate with experts like Google, Walmart will have first-mover advantage in the space.
Section Three: 
Evolving for the Future of Shopping
What Shoppers Expect and What Retailers Should Consider

With AI now a mainstream consumer-facing technology, there is pressure for all to partake. But in reality, AI is a specialty discipline that not all companies can take on themselves. In fact, most shoppers expect AI innovations to come from the technology sector and organizations such as Amazon, Google, and Apple. While mainstream retailers may not be positioned to develop it, there is opportunity to integrate the tech and work with experts to determine how to best use AI to optimize their shopping experience.

Regardless of where they shop, 88-92% of shoppers rank Amazon, Google, and Apple consistently as the top three companies that are likely to bring AI to mainstream life in the next five years.

Partnering with experts will be a critical step for many brands and retailers because shoppers expect to not only interact with AI when shopping but also to outsource some decision-making to it. In fact, one in two Amazon shoppers today would give AI the power to make decisions when it comes to buying everyday household items and entertainment (and Walmart and Target shoppers are not far behind). Amazon shoppers are also eager for AI to make decisions for them when it comes to perishables and clothing—categories that shoppers are on the fence about outsourcing but starting to dabble in. Advancements in “click and collect” and e-commerce overall should shift the sentiment around outsourcing decision power for those categories greatly in the short term as shoppers see they can get quality items through the convenience of these services.

How likely would you be to let AI make decisions and purchases for you in these categories? 
(Percentage of shoppers who are somewhat or very likely)

<table>
<thead>
<tr>
<th>Everyday Household items</th>
<th>Entertainment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(paper towels, soap, shampoo)</td>
<td>(movies, music)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Walmart</th>
<th>Target</th>
<th>Grocery Channel</th>
<th>Amazon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Everyday Household Items</td>
<td>40%</td>
<td>40%</td>
<td>32%</td>
<td>52%</td>
</tr>
<tr>
<td>Entertainment</td>
<td>39%</td>
<td>37%</td>
<td>32%</td>
<td>50%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Perishable Groceries</th>
<th>Clothing</th>
</tr>
</thead>
<tbody>
<tr>
<td>(produce, meat)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Walmart</th>
<th>Target</th>
<th>Grocery Channel</th>
<th>Amazon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perishable Groceries</td>
<td>30%</td>
<td>26%</td>
<td>21%</td>
<td>39%</td>
</tr>
<tr>
<td>Clothing</td>
<td>27%</td>
<td>24%</td>
<td>17%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Q: How likely would you be to let AI make decisions and purchases for you in these categories?
Walmart n = 1,256; Target n = 388; Grocery n = 896; Amazon n = 433
Retailer identified as place where they do most of their everyday shopping
Grocery Channel includes: Kroger, King Soopers, City Market, Ralph’s, Safeway, Albertsons, Publix, and Meijer
To understand how to integrate AI, it’s best to start with what your shoppers are seeking from AI. It’s no surprise that shoppers universally expect to use AI to find the best deals and use it as a more reactive helper that can make lists and suggestions. But we feel that the true advancements will be the more proactive disciplines that AI can offer.

Consider the potential for Walmart to reinforce its EDLP message with AI that can help shoppers stay in budget. Suggest items that would save them money but not skimp on what they desire? Or the potential for a new brand to reach health-conscious shoppers with prompts to replace certain items in their basket with this new brand? While the future is uncertain and some shoppers are more open to AI than others, it is likely that AI will be a more pronounced voice in the shopping world. So how will you use it?

### Role for AI in Everyday Household and Grocery Shopping in 5 Years

<table>
<thead>
<tr>
<th>Reactive</th>
<th>Proactive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walmart</td>
<td>Target</td>
</tr>
<tr>
<td>Grocery</td>
<td>Amazon</td>
</tr>
</tbody>
</table>

- **Find the best deals on things I regularly buy or intend to buy**
- **Remind me when household items and groceries are low**
- **Help me make my shopping list**
- **Make suggestions for what to buy**
- **Stop me from ordering something because I have reached my budget for the month**
- **Stop me from ordering something because it does not align with my health or lifestyle goals**
- **Automatically buy household staples I typically buy (toilet paper, flour)**
- **Automatically buy produce, meat, and other perishable goods**
- **Proactively order new items or brands that I currently do not use but might like based on my past orders**

Retailer identified as place where they do most of their everyday shopping

Grocery Channel includes: Kroger, King Soopers, City Market, Ralph’s, Safeway, Albertsons, Publix, and Meijer
Beyond what AI is doing for your shoppers, it is important to consider how it is doing the tasks. While voice may be the expected and desired form by shoppers, it might not be the most effective for the function or environment where AI is being used. While voice and gesture are convenient, they require a more public display of communication compared to things like text. Consider AI in the context of a busy grocery store; it may not be best for shoppers to use voice to ask an AI feature what type of baby cream is best for their baby’s rash.

How a shopper interacts with AI should adjust as they progress along the path to purchase, depending on where that purchase is ultimately happening. AI interactions that require voice or gesture are more suited to the home, while more private interactions may be better suited for shoppers in store.

“In my personal practice, I still write out probably more. Although with Google Maps and stuff like that I like being able to talk to it. I see myself gravitating more towards voice recognition; it’s pretty good already, but as it gets better.”
—Mark, 50

Like any good shopper offering, integrating AI will be a spider-web of decisions and considerations depending on your situation. But, ultimately, it should offer value and services to your shopper.

How do you want to interact with AI in the Future?

<table>
<thead>
<tr>
<th>More Public</th>
<th>More Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voice</td>
<td>Gesture</td>
</tr>
<tr>
<td><strong>Walmart</strong></td>
<td>68%</td>
</tr>
<tr>
<td><strong>Target</strong></td>
<td>66%</td>
</tr>
<tr>
<td><strong>Grocery Channel</strong></td>
<td>71%</td>
</tr>
<tr>
<td><strong>Amazon</strong></td>
<td>64%</td>
</tr>
</tbody>
</table>

Walmart n = 1,256; Target n = 388; Grocery n = 896; Amazon n = 433
Retailer identified as place where they do most of their everyday shopping
Grocery Channel includes: Kroger, King Soopers, City Market, Ralph’s, Safeway, Albertsons, Publix, and Meijer

Takeaways and Implications:

1. Partnering with experts will be paramount for everyday retailers like grocers if they are to reap the benefits of big data and AI. Jerry Golub, Vice Chairman of the Board at Price Chopper Supermarkets explains, “Partnerships are absolutely crucial to most retailers’ ability to even be in a position to utilize these (AI) tools when they start to really take shape. Today, retailers should invest in advanced technology, like data mining and machine learning, to make better decisions in the area of assortment, pricing, promotional planning, production planning, replenishment, and customer acquisition/retention activities.” It is those basic learnings and partnerships that will allow everyday retailers to know how and where to integrate AI into their businesses (internally and externally with shoppers).

2. The future is not written in stone and shoppers do not always know what they want. So, when it comes to thinking ahead about their AI needs, it’s best to listen to what your shoppers want as well as what they don’t want. Bob Moesta, President and CEO of Re-Wired states, “It’s easier for people to tell you what it’s not, than what it is. By sorting and eliminating, we can actually figure out what people want.”
The Bottom Line

AI is part of shopping culture today, and it is being adopted by a range of shoppers, brands, and retailers. No longer confined to just the young, the techy, or the digital, AI is making moves in everyday shopping channels like grocery stores and big-box retailers like Walmart and Target.

While there are some consistencies in shoppers’ expectations of AI, nuances exist among shoppers based on where they shop. Everyday retailers will have to understand the needs and habits of their shoppers to truly integrate AI in meaningful and distinctive ways for their specific shopping experience. Leveraging their existing knowledge as well as partnering with experts in the space will help these companies evolve in the space and use machine learnings and AI effectively.

As the future unfolds and retailers test and learn AI applications, it will be beneficial to understand learnings from the retail context as well as the shopper and consumer context. That is why part four of this study digs into the socio-economic factors of AI: understanding the human factors that impact AI’s ability to truly become mainstream.

Product Methodology

We deployed a multi-stage research approach to explore levels of awareness, acceptance, and shopper perceptions of AI today, as well as how shoppers think they will change over time.

**Phase One: Secondary Research Deep Dive**

We determined how to define Artificial Intelligence and learned how it has evolved through the decades with an academic study of previous studies, articles, and white papers.

**Phase Two: Expert Interviews**

We explored the latest developments from tech leaders and experts at the forefront of Artificial Intelligence to inform our hypotheses and develop informed questions.

Integer® conducted in-depth interviews with Jeff Dotson, BYU Associate Marketing Professor; Jerel Golub, Executive Vice Chairman of the Board at Price Chopper Supermarkets; and Bob Moesta, President and CEO of the Re-Wired Group.

**Phase Three: Qualitative Research**

We visited shoppers in their homes to gather rich insights regarding adoption and feelings toward AI. We performed 15 two-hour shopper ethnographies in Denver and San Francisco.

**Phase Four: A Quantitative Study**

Finally, we validated our qualitative research findings with quantitative data from an online survey of 3,615 shoppers who use technology and are open to AI.
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A key member of Omnicom Group Inc., The Integer Group is a global, creative-fueled commerce agency that delivers innovative ways for brands and retailers to connect and engage with shoppers, turning moments of receptivity into moments of conversation. We use cultural insights to inspire creative ideas that build brands and accelerate purchase both in and out of store, moving people from living to looking to buying. The Integer Group has more than 1,100 associates in 26 offices across the globe, including locations in Africa, Asia, Australia, Europe, the Middle East, and North and South America.

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