



# AI and GenAI: Enabling Retail and Consumer Goods Integration

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## The Next Frontier in Retail and Consumer Goods (CG)

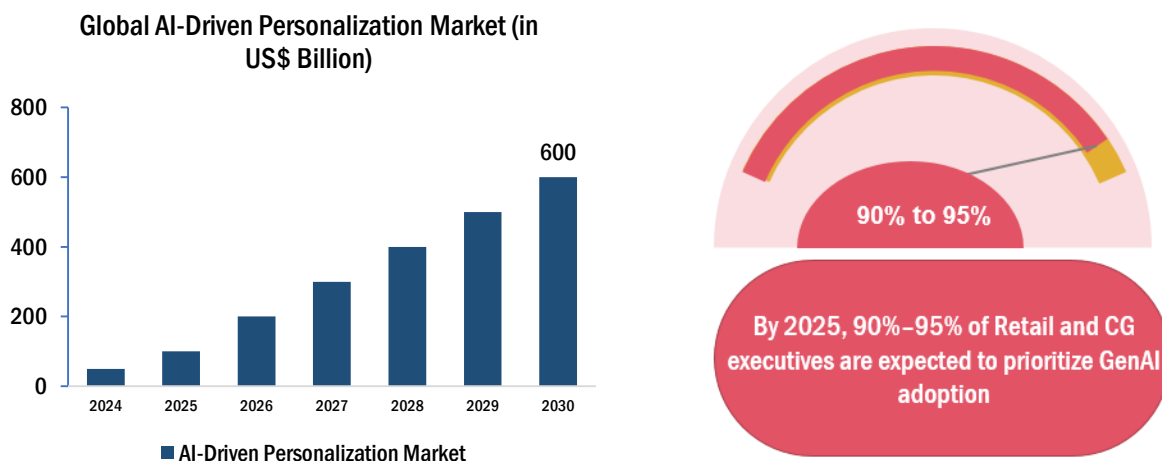
The boundaries between Retail and CG have blurred as both industries embrace omnichannel experiences and hyper-personalization. While Consumer Goods companies increasingly prioritize direct-to-consumer models, retailers have accelerated investment in private label brands, leveraging them to enhance profitability, strengthen customer loyalty, and compete more effectively in a crowded marketplace. Now, AI and GenAI are not just driving this evolution—they are enabling a fundamental shift. Businesses can move beyond merely responding to consumer demand to anticipating and shaping it, positioning their offerings ahead of market expectations.



For tech vendors, this transformation presents a pivotal moment to lead. By delivering cutting-edge solutions and innovations, they can empower their clients to navigate this integrated landscape, proactively address emerging consumer needs, and thrive in an increasingly dynamic ecosystem.

**By 2025, 90%–95% of Retail and CG executives are expected to prioritize GenAI adoption. The AI-driven personalization market is also projected to grow to \$500–\$600 billion by 2030, with Retail and CG contributing 30%–40% of this growth. The momentum behind these trends is undeniable.**

Source: [Pukka Partners](#)



## The Strategic Role of AI and GenAI in Driving Integration

AI and GenAI are revolutionizing how Retail and CG industries operate, enabling businesses to proactively address market shifts and innovate at scale. These technologies tackle long-standing challenges, such as supply chain inefficiencies, the need for hyper-personalization, and sustainability pressures, while opening new pathways for measurable growth and agility. By integrating these advanced tools, businesses can redefine their operations and create transformative consumer experiences that drive lasting impact.

“AI and Machine Learning are already transforming how we work at ASOS, whether it’s supporting better demand forecasting, helping with data-driven decision-making, or powering our recommendation system – delivering billions of product recommendations to our customers per day.” - ASOS

*Microsoft*

## AI-Driven Supply Chains: Transforming Efficiency

The backbone of Retail and CG integration lies in the supply chain, where efficiency and agility are crucial to staying ahead of evolving consumer demands. Through AI-driven hyper-automation, supply chains are morphing into predictive and adaptive ecosystems, capable of forecasting demand and dynamically adjusting operations in real time, enabling businesses to shape demand and exceed market expectations. Consider Shein, the fast-fashion giant that uses AI to analyze consumer trends in real time. This allows the company to rapidly design and produce demand-driven products, reducing waste while maximizing profitability. In November 2024, Shein took this a step further by announcing plans to offer its supply chain expertise as a service to global brands, solidifying its reputation as a leader in supply chain innovation. (Source: [Supply Chain Strategy](#))

Cloud solutions further enhance this transformation by providing secure, localized data processing that complies with regulations, dynamic geopolitical situations, and protects sensitive supply chain information. This technology enables businesses to manage and analyze data with precision and confidence, ensuring that supply chains remain not only agile but also compliant and trustworthy.



General Mills has been using AI (by adopting 'always-on' model powered by AI) to transform its supply chain. Paul Gallagher, Chief Supply Chain Officer mentioned that they have seen more than 30% waste reduction using genAI algorithms, while Walmart’s CEO Doug McMillon mentioned the use of large language models to accurately create over 850 million pieces of data in the catalog.

(Source: [Procurement Magazine](#) and [Yahoo Finance](#))

IKEA introduced an AI-driven demand-sensing tool capable of **collecting and analyzing data from 200 sources in real time.**

(Source: [Ikea](#))



Hyper-automation enables future-ready supply chains that go beyond order fulfillment by integrating a multi-strat approach—global manufacturing for scale, regional hubs for packaging and distribution, and limited local production capabilities, such as leveraging 3D printing, for agility and customization. These technologies transform supply chains into strategic drivers of growth, sustainability, and consumer satisfaction, enabling Retail and CG companies to lead with innovation and foresight in a rapidly evolving world.

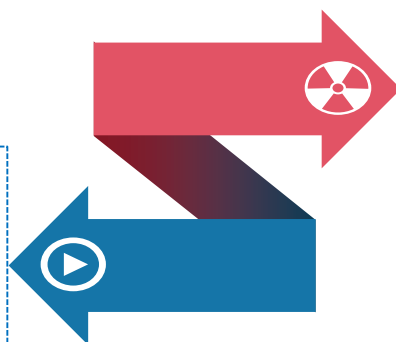
## The Power of Personalization in Consumer Engagement

In an era of discerning consumers, personalization is not optional; it is a necessity. GenAI enables hyper-personalized experiences by tailoring marketing campaigns, product recommendations, and content to individual preferences, driving loyalty and engagement.

L'Oréal exemplifies this with its ModiFace platform, where AR and GenAI allow consumers to virtually try on products in real time. This immersive tool has engaged over 20 million users worldwide, creating confidence in purchasing decisions. Similarly, Nike's AI-powered customization tools, such as Nike by You, empower shoppers to personalize designs in-store and online, blending creativity with technology.

Research shows that around 60%-80% of consumers prefer to buy from companies offering personalized experiences, making this a crucial competitive advantage.

(Source: [Pukka Partners](#))



'The Nike Maker Experience' uses AI, object tracking, and projection systems to create a product that is 100% tailored to the buyer's preferences and unique characteristics.

(Source: [DigitalSilk](#))

AI-driven insights equip businesses to refine product strategies with a consumer-centric focus. While approaches like shrinkflation, stretchflation, and cheapflation have often raised concerns about transparency, businesses can mitigate these perceptions by enhancing value through personalized offerings, sustainable packaging, and improved product quality. When executed with honesty and clear communication, these strategies can align with consumer expectations for affordability and sustainability, fostering trust and loyalty. Framing such adjustments as part of a

broader strategy to meet evolving consumer needs ensures they are seen as ethical and responsive rather than deceptive.

## Sustainability as a Shared Goal

Sustainability has become a defining priority for businesses seeking to align with evolving consumer values and regulatory demands. AI is reshaping efforts in Retail and CG by enabling smarter resource management, fostering a circular economy, and enhancing supply chain transparency. With AI-driven insights, companies optimize recycling, adopt reusable packaging, and track their environmental impact in real time. AI's ability to monitor and optimize energy consumption, material usage, and waste reduction can transform sustainability from a challenge into a competitive advantage.

68% of surveyed population are 'deeply concerned about climate change'.

*(IKEA)*

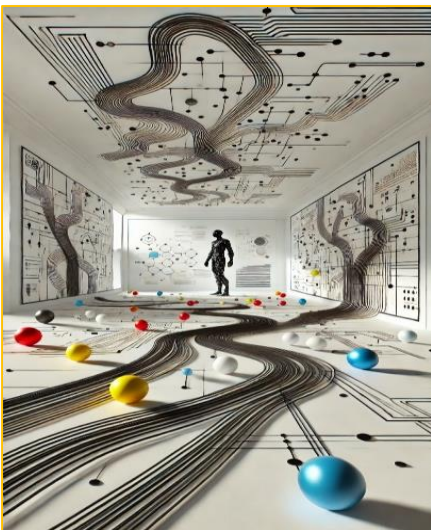
75% of people said that social media content made them more likely to adopt sustainable behaviors.

*(Unilever)*

For instance, Unilever uses AI to reduce food waste by identifying inefficiencies and redistributing surplus, significantly lowering its environmental footprint. Coca-Cola similarly leverages AI to optimize packaging materials, improving environmental performance while maintaining operational efficiency. These advancements show how

AI empowers industries to balance ecological responsibility with business goals, positioning Retail and CG companies as leaders in a more sustainable future.

## The Opportunity for Tech Vendors



The integration of Retail and CG marks a significant opportunity to shape the future of these industries. With AI and GenAI driving deeper integration, businesses can move beyond traditional models of demand fulfillment to proactively driving innovation and delivering value at every stage of the ecosystem.

This evolution demands solutions that:

- Navigate complexity effectively.
- Stay ahead of shifting market dynamics.
- Deliver seamless, consumer-focused experiences.

Tech vendors are uniquely positioned to lead this transformation. By offering predictive ecosystems, they can enhance operational efficiency, provide personalized insights, and enable data-driven decision-making. These capabilities form the foundation for businesses to evolve from reactive operations to agile, forward-thinking strategies, ready to seize emerging opportunities.

Scalable and embedded AI platforms are central to meeting the diverse needs of both global enterprises and emerging brands. These platforms position businesses to:

- Localize approaches to suit varied markets.
- Optimize supply chains for greater efficiency.
- Implement innovations rapidly and with precision.

Vendors that provide such advanced tools become trusted partners, helping clients achieve measurable outcomes while addressing critical challenges like sustainability, compliance, and shifting consumer preferences.

## Closing Thoughts and Your Next Move

The convergence of Retail and CG is driving a transformative shift, with AI now essential and GenAI—unthinkable just two years ago—emerging as a revolutionary force for innovation and alignment.

These technologies go beyond solving operational challenges; they enable businesses to fundamentally reimagine how they create value in a connected and consumer-centric world. To fully harness these advancements, secure and compliant cloud solutions are essential, enabling seamless data management and ensuring that AI-driven strategies meet regulatory and trust standards.

To stay competitive and relevant, retailers and brands must not only understand these shifts but embrace them with urgency. Those that act boldly will lead the way in creating agile ecosystems capable of meeting evolving consumer needs and sustainability goals.

## About the Company: Pangea Summit and Pukka Partners

At **Pangea Summit**, we collaborate with tech vendors to align their go-to-market strategies with industry imperatives using our Human-to-AI (H2AI) framework, and deep industry expertise. By harnessing the power of AI, GenAI, and sovereign cloud, tech vendors can drive innovation, achieve scalability, and deliver measurable impact—positioning themselves as leaders in this rapidly transforming landscape.

Learn more at [www.pangea-summit.com](http://www.pangea-summit.com)

At **Pukka Partners**, we provide management consulting, corporate strategy, advisory and actionable insights helping mid-size to fortune 500 companies improve their profitability, market share, strengthen GTM and market entry strategy, product launch, optimize supply chain, customer acquisition, sales enablement, and M&A through comprehensive and standardized research methodology and tools.

Learn more at [www.pukkapartners.com](http://www.pukkapartners.com)

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