



## Deloitte AI360 Podcast

**Jim Rowan, Head of Applied AI**

**Kevin Byrne, AI Lead for Consumer & Retails Products**

**Title:** S2:E3 | Rethinking retail: AI in retail and consumer products

**Description:** Join host Jim Rowan as he sits down with Kevin Byrne, Deloitte's AI lead for Retail & Consumer Products, to explore how AI in retail is enabling new models to help companies meet seismic market shifts while mitigating rising costs.

**Duration:** 00:07:36

**Jim Rowan:**

All right. Hey, everyone. Jim Rowan here. I'm with Kevin Byrne on the *AI360* podcast. Kevin, why don't you do just a quick introduction for us?

**Kevin Byrne:**

Absolutely. Hey, Jim. So my name is Kevin Byrne. I'm Deloitte's AI lead for the retail and consumer products sector. And so my job is to understand how RCP companies make money and where AI is most applicable to driving shareholder value. So I spend a lot of my time setting AI strategy and delivering on those strategies to unlock value. One thing that's interesting about my role is that I'm not a data scientist. So Deloitte made an intentional choice to double down on what we call IndustryAdvantage™ to deeply understand heart-of-the-business challenges by industry and sector. And so it's my job to understand those challenges for RCP specifically and bring innovative AI-driven solutions to solve those problems in new ways, which is a really fun role and an exciting time.

**Jim Rowan:**

Awesome. And Kevin, you've got to mention you're also from Boston, like me, which is a very important part of our introduction.

**Kevin Byrne:**

Absolutely.

**Jim Rowan:**

So speaking of industry, let's dig into it. So what are some of the hot trends we're seeing from an AI perspective in RCP?

**Kevin Byrne:**

Yeah, so AI has been a hot topic for really the last five or 10 years in RCP, so maybe some context on that industry. The market's really shifted from one that's historically been supply-driven to one that's demand-driven. And many RCP companies were built for mass production and distribution at scale. But as consumer preferences continue to fragment the cost to meet those demands grows. And so

it's a real challenge for CPGs and retailers alike. The implication here is that a new model is going to be required to drive more granular decision-making around pricing, promotions, assortment, without linearly scaling costs. And so AI offers the promise of ultimately doing more with less, lowering costs and enabling personalization at scale and much more granular decision-making.

**Jim Rowan:**

That's great. And I think you started to hit on one of the topics that we get a ton of questions about, which is you've got AI out there. How do we start driving measure value and real value from these use cases? So maybe you could share a little bit about where you're seeing some of these use cases actually play out across RCP and CPG.

**Kevin Byrne:**

Happy to. So maybe I'll highlight three. The first thing I'd highlight is around new product innovation. So innovation is a very hot topic in the industry today. We're seeing companies use Generative AI to generate new product concepts to determine how best to produce those products with the least amount of capital investment and to forecast demand and profitability. So that's the first area. The second area I'd highlight is customer service. So a prime area for Generative AI impact. One of the more mature GenAI use cases that we're seeing today. What's interesting in the customer service space is it's not only proving to drive productivity, but now effectiveness as well, which is kind of a broader trend in Generative AI where we're seeing productivity gains first and then effectiveness gains to follow. Maybe the last one that I certainly enjoy is what we're calling a shopping assistant—allowing customers to not only search for a product, but search for the problem that they're trying to solve and seeing recommendations for products or services that they may not have been thinking about. So you can think of this as with a grocer searching or explaining that you have an upcoming Super Bowl party, and you're looking for recommendations on what to serve. Or with an apparel retailer, you have an upcoming event like a wedding, and you're looking for recommendations on what to wear. That's just a better experience for the consumer.

**Jim Rowan:**

That makes a lot of sense. And I love the connection to innovation, too, because when we look at our State of GenAI survey, we see efficiency, productivity as some of the main gains. But then innovation is another one of those gains that's out there, and it's hard to measure, I think, for organizations to say, like, well, how do you actually put a number kind of around innovation? Maybe you need to start building on some of the use cases you talked about. One of the other questions I think we get a lot is, are you building or are you buying some of these AI capabilities in these use cases? Is there a trend that you're seeing in the industry around some of those use cases and whether people are going kind of like off-the-shelf or more custom, bespoke AI solutions?

**Kevin Byrne:**

So certainly just at a broad level, off-the-shelf is far more common. I think what we're seeing the most discussion in my day to day is when is an opportunity area strategic enough for competitive advantage for a company where they should be building something bespoke? And so the innovation example that I started with is one that many companies are planting their flag on as an area that they need to drive as a competitive advantage, and they're certainly leveraging off-the-shelf solutions but customizing them with their own data to serve as a competitive advantage.

**Jim Rowan:**

OK, it makes a lot of sense. And I think what's really helpful, too, is how you're connecting, from an AI strategy perspective, the broader corporate strategy and what their goals are. And so AI strategy is sort of not just out there on its own on an island, but it's linked to the corporate strategy and their key objectives too. So this is all well and good, and things are going well, but what are some of the challenges organizations are facing in this space?

**Kevin Byrne:**

So, maybe as we talk about AI strategy, one of the most exciting opportunities is to transform end-to-end processes at a company. And we talk about that a lot. And I think one obstacle to successfully transforming an end-to-end process is that management models aren't always set up to do so. So what do I mean by that? If I take the innovation of—or the example of—innovation and idea to market, you have marketing involved in coming up with a product concept, you have manufacturing involved in producing it, you have finance involved in assessing profitability—all those functions have to work together, and all those functions have a natural leader. And so I think, in the early days of applying AI, a lot of our clients would seek to transform it and then process, but ultimately end up solving for a node in that process. And there's some value there. What they're starting to look at now is saying, OK, for us to transform an end-to-end process and really drive transformational value, what incentives need to change, and what governance needs to change, so that someone has accountability for adjusting jobs across that cycle? Rethinking the rules that marketing plays versus manufacturing versus finance, in that example. So we're seeing a trend towards companies stepping back from a use case to optimize for a node in a process to looking more end to end and unlocking greater value.

**Jim Rowan:**

Kevin, what's your advice? You bump into someone on a flight—you're on a plane a lot. They're saying, Kevin, where do I get started? Like, how do I get going in the sector? What would you tell someone?

**Kevin Byrne:**

Love it. And we do get that question a lot, Jim! I'd say the first step may sound odd, but it starts without thinking about AI at all. It starts with identifying those end-to-end processes that drive the most value for your company and being declarative on that, and then working closely with business and technology leaders and trusted partners to reimagine those processes powered by AI. And then the last thing that I'd be remiss if I didn't mention is establishing the sound governance for managing risks, the right AI policy risk framework, the risk tolerance for your specific company and your standards, so that as you move forward on this journey you're doing so in a thoughtful way that manages risks.

**Jim Rowan:**

Awesome. Well, those are great insights. I'm right with you. 2025: year of agents, year of results around AI too. I feel like we're really going to get more practical on these end-to-end processes, getting AI infused into the organization. Kevin, awesome. Thanks so much for your time today. Really appreciate it. Hopefully our listeners enjoyed it. Take care, everyone.

**Kevin Byrne:**

Of course. Thanks, Jim. See you around Boston.

**Jim Rowan:**

Of course!

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