

EXECUTIVE BRIEFING · BOARD EDITION

# The AI Imperative for Retail & Consumer Brands

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The executive questions that will define the next decade of growth, loyalty, and competitive advantage.



## EXECUTIVE SUMMARY

# From Experimentation to a Fundamental Shift

Artificial Intelligence has moved beyond isolated pilots into a fundamental change in how consumers discover products, evaluate brands, and make purchasing decisions. For executives, the question is no longer whether AI matters — but where it creates durable advantage, and where it introduces risk.

“Brands are no longer competing only for consumer attention. **They are competing for AI recommendation.**”



## Beyond the Pilot

Productivity tools have become a structural shift across the customer journey.



## Advantage vs. Risk

The strategic task is locating where AI builds an edge — and where it adds exposure.



## Speed Wins

Winners answer a handful of critical questions faster than competitors do.

### THIS REPORT

*Ten strategic questions reshaping retail — plus the five every CEO should be asking today.*




## 01 · THE RISE OF THE AI CUSTOMER


# From Search Engines to Decision Engines

For two decades, commerce was built on search — consumers entered keywords, weighed options, and decided themselves. Increasingly, they begin with intent-based prompts and let AI narrow the choices.

## CONSUMERS NOW START WITH INTENT

 “Plan my son’s birthday party.”

 “Recommend a healthy breakfast for a family of four.”

 “Find the best running shoes for a marathon beginner.”

## EXECUTIVE QUESTION



### How do we optimize for the AI Customer?

## WHAT EARNS AN AI RECOMMENDATION

- Structured product data
- Verifiable product claims
- Authentic customer reviews
- Clear differentiation & consistent presence

## STRATEGIC IMPLICATION

*Discoverability depends less on what brands say about themselves and more on what data ecosystems say about them.*



02 · FROM SEO TO “SHARE OF MODEL”

# The New Battle for Visibility

Retailers once invested heavily in Search Engine Optimization. The next frontier is Large Language Model Optimization (LLMO) — and a new question every executive must answer:

## EXECUTIVE QUESTION

### How does AI perceive our brand?



## EXECUTIVES MUST UNDERSTAND WHETHER THEY ARE

- Surfaced at all — and how they are described
- Shown alongside which competitors
- Recommended on which product attributes



## Share of Model

A brand’s visibility, relevance, and recommendation frequency within AI-powered decision systems.

## TOMORROW’S LEADERS WILL TRACK

- Share of AI recommendations
- Share of conversational commerce
- Share of autonomous buying decisions

## STRATEGIC IMPLICATION

*Brands that fail to understand their AI visibility risk becoming invisible at the precise moment consumers decide.*



## 03 · THE LUXURY BRAND CHALLENGE

# Why AI Struggles With Prestige

## AI EXCELS AT

- Price
- Features
- Ratings
- Specifications

## AI STRUGGLES WITH

- Heritage
- Exclusivity
- Emotional resonance
- Status & aspiration

## EXECUTIVE QUESTION



How can luxury brands teach AI what makes them desirable?

## THE ANSWER WILL REQUIRE

- Richer brand storytelling
- Structured heritage information
- Better contextual signals
- AI training that preserves meaning

*AI systems often flatten premium positioning, reducing high-end brands to functional comparisons.*

## STRATEGIC IMPLICATION

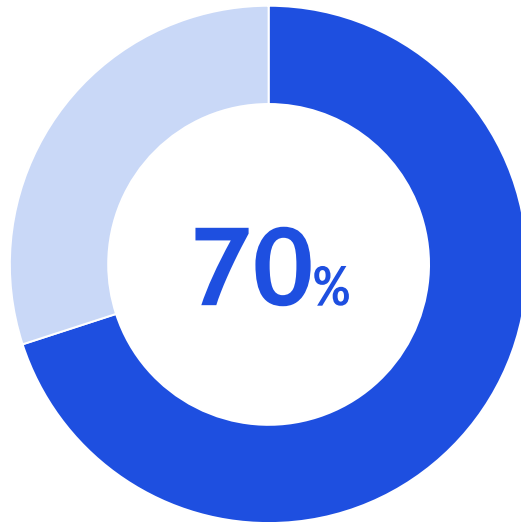
*Luxury marketers must become as focused on teaching machines their brand story as teaching consumers.*



## 04 · THE AUTOMATION BALANCE

# Preserving Humanity in an AI-Powered Business

## THE 70/30 RULE



- AI handles ~70% of repetitive tasks
- Humans own the 30% that builds value

## AI IS EFFECTIVE AT

- Product content generation
- Inventory forecasting
- Customer service triage
- Marketing analysis
- Campaign optimization

## HUMANS REMAIN CRITICAL FOR

- Relationship building
- Creative direction
- Brand stewardship
- Complex problem solving
- High-value clienteling

## EXECUTIVE QUESTION

**What should never be automated?**



## STRATEGIC IMPLICATION

*The future belongs not to fully automated organizations, but to intelligently augmented ones.*



## 05 · PROTECTING BRAND VOICE

# Generic AI Creates Generic Brands

A common executive frustration: many AI systems sound interchangeable. Without careful guidance, AI-generated communication drifts toward the generic.

## UNGUIDED AI BECOMES

Generic

Predictable

Personality-free

Off-brand

## LEADING ORGANIZATIONS INVEST IN

- Proprietary brand language models
- Brand voice governance frameworks
- AI style guides & historical content libraries

## STRATEGIC IMPLICATION

*Brand voice may become one of the most valuable proprietary datasets a company owns.*

## EXECUTIVE QUESTION



### Can AI truly sound like our brand?

## THE GOAL

Every customer interaction should feel unmistakably aligned with the brand.



## 06 · THE WORKFORCE TRANSFORMATION

# AI Adoption Is a Human Challenge

Technology implementation is often the easy part — people transformation is harder. The organizations making the most progress treat AI not as a technology initiative, but as a workforce initiative.

## EXECUTIVES ARE ASKING

- Which jobs will evolve?
- What skills will become essential?
- How should employees be retrained?
- Who owns AI education?

## FUTURE WORKFORCE COMPETENCIES

- 01 Prompt engineering
- 02 AI-assisted decision making
- 03 Data interpretation
- 04 AI governance
- 05 Human–AI collaboration

## STRATEGIC IMPLICATION


*The most important AI investment may not be software — it may be employee capability.*



07 · TRUST, SECURITY &amp; DATA GOVERNANCE

# The New Corporate Risk Frontier

## RETAILERS HOLD THE WORLD'S MOST VALUABLE FIRST-PARTY DATA

 Loyalty data Purchase history Behavioral insights Customer preferences

### EXECUTIVE QUESTION

## Is our proprietary data truly protected?



### KEY CONCERNS

Unauthorized model training · Data leakage · Vendor exposure · IP risk · Regulatory compliance

### STRATEGIC IMPERATIVE

*Neglect any one of value, trust, or security, and you create significant long-term risk.*

## EVALUATE EVERY AI INITIATIVE THROUGH THREE LENSES

### Business Value

Does it create measurable return?

### Customer Trust

Does it protect the relationship?

### Data Security

Does it safeguard the asset?



08 · WHO IS LIABLE WHEN AI ACTS?

# The Agentic Commerce Dilemma

The next wave moves beyond recommendations. AI agents are increasingly capable of acting autonomously on a consumer's behalf.

## AI AGENTS CAN NOW

Shopping

Negotiating

Ordering

Managing subscriptions

Executing transactions

## EXECUTIVE QUESTION

Who is responsible when AI makes a mistake?



## POTENTIAL STAKEHOLDERS

Retailers

Technology providers

Payment networks

Consumers

Platform operators

*Legal and governance frameworks remain largely undefined.*

## STRATEGIC IMPLICATION

*Risk management may become as important as innovation management.*



# Why Consumers Abandon AI Experiences

Despite enthusiasm for AI shopping assistants, many consumers still hit friction — and abandon the experience after only a few unsuccessful interactions.

## COMMON ISSUES

Poor recommendations

Lack of context awareness

Confusing interfaces

Limited conversational memory

## EXECUTIVE QUESTION



How do we make AI shopping intuitive enough for mainstream adoption?

## WINNERS CREATE SYSTEMS THAT

- Understand intent quickly
- Recover gracefully from errors
- Learn continuously
- Reduce customer effort

## STRATEGIC IMPLICATION

*The future of commerce may be determined by reducing friction, not adding features.*



10 · FROM AI HYPE TO AI PROFITABILITY

# The Shift From Activity to Outcomes

WAVE 1

## Experimentation



WAVE 2

## Economics

EXECUTIVE QUESTION

## Where is the measurable return?



*The focus is shifting from productivity metrics to financial metrics.*

LEADING RETAILERS ARE USING AI TO

Improve inventory efficiency

Reduce markdowns

Predict returns

Optimize advertising spend

Increase customer lifetime value

Improve supply chain resilience

STRATEGIC IMPLICATION

*The future belongs to margin-enhancing AI, not activity-generating AI.*



# The Most Important AI Skill

Many organizations launched dozens — even hundreds — of AI experiments; few created enterprise value. Leading companies now narrow focus to a small portfolio that meets three criteria.



## High Impact

Creates measurable business value.



## High Feasibility

Can be implemented effectively.



## High Scalability

Can be deployed across the organization.

The objective is no longer experimentation. **The objective is transformation.**

### STRATEGIC IMPLICATION

*Competitive advantage will come from disciplined execution, not technology accumulation.*

## CONCLUSION

# The Next Competitive Battleground

AI is becoming embedded into every stage of the customer journey — from discovery and consideration to purchase, fulfillment, and loyalty. The leadership question is shifting.

NO LONGER

“How should we use AI?”

THE REAL QUESTION

“How will AI reshape our economics, our brand, and our customers’ expectations?”

*The organizations that answer this successfully will define the next generation of retail leadership.*



## BOARD AGENDA

# Five Questions Every Retail CEO Should Ask Today

1

How visible is our brand within AI recommendation systems?

2

Which AI initiatives are directly improving profitability?

3

Is our proprietary customer data adequately protected?

4

How are we preparing our workforce for AI-enabled operations?

5

What unique human experiences will differentiate our brand in an AI-driven world?

*The answers may determine which brands lead the next decade — and which become invisible within it.*