

RETAIL

## AI leveling retail playing field

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Artificial intelligence is everywhere today. But it is not always obvious how to leverage it for maximum value in retail.

In fact, AI has the potential to help retailers serve their customers better, both online and in stores, particularly as it relates to pricing.

AI makes it possible to classify products on a truly industrial scale to identify value-drivers the reason why people are buying products, and why they are buying a specific product at a specific price rather than another one and to gain more insight than ever before into customer expectations, all aimed toward growing sales and margins.

Here are three specific ways in which AI is helping all retailers compete on a new, much more equal playing field.

### Product classification

The segmentation of products based on features such as function, style or brand is a necessary first step for industrializing pricing.

For retailers who manage tens of thousands of products every day or have to integrate hundreds of new products at once on a regular basis for example, as part of their marketplace, or when the new collection arrives in apparel retail product classification simply cannot be done manually and still be comprehensive and reliable.

AI and advanced computing methods can help retailers cope with the volume of products they need to classify much more easily and accurately.

### Image and natural language processing

Indexing products is painstaking for retailers. However, with AI and machine-learning technology, retailers can automate this process.

For example, using an existing product database, it is possible to train AI to recognize various types of products and tag them accurately with a variety of attributes, based on their picture or basic description.

AI, for instance, can instantly mark a product as "bathing suit, women, blue, size 3," based on just a picture, thanks to

image-recognition technology.

If a description is attached to the product, natural language processing can help further define its place in the offering by integrating notions of quality, brand and other factors.

#### Real-time pricing calculations

Price has long been the battleground for both online and in-store retail. Therefore, it is imperative that retailers' pricing tech is always on the cutting edge and capable delivering both the best price for customers and the ideal ROI for retailers simultaneously.

Pricing in real-time the old-fashioned way is essentially impossible. But with AI, not only is it possible, but instant pricing is becoming an industry standard.

Through AI and modern price optimization solutions, it is possible to classify thousands of products in a matter of milliseconds and then integrate relevant data into the business rules to set the best price dynamically.

When deployed correctly, this entire process remains transparent for the pricing managers. They can check the step-by-step calculation of any recommended price if they need on their dashboards.

TODAY'S RETAIL INDUSTRY is defined by speed and efficiency.

If retailers are incapable of meeting these modern demands, they will likely fall behind and ultimately might be forced to scale back their business operations.

However, by adopting AI technology and other retail tech resources, retailers can find their way in a much more even playing field despite the huge resources of Amazon and other direct-to-consumer retailers.

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