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???Rishi Kumar



Retailers are preparing for a roller coaster of a holiday shopping season marked by potential supply chain shortages and a labor shortage offset by a surge in demand for holiday merchandise. Holiday sales are expected to [grow at least 7 percent](#) on the heels of generally [rising retail sales](#) throughout 2021 aided by pandemic stimulus checks. Big retailers such as Walmart and Target are preparing by [ramping up their hiring](#) (with more incentives to attract store associates amid the labor shortage) and [trying to break the global supply chain knot](#). How will the retail season play out? Here are some predictions:

1) Demand Will Be Robust – but Uneven

Holiday retail sales [exceeded expectations](#) in 2020 even as the pandemic was surging and shoppers faced economic uncertainty. In 2021, [retail sales have improved considerably over 2020](#), boosted by Covid-19 stimulus payments. This momentum will carry over into the holiday season. But as we saw in 2020, consumer buying behavior is subject to fickle changes. For instance, as the pandemic spread, Americans rejected more crowded forms of public transportation in favor of cars, which contributed to a surge in automotive sales (until a global inventory shortage stemmed sales later in 2021). What no one knows for sure is what will sell during the holiday season – early predictions are [for big-ticket electronics and clothing to do well](#), but retailers will need to be adaptable because 2020 has taught us that consumer preferences will change rapidly.

Key takeaway: real-time analytics powered by artificial intelligence will be more critical than ever for retailers to have the right product in the right place at the right time.

2) Omnichannel Shopping Will Pick Up

Consumers have been [eager to return to stores](#) for months. As more people get vaccinated, they're [returning to stores](#). This is no surprise: people crave contact with other people, and shopping in stores meets that need. We should expect a more omni-channel holiday shopping season, too. The all-important Black Friday has forever changed into an online/offline event, but in 2021, Black Friday will reassert its power to attract shoppers to physical stores. As a result, retailers will unload more of their unsold inventory that has been sitting on the shelves, a traditional staple of Black Friday purchases. Unloading unsold inventory should also lessen the impact of the ongoing supply chain crisis. At the same time, more shoppers in stores means more pressure on store associates to service their needs.

Key takeaway: Retailers that empower their store associates to be more responsive with tools such as [conversational commerce](#) will have an advantage over those that do not.

3) Real-Time Artificial Intelligence Might Have a Moment

One of the biggest challenges retailers face is aligning consumer sentiment with behavior. When consumers say they're reluctant to spend, will they actually rein in their spending? Aligning intent with action is a huge challenge, even for businesses that apply artificial intelligence to more understand consumer shopping patterns. In fact, many retailers struggled to apply AI effectively in 2020 to understand rapidly changing consumer behavior because their [AI models were based on dated assumptions](#). Especially with more shoppers returning to physical stores, there is an opportunity for retailers to apply forms of AI that monitor consumer behavior in real time. This can be done through [an intelligent and adaptive AI](#) that relies on in-store monitoring to track inventory levels and consumer movement through stores in real time. [Amazon GO](#) does this already with overhead cameras, weight sensors and deep learning technology. But [Amazon GO](#) stores are small. Managing real-time AI at big stores is a different kind of challenge. But it can be done. Real-time AI that relies on in-store tracking can help retailers improve in many ways, such as:

- Making supply chains smarter.
- Fighting inventory shrinkage.
- Correcting flaws at the store level – especially if the real-time AI uses natural language processing to track near-real-time consumer sentiment via online ratings and reviews.

Making AI a more valuable source of real-time insight will require retailers to make smarter investment into AI enablement. AI enablement means collecting, labeling, and curating vast amounts of unstructured data. Retailers need better AI enablement to synthesize data from multiple sources, ranging from instore to the website, in order to predict where consumer behavior is headed and then adapt product offerings accordingly. AI enablement is about delivering more mature data sets quickly, accurately, and in an inclusive manner to represent the diverse nature of our global population. Read more about that [here](#).

Key takeaway: it's time to level up with your AI. Start with enablement.

Contact Centific

Centific helps retailers act with agility as consumer behavior continues to evolve and businesses require stronger alignment between people, processes, and technology. We are a transformation partner for clients in areas ranging from enterprise AI solutions to cloud enablement. We apply a human-centric approach to innovation, ensuring that modern enterprises build meaningful customer experiences that deliver measurable outcomes. [Contact us](#) to learn how we can help you do that.

For More Insight

- [“Why Conversational Commerce Might Give Retailers an Edge during the Holiday Season”](#)
- [“Why a Better Store Associate Experience Means a Great Customer Experience”](#)
- [“Three Ways Retailers Can Win in a Post-Covid World”](#)
- [“Why Retailers Need an Intelligent and Adaptive Digital Fabric”](#)
- [“Five Trends Shaping Retail from 2020-2025”](#)

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