GENERATIVE AI RADAR
RETAIL AND HOSPITALITY

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Generative AI Radar — Retail and hospitality

Generative AI is still new, yet enterprises are already exploring its transformative potential

This year will bring further developments in generative AI, as organizations familiarize themselves with this transformative technology. So where are they now?

Through this study we aimed to uncover how companies use generative AI, how much they spend on it, how it's being rolled out, and where it makes an impact. We looked at 3,000 companies across 12 industries:

- Automotive
- Consumer packaged goods
- Energy, mining, and utilities
- Financial services
- Healthcare
- High tech
- Insurance
- Life sciences
- Logistics and supply chain
- Manufacturing
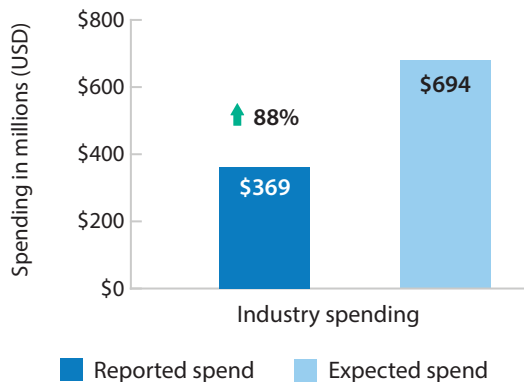- Retail and hospitality
- Telecommunications

Many companies told us they are already spending significant sums of money — and are set to spend more this year. However, this pattern isn't the same across sectors. In this data book, we highlight how retail and hospitality compare with the rest of the pack. All data used in this data book are from Generative AI Radar North America, Europe, and APAC.

# Generative AI spending is growing for retail and hospitality

Generative AI spending by retail and hospitality companies expected to grow rapidly in 2024

Retail and hospitality generative AI spending growing, albeit slower than many — Retail and hospitality companies expect their generative AI spending to increase 88% in 2024.

Retail and hospitality generative AI spending

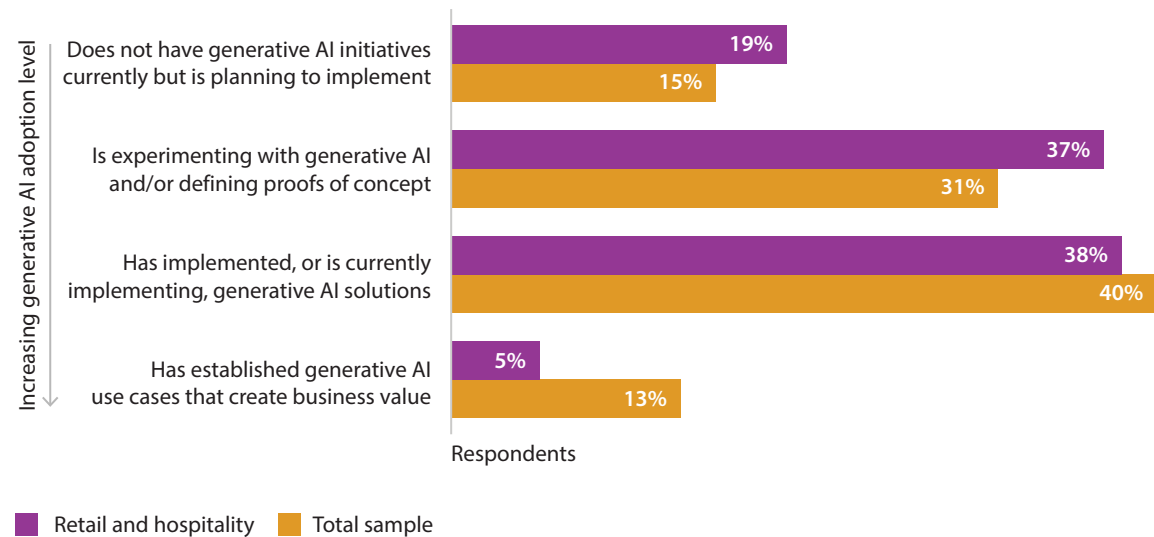Expected generative AI spending growth in 2024 by industry

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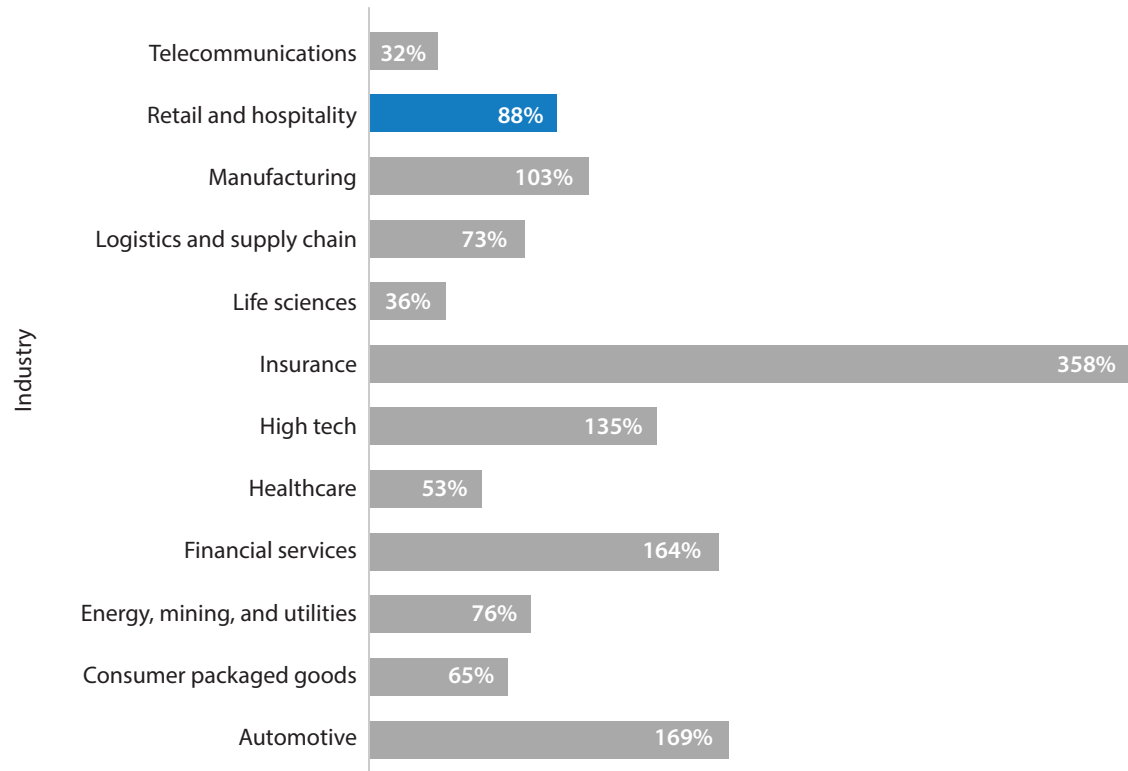
Most retail and hospitality companies already use generative AI

80% of retail and hospitality have started their generative AI journey

Retail and hospitality companies are adopting generative AI — Only 19% of retail and hospitality companies have not started their generative AI journeys. However, only 5% of these companies create value with their use cases, much lower than the overall trend (13%).
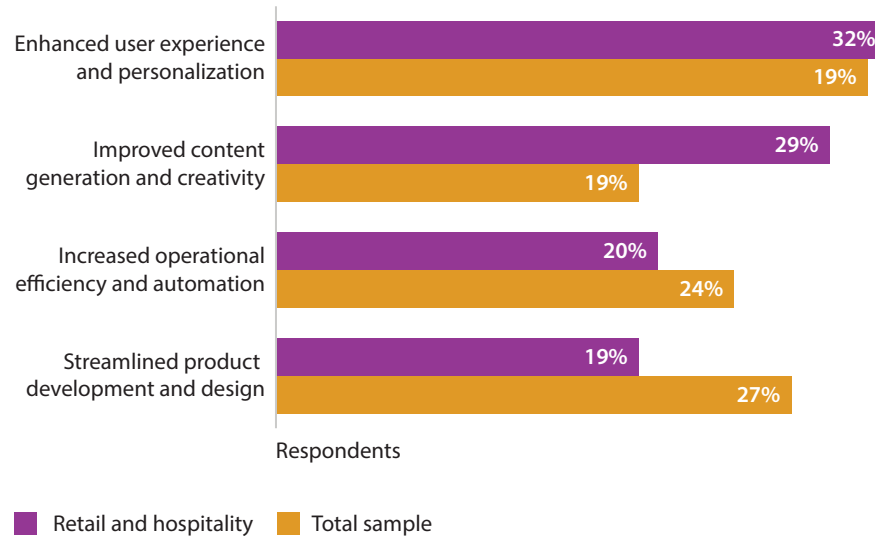
Generative AI adoption by proportion of respondents

Increasing generative AI adoption level

Does not have generative AI initiatives currently but is planning to implement	19% (Retail and hospitality), 15% (Total sample)
Is experimenting with generative AI and/or defining proofs of concept	37% (Retail and hospitality), 31% (Total sample)
Has implemented, or is currently implementing, generative AI solutions	38% (Retail and hospitality), 40% (Total sample)
Has established generative AI use cases that create business value	5% (Retail and hospitality), 13% (Total sample)

Respondents

■ Retail and hospitality   ■ Total sample

Note: Percentage numbers do not add up to 100% because of rounding.

User experience and content generation drive generative AI enthusiasm

Retail and hospitality industries expect more positive impact on content generation than the overall trend

Retail and hospitality companies are more optimistic about content and creativity that the overall trend — A higher proportion of retail and hospitality (29%) report generative AI will have a positive impact on content generation and creativity than the overall trend (19%). Fewer of these companies expect positive impact on product development than the overall trend.

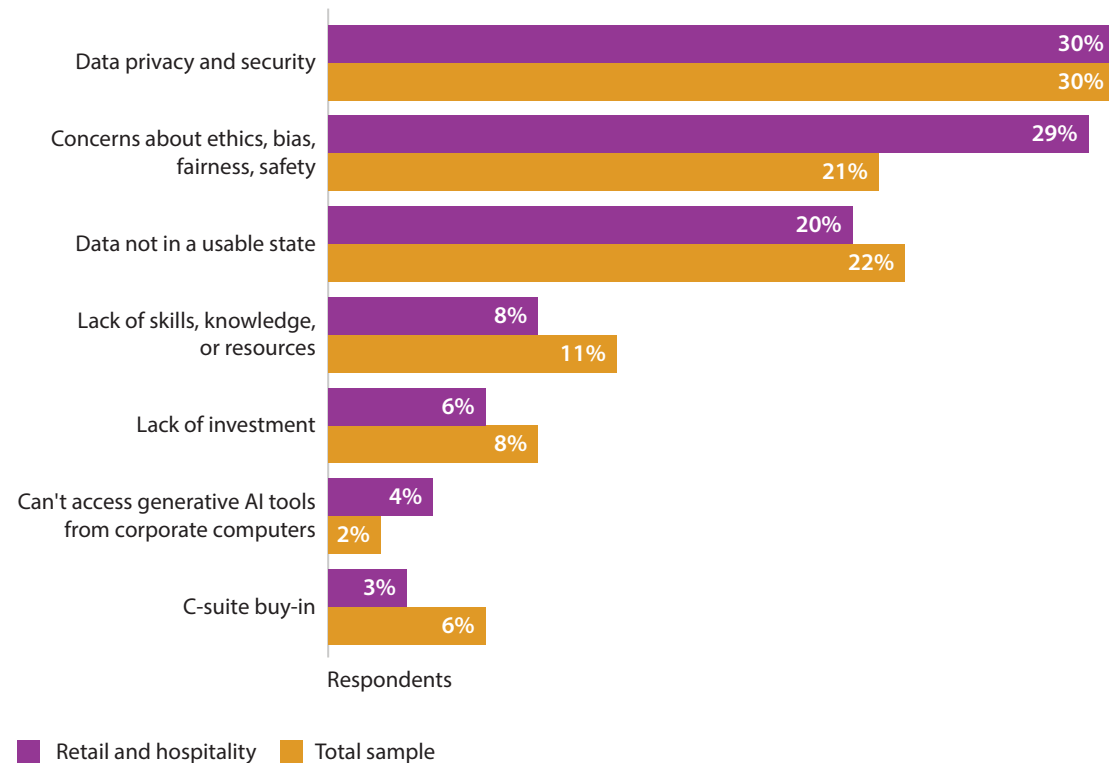### Where companies expect generative AI to have the most positive impact

Category	Retail and hospitality	Total sample
Enhanced user experience and personalization	32%	19%
Improved content generation and creativity	29%	19%
Increased operational efficiency and automation	20%	24%
Streamlined product development and design	19%	27%

Respondents

■ Retail and hospitality   ■ Total sample

Note: Percentage numbers do not add up to 100% because of rounding.

Ethics and privacy hold back adoption

More retail and hospitality companies are concerned about ethics, bias, fairness, and safety than the overall trend

29% of retail and hospitality companies reported ethics, bias, and safety concerns as a hurdle to adoption — This is much higher than the overall trend (21%). These challenges ranked as high as data privacy and security for retail and hospitality.

Challenges in implementing generative AI

Challenge	Retail and hospitality	Total sample
Data privacy and security	30%	30%
Concerns about ethics, bias, fairness, safety	29%	21%
Data not in a usable state	20%	22%
Lack of skills, knowledge, or resources	8%	11%
Lack of investment	6%	8%
Can't access generative AI tools from corporate computers	4%	2%
C-suite buy-in	3%	6%

Respondents

■ Retail and hospitality   ■ Total sample

| *Note: Percentages do not add up to 100% because of rounding.*

Confidence in managing generative AI systems

Retail and hospitality companies are less confident in managing generative AI systems than the overall trend

Retail and hospitality management confidence is level-headed — Retail and hospitality companies are less positive and more neutral about managing generative AI than the overall trend.

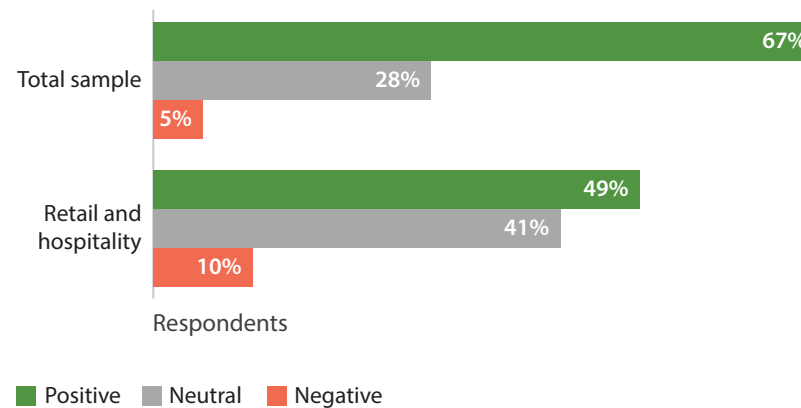Confidence in the ability to manage generative AI by proportion of respondents
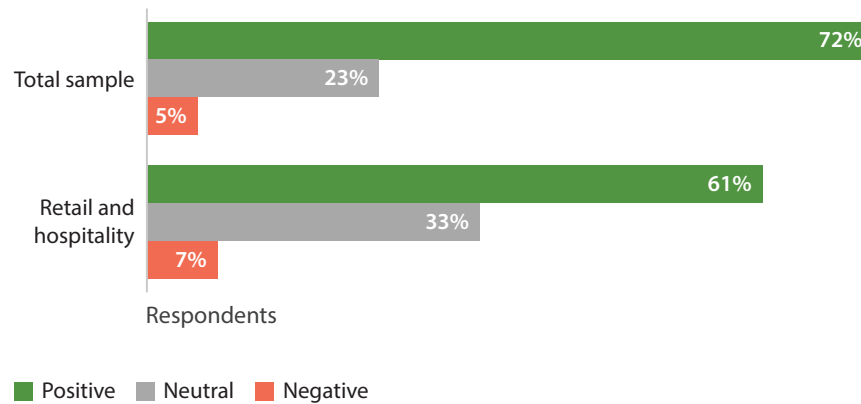
Note: Percentages do not add up to 100% because of rounding.

Workforce generative AI readiness

Retail and hospitality workforces are less prepared for generative AI

Even-keeled confidence in workforce readiness — Only 49% of retail and hospitality companies reported positive sentiment about their workforces' generative AI readiness. However, a higher proportion of these same companies reported a neutral outlook on workforce readiness than the overall trend.

Sentiment on workforce readiness to adopt generative AI by proportion of respondents

	Positive	Neutral	Negative
Total sample	67%	28%	5%
Retail and hospitality	49%	41%	10%

Respondents

■ Positive ■ Neutral ■ Negative

| *Note: Percentage numbers do not add up to 100% because of rounding.*

Primary sponsor of generative AI initiatives

Generative AI sponsorship comes from the top

The board of directors is the most popular sponsor of generative AI at retail and hospitality companies — 20% of retail and hospitality reported the board of directors as the primary sponsor of generative AI initiatives.

CIOs are less popular — Only 17% of retail and hospitality companies reported that the chief operating officer (CIO) sponsors generative AI initiatives, much less than the overall trend (29%).

Primary sponsor of generative AI initiatives by proportion of respondents

Sponsor	Retail and hospitality	Total sample
Board of directors	20%	13%
Chief operating officer	17%	29%
Cybersecurity/chief information security officer	16%	17%
Chief information officer	14%	9%
To be determined	11%	10%
Chief marketing officer	10%	9%
Leader of a business unit	7%	9%
Chief executive officer	4%	4%

Respondents
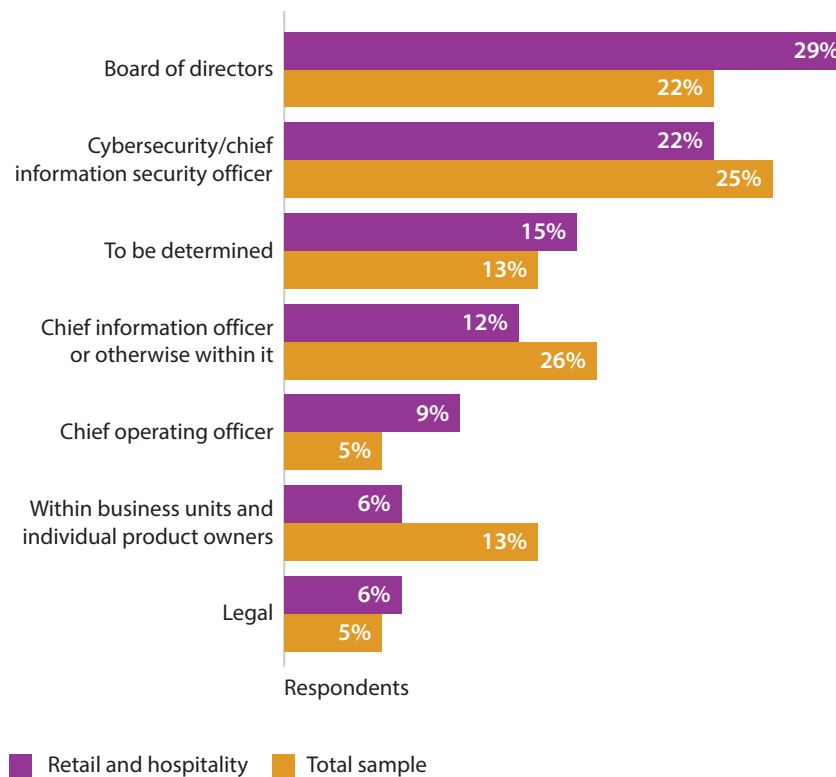
■ Retail and hospitality ■ Total sample

Note: Percentages do not add up to 100% because of rounding.

Primary generative AI policymaker

Policy comes from on high in retail and hospitality

The board of directors take the lead on generative AI policy — 29% of retail and hospitality companies report the board of directors as the primary policymaker, significantly more than the overall trend (22%).

Primary generative AI policymaker by proportion of respondents

Category	Retail and hospitality	Total sample
Board of directors	29%	22%
Cybersecurity/chief information security officer	22%	25%
To be determined	15%	13%
Chief information officer or otherwise within it	12%	26%
Chief operating officer	9%	5%
Within business units and individual product owners	6%	13%
Legal	6%	5%

Respondents

■ Retail and hospitality   ■ Total sample

Note: Percentages do not add up to 100% because of rounding.

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