



Yakov and Partners × Yandex

Survey of CTOs on
artificial intelligence:
retail and e-commerce

Context

In December 2023, Yakov and Partners published a study titled **Artificial Intelligence in Russia – 2023: Trends and Outlook**, in which it surveyed chief technical officers (CTO) from 100 major Russian companies in 15 industries

Respondents from the retail and e-commerce sectors



1. 9 of the top 10 companies

Companies' level of maturity in using artificial intelligence

01

Experimentation

- Developing proof of concept in various functions
- Testing vendors' solutions



02

Implementation

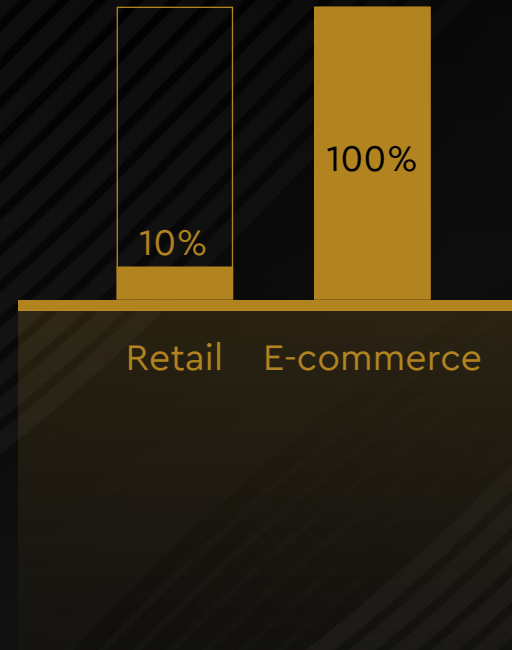
- Targeted implementation of AI in various functions
- Formalizing AI development plans for specific functions



03

Scaling

- Setting AI development as a strategic goal of the company
- Implementation of AI in all functions and obtaining benefits from its use



E-commerce companies have made more progress in using AI

100%

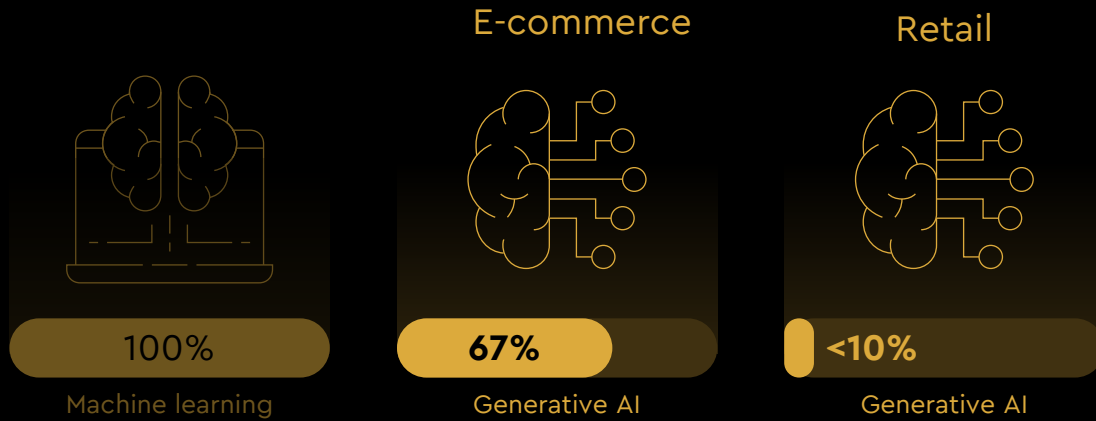
of companies in the e-commerce industry

have already identified the development of AI as a key strategic goal for their companies and have been successfully scaling AI solutions across their entire organization, while only

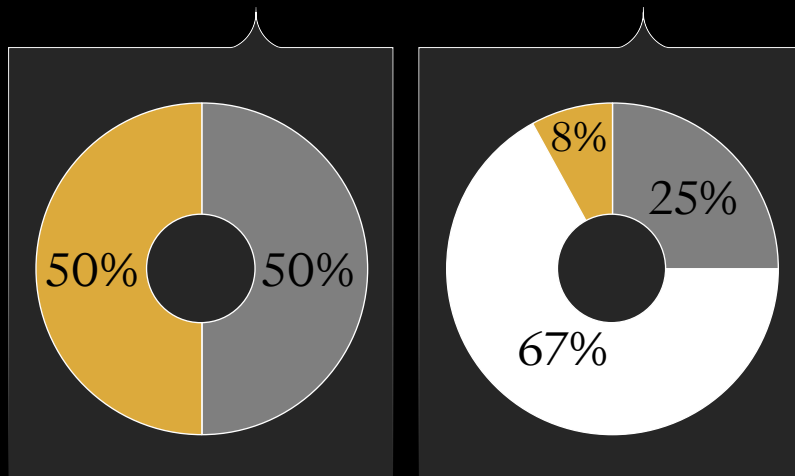
<10%

of retail companies are currently at this stage

While all the companies in the e-commerce and retail industries already use machine learning, the introduction of generative AI is much more complicated



- Have identified priority use cases and incorporated generative AI development goals in their strategies
- Are experimenting with generative AI in some functions
- Have heard about AI but have not tested it yet



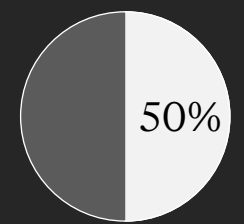


Marketing and Sales, Customer Service, and Supply Chain are priority functions for AI implementation

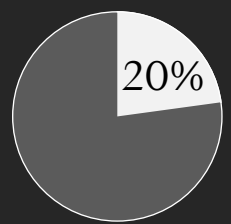
- Manufacturing
- R&D
- HR
- Customer Service**
- Supply Chain**
- Strategy
- Marketing and Sales**
- Finance
- IT**
- Internal Communications
- Other

Every second company in the e-commerce industry is implementing AI in IT, while only one in five retail companies is doing that

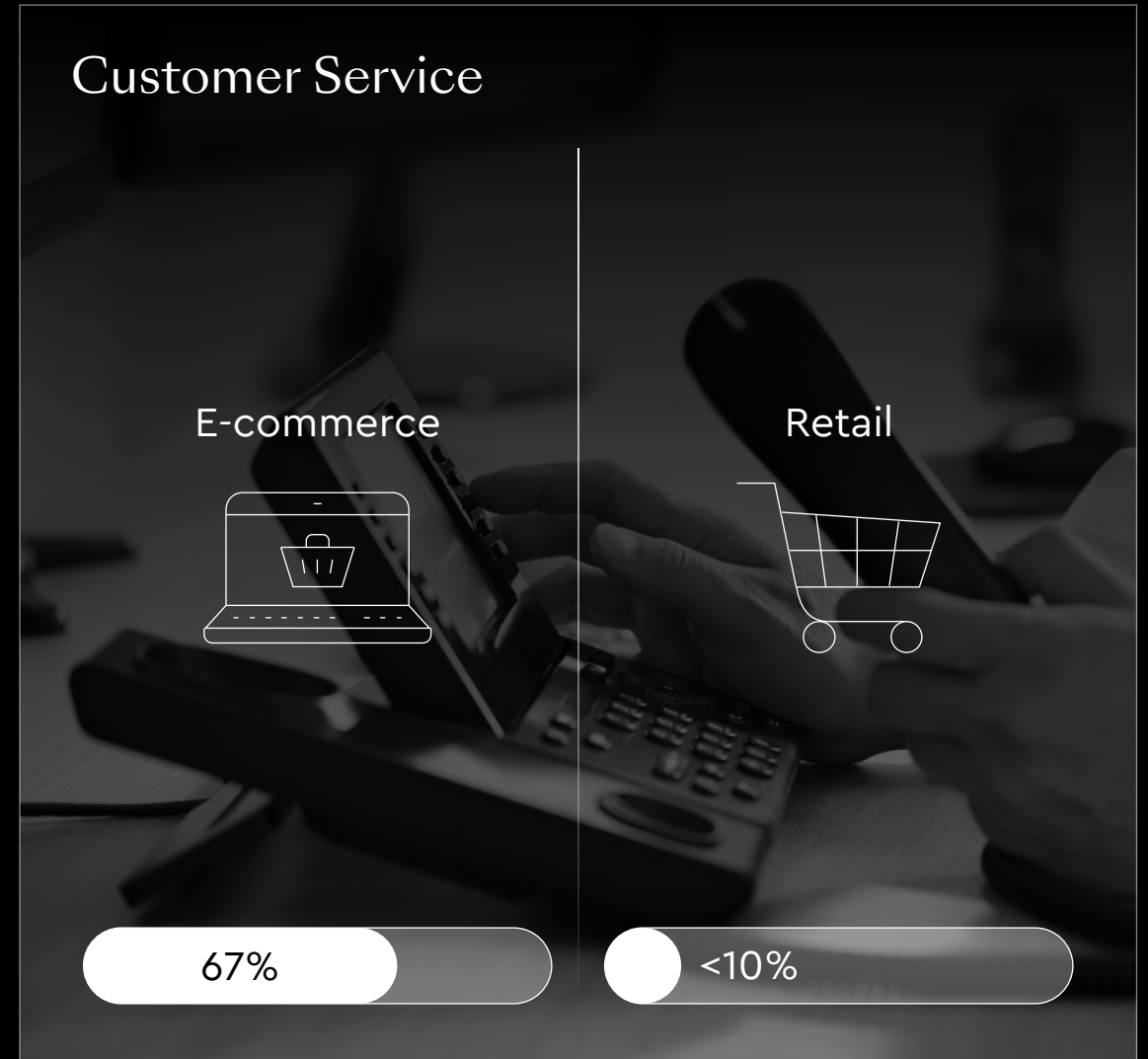
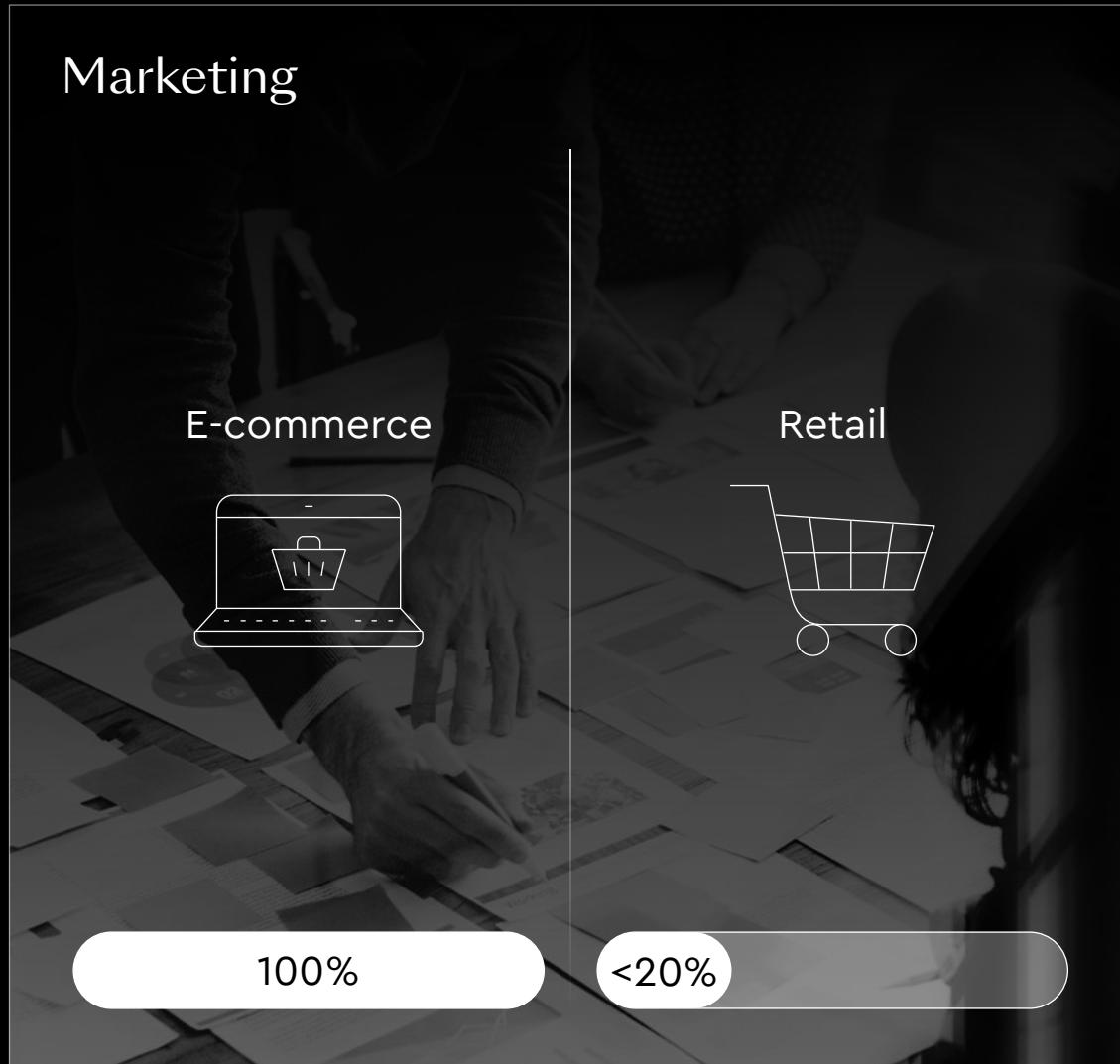
E-commerce



Retail

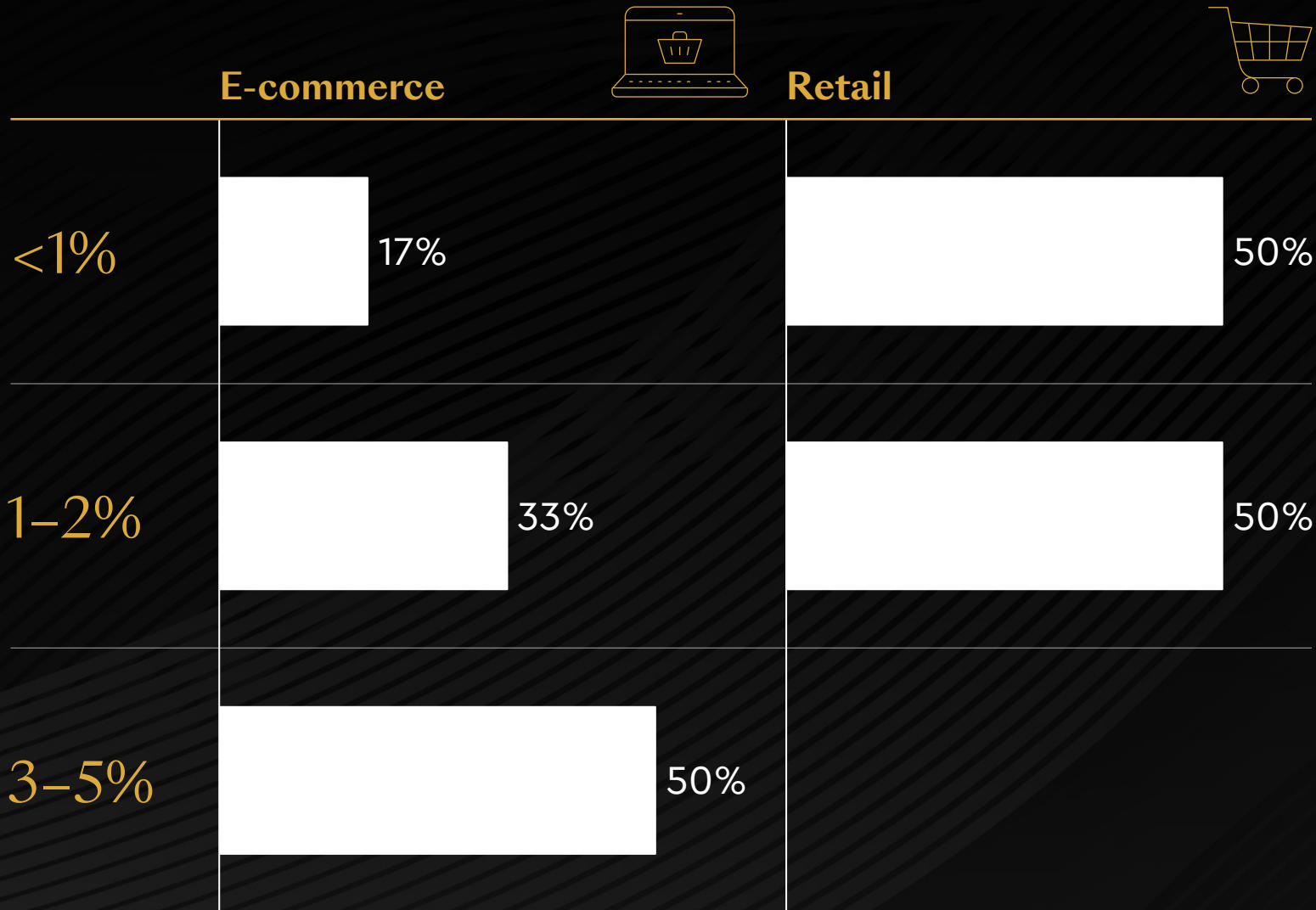


Retailers are significantly behind e-commerce companies in terms of their level of maturity in **generative AI** implementation in marketing and customer service



Among companies that have already started using generative AI

Investments in artificial intelligence as a share of the company's total IT/digitalization budget

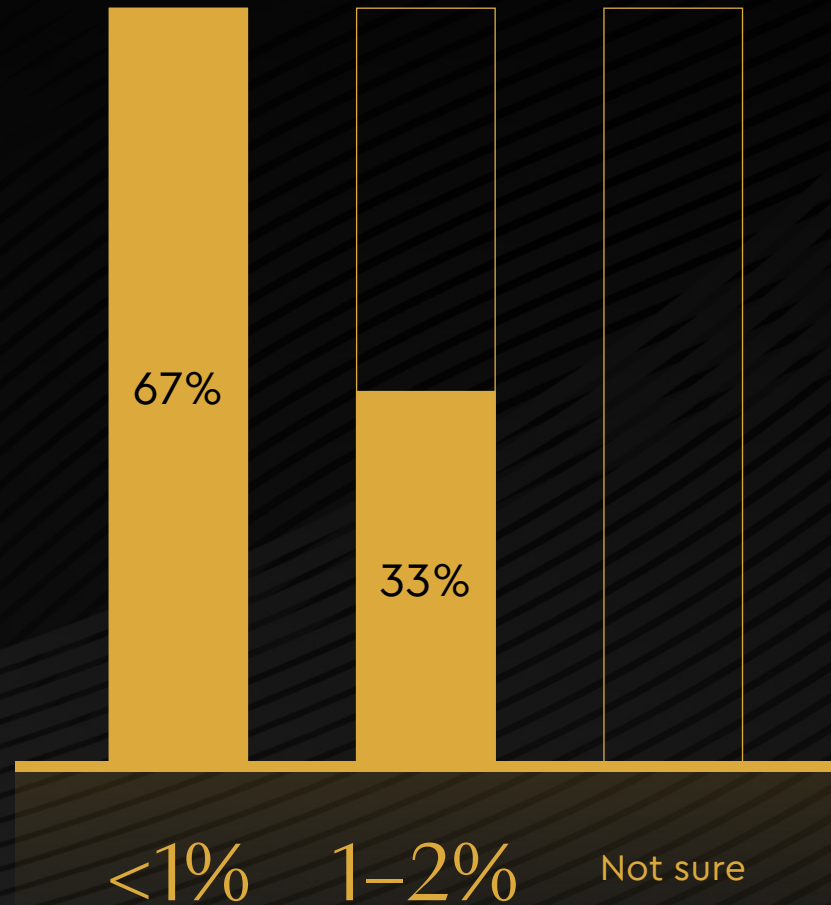


Retailers are much more conservative with their investments in AI

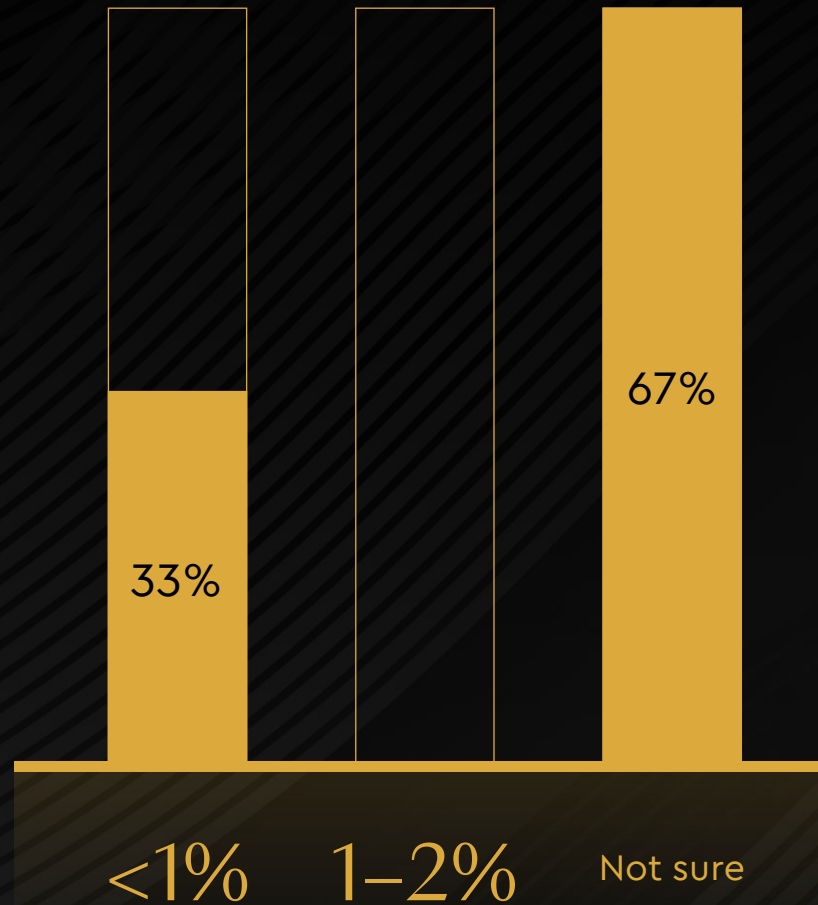
Every second retailer invests up to 2% of their budget in AI, while one in two e-commerce companies spends 3-5%

Share of the IT/digitalization budget which the company plans to invest in generative AI within a one-year horizon

E-commerce



Retail



Unlike retailers, **e-commerce companies** are ready to invest more actively in generative AI, since every second e-commerce player has already **identified their key goals in generative AI development** for their organizations and **created a list of priority use cases**

Companies' expectations regarding the impact of AI on their business within a one-year horizon



E-commerce and retail players expect that AI will help them **reduce costs** and **improve customer loyalty**. E-commerce companies also expect an **increase in the value of their products**, while retailers believe that AI will also **boost revenue from their core business**



Key areas of risks seen by retailers in using AI

Cybersecurity



Regulatory and legal compliance



Interpretability of results



50% of e-commerce players do not see any risks at all



50% of e-commerce players see cybersecurity risks only



Finding and hiring professionals with AI competencies

is a key difficulty faced by e-commerce and retail companies in implementing AI

All e-commerce players also noted difficulties in sourcing or developing AI-based solutions and tools, while only two in three retail companies are concerned about that

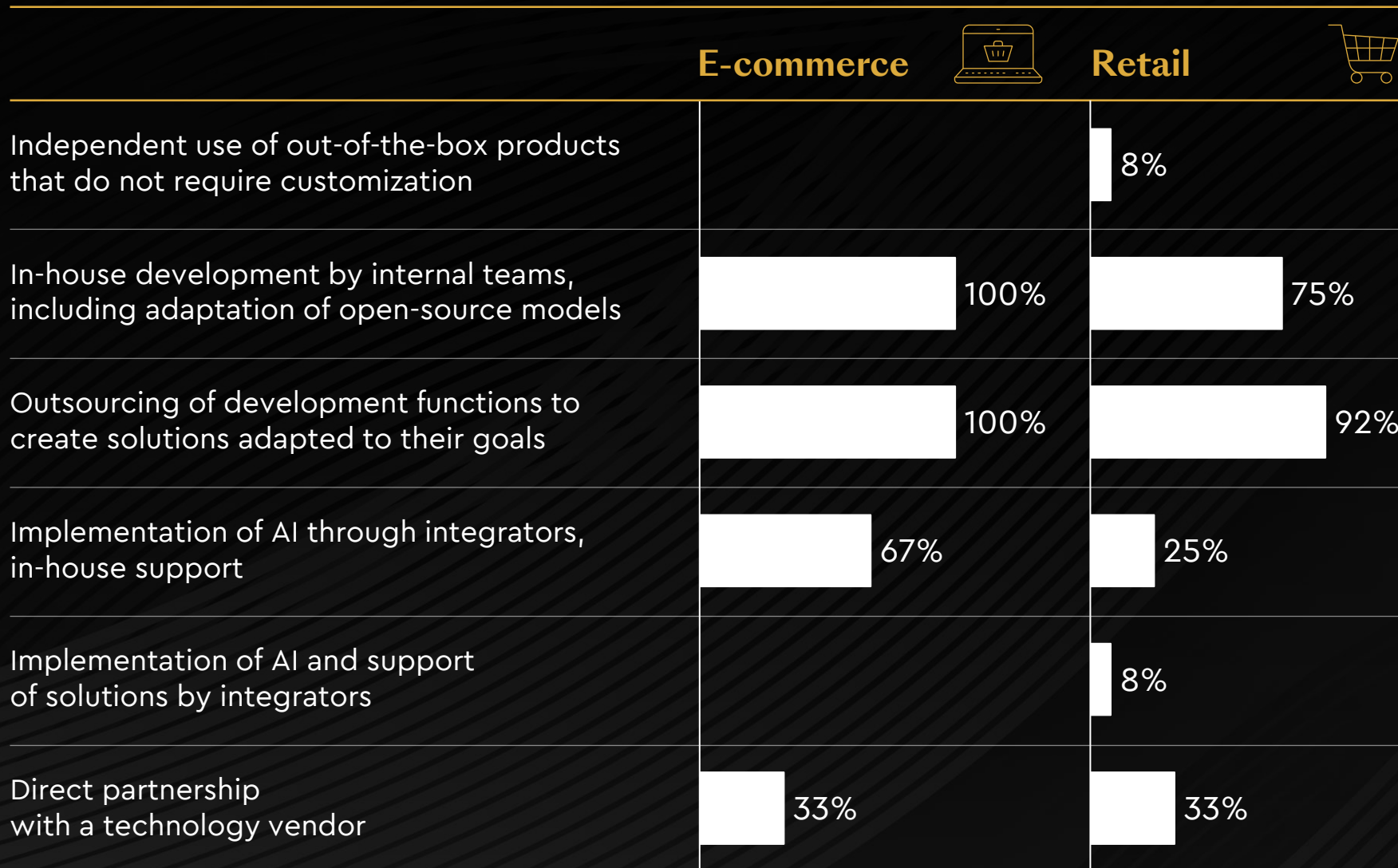
E-commerce



Retail



Preferred way to implement AI-based solutions and tools



Outsourcing of development functions to create AI-based solutions adapted to their goals is the preferred option for e-commerce and retail companies

Also, all e-commerce players are ready **to develop AI-based solutions independently** thanks to their strong internal IT teams



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