

New Synchrony Study: AI Emerging as Imperative for Nation's Retailers

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- *A majority of surveyed retailers believe AI will transform the online customer experience and be a competitive advantage for their businesses in the next five years*
- *Roughly 40% of retailers surveyed are already using chatbots, machine learning, or robotic process automation*
- *Customer experience is in focus as retailers prioritize investments in AI*

MARCH 4, 2019 - STAMFORD, Conn. – To better understand the transformative effect of artificial intelligence (AI) in the retail industry, Synchrony today released a study, done in partnership with Oxford Economics. They designed, fielded and analyzed a survey of 324 retailer executives about their current and planned use of AI-powered technologies. The resulting report, *Shopping for AI* [1], shows that a majority of U.S. retailers (80%) believe that AI will change the online customer experience and will be a competitive necessity for business in the next five years (72%).

The *Shopping for AI* study revealed that large retailers are leading the way in adoption, but nearly half of retailers of all sizes expect to use AI in the next three years for inventory planning (43%), quality control (46%), forecasting market trends using data analytics (46%), and detecting fraud (45%). The study also provides best practices to help retail organizations prioritize their AI strategies and investments.

“AI is one of the most disruptive technologies for the retail industry — impacting supply chains, customer service, and payments,” said Greg Simpson, chief technology officer and AI leader at Synchrony. “Investing in AI technology is no longer optional for merchants, but some may struggle with leveraging the insights in the most effective way to glean true outcomes. Synchrony is helping its partners tap into this growing opportunity to compete and win in the data-driven digital economy.”

Transformational Business Opportunities using AI

The *Shopping for AI* study found that while most retailers believe in incorporating new digital technologies into their strategic plan, large companies are more likely to be AI leaders, and are more likely than others to use AI for machine learning, virtual agents, and robotic process automation subsets.

This combination of AI-powered technologies is designed to allow retailers to bring their data insights to the next level and should result in more personalized and engaging customer experiences. More than half of retailers (64%) are using AI to capture data and learn more from customers, and 40% of retailers say they are currently using this data to predict customer behavior.

Betting on AI: Retailers' Challenges and Opportunities

For retailers, lack of budget and mature technology, as well as difficulty prioritizing investments, remain key challenges to investing in AI. This presents an opportunity for retailers to partner in new ways to modernize capabilities critical to driving a successful tech transformation. To make AI investments pay off, retail organizations must:

- **Develop an AI platform** foundation ideally on cloud for flexibility.
- **Choose the right AI-enabled technology for given business needs.** Chatbots may be the right starting point for one retailer, while automation may address critical needs at another.
- **Build on innovation in a systematic way.** Improved merchandizing, predictive product inventory, and customer service remain key goals.

The *Shopping for AI* report gauged the opinions retail executives from merchants of all sizes and structures

including online-only, in-store only and more on digital technology, data analytics, and artificial intelligence.

Synchrony has made deep investments in technology and hired more than 170 data scientists in recent years to stay at the forefront of innovation. The company harnesses AI [2] to transform the payment, shopping, and credit experiences for customers. By leveraging AI-powered technology and predictive data analytics to create personalized campaigns, tackle fraud and bolster credit programs, Synchrony is helping thousands of its partners grow and thrive in the digital economy.

About Synchrony

Synchrony (NYSE: SYF) is a premier consumer financial services company delivering customized financing programs across key industries including retail, health, auto, travel and home, along with award-winning consumer banking products. With more than \$140 billion in sales financed and 80.3 million active accounts, Synchrony brings deep industry expertise, actionable data insights, innovative solutions and differentiated digital experiences to improve the success of every business we serve and the quality of each life we touch. More information can be found at www.synchrony.com [3] and through Twitter: @Synchrony.

About Oxford Economics

Oxford Economics is a world leader in global forecasting and quantitative analysis for business and government, and the most trusted resource for decision-makers seeking independent thinking and evidence-based research. Headquartered in Oxford, England, with offices in London, New York, Singapore, and elsewhere around the globe, the firm employs more than 250 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists. Please visit www.oxfordeconomics.com [4] to sample our research and analysis.

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[1] <http://newsroom.synchronyfinancial.com/document-library/shopping-ai>

[2] <https://newsroom.synchronyfinancial.com/press-release/synchrony-harnesses-ai-transform-customer-experience>

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