

UNLOCKING DIGITAL PERFORMANCE
2025 OUTLOOK | RETAIL INDUSTRY



The Year for Hyperpersonalization, Mobile Centricity, and Seamless Omnichannel Integration



Retail in 2025

2024 was both transformative and challenging for the retail sector, with brands experimenting with new technologies and strategies while grappling with evolving sustainability laws, ongoing supply chain issues, and ever-increasing consumer expectations.

As physical stores shift towards becoming experience-led destinations in response to continued ecommerce disruption, and as digital integration redefines how brands engage consumers, it's no surprise the retail industry has already embraced AI in a big way. And not just from a customer-facing perspective.

Currently, 87% of retailers have deployed AI or automation technology as part of their operations and decision-making processes, showing a strong appetite for holistic AI-driven digital transformation and widespread recognition of the efficiencies and growth opportunities this technology can bring.¹

Yet while retailers that are further along on their digital transformation journeys have made progress with the six technological building blocks needed for AI success, they often still face challenges like context gaps in customer understanding, limited personalization, and headaches related to delivering a consistent shopping experience across all channels.

Opportunities on the Horizon for Retail in 2025

- **Personalization that's truly personal:** AI-driven solutions, including hyperpersonalized product recommendations and advanced chatbots, are expected to handle upwards of 20% of ecommerce tasks in 2025.² For retailers, this will enhance the overall customer experience and drive more intuitive and efficient processes. Inferring data relevant to each customer in real time will be key to this.
- **Mobile-first centricity:** More than 50% of consumer spending took place online last year, with mobile devices accounting for 60% of those transactions.³ In 2025, retailers should take steps to capitalize on continued mobile-first demand to meet expectations.
- **Seamless omnichannel integration:** Providing a seamless shopping experience across all channels – and integrating physical stores as a 'channel' – has become crucial. 84% of shoppers now expect this, yet feel less than a third of retailers deliver on it.⁴ Taking steps to create a fully joined up shopping experience will be pivotal for standing out in 2025 and beyond.





Retailers seeking to deepen their embrace of AI-powered solutions would be wise to focus on addressing the technological building blocks that'll enable them to capitalize on these opportunities first. In doing so, they will not only set the stage for future growth but respond to shifting market demand that will enable them to better meet consumer expectations.

Let's look at how retailers can best approach these opportunities, and the building blocks that will be imperative for delivering this.



Personalization That's Truly Personal

Hyperpersonalization won't just be a customer engagement driver in 2025. It'll be an avenue for greater profitability, allowing retailers to allocate resources more efficiently and streamline existing operations.

From more quickly and easily responding to market trends, to using data-driven insights to predict individual expectations and other initiatives that impact customer satisfaction, hyperpersonalization will generate opportunities across the board. In fact,

retailers that invest in the capabilities to deliver AI-driven experiences at scale can expect to see \$570 billion in revenue growth by 2030.⁵

Capitalizing on this opportunity while meeting consumer demand for greater personalization means it's become imperative to fully harness the huge volumes of customer data retailers hold across every touchpoint to make customer interactions faster, easier, and more convenient.

Focusing efforts on the following building blocks will help retailers achieve this goal:

Data and analytics: The crux of hyper-personalization is a solid data layer combining customer insights from multiple sources (online, in-store, mobile, etc). This data needs to be cleaned, structured, and made ready for AI models to deliver real-time personalization.

- Exploring the use of advanced AI models to further segment customers based on demographics, behavior, preferences, and purchase history will allow retailers to create highly specific customer personas for more tailored interactions.

Cloud infrastructure: Leveraging cloud computing will give retailers the scalability they need to handle large volumes of real-time, personalized customer interactions, in addition to greater efficiency in analyzing large and diverse data sets.

- By running AI-driven personalization engines in the cloud, retailers will be able to scale the delivery of tailored product recommendations, offers, and other content across their customer base with minimal latency.

Cybersecurity: As breaches increase in both regularity and severity, consumers are becoming increasingly selective about the data they share with retailers. Securely storing the customer data used for AI personalization, both at rest and in transit, is key.

- As data breaches increase, so do the complexity and frequency of fraud-related threats. Some retailers are already using AI models to monitor and detect fraudulent activity and anomalies in customer behavior based on the vast data sets they have available.

Digital operations: AI can automate data collection and segmentation, ensuring that product recommendations, targeted offers, and promotions are delivered through the right platform at the right time based on customer behavior.



Mobile-First Centricity

Look back to Black Friday of 2024 and you'll see that ecommerce sales smashed expectations. Up nearly 15% year-on-year in the US against an in-store sales rise of just 0.7%, mobile devices accounted for 80% of traffic to retailer sites and apps during this period – and 73% of orders.⁶

Like all opportunities on the horizon, the widespread adoption of AI and

other emerging technologies, alongside the evolving retail data ecosystem, is requiring brands to rethink their mobile strategy and tech stack to meet shifting consumer needs in 2025.

Retailers looking to capitalize on this opportunity should focus on digitizing their core capabilities:

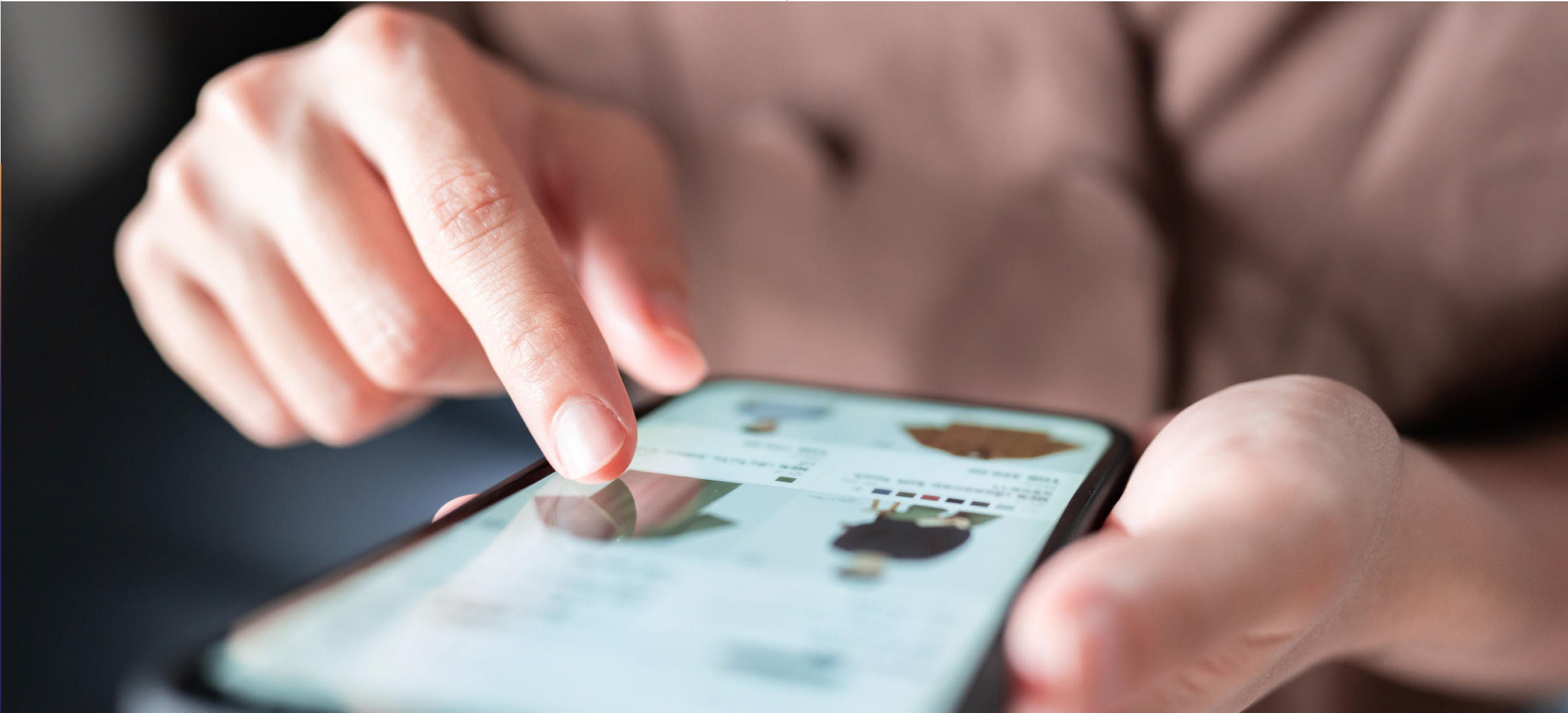
Data and analytics: Modern, scalable data pipelines will be needed to process data in real-time from mobile touchpoints, together with a unified data architecture that can centralize customer interactions in support of hyperpersonalization efforts.

Application modernization: Mobile apps must be modernized to integrate AI capabilities that will deliver on consumer expectations for frictionless experiences, including advanced chatbots and hyperpersonalized product recommendations.

- To stand out from the competition, retailers can explore using AI to dynamically adjust the UI of their mobile app to each customer based on their individual preferences. This creates a further opportunity to promote relevant products and promotions based on past behaviors and predictive analytics.

Cloud infrastructure: Transitioning to the cloud will ensure high performance as mobile demand continues to grow – especially during peak periods like Black Friday.

- Storing customer data in cloud-based data lakes will make it easier to handle and process large volumes of real-time interactions that can be used for behavior-based activity. For example, delivering personalized messages or a discount code to a customer that adds an item to their wish list, abandons their cart, or displays certain browsing patterns.



Seamless Omnichannel Integration

The customer journey is the backbone of the overall customer experience. But creating intuitive, seamless journeys across multiple channels and touchpoints while also delivering personalized and tailored offerings has long been a challenge.

From outdated and disjointed systems to hurdles that still need to be overcome around unlocking advanced analytics and navigating inventory

inefficiencies, many retailers are struggling to integrate channels, data, and operations to deliver on this goal.

Overcoming this and delivering a holistic shopping experience to meet customer demand and drive new growth opportunities will depend on integrating all technology, data, and platforms into a single view of the customer.

The following areas should be prioritized to achieve this:

Application modernization: Legacy systems often hinder innovation, particularly in areas like POS, inventory management, and customer relationship management (CRM). These outdated systems create bottlenecks and limit the scalability of AI-driven solutions. Modernizing with AI and cloud-native technologies is key to overcoming these challenges, enabling seamless integration of new capabilities and accelerating the shift to seamless omnichannel experiences.

- Integrating advanced chatbots across all touchpoints, for example, will ensure customers get consistent support no matter what channel they use. Equally, embedding AI into the checkout process across the board can connect the dots between online and in store, making it easier to offer features like Buy Online, Pick up in Store (BOPIS) and mobile-based in-store checkout.

Cloud infrastructure: Leveraging cloud architecture to support the seamless sharing of data across online, mobile, and in-store systems will be paramount for delivering intuitive, seamless journeys across all channels and touchpoints.

- Given the industry’s data demand and system integration challenges, multi-cloud strategies will be particularly important for retailers. Some are already combining AWS’s machine learning capabilities with Microsoft Azure’s tools for seamless integration with enterprise systems.

Digital operations: Paired with a cloud-based Order Management System, AI-driven automation can help retailers manage inventory levels and availability across all channels. For example, new digital workflows can automatically update stock availability when a product is purchased online or in store, ensuring customers always see accurate stock levels.





A Strong Foundation for the Future of Retail

It’s important to note that delivering on these opportunities and preparing for AI-first transformation will require retailers to take steps to embed all six core building blocks. This will include investing in upskilling teams with targeted training programs to integrate AI into daily workflows, and automating inventory and stock management and fulfillment across channels – bringing this all together to create the mix of human and AI needed to deliver digital performance.

In 2025 and beyond, the retail industry will be characterized by enterprises that leverage AI to deliver personalized, seamless, and sustainable experiences across all channels – both physical and digital. By integrating robust data pipelines, advanced technologies, and intelligent capabilities, retailers will create a truly unified ecosystem where every touchpoint contributes to redefining engagement and creating consistent, frictionless consumer journeys.

Retailers who harness these opportunities and embed omnichannel strategies into their operations won’t just keep up with the competition, but will define it. They’ll rewrite the playbook, dominate the aisle, and secure the prime shelf space in the minds of their customers and the market.

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