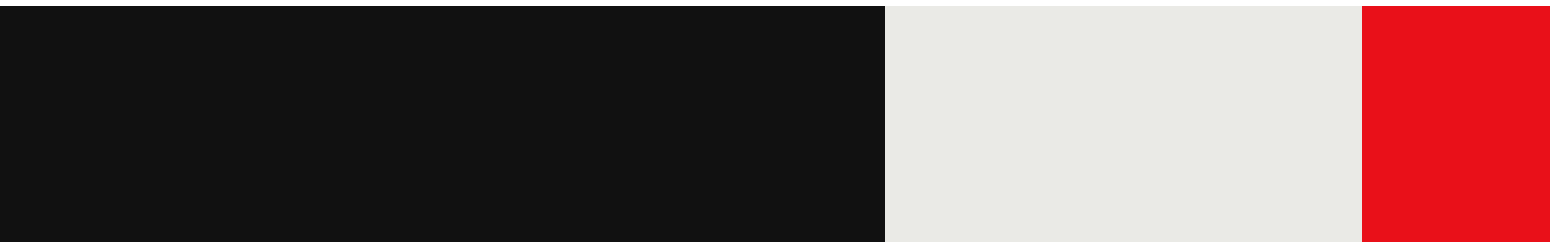



Retailers ramped up genAI adoption in 2024

Article



The insight: The majority of retailers are using generative AI (genAI) for customer service and marketing functions, according to a survey by Syndigo.

- 85% have implemented the tech in customer service roles, while 83% use it for marketing and promotions.
- A smaller proportion—37%—uses genAI for search and discovery.

Behind the scenes: While genAI has myriad use cases, many retailers have prioritized internal tools to help employees do their jobs more efficiently. Employees are also testing out the technology and familiarizing themselves with its quirks and shortcomings before rolling it out to consumers.

- **Target's** genAI-powered chatbot is now available to workers at all of its stores. It gives them quick, straightforward answers to common questions like how to sign a customer up for a Target Circle Card. As of Q2, the tool had been used more than 50,000 times since its launch earlier this year. Employees reported that the chatbot made it “easier and faster for them to help our guests,” COO and CFO **Michael Fiddelke** said.
- **Walmart** used genAI to create or improve more than 850 million pieces of data in its product catalog. The retailer relies on it for everything from helping customers discover products to optimizing inventory storage across its distribution network and even delivering orders—a process that would have required almost 100 times the headcount to complete in the same amount of time without the tech.
- **Estée Lauder** partnered with **OpenAI** to develop over 240 custom GPTs that can uncover insights on consumer trends and preferences, product efficacy, vendors, and other applications.

CX improvements: Other retailers use the technology to offer shoppers experiences that are more personalized and relevant to their needs.

- GenAI-powered shopping assistants—like [Amazon's Rufus](#) and Walmart's unnamed chatbot—are becoming more common as retailers look for ways to help customers overcome decision paralysis and find the product best suited to their wants and needs.
- Amazon, [Walmart](#), and **Nordstrom** use genAI (among other tools) to offer shoppers tailored homepage experiences, which they hope will boost engagement and convince customers to spend more.

And still others see genAI as an opportunity to save money on customer service personnel.

- **Best Buy**, **Klarna**, and Walmart are among the companies relying more heavily on chatbots to offer customer support with the expectation that such tools can provide faster, more personalized service.

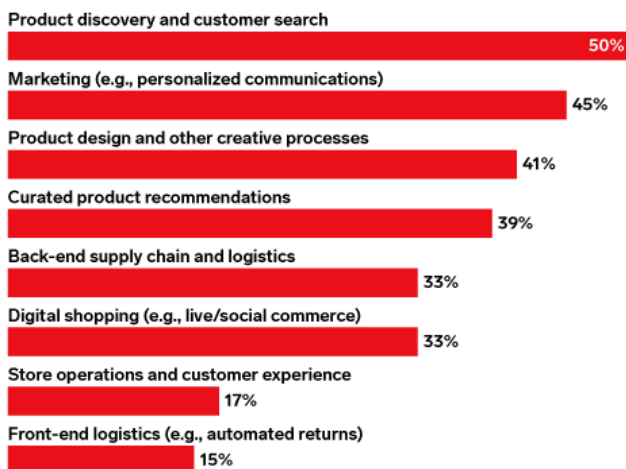
- But users are decidedly skeptical of customer service chatbots: Just 9% of online shoppers think that using AI for customer service improves their ecommerce experience, per a survey by Bizrate Insights. Fourteen percent believe it makes the experience worse, and 56% think it depends on how the technology is used.

The big picture: GenAI adoption among retailers has skyrocketed this year as companies use the tech to improve productivity and the customer experience. Shoppers, too, are using genAI more often: Traffic to retail sites from genAI-powered chatbots doubled YoY in the first eight months of 2024, per [Adobe](#), as consumers rely on the tech to uncover deals, find products quickly, and get recommendations.

Still, genAI's well-known tendency to hallucinate poses difficulties for retailers. Twenty-two percent of US consumers say they don't use genAI tools for online shopping because they don't trust them, per a Bain survey—an attitude that is hardly likely to change considering even companies like Amazon with sophisticated tech capabilities are struggling to eradicate [blatantly incorrect recommendations](#) from their chatbots.

Generative AI (GenAI) Use Cases With the Most Potential in 2025 According to Fashion Executives Worldwide, Oct 2024

% of respondents



Source: McKinsey & Company and Business of Fashion, "The State of Fashion 2025," Nov 11, 2024

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