

# Unlocking Retail Efficiency: How AI and GenAI are Transforming Operations and Customer Engagement



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Retailers are boosting AI investments to enhance operational efficiency, personalize experiences, streamline operations, reduce costs, and optimize decision-making.

As the retail sector in Asia/Pacific continues to evolve, GenAI's impact will only grow. Its ability to combine data-driven insights with creative execution positions it as a critical enabler for retailers seeking to stay competitive in a fast-paced market. Generative AI (GenAI) enables hyper-personalized shopping experiences through dynamic product recommendations, real-time inventory updates, and AI-generated content, boosting customer engagement and sales. AI-powered chatbots and virtual assistants streamline customer service, providing instant, multilingual support, while self-service kiosks and applications offer seamless checkout and product assistance. Retailers are also leveraging GenAI to create highly targeted, localized marketing campaigns at scale, tailoring content to regional languages and preferences. These advancements not only improve operational efficiency but also strengthen customer loyalty. As Asia/Pacific's retail sector grows, investing in GenAI-powered solutions will be essential for staying competitive and driving long-term success.

By investing in GenAI-powered use cases, retailers can unlock new levels of efficiency, customer engagement, and revenue growth. Retailers that

strategically adopt these GenAI use cases will be better equipped to navigate the complexities of Asia/Pacific's retail environment, ensuring long-term success in this dynamic region.

## Top 5 Industry AI/GenAI Use Cases in Retail

	Digital Commerce
	Augmented Planning and Logistics
	AI-enabled Customer Service and Self Service
	Augmented Fraud Analysis and Investigation
	Smart Campaign and Content Marketing

Extent to which Asia/Pacific retailers believe GenAI will disrupt their competitive position or business operating model in the next 18 months

43%

**Disrupting Now**

42%

**Will Disrupt in next 18 Months**

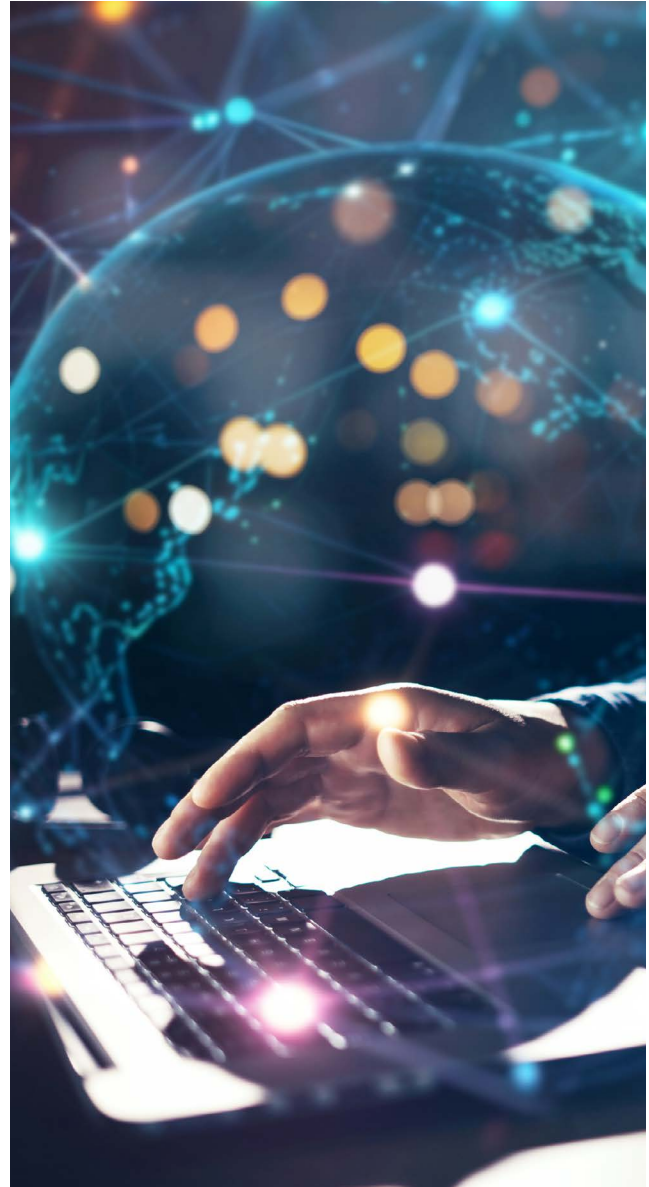
## GenAI in Retail

*IDC Retail Survey 2024* reveals that around 55% of retailers in the Asia/Pacific region are already investing in GenAI, and around 35% of those that haven't are planning to do so. However, about 12% of retailers show little interest in investing in GenAI. There is a clear trend for many retailers to move from experimentation to mainstream application. Retailers are leveraging GenAI for personalized recommendations, immersive experiences like virtual try-ons, and AI-powered chatbots for multilingual customer support. GenAI also enables dynamic content creation, such as localized product descriptions and tailored marketing campaigns, enhancing reach and efficiency. In supply chains, GenAI improves demand forecasting and enables virtual prototyping, reducing time-to-market for products. Additionally, GenAI supports seamless omnichannel strategies by improving customer data quality and enabling personalized shopping across platforms.

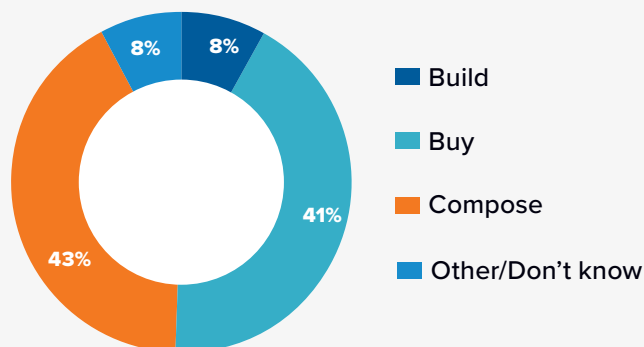
## GenAI Adoption Approach in Retail

43% of retailers in the Asia/Pacific region expressed a preference for composing generative AI solutions, highlighting a shift in how these businesses plan to leverage AI to meet their strategic objectives. This trend points to a growing interest in flexible, customizable technologies that allow retailers to tailor solutions to their unique needs.

Key applications include personalized marketing, dynamic product content, and AI-driven customer service. However, challenges such as integration complexities and data compliance remain.



## GenAI Adoption Approach in Retail



**Compose:** fine-tuning an existing GenAI model (usually open source) on top of an enterprise AI platform.

**Build:** developing a foundational model using institutional data.

**Buy:** leveraging enterprise applications with GenAI capabilities or native GenAI applications.

## Top GenAI Use Case Areas by Function in Retail

- 01 HR: Recruitment and Talent Acquisition**
- 02 Procurement: Contract Management**
- 03 Marketing: Web Marketing** — Personalized digital assistant and personalized offers
- 04 Customer Service: Contact Center**
- 05 Supply Chain: Logistics/Global Trade** — Freight volume forecasting, optimizing load balancing, and distribution

## Conclusion

GenAI is transforming retail in Asia/Pacific by enhancing customer engagement, streamlining operations, and driving innovation. Despite challenges like data privacy, integration costs, and workforce upskilling, GenAI adoption in Asia/Pacific is poised to reshape retail, delivering faster deployment and measurable business outcomes. Technology vendors that align their offerings with priorities—emphasizing customization, scalability, and support—will be well-positioned to capitalize on this growing demand.

Source: IDC WW AI Use Case Survey, July 2024 (Asia/Pacific n = 919, Asia/Pacific, Retail. n = 125.)



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