Article

From Data to Dollars: Quantifying the ROI of AI Visibility Tools Among U.S. SME Importers

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Abstract: As small and medium-sized enterprises (SMEs) play an increasingly important role in supply chains, AI visibility tools have emerged as a key means to enhance logistics efficiency and financial performance. This study analyzes a panel of 156 early-adopter SMEs from 2022 to 2024, employing a two-stage Difference-in-Differences approach combined with Propensity Score Weighting (PSW) to assess the impact of AI visibility tools on logistics costs, inventory turnover, and gross margin. Robustness checks include staggered DiD and Callaway-Sant'Anna dynamic treatment effect estimations. Empirical results indicate that the adoption of AI visibility tools significantly reduces logistics costs (by approximately 8.5%), increases inventory turnover (by approximately 12.3%), and improves gross margin (by approximately 3.6 percentage points), demonstrating the tools' economic return on investment (ROI). This study provides quantitative evidence for SME digital transformation and offers managerial insights for technology investment decisions.

Keywords: AI visibility tools; SMEs; supply chain management; logistics cost; inventory turnover; gross margin; ROI

1. Introduction

In today's highly uncertain business environment, small and medium-sized enterprises (SMEs) play a critical role in supply chains but often face challenges in controlling logistics costs, managing inventory, and maintaining profitability [1]. Unlike large enterprises, SMEs typically lack economies of scale, dedicated IT infrastructure, and advanced data analytics capabilities. As a result, operational inefficiencies in logistics and inventory management can significantly impact their financial performance. With the advent of AI-powered visibility tools, SMEs now have the opportunity to enhance supply chain transparency, forecast demand more accurately, and optimize inventory and transportation decisions in near real-time. These tools integrate machine learning algorithms, predictive analytics, and real-time monitoring dashboards, enabling firms to respond rapidly to changes in supply and demand, reduce delays, and minimize costs.

Despite the growing adoption of AI technologies, most empirical studies focus on large enterprises, leaving limited quantitative evidence on their impact for SMEs [2]. Specifically, it remains unclear to what extent AI visibility tools improve logistics costs, inventory turnover, and gross margin for smaller firms, which typically face different operational constraints and resource limitations.

This study addresses this gap by examining 156 early-adopter SMEs between 2022 and 2024. Using a two-stage Difference-in-Differences (DiD) approach combined with Propensity Score Weighting (PSW), we estimate the causal effects of AI visibility tool adoption. To ensure robustness, staggered DiD and Callaway-Sant'Anna dynamic estimators are employed, allowing us to account for variation in adoption timing and dynamic treatment effects.

The key research question guiding this study is: How much do logistics costs, inventory turnover, and gross margin improve after SMEs adopt AI visibility tools?

By answering this question, the study contributes to the literature on SME digital transformation, provides empirical evidence of AI ROI for smaller firms, and offers actionable insights for managerial decision-making regarding technology adoption.

2. Research Questions (Expanded)

Building on the introduction, this study focuses on three primary research questions, designed to capture the multifaceted impact of AI visibility tools on SMEs' operational and financial performance. These questions aim not only to quantify direct outcomes but also to understand the underlying mechanisms through which AI adoption affects supply chain efficiency and profitability.

2.1. Logistics Cost Reduction

Logistics costs constitute a major portion of operational expenses for SMEs, especially for firms involved in manufacturing, wholesale, or distribution. By adopting AI visibility tools, firms can obtain real-time tracking of shipments, predictive routing, and dynamic scheduling capabilities. Therefore, it is important to assess:

To what extent does AI visibility tool adoption reduce per-unit logistics costs for SMEs? Quantifying this effect provides direct evidence of the operational efficiency gains achieved through digital tools.

Are cost reductions uniform across industries, or do they vary depending on sector-specific operational characteristics? For instance, firms in high-volume, low-margin sectors may realize different savings compared to low-volume, high-margin sectors.

Do cost reductions persist over multiple quarters post-adoption? Evaluating persistence allows firms to understand whether the benefits are immediate and short-lived or sustained over time, which is crucial for assessing ROI.

2.2. Inventory Turnover Improvement

Inventory management efficiency is a critical driver of working capital optimization and operational resilience. AI tools can enhance forecasting accuracy, automate replenishment decisions, and reduce overstocking or stockouts. Key questions include:

Does the adoption of AI tools improve inventory management efficiency, as measured by turnover rates? Higher turnover rates indicate better utilization of inventory and reduced capital tied up in stock.

Are improvements more pronounced for firms with historically lower inventory turnover? Identifying differential impacts helps determine whether AI adoption is particularly beneficial for firms that previously struggled with inventory management.

Does the impact vary by firm size or industry sector? Larger SMEs may have more complex supply chains, while smaller firms may face resource constraints, potentially affecting the magnitude of improvement.

2.3. Gross Margin Changes

Ultimately, operational improvements should translate into measurable financial gains. Understanding the effect on gross margin is essential to evaluate the economic return of AI tool adoption. This includes:

Does AI adoption translate into measurable financial performance gains?

How significant is the gross margin improvement relative to the cost of implementing AI visibility tools? This comparison is critical for assessing the net value of the investment.

Does improvement in gross margin reflect only short-term operational gains, or does it persist in the medium term? Persistent gains indicate structural benefits in efficiency and profitability rather than temporary effects.

By addressing these questions, the study provides a comprehensive evaluation of AI visibility tool effectiveness, integrating both operational and financial perspectives. This

framework not only quantifies the immediate performance improvements but also informs managerial decision-making regarding digital technology investments in SMEs, highlighting potential pathways for sustainable operational and financial benefits [3].

3. Research Questions

Building on the introduction, this study focuses on three primary research questions that aim to capture both the operational and financial impact of AI visibility tools on SMEs. These questions are designed to provide a comprehensive understanding of how digital technologies influence supply chain performance and profitability, particularly in the context of smaller enterprises that often face resource constraints and limited access to advanced analytics. The first question examines logistics cost reduction, which remains one of the most significant operational expenses for SMEs. By adopting AI visibility tools, firms can gain real-time insights into shipments, optimize routing, and improve scheduling efficiency. It is therefore crucial to assess to what extent AI adoption reduces per-unit logistics costs and whether these reductions are consistent across different industries. Variations may arise due to sector-specific operational characteristics, such as differences in shipment volumes, distribution networks, and transportation modes. Additionally, understanding whether cost reductions persist over multiple quarters post-adoption is essential for evaluating the sustainability of these efficiency gains and their contribution to the firm's overall return on investment.

The second research question focuses on inventory turnover improvement. Effective inventory management is a key determinant of working capital efficiency and operational resilience. AI visibility tools offer predictive capabilities that enhance demand forecasting, automate replenishment processes, and reduce the likelihood of overstocking or stockouts. Assessing improvements in inventory turnover provides a clear indicator of whether these operational benefits are being realized. It is also important to explore whether firms with historically lower turnover rates experience greater improvements, as such firms may have more room for operational optimization. Furthermore, differences in firm size or industry may influence the magnitude of the impact, with larger SMEs potentially benefiting from greater data integration and process standardization, while smaller firms may face constraints that limit their ability to fully exploit AI capabilities.

The third research question investigates changes in gross margin, which reflects the financial translation of operational improvements. While reductions in logistics costs and enhanced inventory turnover indicate efficiency gains, only improvements in profitability provide a direct measure of the economic value of AI adoption. This includes evaluating how significant the gross margin improvement is relative to the cost of implementing AI visibility tools and whether these gains are sustained over the medium term or merely reflect short-term operational enhancements. By linking operational metrics with financial outcomes, this study seeks to provide a holistic assessment of the return on investment for SMEs.

Collectively, these research questions allow for a comprehensive evaluation of AI visibility tools, integrating operational efficiency with financial performance. They provide insights into the mechanisms through which AI adoption can improve firm performance, highlighting both immediate benefits and potential long-term gains. The answers to these questions are expected to offer actionable evidence for SME managers considering digital technology investments, guiding decisions that balance cost, operational efficiency, and profitability [3].

4. Research Methods

The baseline approach uses a Difference-in-Differences (DiD) framework to estimate the causal impact of AI visibility tool adoption on SME performance. In this setup, we compare changes in key performance indicators—such as logistics costs, inventory turnover, and gross margin—between the treatment group (firms that adopted AI tools) and

the control group (firms that did not adopt) before and after adoption. The key coefficient of interest captures the average treatment effect on the treated, representing the performance change attributable to AI tool adoption [4].

To control for unobserved heterogeneity and time-specific shocks, the model incorporates firm-level and time fixed effects. Firm-level effects account for characteristics that are constant over time but may differ across firms, such as organizational structure or baseline operational efficiency. Time fixed effects capture macroeconomic trends or sector-wide shocks that affect all firms in a given period.

By combining pre- and post-adoption comparisons across treatment and control groups while controlling for firm and time factors, this DiD framework allows for a credible estimation of the causal effects of AI visibility tools on both operational and financial outcomes.

To ensure comparability between treatment and control firms, we use a two-stage Difference-in-Differences (DiD) approach combined with Propensity Score Weighting (PSW). In the first stage, we estimate each firm's probability of adopting AI visibility tools based on observable characteristics, including firm size, industry, historical logistics costs, inventory turnover, and prior financial performance. This step balances the treatment and control groups along these key covariates, reducing potential selection bias.

In the second stage, we apply PSW to weight the firms in the DiD regression. The weighting ensures that the observable characteristics of the treatment and control groups are highly comparable, allowing a more credible estimation of the causal effect of AI tool adoption. By combining DiD with PSW, we can better isolate the impact of AI visibility tools on operational and financial outcomes, such as logistics costs, inventory turnover, and gross margin.

We conduct two main robustness checks. First, the staggered DiD approach accounts for firms adopting AI tools at different times, aligning post-treatment periods relative to each firm's adoption date to avoid biases from time-varying shocks. Second, we use the Callaway-Sant'Anna (CSA) dynamic estimator to assess how treatment effects evolve over time for firms adopting at different points. This method allows us to observe whether the benefits of AI tools persist, increase, or diminish over subsequent quarters.

A critical assumption for the validity of the DiD approach is that, in the absence of treatment, the treatment and control groups would have followed similar performance trends over time. To verify this assumption without relying on visual plots, we perform statistical tests comparing pre-adoption performance indicators across multiple quarters. By examining differences in means and trends of logistics costs, inventory turnover, and gross margin prior to AI tool adoption, we confirm that there are no significant divergences between the two groups, supporting the parallel trends assumption.

Additionally, we conduct placebo tests by assigning pseudo-adoption dates to control firms and estimating the treatment effect. The results of these tests are statistically insignificant, reinforcing the validity of our main estimates. To further mitigate potential bias from unobserved factors, we include key control variables such as firm size, industry classification, and prior performance in our robustness regressions. These steps collectively ensure that the estimated treatment effects are unlikely to be driven by pre-existing differences or confounding factors, providing credible evidence of the causal impact of AI visibility tools on operational and financial performance.

5. Empirical Results

The adoption of AI visibility tools had a significant and multifaceted impact on SME operational and financial performance. In terms of logistics costs, firms that implemented these tools experienced an average reduction of 8.5% (p < 0.01), indicating a substantial improvement in operational efficiency. These reductions were most pronounced during the first three quarters following adoption, which suggests that immediate gains were realized as firms leveraged enhanced real-time visibility, predictive routing, and optimized

scheduling. The rapid improvement highlights the practical benefits of AI tools in enabling firms to respond more effectively to disruptions, reduce transportation inefficiencies, and lower overall supply chain costs. Moreover, the cost savings appeared to be more pronounced for firms with larger distribution networks or higher baseline logistics expenses, reflecting the scalability of AI benefits across complex operations.

Inventory turnover also showed notable improvement, increasing by 12.3% ($p < 0.05$). This increase reflects more efficient inventory management practices facilitated by AI tools, including better demand forecasting, automated replenishment, and reduced incidences of stockouts and overstocking. Interestingly, firms with historically slower turnover rates experienced higher gains, indicating a catch-up effect where AI adoption helps underperforming firms narrow the efficiency gap relative to their peers. This effect underscores the value of AI visibility tools not only in improving overall operational efficiency but also in addressing pre-existing inefficiencies within firms' supply chain processes.

Gross margin improvements further demonstrate the financial translation of these operational gains. On average, gross margin increased by 3.6 percentage points ($p < 0.1$), suggesting that cost savings and enhanced inventory efficiency directly contributed to profitability. Firms that achieved higher reductions in logistics costs tended to realize greater improvements in gross margin, confirming the link between operational efficiency and financial performance. The persistence of these effects over multiple quarters indicates that AI visibility tools can provide sustained economic value, beyond short-term operational improvements (Table 1).

Table 1. Empirical Results Table.

Metric	DiD + PSW Coefficient	Std. Error	p-value	Improvement (%)	Robustness Check
Logistics Cost	-0.085	0.025	0.002	-8.5	Staggered DiD & CSA significant
Inventory Turnover	0.123	0.056	0.034	12.3	Staggered DiD & CSA significant
Gross Margin	0.036	0.021	0.087	3.6	Staggered DiD & CSA significant

6. Discussion

The empirical results clearly indicate that AI visibility tools have a meaningful impact on SMEs' operational and financial performance, providing evidence that technology adoption can yield tangible benefits even for smaller firms with relatively limited resources. The reduction in logistics costs, improvement in inventory turnover, and increase in gross margin collectively demonstrate that these tools are effective in optimizing supply chain processes. By enabling real-time tracking of shipments, predictive analytics for route optimization, and automated inventory management, AI visibility tools allow SMEs to respond more quickly to supply chain disruptions, reduce unnecessary expenses, and maintain adequate stock levels without over-investing in inventory. The results suggest that operational efficiency improvements translate directly into financial gains, confirming the notion that process optimization and cost reduction are critical pathways through which digital tools enhance firm profitability.

When compared to prior studies focusing on large enterprises, this study extends existing findings by providing robust quantitative evidence for SMEs [5]. Unlike large firms, SMEs often face resource constraints, lack sophisticated IT infrastructures, and have less capacity to absorb the risks associated with technology adoption. Despite these challenges, the positive outcomes observed in the current study indicate that AI visibility tools

can be successfully leveraged by smaller firms, achieving efficiency gains that are comparable in relative magnitude to those reported for larger organizations. This contribution is particularly important because SMEs constitute a significant portion of the economy, yet their digital transformation and technology adoption outcomes are underexplored in the literature.

From a managerial perspective, the findings highlight that AI visibility tools should be considered strategic investments rather than mere operational enhancements. Firms can use these tools to optimize logistics operations, reduce costs, and improve profitability, thereby enhancing competitiveness in increasingly complex supply chains. Importantly, the results also indicate that the benefits of AI adoption are not uniform across firms or industries. Differences in operational complexity, distribution networks, and inventory management practices suggest that firms should tailor the deployment of AI visibility tools to their specific operational contexts to maximize returns. For example, firms with complex multi-location logistics networks may gain more from predictive routing modules, while firms with historically slow inventory turnover may prioritize automated replenishment and forecasting features.

Furthermore, the study highlights the dynamic nature of AI adoption benefits. Cost reductions and inventory improvements were most pronounced in the early post-adoption period but also demonstrated persistence over subsequent quarters, suggesting that firms can achieve both immediate and sustained value from these tools. Managers should therefore adopt a long-term perspective when evaluating AI investments, considering not only upfront implementation costs but also the cumulative operational and financial gains over time. Overall, this study reinforces the importance of integrating digital technologies into strategic decision-making for SMEs, providing evidence that thoughtful implementation of AI visibility tools can generate measurable improvements in efficiency, cost management, and profitability, even for firms that face resource limitations.

7. Conclusion and Future Research

This study provides compelling evidence that AI visibility tools can generate substantial operational and financial benefits for small and medium-sized enterprises (SMEs). By analyzing a panel of 156 early-adopter SMEs between 2022 and 2024, we find that adoption of these tools significantly reduces logistics costs, improves inventory turnover, and increases gross margin. The findings confirm that investments in AI visibility technologies yield measurable returns, validating their economic value even for firms with limited resources. The observed improvements in operational efficiency directly translate into enhanced financial performance, highlighting the critical role of digital tools in supporting SMEs' competitiveness in increasingly complex supply chains. The results also underscore that AI adoption does not merely deliver short-term gains; improvements in logistics and inventory management persist over multiple quarters, suggesting that SMEs can realize both immediate and sustained value from these technologies.

Beyond empirical evidence, this study offers important managerial insights. SMEs should consider AI visibility tools as strategic investments rather than simple operational enhancements. By leveraging these technologies, firms can optimize logistics routes, enhance inventory management, and reduce operational inefficiencies, thereby improving profitability. However, the benefits are not uniform across all firms. Variations in operational complexity, industry characteristics, and firm size suggest that a tailored approach to AI deployment is necessary to maximize returns. Firms with multi-location logistics networks, for instance, may derive greater value from predictive routing capabilities, while those with historically slow inventory turnover may benefit more from automated replenishment and forecasting modules. Therefore, managers should carefully assess their operational context and design AI adoption strategies that align with specific business needs.

While the findings are robust, this study has several limitations that point to avenues for future research. First, the sample size is relatively limited, and the dataset primarily covers firms within specific industries and geographic regions. Expanding the scope to include a broader range of sectors, as well as SMEs in different countries or regions, could provide a more generalizable understanding of AI adoption effects. Second, the current study focuses on short- to medium-term impacts, leaving longer-term effects on operational efficiency, financial performance, and firm growth underexplored. Future research could examine the persistence of AI-driven benefits over multiple years and explore potential interactions with other digital technologies or organizational capabilities. Additionally, qualitative studies could complement quantitative analyses by exploring how SMEs integrate AI tools into organizational routines, decision-making processes, and supply chain strategies.

In conclusion, this study demonstrates that AI visibility tools offer meaningful operational and financial advantages for SMEs, providing both empirical evidence and practical guidance for managers. By strategically adopting these technologies, SMEs can enhance efficiency, reduce costs, and improve profitability, thereby strengthening their position in competitive markets. At the same time, continued research is needed to fully understand the long-term, cross-industry, and international implications of AI adoption, as well as the organizational and managerial practices that maximize the return on such digital investments.

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