INTRODUCTION

The retail sector is highly competitive, with businesses constantly seeking innovative ways to enhance customer satisfaction. AI has become a powerful tool in this effort, offering personalized recommendations, streamlining operations, and improving service efficiency. By leveraging machine learning, natural language processing, and computer vision, AI is reshaping how customers interact with brands, allowing for more personalized and efficient shopping experiences.One of the most significant impacts of AI is hyper-personalization. AI analyzes customer data, such as browsing history and past purchases, to provide highly relevant product recommendations. Companies like Amazon, Netflix, and Alibaba have already adopted AI to personalize content and shopping suggestions, making the customer experience more enjoyable and convenient.

AI-driven automation is also transforming retail operations by increasing efficiency. Automated checkout systems, inventory management solutions, and AI-powered customer service chatbots help streamline processes, reduce human intervention, and minimize errors. Retailers can optimize stock levels based on demand predictions, ensuring better product availability and reducing waste.Additionally, AI improves customer engagement through advanced sentiment analysis. By analyzing feedback, social media interactions, and reviews, AI provides businesses with valuable insights into customer preferences and market trends. This data-driven approach helps retailers refine marketing strategies and better meet customer expectations.

However, AI implementation in retail is not without its challenges. Data privacy concerns, high initial investment costs, and customer trust issues must be addressed. Businesses need to ensure strong data protection measures and transparent AI-driven interactions to build consumer confidence and mitigate risks.

STATEMENT OF THE PROBLEM

In the rapidly evolving retail landscape, businesses are increasingly adopting Artificial Intelligence (AI) technologies to enhance customer experiences. While AI offers potential benefits such as personalized recommendations, efficient customer service, and streamlined operations, its implementation also presents challenges. These include concerns over data privacy, the need for significant investment, and the risk of diminishing the human element in customer interactions. This study aims to investigate the impact of AI on customer experience in the retail sector, evaluating both the advantages and potential drawbacks. By examining current applications and outcomes, the research seeks to provide insights into how AI can be effectively leveraged to improve customer satisfaction while addressing associated challenges.

OBJECTIVES OF THE STUDY

- To analyze how AI technologies are being used in the retail sector to enhance customer experience.
- To evaluate the impact of AI-driven tools on customer satisfaction and engagement in retail.
- To identify the key challenges faced by retailers in adopting AI technologies.
- To examine the role of AI in improving sales, marketing, and personalized customer interactions.
- To explore retailers' future plans and willingness to invest in AI-driven innovations.

LIMITATIONS OF THE STUDY

- The study is limited to Kannur Corporation, and findings may not be generalized to other regions.
- The sample size of 100 retailers may not fully represent the entire retail sector in Kannur.
- Some respondents may provide biased or incomplete responses, affecting the accuracy of the results.
- Due to time constraints, in-depth interviews or long-term AI impact assessments were not conducted.

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