

SPAR

Consumer AI Survey Report

December 2024



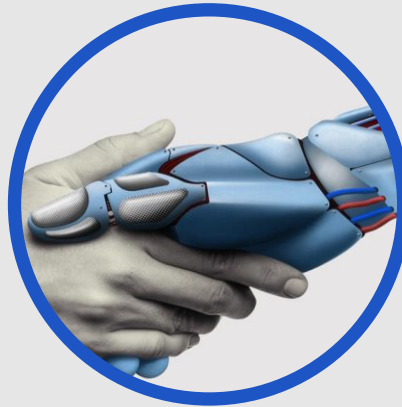
Table of Contents

Study Overview



- Business & Research Needs
- Intended Use
- Target & Distribution
- Methodology

Key Findings



- Consumer & Retailer Perceptions
- Differences Across Shopper Groups

Summary of Results

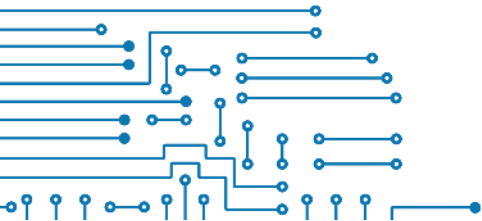


- Consumer Results
- Retailer Results

SPAR

Study Overview

- Business & Research Needs
- Intended Use
- Target & Distribution
- Methodology





Business Needs

SPAR is looking to explore consumers' and retailers' awareness and attitudes towards AI usage in retail. The team is hoping to use findings from the research for a white paper and at conferences.



Research Needs

To explore consumer and retailer behavior and attitudes towards the use of AI in retail settings.



Intended Use

The results from this study will provide insights into what, where and when consumers think of AI in retail and help develop a better shopping experience and communications.

Target & Distribution

Sample consists of:

- **1036N** US shoppers, ages 18-65
 - Mix of region, education, marital status, and ethnicity
 - Mix of retailers shopped for apparel and household goods
 - 50/50 split of Males & Females
- **61N** Director level and above in merchandising, store operations and marketing working at mass retail



Methodology

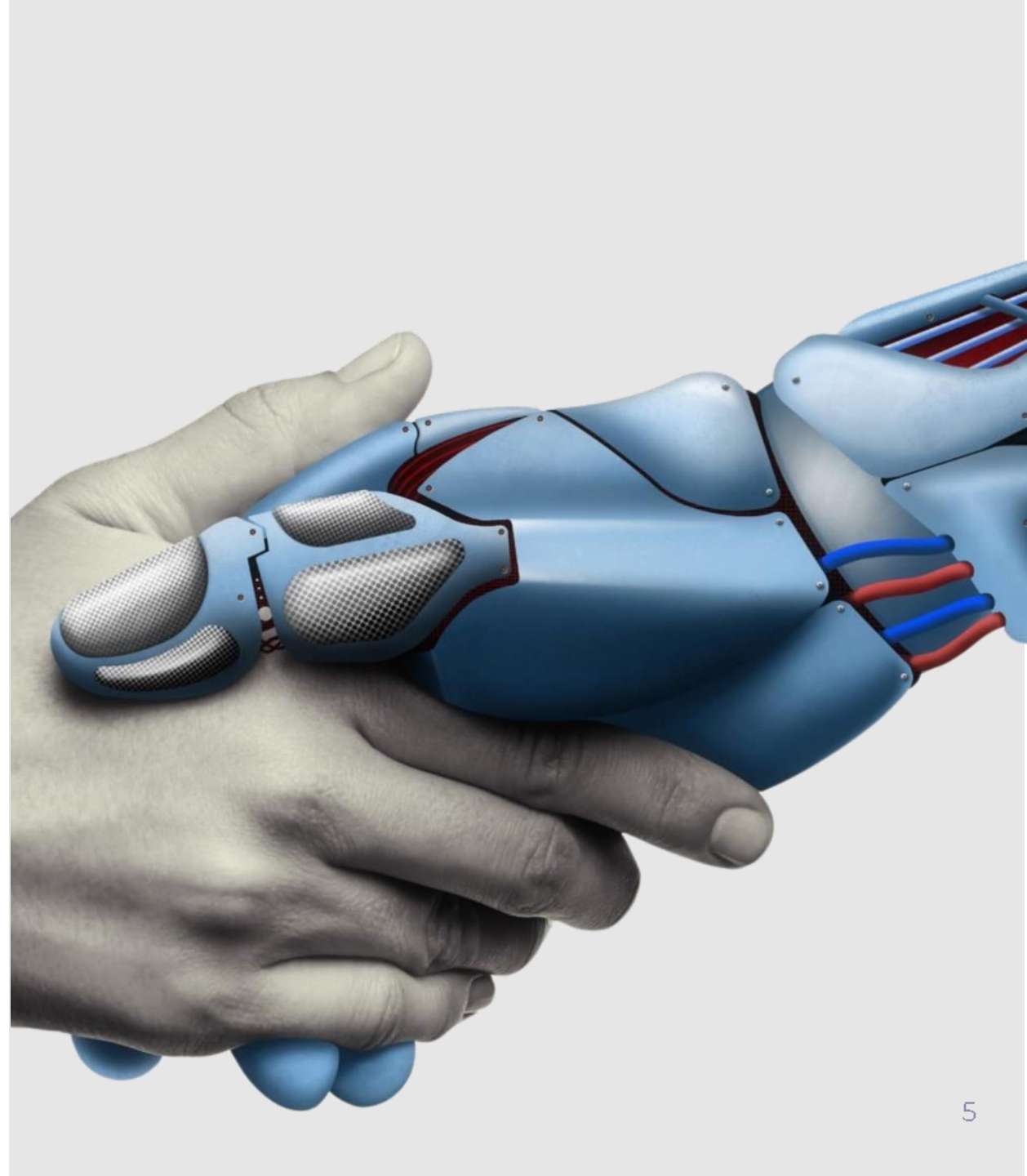
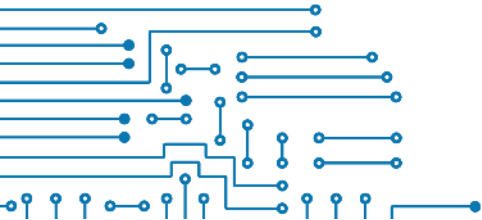
Consumers and retailers answered a variety of questions around impressions, familiarity and usage of AI in retail settings as well as perceptions of efficacy, impact on operations and customer service.

Consumers additionally answered satisfaction, trust and purchase impact of using AI in-store, any changes noticed in assortment availability, feelings towards AI in digital displays and perceptions of benefits for shoppers.


SPAR

Key Findings

- Consumer & Retailer Perceptions
- Differences Across Shopper Groups




Retailers by far are more aware of and have positive perceptions towards the use of AI-support compared to consumers who are more skeptical



69%
of retailers claim to be using AI in their stores.

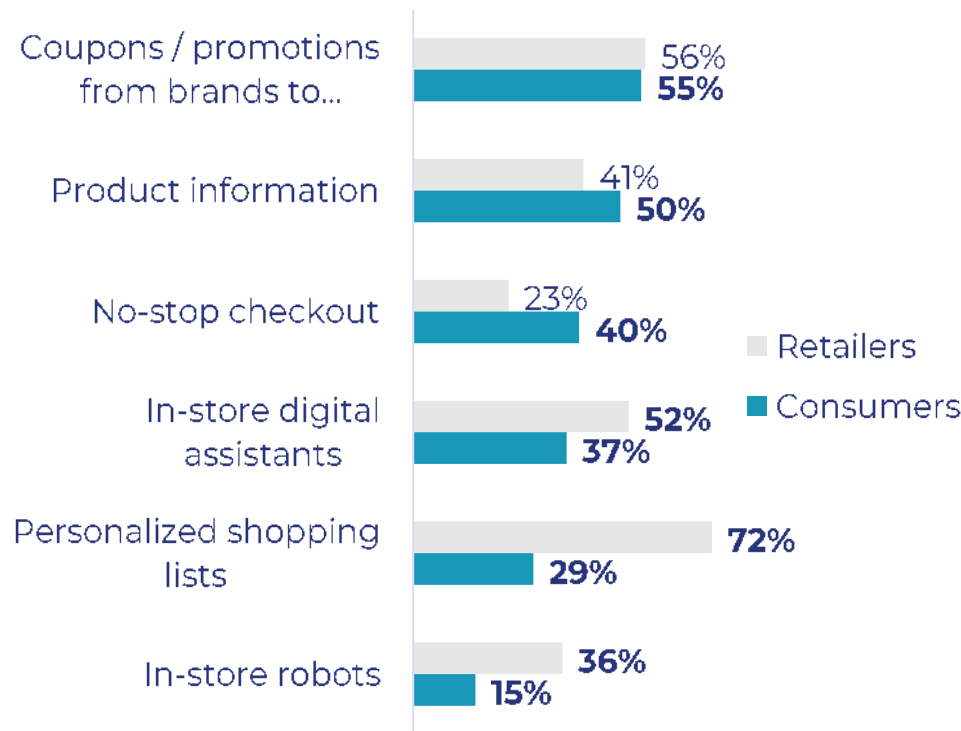
82%
Have a positive impression of AI in-store T2B (18% neutral)



28%
of consumers have interacted with AI (20% unsure)

51%
Have positive impressions T2B (33% neutral)

Services offered (or considering to offer) vary slightly from what consumers are looking for:



Retailers consistently have higher positive perceptions (T2B) of AI-supported services:



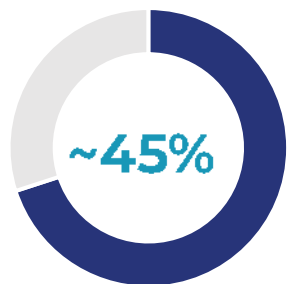
~95-100% of retailers agree that AI positively impacts their store's operations, efficiency, stocking demand, customer service and support with lowering costs.

On the other hand, **~45-55% of consumers** have positive perceptions for most aspects, though slightly higher for digital assistants/personalized shopping lists and keeping products stocked (~60-70%).

See next slide for details on consumers

BOLD = significantly higher than other group

Consumers are looking primarily for better personalization, especially via discounts, though as more AI is adopted, transparency and improved AI customer service will be critical to improve their experience



Say **AI supported services** (digital assistants, personalized shopping lists) either had a **positive or neutral impact** on their shopping experience

- Nonetheless 66% agree these services could make their shopping more efficient
- Though only 53% say they prefer shopping at a store with these services

Personalized shopping lists are among the least desired services (29%) suggesting that retailers should **prioritize branded discounts** and **improve personalized recommendations**:



- ~55% satisfaction and trust for personalized promos (T2B)
- 35% are more likely to purchase based on AI recommendation vs a human (T2B)

Further, currently only 54% favor AI generated personalized content on digital displays and have **room for improvement on efficacy**:

- ~50% say these enhance their shopping experience and increase their engagement
- 44% feel these recommendations are personalized



Consumers state the highest positivity toward using AI to **lower their costs (73%)** and to help **keep products stocked** based on demand at **69% T2B**.

However, **56%** say they **haven't noticed** any changes, and **only 17%** who have noticed say they **are pleased**.

Notably, nearly 6 in 10 say using AI to reduce out of stock is likely to **influence their retailer decision**, creating an opportunity for retailers to differentiate and drive loyalty.



Customer service has the most room for improvement among consumer perceptions as only **~40-45% feel positive** towards these services, find them **more helpful** (vs humans) and are **satisfied with the responsiveness**.

Additionally, **~60% have privacy concerns** about AI collecting their shopping data and **half** of consumers say these **concerns can impact their retailer choice**, so as more AI is adopted retailers should **focus on transparency**.

Noteworthy differences across shopper groups



Male consumers are more familiar AI in retail, have interacted with AI in store and are pleased with the changes they see more often than female consumers.

Across nearly all metrics, **Male** consumers are more positive / are more influenced by AI than female consumers, making this a prime target for leveraging AI to improve shopping experiences.



Female consumers mention that they aren't as familiar with AI in retail spaces and haven't interacted with AI in store.

Female consumers are generally more neutral than males when it comes to AI. More transparency, better personalization and customer service may improve these perceptions and increase adoption.

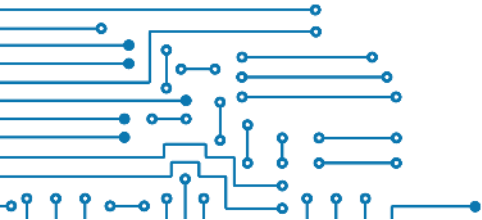
AGE DIFFERENCES

- Overall, **younger consumers (aged between 18 and 54 years old)** are more receptive of AI in retail spaces, being more familiar, satisfied and having a more positive impression of AI. They also mention that they would like AI supported in-store digital assistants and personalized shopping lists.
- **Consumers between 25 and 54** also mention that they would engage with AI displays and would be more open to seeing AI being used to keep products stocked.
- Not surprisingly, **older consumers (aged 55+)** are more concerned about AI usage, specifically centered around privacy and transparency, but would like AI being used to get information about products. Though **consumers aged 40+** would feel more positive about using AI for security reasons.

SPAR

Summary of Results

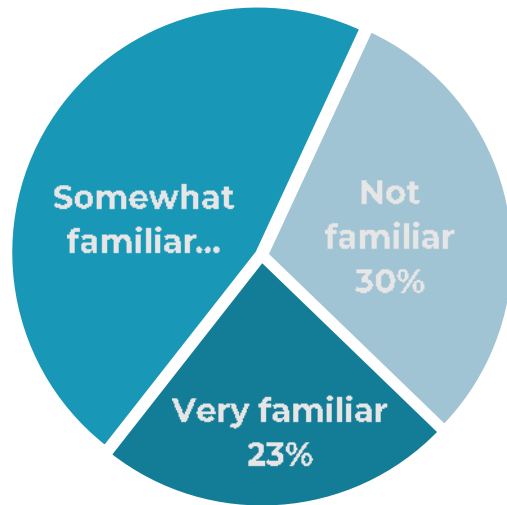
- Consumer Results
- Retailer Results



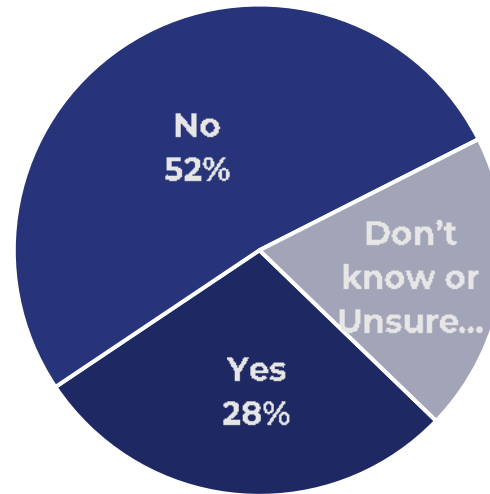
Consumers have low level of high familiarity and usage of AI in retail settings, though around half have positive impressions

- **Male** consumers are more familiar with AI in retail, have used it more in store and are more positive about it, while consumers **aged 55+** are least familiar or engaged with AI vs. younger cohorts.

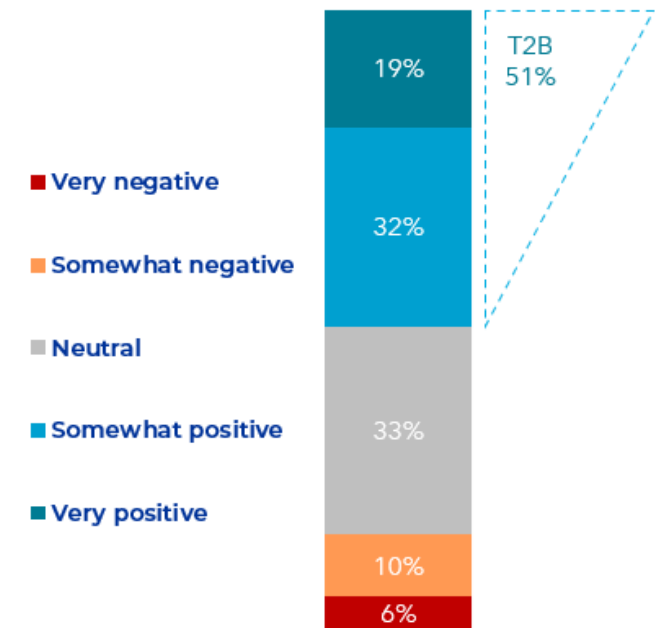
Familiarity with AI in Retail



Interaction with AI In-Store



Impressions of AI in Retail

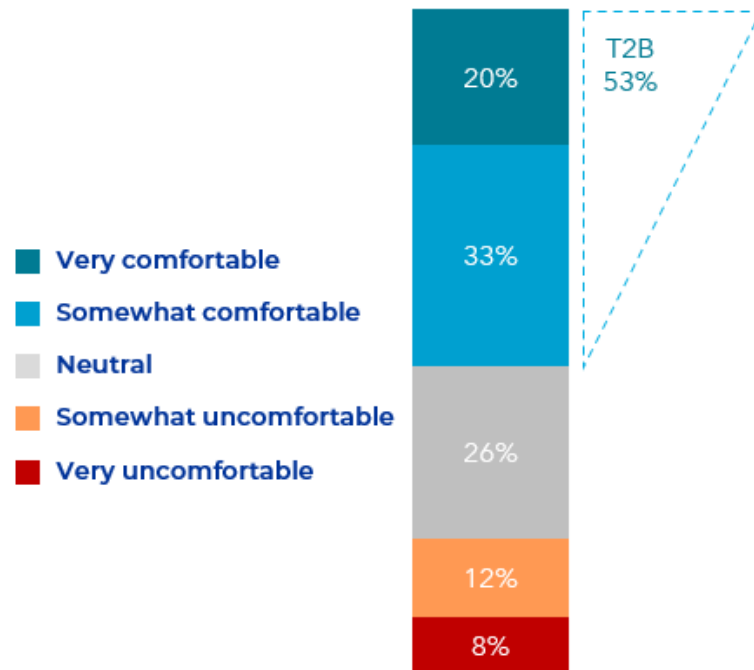


Questions: Retailers are using AI to enhance the shopping experience through improved self-checkout, in-store digital assistants that recommend products, personalized shopping lists and more. How familiar are you with the use of artificial intelligence in retail stores? // Have you ever used or interacted with AI in a retail store? // What is your overall impression of AI-supported services like digital assistants and personalized shopping lists in retail stores? Base: 1036N Consumers

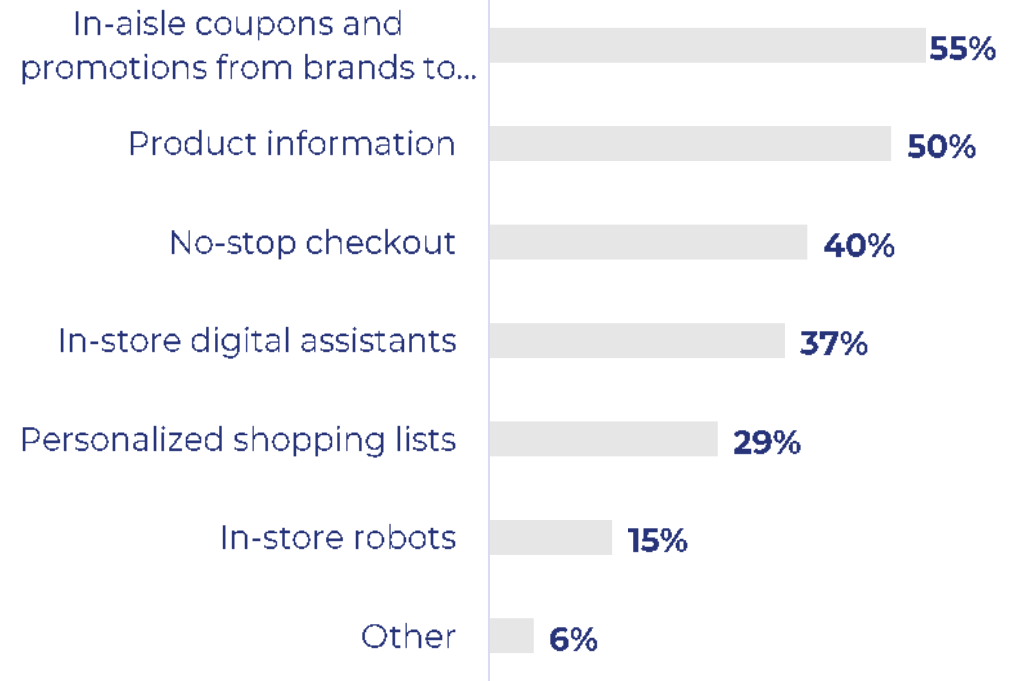
The majority are also comfortable or neutral with AI usage in retail; in-store coupons and product information are top of mind services wanted

- Around 40% indicate no-stop checkouts and in-store digital assistants are of interest.
- **Males** and consumers **younger than 55** are more comfortable with AI, while also wanting in-store digital assistants.
- Consumers **younger than 55** also want personalized shopping lists from AI more than those **55+**.

Comfort with AI in Retail



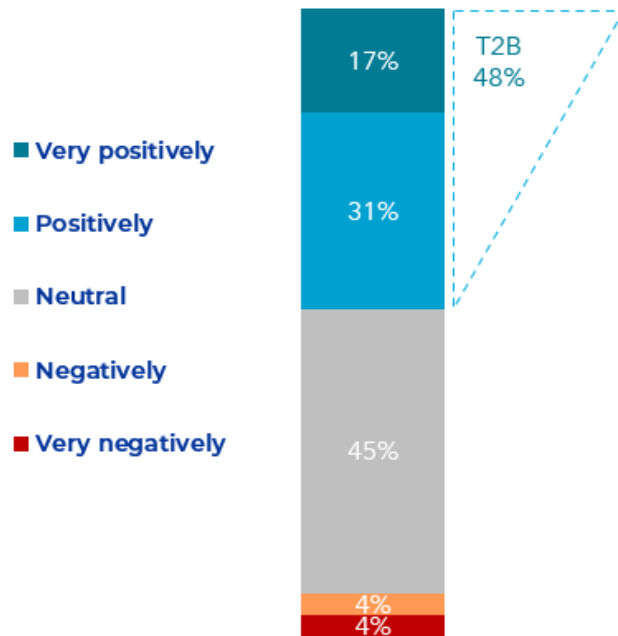
AI Services Wanted



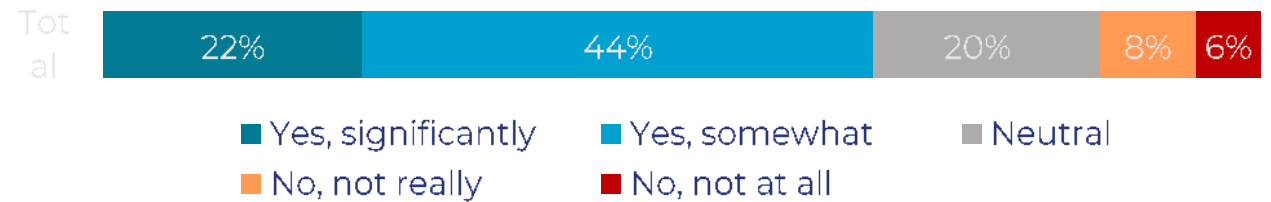
Between ~45-65% say AI supported services had a positive impact on their experience, agreeing it can make their shopping more efficient and would prefer these services to enhance their experience

- **Male** consumers and those **under 55+** are most likely to agree with having positive experiences using AI-supported services.

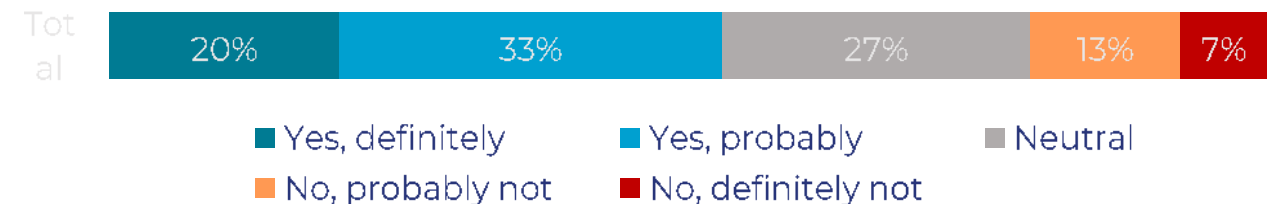
AI Impact on Shopping Experience



Efficiency in AI-supported Services



Preference for AI-supported Services

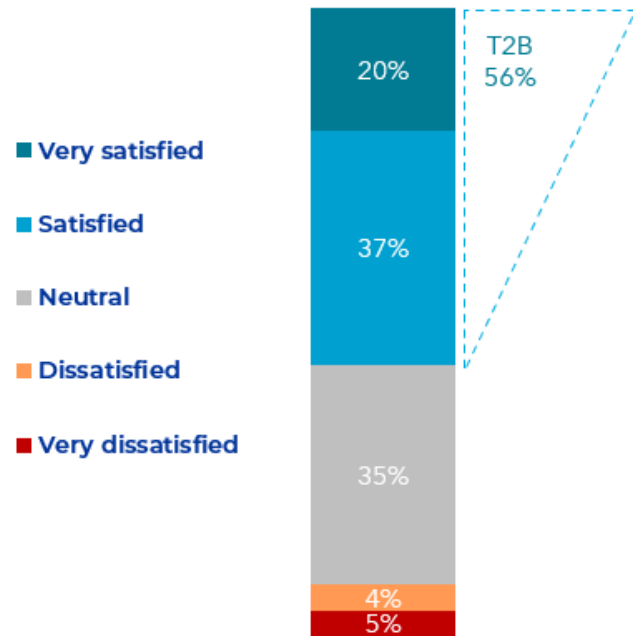


Questions: Overall, how is the use of AI-supported services like digital assistants and personalized shopping lists impacting your shopping experience in physical retail stores? // Do you think AI-supported services like digital assistants and personalized shopping lists can make your shopping experience more efficient (e.g., quicker, easier to find products)? // Would you prefer shopping at a store that uses AI-supported services like digital assistants and personalized shopping lists to enhance your shopping experience? Base: 1036N Consumers

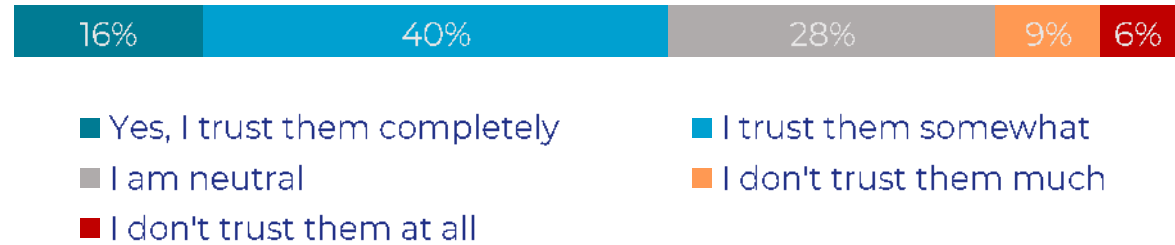
Personalized promotions generate moderate satisfaction and trust, showing room for improvement on being better than human recommendations

- More consumers aged **under 55** and **males** are satisfied with AI personalization, trust AI's recommendations, and would purchase a product recommended by AI.

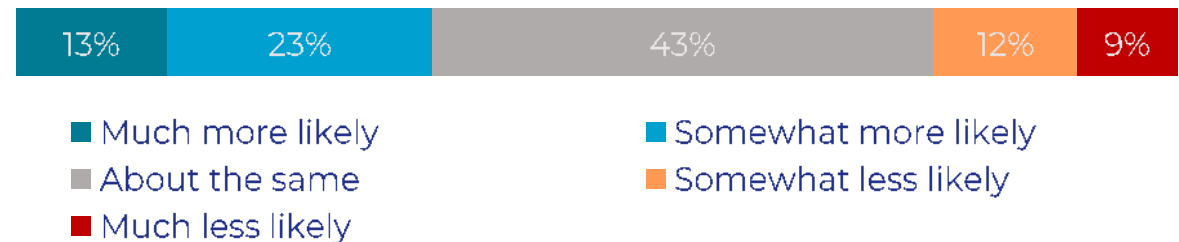
Satisfaction with AI Personalized Promotions



Trust AI Recommendations In-Store



Likelihood to Purchase Product Recommended by AI

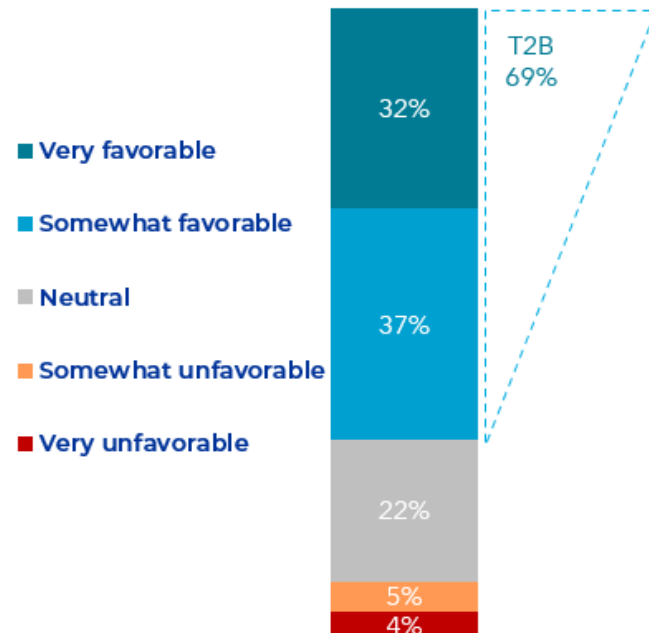


Questions: How do you feel about AI-driven personalized promotions and discounts offered to you in-store? // Do you trust AI recommendations for products or promotions displayed in-store? // How likely are you to purchase a product recommended by AI compared to a human salesperson? Base: 1036N Consumers





Nonetheless, perceptions around AI helping with consumer demand are more positive, despite less than half noticing any of these changes

- Using AI to keep products stocked is more favorable to those **aged 25-54**.
- **Older** consumers (those over 40 years old) and **Females** have noticed less impact on availability due to AI.

Perceptions towards AI keeping products stocked



Noticed Changes in Availability

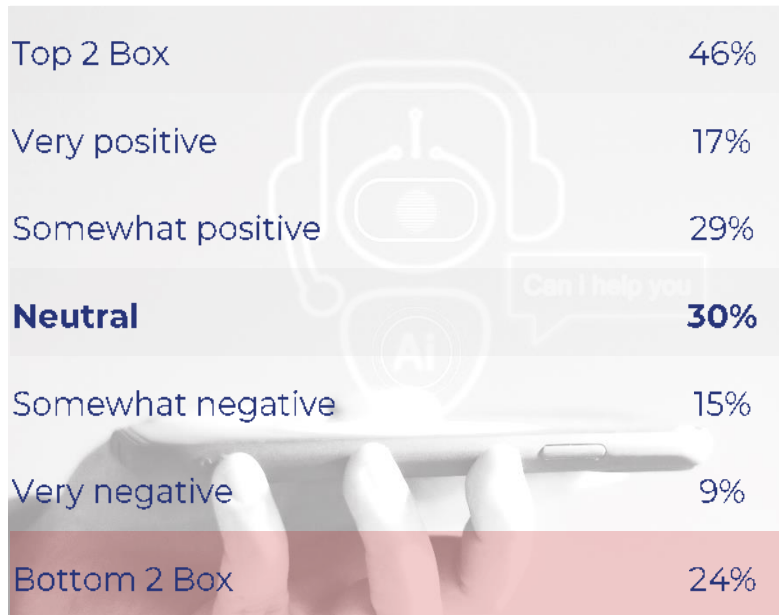
	No, I haven't noticed any changes	56%
	Yes, I have noticed but am neutral	23%
	Yes, I have noticed and am pleased with the changes	17%
	Yes, I have noticed and am displeased with the changes	4%

Questions: Retailers and consumer goods brands need more information to ensure products are in the stores when consumers want them. How do you feel about retailer and brands using AI to help stores keep products in stock based on consumer demand? // Have you noticed changes in product assortment or availability due to AI? If so, how do you feel about these changes? Base: 1036N Consumers

Notably, AI perceptions in customer service are quite polarizing with room to improve satisfaction

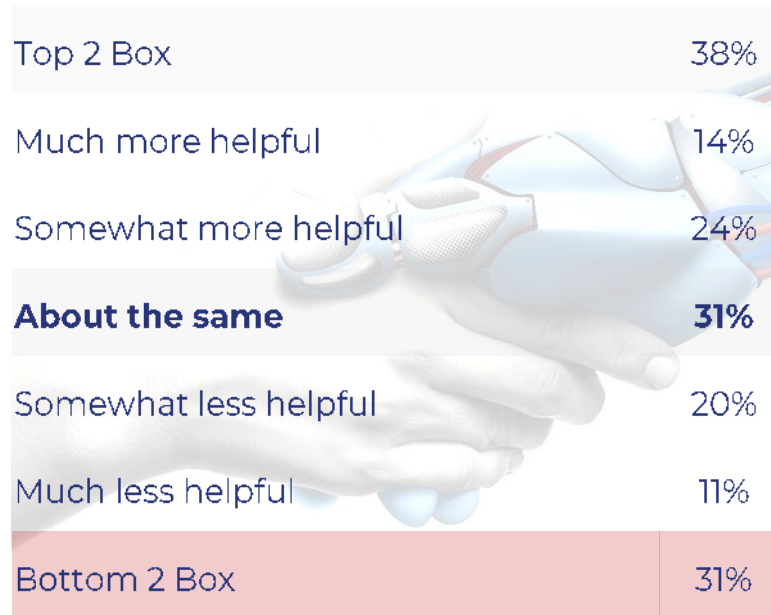
- **Male** consumers and those who are **under 55+** feel more positive about AI in customer service than their opposing cohorts.

Feelings towards AI customer service



Top 2 Box	46%
Very positive	17%
Somewhat positive	29%
Neutral	30%
Somewhat negative	15%
Very negative	9%
Bottom 2 Box	24%

AI Customer Service vs Humans



Top 2 Box	38%
Much more helpful	14%
Somewhat more helpful	24%
About the same	31%
Somewhat less helpful	20%
Much less helpful	11%
Bottom 2 Box	31%

AI Customer Service Satisfaction



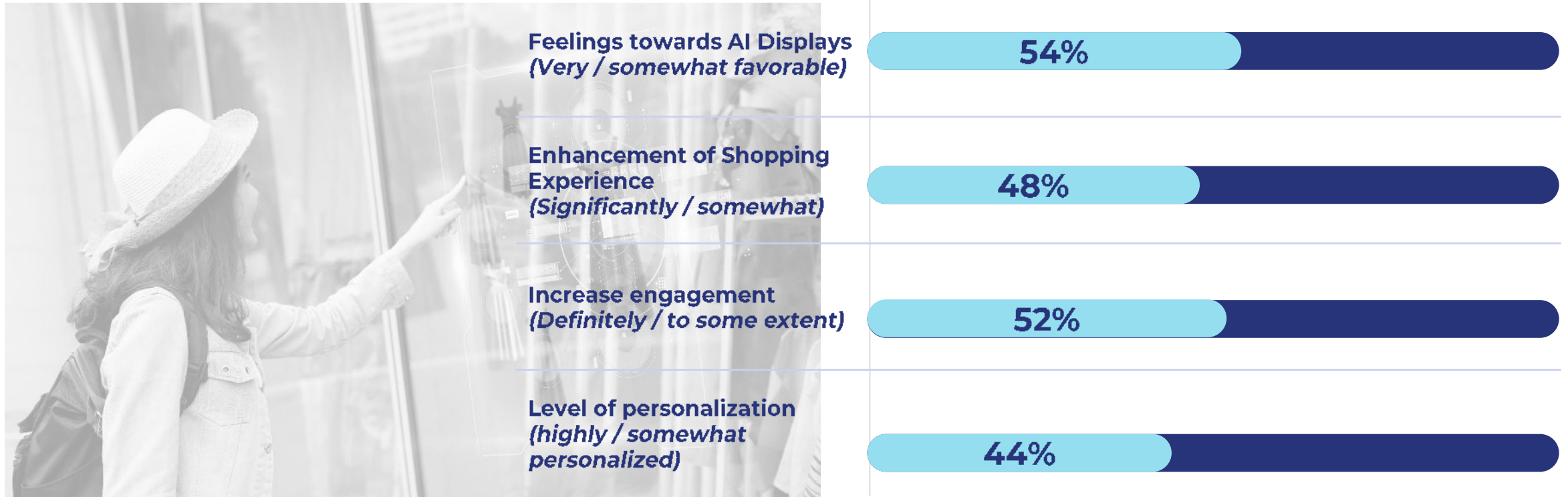
Top 2 Box	42%
Very satisfied	14%
Satisfied	28%
Neutral	42%
Dissatisfied	8%
Very dissatisfied	8%
Bottom 2 Box	16%

Questions: Retailers are increasingly using AI to support customer service through the use of chatbots and digital assistants. How do you feel about interacting with AI-driven customer service in stores? // How does AI-driven customer service compare to human customer service in terms of helpfulness? // How satisfied are you with the responsiveness of AI-driven customer service in retail stores? Base: 1036N Consumers

There is opportunity for AI generated digital displays to enhance consumers' shopping experiences, with around 50% reacting positively to more personalized recommendations

- Aligned with other perceptions, **males** and **those under 55** report higher positivity for all AI generated display aspects.

AI Generated Digital Displays Overview (Top 2 Box)



Questions: Retailers are using AI to generate personalized content on digital displays in stores. How do you feel about that? // Do AI-powered digital content on displays enhance your shopping experience? // Would AI-powered interactive displays increase your engagement with the products in-store? // How personalized do you feel the AI-driven recommendations in retail stores are? Base: 1036N Consumers

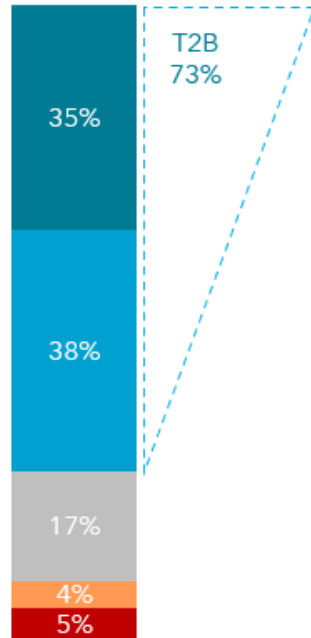
Nearly three-quarters are supportive of lowering costs with the support of AI, though are less enthusiastic about replacing human staff and monitoring

- **Males** and those **under 55** also continue to be more supportive of AI in retail.
- Uniquely, **males** and consumers **between 25 and 54** would be more influenced by retailers using AI to reduce out of stocks.

Consumer Benefits Overview - Influence on Retailer Selection (Top 2 Box)

Level of support for AI reducing costs (general)

- Fully supportive
- Somewhat supportive
- Indifferent
- Somewhat unsupportive
- Completely unsupportive



Less staff, lower prices via AI
(Yes, Definitely / to some extent)

57%

Safer and monitored environment
(Yes, Definitely / to some extent)

53%

Reducing out of stocks
(Yes, Definitely / to some extent)

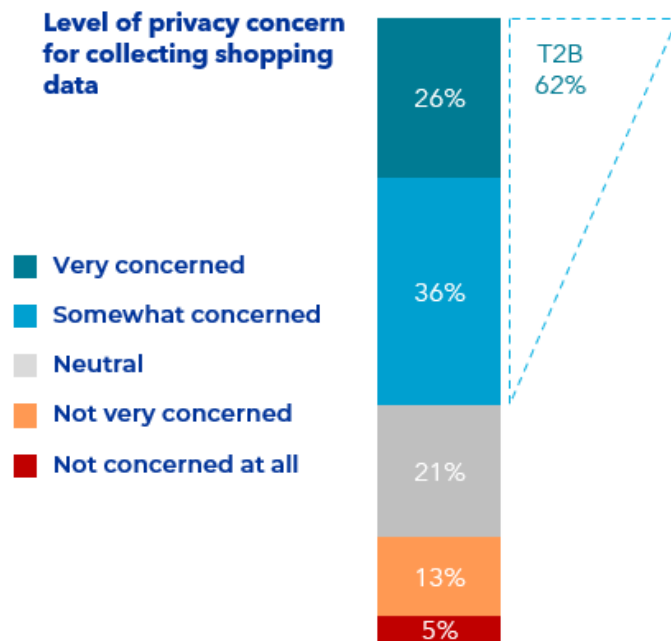
59%

Questions: Would you support AI in a retail environment if it meant lowering costs for you at the register? // Retailers using AI can operate stores with 30% less people while maintaining the same service levels, resulting in lower prices. Is that likely to influence your choice of a retailer? // Retailers are deploying AI-based camera solutions to monitor inventory, ensure a safe shopping environment and provide product movement data to brands. Is this likely to influence your choice of a retailer? // Retailers can reduce out of stocks with AI technology like sensing product movement and signaling the need for replenishment. Is this likely to influence your choice of a retailer? Base: 1036N Consumers

Privacy concerns exist, making transparency important to help consumers feel at ease, as ~50% say this impacts their retailer selection

- Notably, **males** and **consumers over 55** are more concerned about privacy when it comes to AI, with those **55+** wanting more transparency about how AI is used.
- Additionally, **males** and those **over 40** feel positively about using AI for security.

Privacy Concerns and Ethical Considerations with AI



Should retailers be more transparent
(Yes, Definitely / to some extent)

82%

Concerns impact on retailer selection
(Yes, Definitely / to some extent)

51%

Positivity towards AI for security purposes
(Very / somewhat positive)

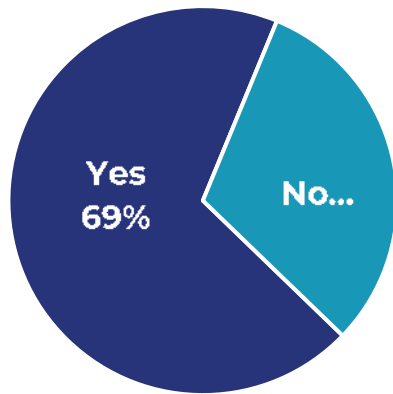
60%

Questions: How concerned are you about privacy when AI is used to collect data about your shopping habits in-store? // Do you believe retailers should be more transparent about how they use AI in retail stores? // Would concerns about AI usage affect your decision to shop at a particular store? // How do you feel about AI being used for security purposes in retail stores (e.g., theft prevention, monitoring customer behavior)? Base: 1036N Consumers

Nearly 7 in 10 retailers use AI and are much more positive towards it than consumers

- Notably, personalized shopping lists are top of mind for retailers, whereas only ~30% of consumers are looking for this service.

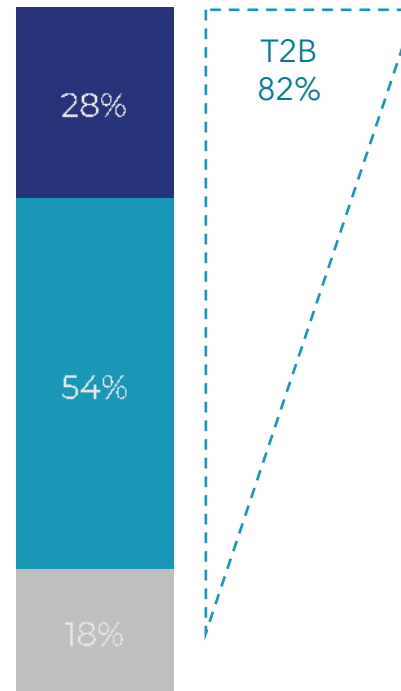
Usage of AI



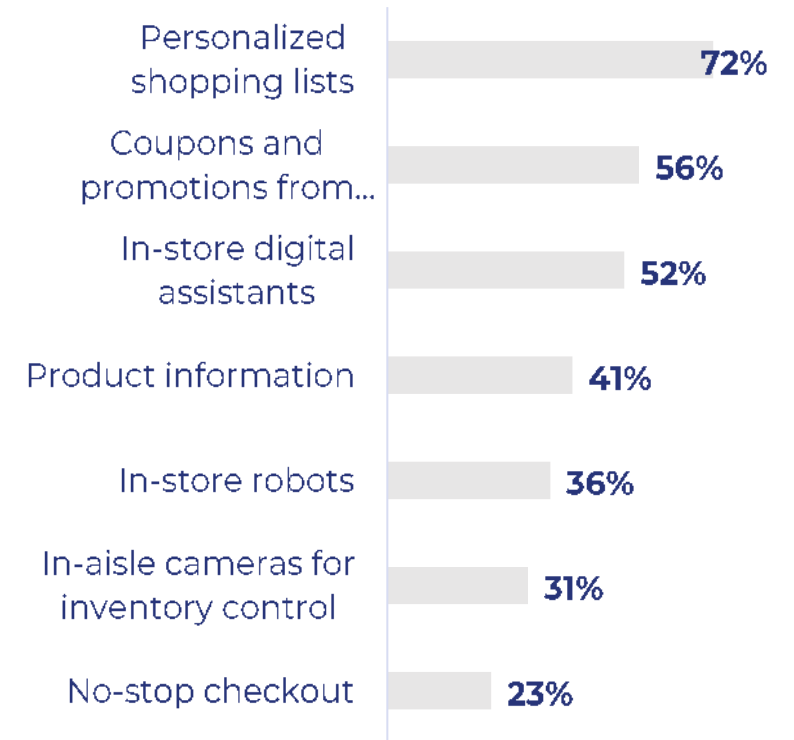
■ Yes ■ No

AI Impressions

- Very negative
- Somewhat negative
- Neutral
- Somewhat positive
- Very positive



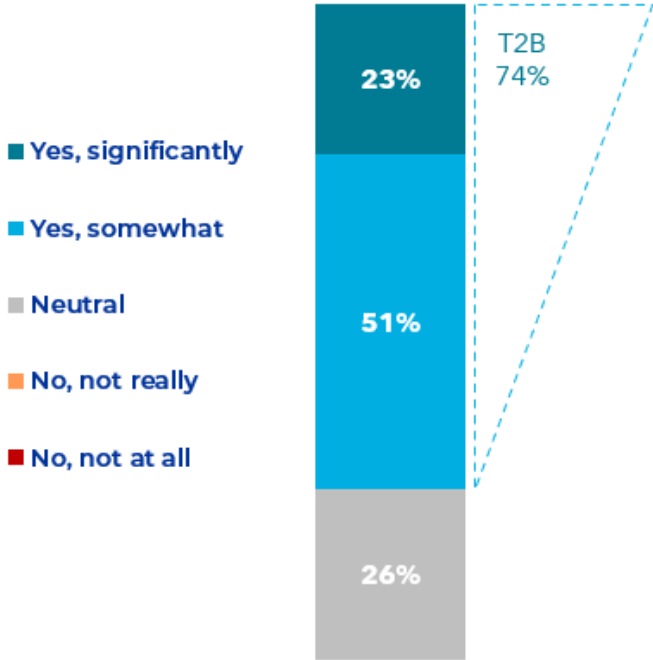
AI Supported Services Used



Questions: Retailers are using AI to enhance the shopping experience through improved self-checkout, in-store digital assistants like Alexa or Siri, personalized shopping lists and more. Are you using AI in your stores? // What is your overall impression of AI-supported services? // What kinds of AI-supported services do you have deployed/are considering deploying? Base: 61N Retailers

Three-quarters of retailers say AI has had a positive impact on their store operations, both at improving efficiency and keeping products stocked

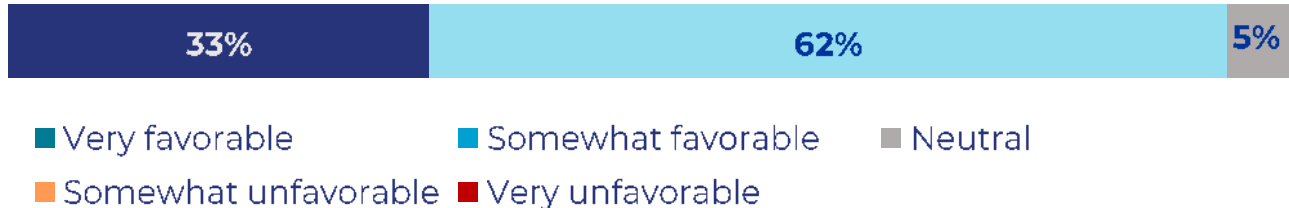
Overall Impact of AI on Store Operations



AI Improving Efficiency



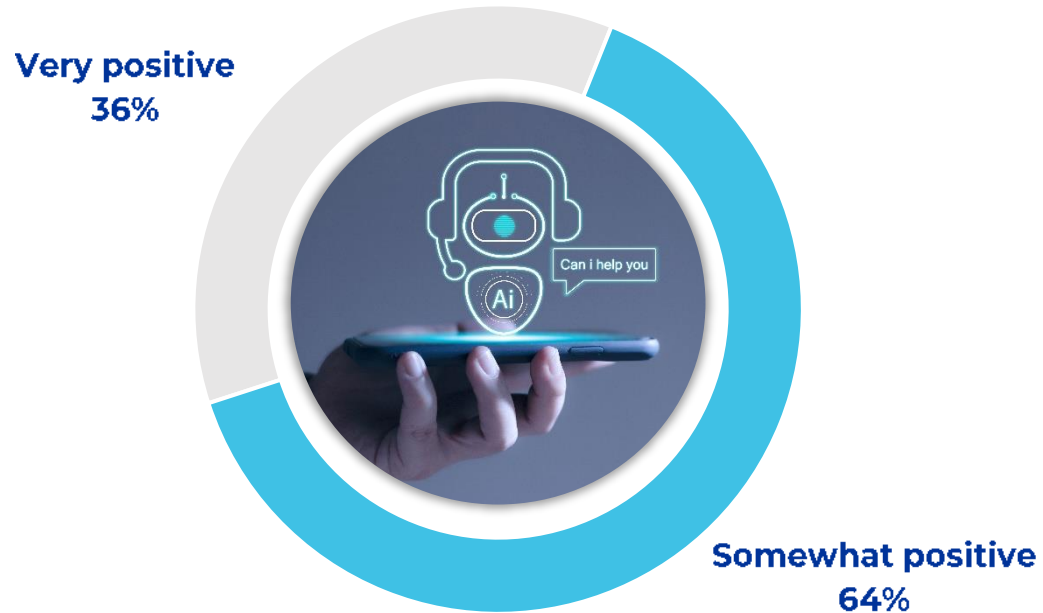
AI To Keep Stock



Questions: Overall, how is the use of AI-supported services impacting your store operations? // Do you think AI-supported services make store operations more efficient? // Retailers and consumer goods brands need more information to ensure products are in the stores when consumers want them. How do you feel about using AI to help keep products in stock based on consumer demand and other variables? Base: 61N Retailers

Retailers are also overwhelmingly positive towards AI supporting with customer service and generating personalized content

Feelings Towards AI-Driven Customer Service



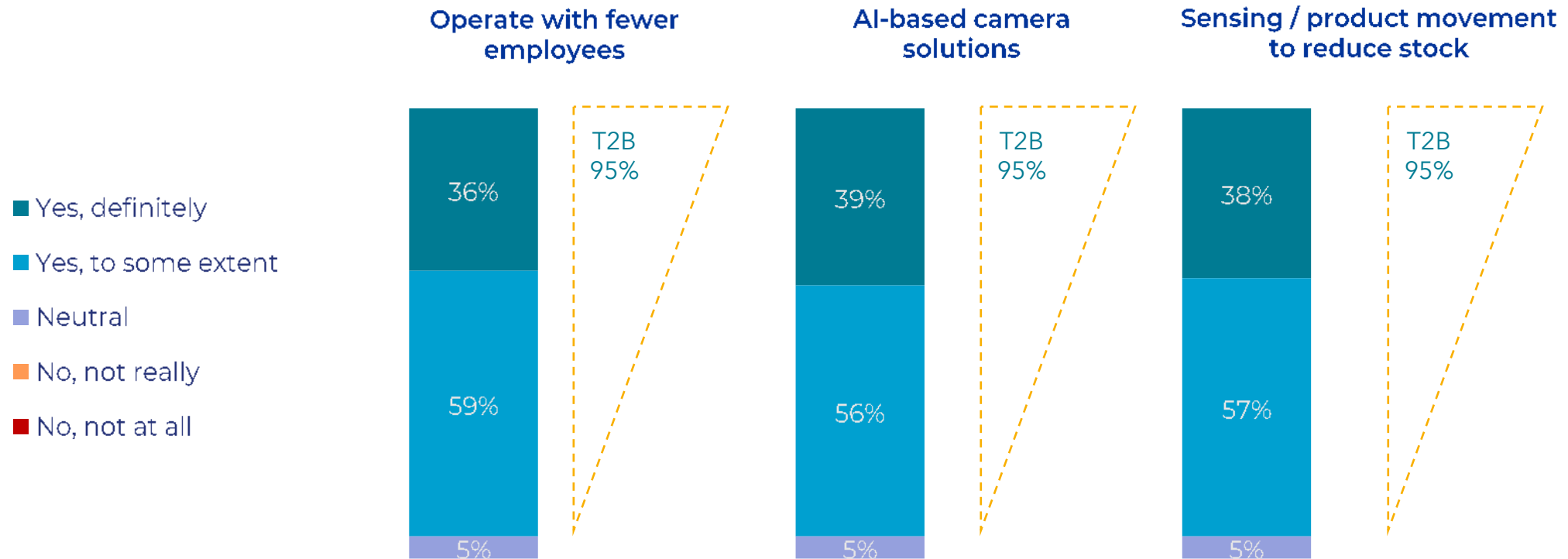
Feelings Towards AI-Generated Personalized Content In-Store



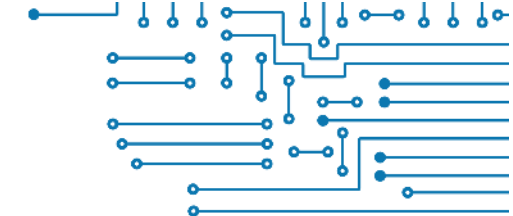
Questions: Retailers are increasingly using AI to support customer service through the use of chatbots and digital assistants How do you feel about using AI-driven customer service? // Retailers are using AI to generate personalized content on digital displays in stores. How do you feel about that? Base: 61N Retailers

Not surprisingly, nearly all retailers say lowering human overhead, improving security and stock management positively influence their use of AI

Influencers of Using AI



Questions: Retailers using AI can operate stores with 30% less people while maintaining the same service levels, resulting in lower prices. Is that likely to influence your use of AI? // Retailers are deploying AI-based camera solutions to monitor inventory, ensure a safe shopping environment and provide product movement data to brands. Is this likely to influence your use of AI? // Retailers can reduce out of stocks with AI technology like sensing product movement and signaling the need for replenishment. Is this likely to influence your use of AI? Base: 61N Retailers



Thank You

For questions or additional information on these survey results, please contact:

Ron Margulis
RAM Communications
Work: 908.272.3930
Mobile: 908.337.0020

