

AI Glossary

Common terms and uses

Artificial Intelligence (AI):

Definition: AI refers to the simulation of human intelligence in machines that are programmed to think and learn like humans.

Use: AI uses algorithms and machine learning to analyse data, predict customer behaviour, optimise inventory and enhance the overall shopping experience.

Generative AI

Definition: Generative AI refers to a class of artificial intelligence algorithms and models that are designed to generate new content, whether it's text, images, audio or other types of data. These systems use machine learning techniques, often based on neural networks, to learn patterns and generate novel content that resembles the input data they were trained on.

Use: Generative AI can be applied in various ways to enhance customer experiences, optimise operations and drive innovation.

Hallucinations

Definition: AI hallucinations occur when artificial intelligence systems generate inaccurate outputs not grounded in actual data or reality.

Use: AI hallucinations may lead to faulty product recommendations or misinterpretations of customer preferences, impacting user experiences and marketing strategies. Regular quality control and diverse training data are crucial for minimising these inaccuracies.

Machine Learning (ML):

Definition: ML is a subset of AI that focuses on developing systems that can learn from and make predictions or decisions based on data.

Use: ML algorithms are employed to analyse customer preferences, forecast demand and personalise marketing strategies, improving recommendations and customer satisfaction.

Natural Language Processing (NLP):

Definition: NLP enables machines to understand, interpret and generate human language.

Use: NLP for chatbots, customer service automation and sentiment analysis to gauge customer feedback and improve communication.

Predictive analytics:

Definition: Predictive analytics involves using statistical algorithms and machine learning techniques to identify the likelihood of future outcomes based on historical data.

Use: Organisations leverage predictive analytics to forecast sales, optimise pricing and anticipate inventory needs, ultimately improving operational efficiency.

Computer vision:

Definition: Computer vision enables machines to interpret and make decisions based on visual data, often through image or video analysis.

Use: Computer vision is used for cashier-less stores, inventory management through visual recognition and personalised shopping experiences through facial recognition.

Augmented Reality (AR) and Virtual Reality (VR):

Definition: AR overlays digital information onto the real world, while VR creates a simulated environment.

Use: AR and VR are utilised in retail for virtual try-on experiences, virtual showrooms and interactive product displays, enhancing the online shopping experience.

Supply chain optimisation:

Definition: AI is used to optimise the end-to-end supply chain processes, from production to distribution, by predicting demand, reducing lead times and minimising costs.

Use: Organisations apply AI to streamline supply chain operations, reduce shortages and overruns and enhance overall efficiency.

Chatbots:

Definition: Chatbots are AI-driven virtual assistants that can engage in conversations with users.

Use: Organisations employ chatbots for customer service, order tracking and providing product information, improving customer support and engagement.

Dynamic pricing:

Definition: Dynamic pricing uses AI algorithms to adjust product prices in real-time based on demand, competition, and other market factors.

Use: Organisations employ dynamic pricing to optimise revenue, increase competitiveness and respond to changing market conditions.

Fraud detection:

Definition: AI is used for identifying and preventing fraudulent activities through pattern recognition and anomaly detection.

Use: Organisations use AI to detect and prevent fraudulent transactions, enhancing security and protecting both customers and the business.

