

Media Alert

## “Amazon Effect” Will Grow As Retail Challenges Increase, Says Blue Yonder

**Blue Yonder, 16 April 2018** – With the retail market reeling from the latest round of profit warnings and administrations in the sector, many retailers will be looking towards innovation in order to ride out challenging times. Uwe Weiss, CEO at Blue Yonder, argues that the “Amazon effect” – the on-going disruption and evolution of the retail market – will now increase its influence as retailers fight to retain market share and customer loyalty.

“With Amazon already using artificial intelligence (AI) to deliver personalized shopping recommendations and optimize their supply chains, traditional retailers must be all the more aggressive in their adoption of next generation technologies if they are to retain market share. With the likes of more traditional retailers like Maplin and Toys R Us facing closures, and Moss Bros, Claire’s Accessories and Mothercare all reporting challenging circumstances, innovation needs to be in the spotlight more than ever,” Uwe said.

According to a recent report from [Research and Markets](#), spending on AI in the retail industry is expected to grow from USD 993.6 million in 2017 to USD 5,034 million by 2022. The report identifies AI’s abilities to improve Return on Investment (RoI) and inventory accuracy, and optimize the supply chain as the key drivers for this growth. It is clear that retailers see the technology as critical in helping them keep pace with online disruptors.

However, Uwe warns against using technology for technology’s sake: “The field of AI is, of course, developing incredibly quickly; Google’s DeepMind division is now giving its AI algorithms an ‘imagination’ so that they can predict how a certain situation will evolve and make decisions, and Amazon’s recommendation system runs on a totally machine-learning infrastructure, so its suggestions on what to buy, watch or read next are incredibly smart. This leads to more conversions and upselling across the business, as well as giving Amazon insight on how to price its products for its customers, and how much stock to hold.

“However, while it is clear that the potential for AI to bolster the retail industry is incredibly exciting, retailers must also be realistic about what they can expect from AI and machine learning. AI in retail doesn’t predict the future – at least not yet! It analyses reams and reams of intricate behavioral and circumstantial data to identify patterns and trends. These trends enable retailers to make informed decisions that result in more accurate stock levels, and pricing that better suits product life cycles.”

Uwe concluded: “If traditional retailers, particularly in the grocery sector, are to survive and compete with online giants such as Amazon, they will need to radically adjust their

approach to technology and data. Retailers need to begin thinking of data as one of their most important assets, and as the key that can enable them to build better relationships with their customers, optimize their supply chain and pricing, and compete against online competitors.”

## About Blue Yonder

Blue Yonder enables retailers to take a transformative approach to their core processes, automating complex decisions that deliver higher profits and customer value using artificial intelligence (AI).

With AI embedded into their supply chain and merchandising processes, retailers can respond quicker to changing market conditions and customer dynamics, boosting revenues and increasing margins.

Developed by one of the largest teams of PhD-level data scientists in retail, our solution delivers 600 million decisions daily to international grocery, fashion and general merchandise retailers.

Blue Yonder was founded in 2008 in Karlsruhe, Germany, by former CERN scientist Professor Michael Feindt. The company has been awarded the Gartner Cool Vendor Award 2015, the Experton Big Data Leader Award 2016 and the BT Retail Week Technology Award.

**Blue Yonder solutions are available through Microsoft Azure.**

Blue Yonder. Best Decisions, Delivered Daily.

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